

*Killeen
Independent
School
District*

**Comprehensive
Annual
Financial
Report**

*Fiscal Year Ended
August 31, 2018*



*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, 2018

*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, 2018

PREPARED BY THE FINANCIAL REPORTING DEPARTMENT

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KILLEEN INDEPENDENT SCHOOL DISTRICT
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED AUGUST 31, 2018

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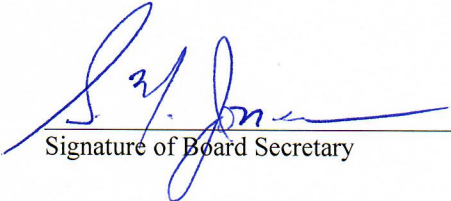
CERTIFICATE OF BOARD

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, 2018 at a meeting of the Board of Trustees of such school district on the 22nd day of January, 2019.



Signature of Board Secretary



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

January 14, 2019

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, 2018, 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 Uniform Administrative Requirements issued by U.S. Office of Management and Budget. 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. The housing market continues to be robust with new developments in south Killeen. 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/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.

The designation of Highway 190 to Interstate 14 has created a more efficient interstate highway system in Central Texas and provides much needed connections between Interstate 35 in Belton, Interstate 45 at Huntsville and future Interstate 69 at Livingston. Interstate 14 will eventually connect to Interstate 10 to the west at El Paso and to Savannah, Georgia to the east. It is anticipated to attract more economic development and jobs to the area.

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 2018. 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. The area vigorously seeks new opportunities and is fortunate to be situated near the I-35 trade corridor with Mexico. The Killeen Economic Development Corporation (KEDC) recently recruited MGC Pure Chemicals America Inc. (MPCA) to the Killeen Business Park. MPCA is constructing a \$30 million plant that will manufacture ultra-pure Hydrogen Peroxide for the semiconductor industry. They plan for the plant to be operational by the first quarter of 2019. Another new facility being constructed in the Killeen Business Park is Bell Glass. It will operate a state of the art steel cutting machine unlike any other in Central Texas. The company plans to be operational in 2018. 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
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%
2016	211,454,913	59,269,612	270,724,525	-11%
2017	217,738,954	62,161,744	279,900,698	3%

ECONOMIC GROWTH RESULTS IN CONTINUED GROSS SALES INCREASE

The Killeen-Temple-Fort Hood Metropolitan Statistical Area (MSA) experienced a 1.75% increase in gross sales during the 2017 calendar year. This increase is due to a growing local economy and reduced deployments of military forces. Unemployment rates stayed consistent from 4.2% in August 2017 to 4.2% in August of 2018. The MSA is once again ranked as one of the best-performing cities (number 48) of the 200 largest metro areas in the United States by the Milken Institute for 2018. 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)***

	2013	2014	2015	2016	2017
Motor Vehicle and Parts Dealers	\$1,123,363	\$1,216,936	\$1,371,033	\$1,444,960	\$1,334,952
Furniture and Home Furnishings Stores	105,416	116,740	117,580	109,718	107,627
Electronics and Appliance Stores	82,696	84,957	87,320	80,477	84,287
Building Material and Garden Equipment	393,415	422,249	405,536	428,172	480,178
Food and Beverage Stores	822,366	841,185	811,841	909,162	986,500
Health and Personal Care Stores	190,585	206,887	213,959	228,274	226,237
Gasoline Stations	610,295	613,737	512,509	424,357	452,884
Clothing and Accessories Stores	128,796	132,971	132,623	130,629	128,598
Sporting Goods, Hobby, Book & Movies	108,947	101,763	100,828	98,202	89,599
General Merchandise Stores	1,044,752	1,098,290	1,159,947	1,208,189	1,234,150
Miscellaneous Stores	118,112	116,706	115,957	119,008	125,599
Nonstore Retailers	37,777	41,571	34,850	31,809	32,778
Food Services and Drinking Places	<u>558,531</u>	<u>566,002</u>	<u>596,319</u>	<u>619,681</u>	<u>651,153</u>
Total	\$5,325,051	\$5,559,994	\$5,660,302	\$5,832,638	\$5,934,542

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 218,823 acres of training area, of which 132,525 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 36,862 assigned soldiers and airmen, in addition to approximately 11,515 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 traveling exhibits. The multiuse complex provides a variety of flexible space for conventions and can host multiple events simultaneously.

Plans to build a state of the art museum just outside the main gate of Fort Hood is underway. The National Mounted Warfare Museum will be a tourist destination facility and is anticipated to be operational in 2019.

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 38,395 students in 2007-2008 to a peak enrollment of 44,378 in 2017-2018. The largest school District between Austin and Dallas and the 26th largest in the state of Texas, KISD employs over 6,600 faculty and support personnel to educate and serve more than 44,000 students on 52 separate educational campuses. The district's footprint includes 1,355 acres of property and 6.7 million square feet of facilities across 356 square miles. Students from Killeen, Harker Heights, Fort Hood, Nolanville and rural West Bell County attend classes at thirty-two elementary schools (PK-5), eleven middle schools (6-8), four traditional high schools (9-12), three alternative schools, the Career and Technology Education center and the Early College High School. The district's 232 portable buildings (275,768 square feet or the equivalent to 290 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, Audio Visual Technology & Communications; Business Management & Administration; Education & Training; Finance; Health Science; Hospitality & Tourism; Human Services; Information Technology; Manufacturing; Marketing; 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 are provided transportation between the supporting campus (Gateway Campus) 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.

A bond election was held in May, 2018 for \$426,000,000 and the bond passed. The following projects were included in the bond and are currently underway:

- District-wide ADA & Security Upgrades
- New High School #6
- New East Ward & West Ward Elementary Consolidation
- New Pershing Park & Sugar Loaf Elementary Consolidation (partial Bellaire)
- Killeen High School Renovations
- Rezone Nolan Middle Schools.

These projects are expected to be completed by 2023.

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 2016-2017 CTC awarded 3,987 associate degrees at more than 100 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 2017/2018

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 Gateway High, Gateway Middle, KISD Career Center and Pathways Academic Campus. The 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 eighteen parent liaisons in place at elementary campuses during the 2017-2018 school year. Parenting program contacts facilitate parent engagement activities at elementary schools without parent liaison positions. 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. 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.
3. **Parent-Teacher Conferences** – Parent–teacher conferences during the 2017-2018 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 the KISD Special Programs Department. This partnership continues to be successful. During the 2017-2018 school year, English as a Second Language and High School Equivalency Certificate classes were offered during the regular school year.

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. A mobile unit containing 20 Dell laptops, a charging cart and one printer support this initiative.

5. **Newsletters for Parents** – The Parental Involvement Connection is the parent engagement newsletter printed in English and Spanish for families. Twenty copies are provided to each campus and a copy is posted on the Special Programs Department website. Newsletters at the secondary level are provided in English, Spanish, German, and Korean. Newsletters are distributed quarterly through-out the school year.

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 to attend 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. 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. **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. 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.

10. **Student Achievement** – Killeen ISD had several notable academic achievements for the 2017-2018 school year within the state’s accountability system. The district and all campuses received an accountability rating of *Met Standard* (highest rating possible) and 25 out of 47 of Killeen ISD campuses earned one or more distinction designations. One campus earned a distinction in every possible area and was recognized by the state of Texas for that achievement. Killeen ISD met or exceeded the state average in math (grades 3-7), reading (grade 5), biology and U.S. History. The most improvement was shown in Algebra I and postsecondary readiness (STAAR

performance, graduation rates, graduation plans, and college/career ready graduates). The district's graduation rate of 93.5% exceeded the state graduation rate of 91.3%.

- 11. District-Wide Curriculum** - During the 2017-2018 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 within a framework of gradual release of responsibility to students. 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, Fisher's and Frey's work on Rigorous Reading, continued work on unit mapping for effective instruction, effective questioning, Marzano's high yield instructional strategies, 9-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.
- 12. Response-to-Intervention** - The district continues to improve its Response-to-Intervention. During the 2017-2018 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 2017-2018 school year, the Measures of Academic Progress (MAP) were used to diagnose the reading skill and comprehension development of students in kindergarten through 8th grade. MAP is an assessment which provides comprehensive diagnostic data, aligned to standards. The implementation of MAP provides 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. The Comprehension Toolkit 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 2017-2018 school year, the Measures of Academic Progress (MAP) was the universal screening tool used to identify Kindergarten-8th grade students who would benefit from math interventions. This assessment provides comprehensive diagnostic data, aligned to standards. The implementation of MAP provides aligned, data driven decision making.
 - **Math Interventions:** During the 2017-2018 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. 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.
- 13. 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
- 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
- Challenging Readers to Persevere with Complex Text
- Classroom Strategies for Success
- Coding and Analyzing Reading Records
- Comprehension Toolkit Training
- Comprehension Toolkit Integration
- Connecting Rigor to the PE Classroom
- Creating a Learning Environment
- 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 Skill: 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
- Guided Reading for Beginners
- iLearn
- Imagine Learning
- 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
- Measures of Academic Progress: Using Data to Drive Instruction
- 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: 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 in Your Classroom
- Rock ‘n Roll Classroom

- Running Records and Error Coding to Guide Reading Instruction
- Scaffolding Instruction for ELLs
- Scaffolding for Diverse Learners in Content Literacy
- 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
- Those Pertinent Principles by Law Related Education
- Under-Resourced and Struggling Learners
- Using Mentor Texts to Support the Reading and Writing Connection
- Velcro Vocabulary
- 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
- Job A Like, Elementary and Secondary
- Success Ed Implementation for Section 504
- PK: What's New in Early Childhood Literature
- PK: Meaningful Math Stations
- PK: Targeting Behavior Through Social Skill Development
- PK: Social and Emotional Training
- PK: Let's Talk About Math
- PK: Building Vocabulary
- PK: Early Literacy
- PK: Setting the Stage for Children's Talk
- PK: Classroom Management
- PK: Don't Forget the Fine Arts and PE in PK
- PK: Response to Intervention
- PK: Shake, Shuffle, and Roll
- PK: Fun with Phonics
- PK: Language and Literacy Becoming Intentional
- PK: Using Visual Models in Math
- PK: STEM and STEAM
- PK: Engineer Through the Year
- PK: Encouraging Family Engagement
- PK: Nurturing Writers in PK
- 10 Classroom Strategies in 45 Minutes
- 21st Century Skills - Curriculum and Instruction
- 5 Practices
- A Refresher on Scientific Experimentation
- ABC-Cleo Designing Lessons in the Database
- ABC-Cleo What
- AIMS Math Looking at Lines and Linear Functions
- Anchor Charts and Learning Laps
- Anchor Your Classroom
- AP Study Session - Science

- AP Textbook Training
- ASCD - Differentiated Instruction
- ASCD - Strategic Teaching and Learning
- AVID Critical Reading for ELAR
- AVID Elective Teacher Workshop
- AVID Job a like
- Blended Instruction 200 Blended vs Flipped
- Blended Learning The Remix
- Broad Big Idea topics in Biology
- Building Text-Dependent Questions Using DOK
- CC Expository Writing
- CC Inferencing
- CC Persuasive Writing
- CC Poetry Analysis
- CC Revising
- CC Short Answer
- Constructing Scientific Claims and Evidence Statements Use Interactive Word Walls
- Conversation Cafe Using Text-Dependent Questions
- Coursera - Assessing Achievement with the ELL in Mind
- Coursera - Lesson Planning with the ELL in Mind
- Creativity in the Classroom
- Curriculum Night Secondary Science
- Curriculum Night Secondary Social Studies
- DBQs You
- Debbie Silver Science as a Verb
- Deeper Reading Strategies for Fiction
- Defining Rigor Aligning Vertically for STAAR Success
- DI Strats in the Math Classroom
- Doceri
- Dyslexia Training-
- Dysgraphia Identification
- Dyslexia Assessment and Identification Training
- Dyslexia EOY PD
- Dyslexia Job ALike Mod 1
- Dyslexia Learning Ally
- Dyslexia Section 504 and Accommodations in the Classroom
- Dyslexia Teacher PD
- ELAR Job-Alike
- ELL and ELPS in the Social Studies Classroom
- ELL in the Social Studies Classroom
- English Curriculum Night Session
- English Lead Teacher Meetings
- Equity High Achiever vs Gifted - Identification
- Everyday Editing
- First Semester Chemistry
- First Semester Chemistry Activities
- FitBit vs A4Learning
- Flipped Classroom in ScienceCatering for All Students
- Flipping the LOTE Classroom
- Focus Documents Made Easy
- Force Motion - Interpreting Graphs in Math and Science
- Free Your Mind Historical Thinking Skills at Work
- Fundamental Five
- Grab Bag for LOTE Teachers
- GT Book Study - Curriculum
- GT Book Study - Nature Needs
- GT Myths vs Reality - Nature and Needs
- Guiding the Reluctant Writer Through the Writing Process
- High Impact Lesson Spiraling

- History Happens
- How Why to Move Your Labs toward an Inquiry Format
- How to Grow TEKS Trees
- I Speak for the Trees-Ecological Sustainability and succession Using the Lorax
- Inquiry Based Chemistry
- Instructional Anchor Charts
- Integrating Technology in the Language Arts Classroom
- Job A Like - High School Science
- Job A Like MS Science
- Job A Like MS Social Studies
- Job A Like Social Studies
- JOB ALIKE MATH
- JOB ALIKE PE
- Kahoot
- Killeen PLC
- Lab Min-Labs Demos
- Lead Teacher Meeting
- Lead4ward Planning Instruction
- MadLibs Grammar and Sentence Structure
- Math Curriculum Night
- Math Lead Teacher Meetings
- Matherrific Games
- McGraw Hills Online Textbook- Social Studies
- Meal-Worms Best Class Pet Ever
- MS Accelerated Reading Cadre
- Multisensory Word Walls in Science
- New Teacher Academy
- Newtons Law
- OneNote in Math
- Online Resources for LOTE
- On-Line Student Discourse
- PASCO is Now Wireless
- Physics Equation Inventory Maps
- Pieces of the Thesis
- Planting your TEKS Trees in your Units
- Poetry Terms Flipbook
- Potpourri Instructional Strategies Lead4ward
- Pre-AP Strategies in English
- Pre-AP Strategies in Mathematics
- Purpose Driven Reading
- QFT Moving Students Beyond the Textbook
- Reader Response Journals
- Region XII PRIME TIME
- Revving Up for STAAR EOC -SS
- Schoology
- Schoology in Math Classroom
- Science as Verb
- Science Lead Teacher Meetings
- Science Skills
- Science Textbook Re-Fresher Course
- Scienterrific Social Studies Games- 6-8 grade
- Secondary CIS Meetings
- Secondary Curriculum Council Meeting
- Secondary Curriculum Directors Meetings
- Secondary Dyslexia After School Special
- Secondary Leadership Symposium
- Secondary Word Wall in Action
- Section 504 Putting It All Together
- Section 504 and Dyslexia Training and Compliance

- Social Studies Lead Teacher Meeting
- Souped-Up SUPER 8 Eight Essential Practices for Teaching the Writer
- Space Camp Activities
- SPARK
- SpringBoard Teaching Math Towards Rigor
- Strategies Activities to build vocabulary skills
- Strategies from an AP Classroom Anyone Can Use in Social Studies
- Success Ed Implementation for Section 504
- Success Ed Training
- Surviving in the Block
- TAMU-CT Collaborative
- Teach Like a Pirate - Book Study
- Teach Like a PIRATE in 45 Minutes
- Teaching Chemistry Through Inquiry and Games
- Texas Regional Collaborative in Science TRC
- Text Marking and Writing Strategies
- Texts and Lessons for Content Area Reading
- The DBQ Project
- The Fight is ON Combatting Student Apathy
- Trello and Simple Collaboration for the 21st Century
- Using Mastery Grading
- Using TEKS Trees in Science
- Web 2.0 Math
- Write Path Social Studies
- zOnline - Close Reading of Complex Texts
- zOnline - Fun-Size Academic Writing
- zOnline - Interactive Notebooks 101
- zOnline - Ready for A Challenge Lets Make a SHIFT in our Math Classrooms
- zOnline - Text-Dependent Questions

14. Teacher Recruiting Program – The District’s recruiting initiative with an annual budget of approximately \$103,125 continues to be effective in recruiting, hiring and retaining between 400 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. 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 Replacement Plan (LCRP), and an Operations and Networking Lifecycle Management Plan (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-assess 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 modern learning environments. 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.

SUPPORT

The role of school counselor remains vital in fostering the rich diversity of the Killeen Independent School District. From backgrounds as educators, these men and women bring a focus that's student-centered to academic, career, personal and social areas, understanding that the students of KISD will function and contribute to a changing global society. Whether it's attending to the needs of our military students and families or responding to the issues faced by all students in this changing economy and society, the guidance counselors of KISD bring heart to the climate of each campus and their efforts make a difference in the lives of more than 43,000 students. Soldiers at Fort Hood have had multiple deployments while our nation has been at war in Iraq and Afghanistan. The families at Fort Hood feel the stress from having their family members away from home. KISD has addressed this need by providing ongoing professional development and training to ensure that counselors are knowledgeable of best practices and available resources to provide support to the students and families.

INSTRUCTIONAL LEADERSHIP

The Instructional Leadership Department is committed to providing support, guidance, growth opportunities, and supervision to 52 campus principals. Our LEARN model builds the capacity of campus leadership to lead with the curriculum, to recognize and expect expert instructional delivery, to use formative assessments to inform instruction, and to respond appropriately to the varied needs of students. The Instructional Leadership Department supports, monitors, and ensures the implementation of a guaranteed and viable curriculum. That, in turn, supports and guides classroom teachers in identifying and utilizing the best practices for student achievement throughout the year. The department also supports a variety of learning opportunities for various groups through professional learning communities, as well as, after school and summer professional learning. All are focused on improving student achievement for all students.

The Instructional Leadership Department facilitated the following activities between August 2017 and August 2018:

INDUCTION

Approximately 530 new professionals participate in comprehensive and differentiated instruction training as part of three induction experiences (summer, fall, and spring). Teachers learn concepts through focused conversations around

topics such as: the uniqueness of the military child, differentiation, ensuring quality learning experiences for all students, understanding and using Texas Essential Knowledge and Skills Resource System (TRS- the district's curriculum management system), classroom management, and the importance of establishing and building supportive relationships with students. Additionally, mentors are assigned to all teachers who are new to the profession.

MENTORING

The Killeen ISD Mentoring Program provides support and quality learning experiences for all teachers new to KISD. Every first-year teacher is assigned a mentor, and new to KISD teachers may be assigned a “buddy.” KISD mentors, who are selected by their principals, are experienced, successful, and knowledgeable teacher leaders. First-time mentors must complete 4 hours of mentor training (Initial Mentoring and Leadership for Mentors) in order to serve as a mentor. Experienced mentors maintain their mentor qualification by participating in Mentor Networking every two years. Mentors agree to and sign a KISD Mentor Commitment, agreeing to fulfill the expectations of the mentoring program.

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.

INSTRUCTIONAL DEVELOPMENT

Monthly sessions were offered to principals and assistant principals throughout the year. Professional learning sessions emphasized the importance of staying abreast of TEKS and effective instructional strategies, how to use the Texas Teacher Evaluation and Support System to improve classroom instruction, and more. The fifth cohort of an Aspiring Leader's Academy met monthly and provided leadership opportunities to assistant principals in the areas of identifying a vision, creating change, empowering staff members, effective communication, and mentoring. Aspire II Academy was created for assistant principals to build relationships with central office departments in order to understand the responsibilities of administrative and instructional leadership which align to the district mission, vision, and values. The learning experiences gained from Aspire II Academy equip participants with an instructional toolbox of best practices including curriculum development, teacher and instructional effectiveness, and staff development.

TEXAS TEACHER EVALUATION AND SUPPORT SYSTEM (T-TESS)

The district implemented Texas Teacher Evaluation and Support System (TTESS) in the 2017-18 school year which replaced the previous appraisal system. The new system consists of a self-assessment, goal identification, goal setting and a professional development plan, an embedded student growth measure, which supports and encourages professional growth, and an evaluation rubric. In addition, teachers establish strengths and areas of professional development needs.

The district offers monthly TTESS orientations to new teachers on the first Tuesday of each month. TTESS encourages teachers to utilize best practices to improve classroom instruction while setting goals for professional learning. The Leadership Development Department sponsors and manages all training and documentation for administrators, teachers, as well as Instructional Leadership certification for administrators.

TE_xES REVIEW

Fall and spring sessions were provided to first year teachers needing assistance with state certification exams.

EXCEPTIONAL PROGRAMS HIGH SCHOOL

- Fine Arts
- Advancement via Individual Determination (AVID)
- Texas Bioscience Institute Middle College Program
- Early College High School
- Gifted and Talented Program

- Dual High School and College Credit
- Athletics
- Harker Heights High Strings Program
- Ellison High Leadership Academy
- Shoemaker High Science Technology Engineering and Mathematics (STEM) Academy
- Killeen High International Baccalaureate (IB) Programme
- Student to Student
- Career and Technical Education (CTE)
- ASYMCA

MIDDLE SCHOOL

- Fine Arts
- AVID
- Athletics
- S.T.E.M. Program
- Gifted and Talented Program
- International Baccalaureate (IB) Middle Years Programme
- Boys & Girls Club

DISTRICT WIDE

- Guidance & Counseling Services
- Communities in Schools
- Dyslexia
- Junior ROTC
- Parent Education Classes
- Reading is Fundamental
- Safety Week
- 9/11 Observance
- Parent/Teacher Conference
- AYPYN

STRATEGIC FACILITY PLAN

The District utilizes a Strategic Facility Plan (SFP) capital projects fund to plan future facility needs based on growth and programmatic changes. This plan typically spans approximately ten years and is a living document that is adjusted as needed.

During the summer 2017, the District hosted four community meetings to discuss future academic programing needs. The committee meetings resulted in recommendations to expand efforts to communicate current student opportunities, expand the Pathways Academic Campus, and expand STEM programming with a partnership with Central Texas College as well as expanding the Career Center.

These meetings led to the formation of a bond steering committee to discuss future construction needs in the district. During four community meetings, held at schools in the district, the committee reviewed current academic programs, current instructional facilities, historical and projected growth, financial strength, funding sources, construction costs and related escalation costs.

During 2017-2018 the District funded several projects under this plan. The construction of the new elementary school #35 was underway as well as the new middle school #14. The SFP also funded an expansion to the Career Center with a dental lab and auto collision program as well as a new Agri-Science Barn.

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, 2018, 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, 2017. This was the twenty-seventh 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, 2017. 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.

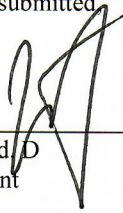
ASBO's Certificate of Excellence in Financial Reporting is valid for one year only. Killeen Independent School District has received a Certificate of Excellence in Financial Reporting for the past twenty-six consecutive years (fiscal years 1991-2017). We believe that our current CAFR continues to conform to the Certificate of Excellence program requirements, and we are submitting it to ASBO.

ACKNOWLEDGMENTS

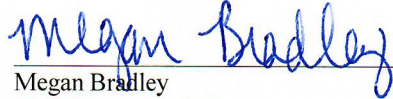
The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the financial services office and other administrative staff of the District. In addition, the Board of Trustees should be commended for its continued support 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

Corbett Lawler -- *President*

Minerva Trujillo -- *Vice President*

Susan Jones -- *Secretary*

Shelley Wells -- *Board Member*

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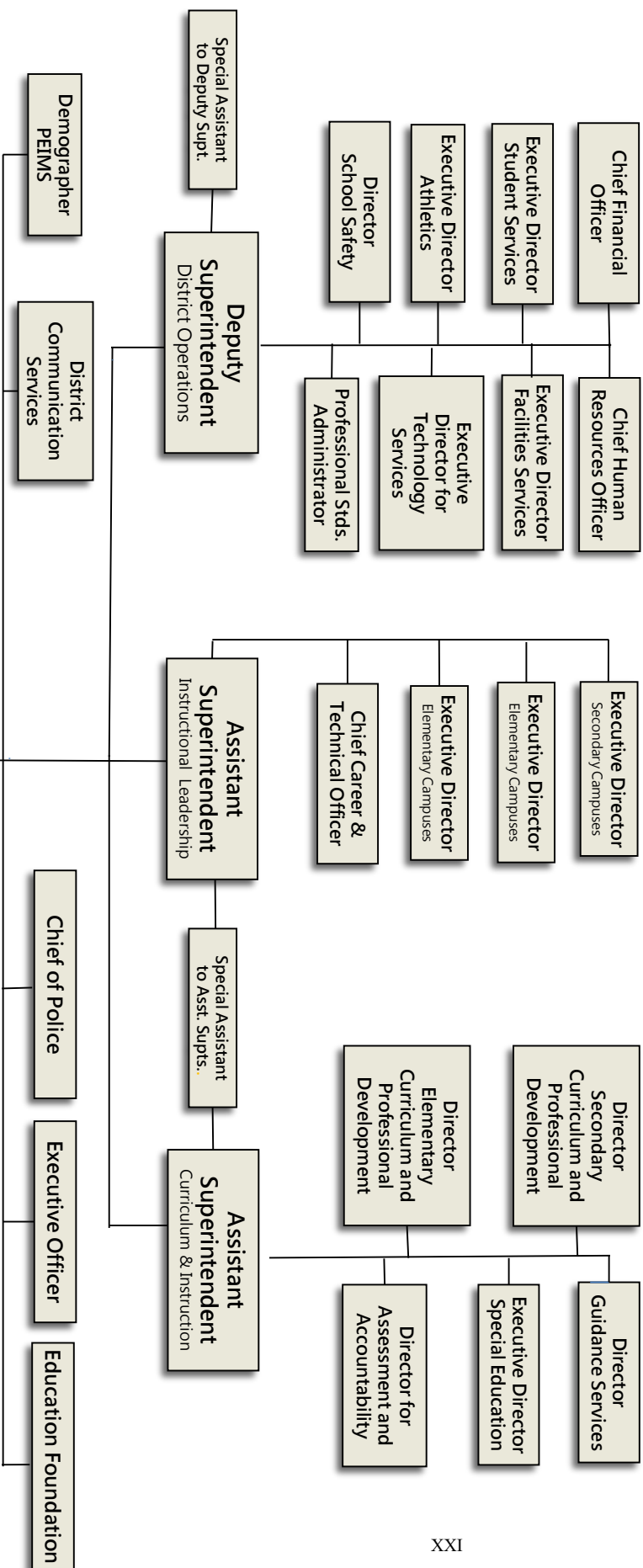
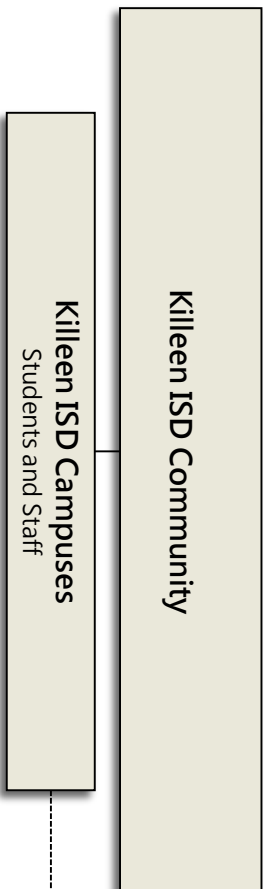
SCHOOL DISTRICT ADMINISTRATION

John Craft, Ed.D.

Superintendent



Killdeer ISD Organizational Leadership Support





ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

Killeen Independent School District

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended August 31, 2017.**

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



Charles E. Peterson, Jr.

Charles E. Peterson, Jr., SFO, RSBA, MBA
President

John D. Musso

John D. Musso, CAE
Executive Director



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, 2017

Christopher P. Morrill

Executive Director/CEO





LOTT, VERNON & COMPANY, P.C.
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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, 2018, 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, 2018, 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, the Schedule of the District's Proportionate Share of the Net Pension Liability, Schedule of the District Contributions for Pensions, Schedule of the District's Proportionate Share of the Net OPEB Liability, and Schedule of District's Contributions for Other Postemployment Benefits (OPEB), and the notes to the required supplementary information, 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 January 14, 2019, 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 blue ink that reads "Jett, Vernon & Co., P.C." in a cursive script.

Killeen, Texas

January 14, 2019



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, 2018. 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

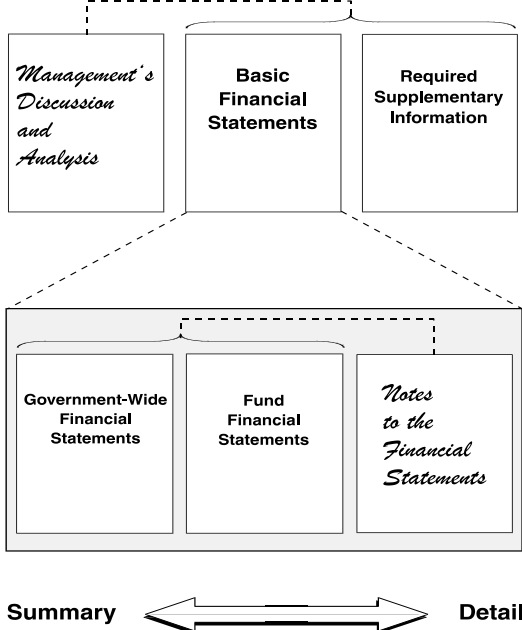
- The District’s total combined net position was \$346.6 million at August 31, 2018, compared to \$525.5 million at August 31, 2017 (see Table A-1). The primary reason for the decrease is the prior period adjustment recorded as a result of GASB 75 requirements.
- The District transferred an additional \$17.3 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.
- The District passed a \$426 million school bond in May of 2018 to provide new schools for growth, critical safety and accessibility improvements district wide, and replace and renovate some of the District’s oldest campuses.

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

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.

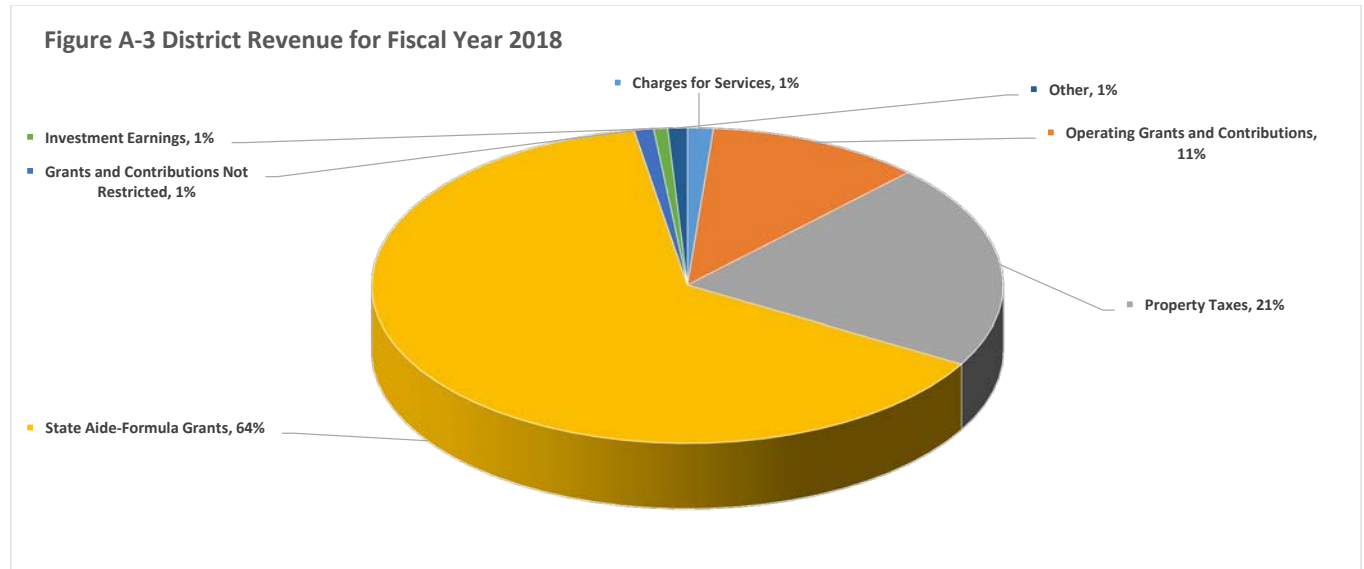
FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position – The District’s net position decreased by \$178,906,447 from the previous fiscal year. This is due to the fact that although the District realized a change in net position of \$60,291,290 from revenues over expenditures, a prior period adjustment of (\$239,197,737) was recorded due to GASB 75 requirements for 2018. A \$76,446,044 liability, \$11,693,101 deferred inflow of resources, and a \$26,624,663 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. The District also recorded a net OPEB liability of \$136,407,094, \$57,065,560 deferred resource inflow, and a deferred outflow of \$ 2,318,887 for the District’s proportionate share of TRS OPEB as required by GASB 75. The District’s *combined* net position after the current year changes is \$346,643,146 million on August 31, 2018 (See Table A-1). The \$13,344,005 million of the District’s restricted net position represents fund balance that is restricted for federal and state programs (\$11.2 million), retirement of Long-Term Debt (\$1.4 million), scholarships and federal non-grant funding (\$.8 million). The General and Capital Projects Funds unrestricted net position balance of (\$30.2) million is due to the Net OPEB liability reported this year as required by the GASB 75. Total Assets increased \$306.1 million due primarily to the sale of bonds in 2018. Additionally, long term liabilities increased by \$417.8 million due to the recording of the District’s net OPEB liability as required by GASB 75 and the sale of bonds during the year.

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

	Governmental		Percentage
	Activities		
	2018	2017	
Current and Other Assets	\$ 551.0	\$ 236.2	133.3%
Capital Assets	414.7	423.4	-2.1%
Total Assets	965.7	659.6	46.4%
Deferred Outflows of Resources	29.5	34.8	
Current Liabilities	16.8	18.4	-8.7%
Long Term Liabilities	563.1	145.3	287.5%
Total Liabilities	579.9	163.7	254.2%
Deferred Inflows of Resources	68.8	5.1	
Net Position			
Net Investment in Capital Assets	363.5	379.0	-4.1%
Restricted	13.3	17.2	-22.7%
Unrestricted	(30.2)	129.3	-123.4%
Total Net Position	\$ 346.6	\$ 525.5	-34.0%

A significant portion, approximately 64 percent, of the District's revenue comes from state aid. (See Figure A-3.) Twenty-one percent comes from property taxes, while only one percent relates to charges for services. The total cost of all programs and services was approximately \$319.5 million; 75% of these costs are for instructional and student services.



Governmental Activities

- The District passed a School Bond for \$426 million for new facilities, ADA and Safety upgrades.
- Property values grew by approximately \$553 million.
- Student enrollment also increased in 2018. The peak enrollment went up from 43,856 in 2017 to 44,378 in 2018.

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

	<u>Governmental</u>		Total % Change
	Activities		
	<u>2018</u>	<u>2017</u>	
Revenues			
<u>Program Revenues</u>			
Charges for Services	\$ 5.9	\$ 6.4	-7.8%
Operating Grants and Contributions	55.6	55.9	-0.5%
<u>General Revenues</u>			
Property Taxes	80.0	75.4	6.1%
State Aid - Formula Grants	241.2	216.5	11.4%
Grants and Contributions Not Restricted	60.9	81.3	-25.1%
Investment Earnings	3.2	1.8	77.8%
Other	1.1	2.3	-52.2%
Less Negative On-Behalf Accrual for GASB 75	-68.1	0.0	
Total Revenues	379.8	439.6	-13.6%
Expenses			
Instruction and instructional related	194.9	271.8	-28.3%
Instructional leadership/school administration	20.9	29.6	-29.4%
Guidance, social work, health, transportation	25.4	35.5	-28.5%
Food services	17.4	22.1	-21.3%
Extracurricular activities	9.2	11.4	-19.3%
General administration	7.8	9.6	-18.8%
Plant maintenance and security	34.6	41.1	-15.8%
Data processing services	4.1	5.8	-29.3%
Community services	0.9	1.4	-35.7%
Debt service	3.5	1.3	169.2%
Other intergovernmental charges	0.8	0.8	0.0%
Total Expenses	319.5	430.4	-25.8%
Increase in Net Position	60.3	9.2	
Beginning Net Position	525.5	516.3	
Prior Period Adjustment	-239.2	0.0	
Ending Net Position	\$ 346.6	\$ 525.5	

Program Revenues – Charges for services decreased slightly by \$.5 million and the operating grants and contributions decreased by .3 million. General Revenues – property taxes increased by \$4.6 million due to an increase in property values. State Aid Formula Grants increased 24.7 million. Grants and contributions decreased by \$20.4 million. Due to the implementation of GASB 75, a negative on behalf accrual was recorded resulting in a negative \$12.5 million of operating grants and contributions being reported on the Statement of Activities. A table reflecting the effects on the Statement of Activities as a result of the negative on-behalf accrual is presented in Note I of the Notes to the Financial Statements. Lastly, other general revenues experienced a \$1.2 million decrease.

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

- (a) Instructional and instructional related services decreased \$ 95.7 million due to GASB 68 recognition of the District's portion of the State's proportion of pension expense and GASB 75 recognition of the District's portion of the State's proportion of other postemployment benefits.
- (b) Food services decreased \$4.7 million due to GASB 68 recognition of the District's portion of the State's proportion of pension expense and GASB 75 recognition of the District's portion of the State's proportion of other post-employment benefits.
- (c) Extra-curricular decreased by \$2.2 million and general and administrative decreased by \$1.8 million also due to the GASB 68 and GASB 75 requirements for pension expense and other postemployment benefits.
- (d) Plant maintenance and security decreased \$6.5 million primarily due to the GASB 68 recognition of the District's portion of the State's proportion of pension expense and GASB 75 recognition of the District's portion of the State's proportion of other postemployment benefits.
- (e) Data processing decreased \$1.7 million primarily due to the GASB 68 and 75 requirements for the District's portion of the State's proportion of pension expense and other postemployment benefits.
- (f) Debt service went up \$2.2 million due to bond issuance costs of the sale of new bonds.

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 \$319.5 million.
- However, the amount that our taxpayers paid for these activities through property taxes was only \$80 million (which is approximately 25%).
- 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 (\$5.9 million).

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

	Total Cost of Services		% Change	Net Cost of Services		% Change
	2018	2017		2018	2017	
Instruction	\$ 178.3	\$ 249.0	-28.4%	\$ 197.0	\$ 225.0	-12.4%
Extracurricular	9.2	11.4	-19.3%	8.4	9.2	-8.7%
Food Services	17.4	22.1	-21.3%	(3.3)	(1.4)	135.7%
Plant Maintenance & Operations	31.7	37.7	-15.9%	33.7	36.8	-8.4%

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 \$.6 million from the prior year due primarily to the increase in property tax values. State program revenues increased \$3.8 million while Federal program revenues decreased \$6.9 million. General fund expenditures increased by \$5.5 million due to a 2% pay increase, increased health benefit costs, TRS contributions, increased utility costs, and bus purchases.

School building projects fund experienced a \$.2 million increase in revenues as a result of additional impact aid construction funding. Construction expenditures increased \$25.3 million due to the construction of two new campuses. The District completed a third campus after the end of the current year.

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.
- \$17.3 million was transferred to the capital projects funds to decrease the general fund balance to 3 months of operating expenditures and fund future construction needs and capital improvement projects.

Table A-4 summarizes six 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
199-11-6XXX	\$233.6	\$238.2	\$4.6	\$227.2	\$11.0
199-53-6XXX	5.1	5.9	0.8	5.7	.2
199-81-6XXX	-	1.4	1.4	1.3	.1
199-00-89XX	4.7	22.9	18.2	22.1	.8

The explanations for these budget amendments are detailed in the footnotes to the financial statements.

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 balance 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 \$124,866,804. This is a \$3,707,502 increase from the prior year. The increase is the net result of a \$26,503,902 excess of revenues over expenditures and a reduction for other financing sources and uses of \$22,796,400. Transfers to capital projects funds were the majority of the other financing sources and uses.

The General Fund unassigned fund balance of \$115,125,757 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, \$7,519,241 of restricted fund balance is the amount remaining from state & federal grants. \$355,977 of fund balance is set aside to pay for financial software 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 \$15,903,746. This increase is due primarily from transfers from the general fund. Fund balance at year end is \$99,273,410 and is comprised of \$23,373,573 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 \$75,899,837 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 2018, the District had invested approximately \$414.7 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 \$8.7 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.

Bond Ratings

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

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

	Governmental Activities		Total % Change
	<u>2018</u>	<u>2017</u>	
Land	\$ 12.9	\$ 12.9	0.0%
Buildings and Improvements	643.5	621.3	3.6%
Furniture and Equipment	74.7	73.2	2.0%
Construction in Progress	9.1	22.7	-59.9%
Totals at historical cost	740.2	730.1	1.4%
Total accumulated depreciation	(325.5)	(306.7)	6.1%
Net capital assets	<u>\$ 414.7</u>	<u>\$ 423.4</u>	-2.1%

Long-Term Debt

Debt Service requirements for the general obligation bonds outstanding on August 31, 2018 totaled \$312,160,000. 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 \$513,891,473 (including principal, interest due and accrued interest) through 2043 to retire its outstanding general long-term bonds. The debt service fund has \$1,214,042 restricted in fund balance for retirement of funded indebtedness.

The District levied a debt service tax rate of \$0.07 during the 2017-2018 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 2019 fiscal year.

While there is uncertainty in the area of school finance at both 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 2018-2019 fiscal year of \$1.04 and a debt service rate of \$0.22 for a total of \$1.26.

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, 2018

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 160,744,052
1120 Current Investments	242,640,665
1220 Property Taxes - Delinquent	2,169,539
1230 Allowance for Uncollectible Taxes	(325,431)
1240 Due from Other Governments	3,895,280
1290 Other Receivables, Net	335,429
1300 Inventories	1,898,171
1410 Prepayments	763,128
Capital Assets:	
1510 Land	12,930,009
1520 Buildings, Net	374,045,174
1530 Furniture and Equipment, Net	18,684,160
1580 Construction in Progress	9,058,479
1990 Other Assets	138,878,467
1000 Total Assets	965,717,122
DEFERRED OUTFLOWS OF RESOURCES	
1701 Deferred Charge for Refunding	557,462
1705 Deferred Outflow Related to TRS Pension	26,624,663
1706 Deferred Outflow Related to TRS OPEB	2,318,887
1700 Total Deferred Outflows of Resources	29,501,012
LIABILITIES	
2110 Accounts Payable	6,205,004
2120 Short Term Debt Payable	2,691,512
2160 Accrued Wages Payable	7,129,413
2180 Due to Other Governments	420,726
2300 Unearned Revenue	315,851
Noncurrent Liabilities:	
2501 Due Within One Year	6,039,912
2502 Due in More Than One Year	344,160,771
2540 Net Pension Liability (District's Share)	76,446,044
2545 Net OPEB Liability (District's Share)	136,407,094
2000 Total Liabilities	579,816,327
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Resource Inflow Related to TRS Pension	11,693,101
2606 Deferred Resource Inflow Related to TRS OPEB	57,065,560
2600 Total Deferred Inflows of Resources	68,758,661
NET POSITION	
3200 Net Investment in Capital Assets	363,526,616
3820 Restricted for Federal and State Programs	11,239,583
3850 Restricted for Debt Service	1,351,421
3890 Restricted for Other Purposes	753,001
3900 Unrestricted	(30,227,475)
3000 Total Net Position	\$ 346,643,146

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, 2018

EXHIBIT B-1

Data	Program Revenues			Net (Expense)
Control	1	3	4	Revenue and
Codes	Expenses	Charges for	Operating	Changes in Net
		Services	Grants and	Position
			Contributions	Primary Gov.
				Governmental
				Activities

Primary Government:

GOVERNMENTAL ACTIVITIES:

11 Instruction	\$ 178,297,436	\$ 758,831	\$ (19,423,116)	\$ (196,961,721)
12 Instructional Resources and Media Services	7,337,556	-	(1,674,644)	(9,012,200)
13 Curriculum and Instructional Staff Development	9,309,204	-	3,328,428	(5,980,776)
21 Instructional Leadership	4,233,292	-	(544,702)	(4,777,994)
23 School Leadership	16,625,007	-	(3,794,706)	(20,419,713)
31 Guidance, Counseling and Evaluation Services	11,202,602	-	(1,869,734)	(13,072,336)
32 Social Work Services	1,330,754	-	170,704	(1,160,050)
33 Health Services	3,192,477	-	(783,712)	(3,976,189)
34 Student (Pupil) Transportation	9,632,454	-	(653,702)	(10,286,156)
35 Food Services	17,438,093	2,869,827	17,868,345	3,300,079
36 Extracurricular Activities	9,220,287	1,513,187	(681,802)	(8,388,902)
41 General Administration	7,750,993	5,831	(1,202,675)	(8,947,837)
51 Facilities Maintenance and Operations	31,702,520	684,517	(2,708,270)	(33,726,273)
52 Security and Monitoring Services	2,918,987	20,303	(368,534)	(3,267,218)
53 Data Processing Services	4,049,860	-	(522,591)	(4,572,451)
61 Community Services	924,337	92,907	317,731	(513,699)
72 Debt Service - Interest on Long-Term Debt	1,479,493	-	-	(1,479,493)
73 Debt Service - Bond Issuance Cost and Fees	2,011,140	-	-	(2,011,140)
99 Other Intergovernmental Charges	846,711	-	-	(846,711)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 319,503,203	\$ 5,945,403	\$ (12,542,980)	(326,100,780)

Data	General Revenues:		
Control			
Codes			
	Taxes:		
MT	Property Taxes, Levied for General Purposes	74,984,816	
DT	Property Taxes, Levied for Debt Service	5,035,811	
SF	State Aid - Formula Grants	241,170,378	
GC	Grants and Contributions not Restricted	60,900,168	
IE	Investment Earnings	3,181,496	
MI	Miscellaneous Local and Intermediate Revenue	1,919,401	
FR	Other Uses	(800,000)	
TR	Total General Revenues & Transfers	386,392,070	
CN	Change in Net Position	60,291,290	
NB	Net Position - Beginning	525,549,593	
PA	Prior Period Adjustment - (See Note S)	(239,197,737)	
NE	Net Position--Ending	\$ 346,643,146	

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

KILLEEN INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2018

Data Control Codes	General Fund	2017 - 2018 Bond Proposition A	2017 - 2018 Bond Proposition B
ASSETS			
1110 Cash and Cash Equivalents	\$ 21,690,200	\$ 56,392,374	\$ 55,641,300
1120 Investments - Current	89,338,609	50,026,579	50,026,579
1220 Property Taxes - Delinquent	2,007,917	-	-
1230 Allowance for Uncollectible Taxes	(301,188)	-	-
1240 Due from Other Governments	816,225	-	-
1260 Due from Other Funds	2,893,531	-	-
1290 Other Receivables	318,973	-	-
1300 Inventories	1,112,828	-	-
1410 Prepayments	753,001	-	-
1900 Other Assets	20,300,000	43,600,000	44,400,000
1000 Total Assets	<u>\$ 138,930,096</u>	<u>\$ 150,018,953</u>	<u>\$ 150,067,879</u>
LIABILITIES			
2110 Accounts Payable	\$ 3,028,928	\$ 440,890	\$ 773,926
2120 Short Term Debt Payable - Current	2,423,626	-	-
2160 Accrued Wages Payable	6,766,344	-	-
2170 Due to Other Funds	33,057	-	-
2180 Due to Other Governments	70,613	-	-
2300 Unearned Revenue	33,995	-	-
2000 Total Liabilities	<u>12,356,563</u>	<u>440,890</u>	<u>773,926</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	1,706,729	-	-
2600 Total Deferred Inflows of Resources	<u>1,706,729</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3410 Inventories	1,112,828	-	-
3425 Endowment Principal	-	-	-
3430 Prepaid Items	753,001	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	6,791,172	-	-
3480 Retirement of Long-Term Debt	-	-	-
3490 Other Restricted Fund Balance	728,069	-	-
Committed Fund Balance:			
3510 Construction	-	8,823,906	7,456,675
3545 Other Committed Fund Balance	-	-	-
Assigned Fund Balance:			
3550 Construction	-	140,754,157	141,837,278
3590 Other Assigned Fund Balance	355,977	-	-
3600 Unassigned Fund Balance	115,125,757	-	-
3000 Total Fund Balances	<u>124,866,804</u>	<u>149,578,063</u>	<u>149,293,953</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 138,930,096</u>	<u>\$ 150,018,953</u>	<u>\$ 150,067,879</u>

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

School Building Projects	Impact Aid Section 8007	Other Funds	Total Governmental Funds
\$ 18,635,160	\$ 2,841,154	\$ 5,543,864	\$ 160,744,052
48,825,270	1,707,718	2,715,910	242,640,665
-	-	161,622	2,169,539
-	-	(24,243)	(325,431)
-	-	3,079,055	3,895,280
2,868,636	-	100,629	5,862,796
562	-	15,894	335,429
-	-	785,343	1,898,171
-	-	10,127	763,128
30,400,000	-	178,467	138,878,467
<u>\$ 100,729,628</u>	<u>\$ 4,548,872</u>	<u>\$ 12,566,668</u>	<u>\$ 556,862,096</u>
\$ 1,454,913	\$ -	\$ 506,347	\$ 6,205,004
-	-	267,886	2,691,512
-	-	363,069	7,129,413
1,305	2,956,412	2,872,022	5,862,796
-	-	350,113	420,726
-	-	281,856	315,851
<u>1,456,218</u>	<u>2,956,412</u>	<u>4,641,293</u>	<u>22,625,302</u>
-	-	137,379	1,844,108
-	-	137,379	1,844,108
-	-	785,343	1,898,171
-	-	189,714	189,714
-	-	-	753,001
-	1,592,460	2,855,951	11,239,583
-	-	1,214,042	1,214,042
-	-	1,638	729,707
23,373,573	-	-	39,654,154
-	-	673,824	673,824
75,899,837	-	2,067,484	360,558,756
-	-	-	355,977
-	-	-	115,125,757
<u>99,273,410</u>	<u>1,592,460</u>	<u>7,787,996</u>	<u>532,392,686</u>
<u>\$ 100,729,628</u>	<u>\$ 4,548,872</u>	<u>\$ 12,566,668</u>	<u>\$ 556,862,096</u>

KILLEEN INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
AUGUST 31, 2018

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$	532,392,686
1 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 \$730,147,973 and the accumulated depreciation was (\$306,757,988). 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. Note: Beginning Balances related to TRS are NOT included in this amount.		366,983,965
2 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 2018 capital outlays and debt principal payments is to increase net position.		21,330,773
3 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. At the beginning of the year, the net position related to TRS was a deferred resource outflow in the amount of \$26,624,663, a deferred resource inflow in the amount of \$11,693,101 and a net pension liability in the amount of \$76,446,044. The impact of this on net position is (61,514,482).		(61,514,482)
4 The District implemented GASB 75 reporting requirements for the OPEB benefit plan through TRS. Since this is the first year of implementation, a prior period adjustment had to be made in the amount of (\$239,197,737). The District had a total pension expense of \$113,879,745 less on behalf matching revenue (68,133,941) and fund-level TRS expenditures of \$2,298,166. This resulted in a decrease in net position of (\$191,153,767).		(191,153,767)
5 The 2018 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(21,634,167)
6 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, 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 decrease net position.		(299,761,862)
19 Net Position of Governmental Activities	\$	346,643,146

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 BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	10 General Fund	2017 - 2018 Bond Proposition A	2017 - 2018 Bond Proposition B
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 80,695,531	\$ 68,272	\$ 67,879
5800 State Program Revenues	259,472,271	-	-
5900 Federal Program Revenues	58,338,403	-	-
5020 Total Revenues	<u>398,506,205</u>	<u>68,272</u>	<u>67,879</u>
EXPENDITURES:			
Current:			
0011 Instruction	227,160,642	-	-
0012 Instructional Resources and Media Services	10,936,486	-	-
0013 Curriculum and Instructional Staff Development	7,048,252	-	-
0021 Instructional Leadership	3,923,711	-	-
0023 School Leadership	23,774,945	-	-
0031 Guidance, Counseling and Evaluation Services	16,091,909	-	-
0032 Social Work Services	1,439,155	-	-
0033 Health Services	4,816,611	-	-
0034 Student (Pupil) Transportation	12,594,602	-	-
0035 Food Services	541,506	-	-
0036 Extracurricular Activities	10,189,158	-	-
0041 General Administration	9,947,039	-	-
0051 Facilities Maintenance and Operations	31,393,417	71,789	-
0052 Security and Monitoring Services	3,510,867	177,700	-
0053 Data Processing Services	5,694,562	-	-
0061 Community Services	833,591	-	-
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	1,259,139	240,720	773,926
Intergovernmental:			
0099 Other Intergovernmental Charges	846,711	-	-
6030 Total Expenditures	<u>372,002,303</u>	<u>490,209</u>	<u>773,926</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>26,503,902</u>	<u>(421,937)</u>	<u>(706,047)</u>
OTHER FINANCING SOURCES (USES):			
7911 Capital Related Debt Issued (Regular Bonds)	-	-	-
7912 Sale of Real and Personal Property	90,267	-	-
7915 Transfers In	3,800	150,000,000	150,000,000
7916 Premium or Discount on Issuance of Bonds	-	-	-
8911 Transfers Out (Use)	(22,090,467)	-	-
8949 Other (Uses)	(800,000)	-	-
7080 Total Other Financing Sources (Uses)	<u>(22,796,400)</u>	<u>150,000,000</u>	<u>150,000,000</u>
1200 Net Change in Fund Balances	3,707,502	149,578,063	149,293,953
0100 Fund Balance - September 1 (Beginning)	121,159,302	-	-
3000 Fund Balance - August 31 (Ending)	<u>\$ 124,866,804</u>	<u>\$ 149,578,063</u>	<u>\$ 149,293,953</u>

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

School Building Projects	Impact Aid Section 8007	Other Funds	Total Governmental Funds
\$ 983,890	\$ 5,478	\$ 9,104,253	\$ 90,925,303
-	-	7,372,088	266,844,359
2,072,334	1,491,492	36,572,591	98,474,820
3,056,224	1,496,970	53,048,932	456,244,482
-	64,454	15,218,215	242,443,311
-	3,132	201,446	11,141,064
-	-	4,574,566	11,622,818
-	-	92,852	4,016,563
-	3,321	226,872	24,005,138
-	1,437	848,050	16,941,396
-	-	400,675	1,839,830
-	-	-	4,816,611
-	-	1,337,299	13,931,901
-	-	19,195,714	19,737,220
-	-	250,835	10,439,993
19,413	-	13,057	9,979,509
750,286	3,928	5,467,074	37,686,494
45,634	11,505	5,712	3,751,418
-	-	1,006	5,695,568
-	-	492,464	1,326,055
-	-	8,290,000	8,290,000
-	-	2,066,450	2,066,450
-	-	2,011,140	2,011,140
3,457,596	2,868,636	-	8,600,017
-	-	-	846,711
4,272,929	2,956,413	60,693,427	441,189,207
(1,216,705)	(1,459,443)	(7,644,495)	15,055,275
-	-	269,785,000	269,785,000
-	-	-	90,267
17,309,232	-	5,029,627	322,342,659
-	-	32,236,582	32,236,582
(188,781)	-	(300,063,412)	(322,342,660)
-	-	-	(800,000)
17,120,451	-	6,987,797	301,311,848
15,903,746	(1,459,443)	(656,698)	316,367,122
83,369,664	3,051,903	8,444,694	216,025,564
\$ 99,273,410	\$ 1,592,460	\$ 7,787,996	\$ 532,392,686

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, 2018

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$	316,367,123
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 removing the 2018 capital outlays and debt principal payments is to increase net position.		21,330,773
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.		(21,634,167)
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 decrease net position.		(301,033,818)
GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$8,223,316. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in net position totaling \$7,835,764. Finally, the 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 \$3,170,143. The net result is a (decrease) in the change in net position.		(2,782,591)
GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by (\$2,298,166). Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in net position totaling \$1,622,098. Finally, the 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 (\$47,367,902). The net result is an increase in the change in net position.		48,043,970
Change in Net Position of Governmental Activities	\$	60,291,290

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, 2018

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	\$ 77,859,536	\$ 80,208,777	\$ 80,695,531	\$ 486,754
5800	State Program Revenues	253,984,676	260,339,263	259,472,271	(866,992)
5900	Federal Program Revenues	51,105,049	58,310,195	58,338,403	28,208
5020	Total Revenues	382,949,261	398,858,235	398,506,205	(352,030)
EXPENDITURES:					
Current:					
0011	Instruction	233,612,286	238,181,252	227,160,642	11,020,610
0012	Instructional Resources and Media Services	10,886,141	11,161,789	10,936,486	225,303
0013	Curriculum and Instructional Staff Development	7,316,579	7,049,530	7,048,252	1,278
0021	Instructional Leadership	4,114,643	3,925,253	3,923,711	1,542
0023	School Leadership	23,537,240	23,776,726	23,774,945	1,781
0031	Guidance, Counseling and Evaluation Services	15,995,936	16,093,150	16,091,909	1,241
0032	Social Work Services	1,419,484	1,462,908	1,439,155	23,753
0033	Health Services	4,692,799	4,920,563	4,816,611	103,952
0034	Student (Pupil) Transportation	13,127,496	13,148,339	12,594,602	553,737
0035	Food Services	399,477	542,992	541,506	1,486
0036	Extracurricular Activities	10,027,718	10,412,899	10,189,158	223,741
0041	General Administration	9,863,987	9,948,458	9,947,039	1,419
0051	Facilities Maintenance and Operations	33,086,711	33,160,657	31,393,417	1,767,240
0052	Security and Monitoring Services	3,331,324	3,640,091	3,510,867	129,224
0053	Data Processing Services	5,077,194	5,869,527	5,694,562	174,965
0061	Community Services	913,802	835,307	833,591	1,716
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	1,400,168	1,259,139	141,029
Intergovernmental:					
0099	Other Intergovernmental Charges	858,182	846,711	846,711	-
6030	Total Expenditures	378,260,999	386,376,320	372,002,303	14,374,017
1100	Excess of Revenues Over Expenditures	4,688,262	12,481,915	26,503,902	14,021,987
OTHER FINANCING SOURCES (USES):					
7912	Sale of Real and Personal Property	-	90,267	90,267	-
7915	Transfers In	40,000	3,800	3,800	-
8911	Transfers Out (Use)	(4,728,262)	(22,090,467)	(22,090,467)	-
8949	Other (Uses)	-	(800,000)	(800,000)	-
7080	Total Other Financing Sources (Uses)	(4,688,262)	(22,796,400)	(22,796,400)	-
1200	Net Change in Fund Balances	-	(10,314,485)	3,707,502	14,021,987
0100	Fund Balance - September 1 (Beginning)	121,159,302	121,159,302	121,159,302	-
3000	Fund Balance - August 31 (Ending)	\$ 121,159,302	\$ 110,844,817	\$ 124,866,804	\$ 14,021,987

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, 2018

	Private Purpose Trust Funds	Agency Funds
ASSETS		
Cash and Cash Equivalents	\$ 13,879	\$ 1,876,214
Investments - Current	3,301	45,303
Other Receivables	-	473
Long Term Investments	2,190,863	-
Total Assets	<u>2,208,043</u>	<u>\$ 1,921,990</u>
LIABILITIES		
Due to Student Groups	-	\$ 880,266
Payable from Restricted Assets	-	1,041,724
Total Liabilities	<u>-</u>	<u>\$ 1,921,990</u>
NET POSITION		
Held in Trust for Other Purposes	<u>2,208,043</u>	
Total Net Position	<u>\$ 2,208,043</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, 2018

	Private Purpose Trust Funds
<hr/>	
ADDITIONS:	
Local and Intermediate Sources	\$ 275,090
Total Additions	<u>275,090</u>
DEDUCTIONS:	
Other Operating Costs	80,855
Total Deductions	<u>80,855</u>
Change in Net Position	194,235
Total Net Position - September 1 (Beginning)	<u>2,013,808</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 2,208,043</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. 14, "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 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.

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.

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

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 \$1,638 and is reflected as restricted on the statement of net position on page 17. 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.

Scholarship account:	Endowment	Current Balance	Net Appreciation Available for Expenditure
Cross	\$ 724,896	\$ 1,355,382	\$ 630,486
Haynes	100,000	131,162	31,162
Wood	209,530	375,475	165,945
Pratt	83,195	152,753	69,558
Ware	100,000	166,687	66,687
Alt	9,394	9,404	10
		<u>\$ 2,190,863</u>	<u>\$ 963,848</u>

Amounts available for expenditure are included in the statement of fiduciary net position on page 24 and are considered unrestricted net assets. The Alt Scholarship is included for comparability purposes however, it is not fully funded at year end.

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 PoliciesEncumbrances

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 106.

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 acquisition 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, 2017 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.

Other Post-Employment Benefits

The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS Care Plan 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 OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from TRS Care's fiduciary net position. There are not investments as this is a pay-as you-go plan and all cash is held in a cash account.

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 \$115,125,757 exceeds the required minimum fund balance of \$93,000,576.

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	621,280,681	252,944,566	368,336,115	
Furniture & Equipment	73,252,599	53,813,422	19,439,177	
Construction in Progress	<u>22,684,684</u>	<u>-</u>	<u>22,684,684</u>	
Change in Net Position				\$ 423,389,985
<u>Long-term Liabilities at the Beginning of the Year</u>			<u>Payable at the Beginning of the Year</u>	
Bonds Payable			\$ (50,665,000)	
Less Unamortized Premiums			<u>(5,741,020)</u>	
Change in Net Position				(56,406,020)
Net Adjustment to Net Position				<u>\$ 366,983,965</u>

KILLEEN INDEPENDENT SCHOOL DISTRICT*Notes To The Financial Statements (Continued)**Year Ended August 31, 2018*

The element of the reconciliation on Exhibit C-2 described as various other reclassifications and eliminations are adjustments which are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. 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>		
Recognize property tax revenue	\$ 1,844,108	\$ 1,844,108
<u>Reclassifications related to Bonds</u>		
Current year amortization bond premiums/discounts	971,831	971,831
Current year amortization deferred on refunding	(54,199)	(54,199)
Amount deferred on refunding	611,661	611,661
Current year bond sale	(302,021,582)	(302,021,582)
<u>Adjustments to Expenditures and Accrued Liabilities</u>		
Bond Interest Accrual Adjustment	(425,602)	(425,602)
Compensated absences	(609,310)	(609,310)
<u>Adjustments to Other Sources and</u>		
Revenues for Loss on Sale of Assets	<u>(78,769)</u>	<u>(78,769)</u>
Total		<u>\$ (299,761,862)</u>

KILLEEN INDEPENDENT SCHOOL DISTRICT

Notes To The Financial Statements (Continued)

Year Ended August 31, 2018

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	\$ 22,350,099		
Furniture & Equipment	4,316,879		
Construction in Progress	(13,626,205)		
Total Capital Outlay	<u>\$ 13,040,773</u>	<u>\$ 13,040,773</u>	<u>\$ 13,040,773</u>
<u>Debt Principal Payments</u>			
Bond Principal	\$ 8,290,000		
Total Principal Payments	<u>\$ 8,290,000</u>	<u>\$ 8,290,000</u>	<u>\$ 8,290,000</u>
Total Adjustment to Net Position		<u>\$ 21,330,773</u>	<u>\$ 21,330,773</u>

KILLEEN INDEPENDENT SCHOOL DISTRICT*Notes To The Financial Statements (Continued)**Year Ended August 31, 2018*

The element of the reconciliation on Exhibit C-4 described as various other reclassifications and eliminations are adjustments which are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. 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.	\$ 130,126	\$ 130,126
<u>Reclassifications related to Bonds</u>		
Current year amortization bond premiums/discounts	971,831	971,831
Current year amortization deferred on refunding	(54,199)	(54,199)
Current year bond sale	(302,021,582)	(302,021,582)
<u>Reclassify Liabilities Incurred but not Liquidated this Year</u>		
Unused Vacation Pay	348,965	348,965
<u>Adjustments to Expenditures and Accrued Liabilities</u>		
Bond Interest Accrual Adjustment	(330,675)	(330,675)
Due to Fiduciary Funds	485	485
<u>Adjustments to Other Sources and Revenues for Loss on Sale of Assets</u>		
	<u>(78,769)</u>	<u>(78,769)</u>
Total		<u>\$ (301,033,818)</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:

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	\$ 233,612,286	\$ 238,181,252	\$ 4,568,966	1
199-53-6XXX	\$ 5,077,194	\$ 5,869,527	\$ 792,333	2
199-81-6XXX	\$ -	\$ 1,400,168	\$ 1,400,168	3
199-00-8911	\$ 4,728,262	\$ 22,090,467	\$ 17,362,205	4
199-00-8949	\$ -	\$ 800,000	\$ 800,000	5

(1.) The amended increase in expenditures is due to additional positions that were added throughout the year.

(2.) The amended increase in expenditures is due to transferring \$0.5 million from fund balance to pay for the District's financial/personnel information system as well as another \$0.2 million in additional contracted services.

KILLEEN INDEPENDENT SCHOOL DISTRICT

Notes To The Financial Statements (Continued)

Year Ended August 31, 2018

- (3.) The amended increase in expenditures is due to a \$1.4 million increase to help pay for the CTE Agriculture Barn expansion.
 - (4.) The additional amount here is due to an \$17.4 million transfer 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.
 - (5.) The additional \$800,000 is due to a transfer of the AYPYN fund balance to the Boys and Girls Club.
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	\$	3,220,507
Unbudgeted Funds:		
Summer Feeding Program		170,909
Achievement at Military Connected Schools		300
Advanced Placement Incentives		146,247
Instructional Materials Allotment		101,962
Read to Succeed		1,369
Campus Activity Funds		672,283
Music Enrichment Program		541
	\$	<u>4,314,118</u>

B. Excess of Actual Expenditures over Appropriations by Functional Categories

For fiscal year ended August 31, 2018, the District’s actual expenditures did not exceed budgeted expenditures by function.

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, 2018, the carrying amount of the District's deposits was \$49,837,081 and the bank balance was \$53,053,871. 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 \$90,000,000.
- c) Largest cash, savings and time deposit combined account balance amounted to \$82,519,989 and occurred on February 20, 2018.
- 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, (10) and 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.

The School District categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All District investments are Level 1.

The School District has the following recurring fair value measurements as of August 31, 2018.

U. S. Agency securities of \$ 91,382,488 are valued using quoted market prices (Level 1 inputs).

KILLEEN INDEPENDENT SCHOOL DISTRICT*Notes To The Financial Statements (Continued)**Year Ended August 31, 2018*

The District's investments at August 31, 2018, are shown below:

		<u>Maturity</u>	<u>Value</u>	<u>Level 1</u>
<u>U.S. Agency Securities - short-term :</u>				
Federal Home Loan Mortgage Corporation	\$ 30,595,000	247	\$ 30,514,815	\$ 30,514,815
Federal National Mortgage Association	10,000,000	104	9,968,800	9,968,800
Federal Home Loan Bank	31,025,000	377	30,920,173	30,920,173
Federal Farm Credit Bank	20,000,000	681	19,978,700	19,978,700
			<u>91,382,488</u>	<u>91,382,488</u>
<u>Investments in Investment Pools and Money Markets:</u>				
BBVA Certificate of Deposits	88,000,000	617		88,000,000
TexStar	144,240,253	32		144,240,253
Texas CLASS	42,966,269	39		42,966,269
Lone Star	14,360,788	37		14,360,788
Invesco Short-Term Investments Trust	617,936	30		617,936
BBVA Interest Bearing Account	112,033,674	1		112,033,674
Total Investments in Investment Pools and Money Markets:			<u>402,218,920</u>	<u>402,218,920</u>
Total Current Investments:			<u>493,601,408</u>	<u>493,601,408</u>
<u>Long-term and Other Assets:</u>				
Vanguard Group	2,190,863		<u>2,190,863</u>	<u>2,190,863</u>
Total Investments			<u>\$ 495,792,271</u>	<u>\$ 495,792,271</u>

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 & Pooers, 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 in Vanguard Group. Approximately .43% 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 5.35% of the endowed funds are invested in the Vanguard Treasury Money Market Fund (VUSXX). This a fund that seeks to provide current income while maintaining liquidity and a stable share price of \$1. Approximately 12.55% 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 70.71% 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 10.88% of the endowed funds are invested in the Vanguard International Growth Fund Admiral Shares (VWILX). In addition, approximately, .09% is invested in BBVA Compass, another .43% is invested in Vanguard Inter-Term Treasury Fund (VFITX) and 5.35% is invested in Vanguard Money Market Fund (VUSXX). 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.

KILLEEN INDEPENDENT SCHOOL DISTRICT*Notes To The Financial Statements (Continued)**Year Ended August 31, 2018*

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	\$ -	\$ -	\$ 466,651	\$ 466,651
Grant Programs	-	-	2,612,404	2,612,404
Miscellaneous	4,643	-	-	4,643
State Aid	811,582	-	-	811,582
Total Due from State Government	<u>\$ 816,225</u>	<u>\$ -</u>	<u>\$ 3,079,055</u>	<u>\$ 3,895,280</u>

KILLEEN INDEPENDENT SCHOOL DISTRICT*Notes To The Financial Statements (Continued)**Year Ended August 31, 2018***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, 2018 consisted of the following individual fund receivables and payables:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund:		
Non-Major Governmental Funds	\$ 2,893,531	\$ 33,057
Total General Fund	<u>2,893,531</u>	<u>33,057</u>
School Building Projects Fund		
General Fund	-	1,305
Non-Major Governmental Funds	2,868,636	-
Total School Building Projects Fund	<u>2,868,636</u>	<u>1,305</u>
Impact Aid		
School Building Projects Fund	-	2,956,412
Total Impact Aid Fund		<u>2,956,412</u>
Non-Major Governmental Funds		
General Fund	100,629	-
School Building Projects Fund	-	2,872,022
Total Non-Major Governmental Funds	<u>100,629</u>	<u>2,872,022</u>
Totals	<u>\$ 5,862,796</u>	<u>\$ 5,862,796</u>

** The interfund balances represent cash owed between the individual funds*

KILLEEN INDEPENDENT SCHOOL DISTRICT

Notes To The Financial Statements (Continued)

Year Ended August 31, 2018

E. Capital Asset Activity

Capital asset activity for the year ended August 31, 2018 was as follows:

	Primary Government			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 12,930,009	\$ -	\$ -	\$ 12,930,009
Construction in Progress	22,684,684	8,689,334	(22,315,539)	9,058,479
Total non-depreciable assets	<u>35,614,693</u>	<u>8,689,334</u>	<u>(22,315,539)</u>	<u>21,988,488</u>
Capital assets, being depreciated				
Buildings and Improvements	621,280,681	22,350,099	(69,120)	643,561,660
Furniture and Equipment	73,252,599	4,316,879	(2,887,127)	74,682,351
Total depreciable assets	<u>694,533,280</u>	<u>26,666,978</u>	<u>(2,956,247)</u>	<u>718,244,011</u>
Less accumulated depreciation for:				
Buildings and Improvements	(252,944,566)	(16,641,040)	69,120	(269,516,486)
Furniture and Equipment	<u>(53,813,422)</u>	<u>(4,993,127)</u>	<u>2,808,358</u>	<u>(55,998,191)</u>
Total accumulated depreciation	<u>(306,757,988)</u>	<u>(21,634,167)</u>	<u>2,877,478</u>	<u>(325,514,677)</u>
Governmental activities capital assets, net	<u>\$ 423,389,985</u>	<u>\$ 13,722,145</u>	<u>\$ (22,394,308)</u>	<u>\$ 414,717,822</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 15,000,876
Instructional Resources and Media	115,263
Curriculum Development	850,417
Instructional Administration	1,444,413
School Leadership	810,802
Guidance, Counseling & Evaluation	438
Student Transportation	501,591
Food Services	1,664,912
Extracurricular Activities	833,388
General Administrative	1,766
Plant Maintenance and Operations	363,170
Security and Monitoring Services	26,053
Data Processing Services	21,078
Total depreciation expense	<u>\$ 21,634,167</u>

KILLEEN INDEPENDENT SCHOOL DISTRICT

Notes To The Financial Statements (Continued)

Year Ended August 31, 2018

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, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
Governmental Activities					
Bonds and notes payable:					
School Refunding Bond Series Series 2008	\$ 290,000	\$ -	\$ 290,000	\$ -	\$ -
School Refunding Bond Series Series 2010	24,635,000	-	4,630,000	20,005,000	3,620,000
School Refunding Bond Series Series 2012	14,400,000	-	335,000	14,065,000	345,000
School Refunding Bond Series Series 2015	2,945,000	-	2,945,000	-	-
School Refunding Bond Series Series 2017	8,395,000	-	90,000	8,305,000	90,000
School Building Bond Series Series 2018	-	269,785,000	-	269,785,000	950,000
Total Bonds and notes payable	<u>\$ 50,665,000</u>	<u>\$ 269,785,000</u>	<u>\$ 8,290,000</u>	<u>\$ 312,160,000</u>	<u>\$ 5,005,000</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>
2019	5,005,000	14,217,835	19,222,835
2020	8,300,000	14,114,650	22,414,650
2021	8,990,000	13,699,100	22,689,100
2022	9,830,000	13,238,750	23,068,750
2023	10,610,000	12,738,100	23,348,100
2024-2028	57,025,000	55,852,263	112,877,263
2029-2033	55,780,000	42,151,750	97,931,750
2034-2038	69,340,000	26,830,150	96,170,150
2039-2043	87,280,000	8,888,875	96,168,875
	<u>\$ 312,160,000</u>	<u>\$ 201,731,473</u>	<u>\$ 513,891,473</u>

The District primarily liquidates debt through the Debt Service Fund. Other long term debt is liquidated through the General Fund.

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, 2018 was \$12,708.

The advanced refunding of the 1998 Series bonds resulted in a \$188,539 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, 2018 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, 2018 was \$159,039.

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, 2018 was \$117,580.

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.

On June 15, 2017, the District issued \$8,550,000 in Unlimited Tax Refunding Bonds with an interest rate between 2.0% to 4.25%, along with additional funds of the district, to refund \$8,620,000 of the 2012 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 2012 Series bonds. As a result, this portion of the 2012 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.

KILLEEN INDEPENDENT SCHOOL DISTRICT*Notes To The Financial Statements (Continued)**Year Ended August 31, 2018*

The difference between the principal amount of \$8,550,000 and the sales price of \$9,943,776 of the Series 2017 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, 2018 was \$144,116.

The advanced refunding of the 2012 Series bonds resulted in a \$258,658 difference between the reacquisition price and the net carrying amount of the old debt. This difference, reported in the financial statements as a deferred inflow of resources, is being amortized over the life of the Series 2017 debt in accordance with GASB 7 entitled Advanced Refundings Resulting in Defeasance of Debt. This transaction resulted in future cash flow savings of \$1,158,850 through 2028 and an economic gain (difference between the present value of the old and new debt service payments) of \$949,472.

On August 21, 2018 the District issued \$269,785,000 in Unlimited Tax School Building Bonds with an interest rate between 3.5% to 5.0%, to be used for construction, renovation, acquisition and improvement of school buildings in the District and the purchase of necessary sites for school buildings and paying the costs of issuance related to the Bonds.

The difference between the principal amount of \$269,785,000 and the sales price of \$302,021,582 of the Series 2018 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, 2018 was \$36,067.

Changes in bonds payable for the year ended August 31, 2018 are as follows:

Description	Balance September 1, 2017	Additions	Reductions	Balance August 31, 2018
General Obligation Bonds	\$ 50,665,000	\$ 269,785,000	\$ 8,290,000	\$ 312,160,000
Unamortized (Discount)/Premium on Current Interest Term Bonds	5,741,020	32,236,582	971,831	37,005,771
Outstanding Bonds Payable	\$ 56,406,020	\$ 302,021,582	\$ 9,261,831	\$ 349,165,771

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, 2018.

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, 2018 are as follows:

	Outstanding Balances
Unlimited Tax School Building and Refunding Bonds, Series 2002	53,170,000
Unlimited Tax School Building and Refunding Bonds, Series 2012	8,620,000
Total Defeased	<u>\$ 61,790,000</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, 2017	\$ 958,275
Additions - New Entrants and Salary Increments	4,998
Deductions - Payments to and Uses by Participants	<u>(353,963)</u>
Balance August 31, 2018	<u>\$ 609,310</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 2017 Comprehensive Annual Financial Report for TRS provides the following information regarding the Pension Plan fiduciary net position as of August 31, 2017.

<u>Net Pension Liability</u>	<u>Total</u>
Total Pension Liability	\$ 179,336,534,819
Less: Plan Fiduciary Net Position	<u>(147,361,922,120)</u>
Net Pension Liability	<u>\$ 31,974,612,699</u>
Net Position as percentage of Total Pension Liability	82.17%

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 83rd 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 2016 as discussed in Note 1 of the TRS 2016 CAFR. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2017 and 2018.

Contribution Rates

	<u>2017</u>	<u>2018</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
Current fiscal year Employer Contributions		\$ 8,223,316
Current fiscal year Member Contributions		\$ 20,656,873
2017 measurement year NECE On-Behalf Contributions		\$ 12,978,190

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, 2017 actuarial valuation was determined using the following actuarial assumptions:

Actuarial Cost Method	Ultimate Entry Age Normal
Amortization Method	Level Percentage of Payroll,
Remaining Amortization Period	Floating 34 years
Asset Valuation Method	5 year Smoothed Market
Discount Rate	8.00%
Investment Rate of Return	8.00%
Projected Salary Increases*	3.5% to 9.5% including inflation

**Includes Inflation of 2.5%*

***Actuarially determined contribution rates are calculated as of August 31 of the preceding fiscal year. Members and employers are based upon statutorily fixed rates.*

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. There have been no changes in the actuarial assumptions or methods since the prior valuation.

The active mortality rates were based on 90 percent of the RP 2014 Employee Mortality Tables for males and females. The post-retirement mortality rates were based on the 2015 TRS of Texas 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. 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 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

KILLEEN INDEPENDENT SCHOOL DISTRICT

Notes To The Financial Statements (Continued)

Year Ended August 31, 2018

return for each major asset class included in the Systems target asset allocation as of August 31, 2017 are summarized below:

Asset Class	Target Allocation* %	Long-term Expected Arithmetic Real Rate of Return	Expected Contribution to Long-Term Portfolio Returns**
Global Equity			
U.S.	18.00%	4.60%	1.00%
Non-U.S. Developed	13.00%	5.10%	0.80%
Emerging Markets	9.00%	5.90%	0.70%
Directional Hedge Funds	4.00%	3.20%	0.10%
Private Equity	13.00%	7.00%	1.10%
Stable Value			
U.S. Treasuries	11.00%	0.70%	0.10%
Absolute Return	0.00%	1.80%	0.00%
Stable Value Hedge Funds	4.00%	3.00%	0.10%
Cash	1.00%	-0.20%	0.00%
Real Return			
Global Inflation Linked Bonds	3.00%	0.90%	0.00%
Real Assets	16.00%	5.10%	1.10%
Energy and Natural Resources	3.00%	6.60%	0.20%
Commodities	0.00%	1.20%	0.00%
Risk Parity			
Risk Parity	5.00%	6.70%	0.30%
Inflation Expectation			2.20%
Alpha			1.00%
Total	100.00%		8.70%

**Target allocations are based on the FY2016 policy model.*

*** The Expected Contribution to Long-Term Portfolio 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 2017 Net Pension Liability.

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
Proportionate share of the net pension liability	\$ 128,872,926	\$ 76,446,044	\$ 32,792,156

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

At August 31, 2018, Killeen Independent School district reported a liability of \$76,446,044 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	\$ 76,446,044
State's proportionate share that is associated with the District	<u>126,881,968</u>
Total	<u><u>\$ 203,328,012</u></u>

The net pension liability was measured as of August 31, 2017 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 portion 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, 2016 through August 31, 2017.

At August 31, 2017 the employer’s proportion of the collective net pension liability was 0.2390835642% which was an increase of 0.0066766203% from its proportion measured as of August 31, 2016.

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.

KILLEEN INDEPENDENT SCHOOL DISTRICT

Notes To The Financial Statements (Continued)

Year Ended August 31, 2018

For the year ended August 31, 2018, Killeen Independent School District recognized pension expense of \$ 9,678,052 and revenue of \$ 9,678,052 for support provided by the State.

At August 31, 2018, 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,118,440	\$ 4,122,635
Changes in actuarial assumptions	3,482,239	1,993,500
Differences between projected and actual investment earnings	-	5,571,221
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	13,800,668	5,745
Total as of August 31, 2017 measurement date	<u>\$ 18,401,347</u>	<u>\$ 11,693,101</u>
Contributions paid to TRS subsequent to the measurement date	<u>8,223,316</u>	<u>-</u>
Total as of fiscal year-end	<u><u>\$ 26,624,663</u></u>	<u><u>\$ 11,693,101</u></u>

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
2019	\$ 830,929
2020	\$ 5,710,678
2021	\$ 456,001
2022	\$ (973,800)
2023	\$ 500,212
Thereafter	\$ 184,226

At August 31, 2018, 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, 2017 Measurement Date	<u>\$ 18,401,347</u>	<u>\$ 11,693,101</u>
Contributions made subsequent to the Measurement Date	<u>8,223,316</u>	<u>-</u>
Total	<u><u>\$ 26,624,663</u></u>	<u><u>\$ 11,693,101</u></u>

Funding Policy – Retirement Plan

Contribution rates and contributions for fiscal years 2018-2016 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.

Year	Member		State		Statutory Minimum
	Rate	Amount	Rate	Amount	Amount
2018	7.70%	\$20,656,873	6.80%	\$12,978,190	\$3,458,097
2017	7.70%	\$19,995,598	6.80%	\$12,921,592	\$3,121,947
2016	7.20%	\$18,024,390	6.80%	\$12,226,801	\$2,836,455

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, 2016, 2017 and 2018 was \$250,349,801, \$259,686,266 and \$271,061,550 respectively, and total District payroll for these years was \$265,595,435, \$270,014,437 and \$278,260,752 respectively.

An additional \$330,249 of TRS and TRS Care contributions for 2018 was paid in December, 2018. This was due to a system error and the correction was submitted to TRS.

I. Defined Other Post-Employment Benefit Plans*Plan Description*

The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment benefit (OPEB) plan that has a special funding situation. The plan is 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 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.

OPEB Plan Fiduciary Net Position

Detail information about the TRS-Care’s fiduciary net position is available in the separately-issued TRS 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.

Benefits Provided

TRS-Care provided a basic health insurance coverage (TRS-Care1), at no cost to all retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits (TRS-Care 2 and TRS-Care #). Eligible retirees and dependents enrolled in Medicare may elect to participate in one of the two Medicare health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic post-employment benefit changes; including automatic COLAs.

The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for the average retiree with Medicare Parts A&B coverage, with 20 to 29 years of service for the basic plan and the two optional plans.

TRS - Care Plan Premium Rates					
Effective September 1, 2016 - December 31, 2017					
		TRS-Care1		TRS-Care 2	
		<u>Basic Plan</u>		<u>Optional Plan</u>	TRS - Care 3
					<u>Optional Plan</u>
Retiree*	\$	0	\$	70	\$ 100
Retiree and Spouse		20		175	255
Retiree and Children		41		132	182
Retiree and Family Surviving Children only		61		237	337
		28		62	82

**or surviving spouse*

Contributions

Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and school districts based upon public school district payroll. The TRS Board of trustees does not have the authority to set or amend contribution rates.

Texas Insurance Code, section 1575.202 establishes the state’s contribution rate which is 1.0% of the employee’s salary. Section 1575.203 establishes the active employee’s rate which is .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by the type of contributor.

	Contribution Rates	
	<u>2017</u>	<u>2018</u>
Member	0.65%	0.65%
Non-Employer Contribution Entity (State)	1.00%	1.25%
Employers	0.55%	0.75%
Federal/Private Funding Remitted by Employers	1.00%	1.25%
Current fiscal year employer contributions		2,298,166
Current fiscal year member contributions		20,656,873
2017 measurement year NECE on-behalf contributions		2,434,288

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether or not they participate in the TRS care OPEB program). When employers hire a TRS retiree, they are required to pay to TRS Care, a monthly surcharge of \$535 per retiree. TRS-Care received a supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$15.1 million in fiscal year 2017 and \$182.6 million in fiscal year 2018.

Actuarial Assumptions

The actuarial valuation of TRS-Care is similar to the actuarial valuations performed for the pension plan, except that the OPEB valuation is more complex. All of the demographic assumptions, including mortality, and most of the economic assumptions are identical to those which were adopted by the Board in 2015 and are based on the 2014 actuarial experience study of TRS. The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females. The Post-retirement mortality rates were based on the 2015-TRS of Texas Healthy Pensioner Mortality Tables.

The total OPEB liability in the August 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Actuarial Cost Method	Individual Entry Age Normal
Valuation Date	31-Aug-17
Inflation	2.50%
Discount Rate*	3.42%*
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims cost
Payroll Growth Rate	2.50%
Projected Salary Increases**	3.5% to 9.5% **
Healthcare Trend Rates***	4.50% to 12.00%***

**Source: Fixed Income municipal bonds with 20 years to maturity that include only federal tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Indices" as of August 31, 2017.*

***Includes inflation at 2.50%*

****Initial trend rates are 7.00% for non-Medicare retirees; 10.00% for Medicare retirees and 12.00% for prescriptions for all retirees. Initial trend rates decrease to an ultimate trend rate of 4.50% over a period of 10 years.*

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions employed in the August 31, 2017 TRS annual pension actuarial valuation:

Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Expected Payroll Growth
Rates of Disability Incidence	

Other Information

There was a significant plan change adopted in fiscal year ending August 31, 2017. Effective January 1, 2018, only one health plan option will be offered and all retirees will be required to contribute monthly premiums for coverage. Assumption changes made for the August 31, 2017 valuation include a change to the assumption regarding the phase-out of the Medicare Part D subsidies and a change to the discount rate from 2.98% as of August 31, 2016 to 3.42% as of August 31, 2017.

Discount Rate

A single discount rate of 3.42% was used to measure the total OPEB liability. There was a change of .44 percent in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.42%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (2.42%)	Discount Rate (3.42%)	1% Increase in Discount Rate (4.42%)
Proportionate share of the net OPEB liability	\$160,994,234	\$136,407,094	\$116,644,577

Healthcare Cost Trend Rates Sensitivity Analysis

The following presents the net OPEB Liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB Liability would be if it were calculated using a trend rate that is one-percentage point lower or one-percentage point higher than the assumed healthcare cost trend rate.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Proportionate share of the net OPEB liability	\$113,572,533	\$136,407,094	\$166,368,915

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At August 31, 2018, the District reported a liability of \$136,407,094 for its proportionate share of the TRS’s net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 136,407,094
State's proportionate share that is associated with the District	<u>203,611,856</u>
Total	<u><u>\$ 340,018,950</u></u>

The net OPEB liability was measured as of August 31, 2017 and the total OPEB liability used to calculate the new OPEB liability was determined by an actuarial valuation as of that date. The employer’s portion of the net OPEB liability was based on the employer’s contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2016 through August 31, 2017.

At August 31, 2017 the employer’s proportion of the collective net OPEB liability was 0.3136786875%. Since this is the first year of implementation, the District does not have the proportion measured as of August 31, 2016.

For the year ended August 31, 2018, the District recognized OPEB expense of \$ (113,059,205) and revenue of \$ (68,133,941) for support provided by the State.

At August 31, 2018, the District reported its proportionate share of the TRS’s deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experiences	\$ -	\$ 2,847,602
Changes in actuarial assumptions	-	54,211,743
Differences between projected and actual investment earnings	20,721	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	-	6,215
Total as of August 31, 2017 measurement date	<u>\$ 20,721</u>	<u>\$ 57,065,560</u>
Contributions paid to TRS subsequent to the measurement date	2,298,166	
Total as of Fiscal Year-End	<u><u>\$ 2,318,887</u></u>	<u><u>\$ 57,065,560</u></u>

KILLEEN INDEPENDENT SCHOOL DISTRICT

Notes To The Financial Statements (Continued)

Year Ended August 31, 2018

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

Fiscal year ended August 31,	OPEB Expense Amount
2019	\$ (7,527,134)
2020	\$ (7,527,134)
2021	\$ (7,527,134)
2022	\$ (7,532,314)
Thereafter	\$ (19,403,989)

The District reported a net OPEB liability of \$136,407, 094 as of August 31, 2018:

	Beginning Balance	Additions	Retirements	Ending Balance
Net OPEB Liability	\$ 240,819,835	\$ (102,781,922)	\$ 1,630,819	\$ 136,407,094

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 2016, 2017 and 2018, the subsidy payment received by TRS-Care on behalf of Killeen Independent School District was \$969,783, \$779,624 and \$812,521 respectively.

Contributions Made

Contributions made by the State, the District and its employees, and the District’s covered payroll for the fiscal years 2018, 2017, and 2016 are as follows:

	2018	2017	2016
Covered payroll	\$ 271,061,550	\$ 259,686,266	\$ 250,349,801
Contributions made by the State	\$ 12,978,190	\$ 12,921,592	\$ 12,226,801
Retirement plan rate	6.80%	6.80%	6.80%
Retiree health care rate	1.25%	1.00%	1.00%
Medicare Part D	\$ 812,521	\$ 779,624	\$ 969,783
District required and actual contributions to TRS & TRS-Care	\$ 7,405,007	\$ 6,322,550	\$ 5,857,036
Employee contributions to TRS & TRS-Care	\$ 22,400,637	\$ 20,054,505	\$ 18,400,710

Negative Operating Grants and Contributions – Statement of Activities

Expense activity is required to be recorded by districts who are participants in cost-sharing pension and OPEB benefit plans with a special funding situation where non-employer contributing entities (NECE) also participate in contributions to the plans. TRS-retirement and TRS – care benefit plans are both cost-sharing plans with special funding situations. Therefore, on-behalf expense activity of the NECE must be recorded at the government-wide level of reporting on the Statement of Activities in accordance with GASB 68 and 75.

During the year under audit, the NECE expense was negative due to changes in benefits within the TRS-care plan. The accrual for the proportionate share of that expense was a negative on-behalf revenue and negative on-behalf expense. This resulted in negative revenue for operating grants and contributions on the Statement of Activities. According to guidance provided directly from GASB, this is the correct reporting.

Following are the effects on the Statement of Activities as a result of the negative on-behalf accruals recorded:

Function	Operating Grants and Contributions	Negative On-Behalf Accruals	Operating Grants and Contributions (Excluding on-behalf accruals)
11 Instruction	\$ (19,423,116)	\$ (43,515,892)	\$ 21,846,585
12 Instructional Resources	(1,674,644)	(2,047,095)	372,451
13 Curriculum & Development	3,328,428	(1,473,645)	4,802,073
21 Instructional Leadership	(544,702)	(754,314)	209,612
23 School Leadership	(3,794,706)	(4,748,931)	954,225
31 Guidance, Counseling, & Evaluation	(1,869,734)	(3,220,948)	1,351,214
32 Social Work Services	170,704	(272,088)	442,792
33 Health Services	(783,712)	(927,242)	2,389,721
34 Student (Pupil) Transportation	(653,702)	(2,355,631)	1,701,929
35 Food Services	17,868,345	(1,748,252)	19,616,597
36 Extra Curricular Activities	(681,802)	(1,102,374)	420,572
41 General Administration	(1,202,675)	(1,422,932)	220,257
51 Facilities Maintenance & Operations	(2,708,270)	(3,282,526)	574,256
52 Security & Monitoring Services	(368,534)	(436,027)	67,493
53 Data Processing Services	(522,591)	(619,489)	96,898
61 Community Services	317,731	(206,555)	524,286
Total	\$ (12,542,980)	\$ (68,133,941)	\$ 55,590,961

J. Health Care Coverage

During the year ended August 31, 2018, 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 Aetna Health Plan and Blue Cross Blue Shield Dental Plan. Killeen Independent School District entered into a new contract with Baylor Scott and White for a health plan for benefit year 2019.

K. 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 2018, 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, 2018

L. 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>General</u>	<u>17-18 Bond Proposition A</u>	<u>17-18 Bond Proposition B</u>	<u>School Building Projects</u>	<u>Impact Aid Section 8007</u>	<u>Other Funds</u>	<u>Total</u>
<u>Nonspendable:</u>							
Inventories	\$ 1,112,828	\$ -	\$ -	\$ -	\$ -	\$ 785,343	\$ 1,898,171
Endowments	-	-	-	-	-	189,714	189,714
Prepaid Items	753,001	-	-	-	-	-	753,001
Total Nonspendable	1,865,829	-	-	-	-	975,057	2,840,886
<u>Restricted:</u>							
Federal/State Funds Grant Restriction	6,791,172	-	-	-	1,592,460	2,855,951	11,239,583
Retirement of Long-Term Debt	-	-	-	-	-	1,214,042	1,214,042
Other Restricted Fund Balance	-	-	-	-	-	-	-
Investment Earnings Endowment	-	-	-	-	-	1,638	1,638
AYPN	728,069	-	-	-	-	-	728,069
Total Restricted	7,519,241	-	-	-	1,592,460	4,071,631	13,183,332
<u>Committed:</u>							
Construction	-	8,823,906	7,456,675	23,373,573	-	-	39,654,154
Other Committed Fund Balance	-	-	-	-	-	673,824	673,824
Total Committed	-	8,823,906	7,456,675	23,373,573	-	673,824	40,327,978
<u>Assigned:</u>							
Construction	-	140,754,157	141,837,278	75,899,837	-	2,067,484	360,558,756
Capital Expenditures for Equipment	-	-	-	-	-	-	-
Other Assigned Fund Balance	-	-	-	-	-	-	-
Software Conversion	355,977	-	-	-	-	-	355,977
Total Assigned	355,977	140,754,157	141,837,278	75,899,837	-	2,067,484	360,914,733
Unassigned	115,125,757	-	-	-	-	-	115,125,757
Total Fund Balances	\$ 124,866,804	\$ 149,578,063	\$ 149,293,953	\$ 99,273,410	\$ 1,592,460	\$ 7,787,996	\$ 532,392,686

KILLEEN INDEPENDENT SCHOOL DISTRICT*Notes To The Financial Statements (Continued)**Year Ended August 31, 2018***M. Federal Source Revenues**

For the year ended August 31, 2018, 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	\$ 54,975,989
ROTC Salaries	12.00	427,071
Academic Expansion Program	N/A	10,252
Army Youth Programs in Your Neighborhood	N/A	220,000
		55,633,312
 Other State Distributed -- Federal Program		
Shars Reimbursement	N/A	2,246,191
Indirect Cost Revenue	N/A	458,900
		2,705,091
 Total Federal Source Revenues		\$ 58,338,403

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

Federally Distributed	CFDA Number	Amount
PL 110-417 (Impact Aid) Section 551	84.041	\$ 2,072,334
Total Federal Sources Revenues		\$ 2,072,334

N. Transfers

During the year \$300,000,000 from a new bond sale was recorded as a transfer between debt service and the bond cash accounts. In addition, \$17,309,232 was transferred to the School Building Projects Fund to lower the general fund balance to three months operating expenditures in accordance with board policy, CE (Local). Also during the year, \$4,728,262 was transferred from the General Fund to the Capital Improvement Projects fund for future capital improvement expenditures. A transfer of \$188,781 was made from the Strategic Facilities Plan to the New School Furniture and Equipment fund to help with new school expenditures. An additional transfer of \$49,672 was made from the General fund to the National Breakfast and Lunch Program fund to pay for unpaid lunch charges at year end. There was a transfer of \$61,912 for the Summer Feeding program to the School Nutrition Program for the 2017 net profit. A repayment of \$2,300 for STEM activity fund startup funds was transferred from Student Activity Funds. A transfer of \$1,500 was made from Activity funds to General funds. Lastly, \$1,000 was transferred to the Music Enrichment Program for Killeen High School Choir.

O. 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, 2018 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.

During fiscal year 2018 the District transferred \$800,000 in restricted fund balance from the AYPYN program to the Boys and Girls Club of Central Texas after school program for middle and high school students. The remaining restricted fund balance from the AYPYN program will be transferred to the Boys and Girls Club within 60 days after the KISD contract term with IMCOM ends on September 30, 2018.

At August 31, 2018, the District had the following uncompleted construction and architectural contracts in progress:

Project Description	Adjusted Contract Amount	Expended To Date	Committed
Agriscience Facility Expansion	\$ 2,321,836	\$ 2,120,852	\$ 200,984
New High School #6	\$ 8,024,000	\$ 240,720	\$ 7,783,280
New Middle School #14	\$ 2,474,405	\$ 1,771,047	\$ 703,358
New Elementary School #35	\$ 26,373,887	\$ 4,254,673	\$ 22,119,214
New Elementary School # 36	\$ 2,137,800	\$ 302,670	\$ 1,835,130
New Elementary School # 37	\$ 2,552,800	\$ 365,056	\$ 2,187,744
Total Construction in Progress	\$ 43,884,728	\$ 9,055,018	\$ 34,829,710

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	\$ 2,731,989
School Building Projects	27,651,362
Nonmajor Governmental Funds	850,927
Total	\$ 31,234,278

P. 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, 2017	\$	3,271,296
Increases		6,285
Decreases		<u>(586,069)</u>
Balance, August 31, 2018	\$	<u><u>2,691,512</u></u>

Q. Unearned Revenue

Unearned revenue for the Statement of Net Position at August 31, 2018 consisted of the following:

	General Fund	Special Revenue Fund	Capital Projects Fund	Total
Child Nutrition Receipts	\$ -	\$ 281,856	\$ -	\$ 281,856
Other Unearned Revenue	<u>33,995</u>	<u>-</u>	<u>-</u>	<u>33,995</u>
Total Unearned Revenue	<u><u>\$ 33,995</u></u>	<u><u>\$ 281,856</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 315,851</u></u>

R. Changes in Long-term Liabilities

Long-term liability activity for the year ended August 31, 2018 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds and Lease Payable:					
General Obligation Bonds	\$ 50,665,000	\$ 269,785,000	\$ 8,290,000	\$ 312,160,000	\$ 5,005,000
Unamortized Premiums on Bonds	5,741,020	32,236,582	971,831	37,005,771	-
Total Bonds and Lease Payable	56,406,020	302,021,582	9,261,831	349,165,771	5,005,000
Other Liabilities:					
Net Pension Liability	87,823,128	(3,541,320)	7,835,764	76,446,044	-
Net OPEB Liability	240,819,835	(102,781,922)	1,630,819	136,407,094	-
Accrued Interest	94,926	330,676	-	425,602	425,602
Compensated Absences	958,274	4,999	353,963	609,310	609,310
Total Other Liabilities	329,696,163	(105,987,567)	9,820,546	213,888,050	1,034,912
Total Governmental Activities	\$ 386,102,183	\$ 196,034,015	\$ 19,082,377	\$ 563,053,821	\$ 6,039,912

S. Prior Period Adjustment

During fiscal year 2018, the District adopted GASB Statement No. 75 for Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. With GASB 75, the District must assume their proportionate share of the Net OPEB liability of the Teacher Retirement System of Texas. Adoption of GASB 75 required a prior period adjustment to report the effect of GASB 75 retroactively. The prior period adjustment totaled \$(239,197,737) which resulted from recognizing the District's net OPEB liability of \$(240,819,835) and deferred resource outflows related to TRS OPEB of \$1,622,098. The District's beginning net position was \$525,549,593 less the prior period adjustment of \$(239,197,737) resulted in a restated beginning net position of \$286,351,856. With the change in net position of \$60,291,290 the District had an ending net position of \$346,643,146.

(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, 2018

	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
District's Proportion of the Net Pension Liability (Asset)	0.239083564%	0.2324069%	0.23791%	0.1657287%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 76,446,044	\$ 87,823,128	\$ 84,098,018	\$ 44,268,428
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	126,881,968	153,377,304	145,919,195	126,018,907
Total	<u>\$ 203,328,012</u>	<u>\$ 241,200,432</u>	<u>\$ 230,017,213</u>	<u>\$ 170,287,335</u>
District's Covered Payroll	\$ 259,686,266	\$ 250,349,801	\$ 238,448,597	\$ 233,634,443
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	29.44%	35.08%	35.27%	18.95%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.17%	78.00%	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, 2017 for Year 2018, August 31, 2016 for Year 2017, August 31, 2015 for Year 2016 and August 31, 2014 for 2015.

Note: In accordance with GASB 68, Paragraph 138, only four 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."

SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2018

	2018	2017	2016	2015
Contractually Required Contribution	\$ 8,306,319	\$ 7,835,764	\$ 7,384,157	\$ 7,091,052
Contribution in Relation to the Contractually Required Contribution	(8,223,316)	(7,835,764)	(7,384,157)	(7,091,052)
Contribution Deficiency (Excess)	\$ 83,003	\$ -0-	\$ -0-	\$ -0-
District's Covered Payroll	\$ 271,061,550	\$ 259,686,266	\$ 250,349,801	\$ 238,448,597
Contributions as a Percentage of Covered Payroll	3.03%	3.02%	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 of the preceding year.

Note: In accordance with GASB 68, Paragraph 138, only four 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 THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
 TEACHER RETIREMENT SYSTEM OF TEXAS
 FOR THE YEAR ENDED AUGUST 31, 2018

	FY 2018 Plan Year 2017
District's Proportion of the Net Liability (Asset) for Other Post Employment Benefits	0.313678687%
District's Proportionate Share of Net Post Employment Benefit Liability (Asset)	\$ 136,407,094
State's Proportionate Share of the Net Post Employment Benefit Liability (Asset) Associated with the District	203,611,856
Total	\$ 340,018,950
District's Covered Payroll	\$ 259,686,266
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	52.53%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.91%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. Therefore the amounts reported for FY 2018 are based on the August 31, 2017 measurement date.

This schedule shows only the year for which this information is available. Additional information will be added until 10 years of data are available and reported.

KILLEEN INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
 TEACHER RETIREMENT SYSTEM OF TEXAS
 FOR FISCAL YEAR 2018

	2018
Contractually Required Contribution	\$ 2,319,737
Contribution in Relation to the Contractually Required Contribution	(2,298,166)
	\$ 21,571
Contribution Deficiency (Excess)	21,571
District's Covered Payroll	\$ 271,061,550
Contributions as a Percentage of Covered Payroll	0.85%

Note: GASB Codification, Vol. 2, P50.238 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 of the preceding year.

Information in this schedule should be provided only for the years where data is available. Eventually 10 years of data should be presented.

KILLEEN INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION FOR THE YEAR ENDED AUGUST 31, 2018

A. Notes to Schedules for the TRS Pension

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.

B. Notes to Schedules for the TRS OPEB Plan

Changes of benefit terms.

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

Changes of assumptions.

The following were changes to the actuarial assumptions or other inputs that affected measurement of Total OPEB liability since the prior measurement period:

1. Significant plan changes were adopted during the fiscal year ending August 31, 2017. Effective January 1, 2018, only one health plan option will exist (instead of three), and all retirees will be required to contribute monthly premiums for coverage. The health plan changes triggered changes to several of the assumptions, including participation rates, retirement rates, and spousal participation rates.
2. The August 31, 2016 valuation had assumed that the savings related to the Medicare Part D reimbursements would phase out by 2022. This assumption was removed for the August 31, 2017 valuation. Although there is uncertainty regarding these federal subsidies, the new assumption better reflects the current substantive plan. This change was unrelated to the plan amendment, and its impact was included as an assumption change in the reconciliation of the total OPEB liability. This change significantly lowered the OPEB liability.
3. The discount rate changed from 2.98 percent as of August 31, 2016 to 3.42 percent as of August 31, 2017. This change lowered the total OPEB liability.





KILLEEN INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2018

Data Control Codes	206 ESEA Title X, Pt.C Homeless	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula
ASSETS			
1110 Cash and Cash Equivalents	\$ -	\$ 116,631	\$ 44
1120 Investments - Current	-	-	-
1220 Property Taxes - Delinquent	-	-	-
1230 Allowance for Uncollectible Taxes	-	-	-
1240 Due from Other Governments	20,192	932,135	645,187
1260 Due from Other Funds	-	-	-
1290 Other Receivables	-	-	-
1300 Inventories	-	-	-
1410 Prepayments	-	-	-
1900 Other Assets	-	-	-
1000 Total Assets	<u>\$ 20,192</u>	<u>\$ 1,048,766</u>	<u>\$ 645,231</u>
LIABILITIES			
2110 Accounts Payable	\$ -	\$ 984	\$ 26,014
2120 Short Term Debt Payable - Current	392	52,520	73,100
2160 Accrued Wages Payable	3,938	128,121	126,681
2170 Due to Other Funds	15,768	858,030	419,314
2180 Due to Other Governments	94	9,111	122
2300 Unearned Revenue	-	-	-
2000 Total Liabilities	<u>20,192</u>	<u>1,048,766</u>	<u>645,231</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	-	-	-
2600 Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3410 Inventories	-	-	-
3425 Endowment Principal	-	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
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 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 20,192</u>	<u>\$ 1,048,766</u>	<u>\$ 645,231</u>

225 IDEA - Part B Preschool	226 IDEA - Part B Discretionary	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	286 Student Achievement Military Conn
\$ -	\$ -	\$ 1,399,127	\$ 150,340	\$ 64,136	\$ 97,300	\$ 7,169	\$ 5,525
-	-	1,643,161	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
7,221	761	424,276	42,375	47,453	97,159	6,900	29,085
-	-	3,235	-	-	-	-	-
-	-	15,894	-	-	-	-	-
-	-	785,343	-	-	-	-	-
-	-	-	-	8,854	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 7,221</u>	<u>\$ 761</u>	<u>\$ 4,271,036</u>	<u>\$ 192,715</u>	<u>\$ 120,443</u>	<u>\$ 194,459</u>	<u>\$ 14,069</u>	<u>\$ 34,610</u>
\$ -	\$ -	\$ 174,458	\$ 7,503	\$ -	\$ -	\$ -	\$ -
474	-	134,722	543	624	4,124	114	-
1,120	-	73,081	11,309	2,829	6,870	145	-
5,625	761	68,009	2,451	116,956	183,439	13,298	34,240
2	-	318,403	-	34	26	512	370
-	-	281,856	-	-	-	-	-
<u>7,221</u>	<u>761</u>	<u>1,050,529</u>	<u>21,806</u>	<u>120,443</u>	<u>194,459</u>	<u>14,069</u>	<u>34,610</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	785,343	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	2,435,164	170,909	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>3,220,507</u>	<u>170,909</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 7,221</u>	<u>\$ 761</u>	<u>\$ 4,271,036</u>	<u>\$ 192,715</u>	<u>\$ 120,443</u>	<u>\$ 194,459</u>	<u>\$ 14,069</u>	<u>\$ 34,610</u>

KILLEEN INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2018

Data Control Codes	287 Support for Military Connected Sch	288 Achievement at Military Connected Sch	289 Title IV SSAEP	386 Regional Day School for the Deaf	
ASSETS					
1110	Cash and Cash Equivalents	\$ 54,222	\$ 488	\$ -	\$ -
1120	Investments - Current	-	-	-	-
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes	-	-	-	-
1240	Due from Other Governments	3,750	-	809,300	10,772
1260	Due from Other Funds	-	-	-	-
1290	Other Receivables	-	-	-	-
1300	Inventories	-	-	-	-
1410	Prepayments	-	-	-	1,273
1900	Other Assets	-	-	-	-
1000	Total Assets	<u>\$ 57,972</u>	<u>\$ 488</u>	<u>\$ 809,300</u>	<u>\$ 12,045</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ -
2120	Short Term Debt Payable - Current	-	-	143	531
2160	Accrued Wages Payable	-	-	-	2,875
2170	Due to Other Funds	57,972	-	809,147	8,633
2180	Due to Other Governments	-	188	10	6
2300	Unearned Revenue	-	-	-	-
2000	Total Liabilities	<u>57,972</u>	<u>188</u>	<u>809,300</u>	<u>12,045</u>
DEFERRED INFLOWS OF RESOURCES					
2601	Unavailable Revenue - Property Taxes	-	-	-	-
2600	Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	-
3425	Endowment Principal	-	-	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	300	-	-
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	Total Fund Balances	<u>-</u>	<u>300</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 57,972</u>	<u>\$ 488</u>	<u>\$ 809,300</u>	<u>\$ 12,045</u>

397 Advanced Placement Incentives	410 Instructional Materials Allotment	429 Read to Succeed	461 Campus Activity Funds	497 Feeding Texas School Lunch Account	498 Music Enrichment Program	499 GEAR UP	Total Nonmajor Special Revenue Funds
\$ 146,247	\$ 105,380	\$ 6,913	\$ 673,283	\$ -	\$ 541	\$ 1,060	\$ 2,828,406
-	-	-	-	-	-	-	1,643,161
-	-	-	-	-	-	-	-
-	-	700	-	-	-	1,789	3,079,055
-	-	-	-	-	-	-	3,235
-	-	-	-	-	-	-	15,894
-	-	-	-	-	-	-	785,343
-	-	-	-	-	-	-	10,127
-	-	-	-	-	-	-	-
<u>\$ 146,247</u>	<u>\$ 105,380</u>	<u>\$ 7,613</u>	<u>\$ 673,283</u>	<u>\$ -</u>	<u>\$ 541</u>	<u>\$ 2,849</u>	<u>\$ 8,365,221</u>
\$ -	\$ 3,418	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 212,377
-	-	-	-	-	-	599	267,886
-	-	6,100	-	-	-	-	363,069
-	-	-	-	-	-	2,250	2,595,893
-	-	144	-	-	-	-	329,022
-	-	-	-	-	-	-	281,856
-	<u>3,418</u>	<u>6,244</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,849</u>	<u>4,050,103</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	785,343
-	-	-	-	-	-	-	-
146,247	101,962	1,369	-	-	-	-	2,855,951
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	673,283	-	541	-	673,824
-	-	-	-	-	-	-	-
<u>146,247</u>	<u>101,962</u>	<u>1,369</u>	<u>673,283</u>	<u>-</u>	<u>541</u>	<u>-</u>	<u>4,315,118</u>
<u>\$ 146,247</u>	<u>\$ 105,380</u>	<u>\$ 7,613</u>	<u>\$ 673,283</u>	<u>\$ -</u>	<u>\$ 541</u>	<u>\$ 2,849</u>	<u>\$ 8,365,221</u>

KILLEEN INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2018

Data Control Codes	599 Debt Service	645 Capital Improvement Projects	696 New School Furniture & Equipment	Total Nonmajor Capital Project Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ 152,874	\$ 2,360,844	\$ 188,963	\$ 2,549,807
1120 Investments - Current	1,072,641	-	-	-
1220 Property Taxes - Delinquent	161,622	-	-	-
1230 Allowance for Uncollectible Taxes	(24,243)	-	-	-
1240 Due from Other Governments	-	-	-	-
1260 Due from Other Funds	9,618	-	87,776	87,776
1290 Other Receivables	-	-	-	-
1300 Inventories	-	-	-	-
1410 Prepayments	-	-	-	-
1900 Other Assets	-	-	-	-
1000 Total Assets	<u>\$ 1,372,512</u>	<u>\$ 2,360,844</u>	<u>\$ 276,739</u>	<u>\$ 2,637,583</u>
LIABILITIES				
2110 Accounts Payable	\$ -	\$ 293,360	\$ 610	\$ 293,970
2120 Short Term Debt Payable - Current	-	-	-	-
2160 Accrued Wages Payable	-	-	-	-
2170 Due to Other Funds	-	-	276,129	276,129
2180 Due to Other Governments	21,091	-	-	-
2300 Unearned Revenue	-	-	-	-
2000 Total Liabilities	<u>21,091</u>	<u>293,360</u>	<u>276,739</u>	<u>570,099</u>
DEFERRED INFLOWS OF RESOURCES				
2601 Unavailable Revenue - Property Taxes	137,379	-	-	-
2600 Total Deferred Inflows of Resources	<u>137,379</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3410 Inventories	-	-	-	-
3425 Endowment Principal	-	-	-	-
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	-	-
3480 Retirement of Long-Term Debt	1,214,042	-	-	-
3490 Other Restricted Fund Balance	-	-	-	-
Committed Fund Balance:				
3545 Other Committed Fund Balance	-	-	-	-
Assigned Fund Balance:				
3550 Construction	-	2,067,484	-	2,067,484
3000 Total Fund Balances	<u>1,214,042</u>	<u>2,067,484</u>	<u>-</u>	<u>2,067,484</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 1,372,512</u>	<u>\$ 2,360,844</u>	<u>\$ 276,739</u>	<u>\$ 2,637,583</u>

479 Permanent Fund	Total Nonmajor Governmental Funds
\$ 12,777	\$ 5,543,864
108	2,715,910
-	161,622
-	(24,243)
-	3,079,055
-	100,629
-	15,894
-	785,343
-	10,127
178,467	178,467
<u>\$ 191,352</u>	<u>\$ 12,566,668</u>
\$ -	\$ 506,347
-	267,886
-	363,069
-	2,872,022
-	350,113
-	281,856
<u>-</u>	<u>4,641,293</u>
-	137,379
<u>-</u>	<u>137,379</u>
-	785,343
189,714	189,714
-	2,855,951
-	1,214,042
1,638	1,638
-	673,824
-	2,067,484
<u>191,352</u>	<u>7,787,996</u>
<u>\$ 191,352</u>	<u>\$ 12,566,668</u>

KILLEEN INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	206 ESEA Title X, Pt.C Homeless	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula
REVENUES:			
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-
5900 Federal Program Revenues	100,800	10,019,374	6,962,608
5020 Total Revenues	<u>100,800</u>	<u>10,019,374</u>	<u>6,962,608</u>
EXPENDITURES:			
Current:			
0011 Instruction	48,442	6,886,304	4,615,433
0012 Instructional Resources and Media Services	-	51,683	-
0013 Curriculum and Instructional Staff Development	-	2,433,858	543,400
0021 Instructional Leadership	-	22,546	53,806
0023 School Leadership	-	37,451	3,000
0031 Guidance, Counseling and Evaluation Services	52,358	150,139	8,995
0032 Social Work Services	-	-	400,675
0034 Student (Pupil) Transportation	-	-	1,337,299
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	-	437,393	-
Debt Service:			
0071 Principal on Long-Term Debt	-	-	-
0072 Interest on Long-Term Debt	-	-	-
0073 Bond Issuance Cost and Fees	-	-	-
6030 Total Expenditures	<u>100,800</u>	<u>10,019,374</u>	<u>6,962,608</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):			
7911 Capital Related Debt Issued (Regular Bonds)	-	-	-
7915 Transfers In	-	-	-
7916 Premium or Discount on Issuance of Bonds	-	-	-
8911 Transfers Out (Use)	-	-	-
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balance	-	-	-
0100 Fund Balance - September 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>
3000 Fund Balance - August 31 (Ending)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

225 IDEA - Part B Preschool	226 IDEA - Part B Discretionary	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	286 Student Achievement Military Conn
\$ -	\$ -	\$ 2,899,817	\$ 390	\$ -	\$ -	\$ -	\$ -
-	-	121,322	-	-	-	-	-
72,171	27,701	15,900,220	490,386	442,375	1,001,881	373,637	96,818
72,171	27,701	18,921,359	490,776	442,375	1,001,881	373,637	96,818
72,171	27,701	-	-	132,954	3,219	294,920	8,910
-	-	-	-	-	-	-	-
-	-	-	-	1,472	998,662	30,727	77,902
-	-	-	-	-	-	-	9,000
-	-	-	-	-	-	-	-
-	-	-	-	281,995	-	-	-
-	-	-	-	-	-	-	-
-	-	18,871,090	319,867	-	-	-	-
-	-	-	-	25,954	-	-	-
-	-	-	-	-	-	-	-
-	-	66,152	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	1,006
-	-	-	-	-	-	47,990	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
72,171	27,701	18,937,242	319,867	442,375	1,001,881	373,637	96,818
-	-	(15,883)	170,909	-	-	-	-
-	-	-	-	-	-	-	-
-	-	111,584	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	(61,912)	-	-	-	-
-	-	111,584	(61,912)	-	-	-	-
-	-	95,701	108,997	-	-	-	-
-	-	3,124,806	61,912	-	-	-	-
\$ -	\$ -	\$ 3,220,507	\$ 170,909	\$ -	\$ -	\$ -	\$ -

KILLEEN INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes		287 Support for Military Connected Sch	288 Achievement at Military Connected Sch	289 Title IV SSAEP	386 Regional Day School for the Deaf
REVENUES:					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-	143,457
5900	Federal Program Revenues	143,071	-	941,549	-
5020	Total Revenues	143,071	-	941,549	143,457
EXPENDITURES:					
Current:					
0011	Instruction	7,331	-	902,060	143,457
0012	Instructional Resources and Media Services	-	-	3,896	-
0013	Curriculum and Instructional Staff Development	128,240	-	26,998	-
0021	Instructional Leadership	7,500	-	-	-
0023	School Leadership	-	-	1,156	-
0031	Guidance, Counseling and Evaluation Services	-	-	3,408	-
0032	Social Work Services	-	-	-	-
0034	Student (Pupil) Transportation	-	-	-	-
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	-	-	4,031	-
Debt Service:					
0071	Principal on Long-Term Debt	-	-	-	-
0072	Interest on Long-Term Debt	-	-	-	-
0073	Bond Issuance Cost and Fees	-	-	-	-
6030	Total Expenditures	143,071	-	941,549	143,457
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):					
7911	Capital Related Debt Issued (Regular Bonds)	-	-	-	-
7915	Transfers In	-	-	-	-
7916	Premium or Discount on Issuance of Bonds	-	-	-	-
8911	Transfers Out (Use)	-	-	-	-
7080	Total Other Financing Sources (Uses)	-	-	-	-
1200	Net Change in Fund Balance	-	-	-	-
0100	Fund Balance - September 1 (Beginning)	-	300	-	-
3000	Fund Balance - August 31 (Ending)	\$ -	\$ 300	\$ -	\$ -

397 Advanced Placement Incentives	410 Instructional Materials Allotment	429 Read to Succeed	461 Campus Activity Funds	497 Feeding Texas School Lunch Account	498 Music Enrichment Program	499 GEAR UP	Total Nonmajor Special Revenue Funds
\$ 30	\$ 119	\$ -	\$ 995,104	\$ 2,899	\$ 3,062	\$ -	\$ 3,901,421
8,455	1,875,917	159,368	-	-	-	15,716	2,324,235
-	-	-	-	-	-	-	36,572,591
8,485	1,876,036	159,368	995,104	2,899	3,062	15,716	42,798,247
-	1,262,395	41,937	649,598	-	-	10,677	15,107,510
-	-	-	-	-	-	-	55,579
-	210,546	117,511	-	-	-	4,650	4,573,966
-	-	-	-	-	-	-	92,852
-	-	-	177,526	-	-	-	219,133
3,895	347,260	-	-	-	-	-	848,050
-	-	-	-	-	-	-	400,675
-	-	-	-	-	-	-	1,337,299
-	-	-	-	-	-	-	19,190,957
-	-	-	220,529	-	3,963	389	250,835
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	66,152
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	1,006
-	-	-	-	2,899	-	-	492,313
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
3,895	1,820,201	159,448	1,047,653	2,899	3,963	15,716	42,636,327
4,590	55,835	(80)	(52,549)	-	(901)	-	161,920
-	-	-	-	-	-	-	-
-	-	-	-	-	1,000	-	112,584
-	-	-	-	-	-	-	-
-	-	-	(1,500)	-	-	-	(63,412)
-	-	-	(1,500)	-	1,000	-	49,172
4,590	55,835	(80)	(54,049)	-	99	-	211,092
141,657	46,127	1,449	727,332	-	442	-	4,104,026
\$ 146,247	\$ 101,962	\$ 1,369	\$ 673,283	\$ -	\$ 541	\$ -	\$ 4,315,118

KILLEEN INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	599 Debt Service	645 Capital Improvement Projects	696 New School Furniture & Equipment	Total Nonmajor Capital Project Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 5,169,107	\$ 9,938	\$ 22,395	\$ 32,333
5800 State Program Revenues	5,047,853	-	-	-
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	<u>10,216,960</u>	<u>9,938</u>	<u>22,395</u>	<u>32,333</u>
EXPENDITURES:				
Current:				
0011 Instruction	-	-	109,195	109,195
0012 Instructional Resources and Media Services	-	-	145,867	145,867
0013 Curriculum and Instructional Staff Development	-	-	35	35
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	4,964	4,964
0031 Guidance, Counseling and Evaluation Services	-	-	-	-
0032 Social Work Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	4,757	4,757
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	5,290,799	110,123	5,400,922
0052 Security and Monitoring Services	-	-	5,712	5,712
0053 Data Processing Services	-	-	-	-
0061 Community Services	-	-	-	-
Debt Service:				
0071 Principal on Long-Term Debt	8,290,000	-	-	-
0072 Interest on Long-Term Debt	2,066,450	-	-	-
0073 Bond Issuance Cost and Fees	2,011,140	-	-	-
6030 Total Expenditures	<u>12,367,590</u>	<u>5,290,799</u>	<u>380,653</u>	<u>5,671,452</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,150,630)</u>	<u>(5,280,861)</u>	<u>(358,258)</u>	<u>(5,639,119)</u>
OTHER FINANCING SOURCES (USES):				
7911 Capital Related Debt Issued (Regular Bonds)	269,785,000	-	-	-
7915 Transfers In	-	4,728,262	188,781	4,917,043
7916 Premium or Discount on Issuance of Bonds	32,236,582	-	-	-
8911 Transfers Out (Use)	<u>(300,000,000)</u>	-	-	-
7080 Total Other Financing Sources (Uses)	<u>2,021,582</u>	<u>4,728,262</u>	<u>188,781</u>	<u>4,917,043</u>
1200 Net Change in Fund Balance	(129,048)	(552,599)	(169,477)	(722,076)
0100 Fund Balance - September 1 (Beginning)	<u>1,343,090</u>	<u>2,620,083</u>	<u>169,477</u>	<u>2,789,560</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 1,214,042</u>	<u>\$ 2,067,484</u>	<u>\$ -</u>	<u>\$ 2,067,484</u>

479 Permanent Fund	Total Nonmajor Governmental Funds
\$ 1,392	\$ 9,104,253
-	7,372,088
-	36,572,591
<u>1,392</u>	<u>53,048,932</u>
1,510	15,218,215
-	201,446
565	4,574,566
-	92,852
2,775	226,872
-	848,050
-	400,675
-	1,337,299
-	19,195,714
-	250,835
13,057	13,057
-	5,467,074
-	5,712
-	1,006
151	492,464
-	8,290,000
-	2,066,450
-	2,011,140
<u>18,058</u>	<u>60,693,427</u>
<u>(16,666)</u>	<u>(7,644,495)</u>
-	269,785,000
-	5,029,627
-	32,236,582
-	(300,063,412)
<u>-</u>	<u>6,987,797</u>
(16,666)	(656,698)
<u>208,018</u>	<u>8,444,694</u>
<u>\$ 191,352</u>	<u>\$ 7,787,996</u>



KILLEEN INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2018

	BALANCE SEPTEMBER 1 2017	ADDITIONS	DEDUCTIONS	BALANCE AUGUST 31 2018
EMPLOYEE BENEFITS				
Assets:				
Cash and Temporary Investments	\$ 1,589,489	\$ 6,724,219	\$ 7,317,759	\$ 995,949
Investments - Current	44,647	655	-	45,303
Other Receivables	-	4,934	4,461	473
Total Assets	<u>\$ 1,634,136</u>	<u>\$ 6,729,808</u>	<u>\$ 7,322,220</u>	<u>\$ 1,041,724</u>
Liabilities:				
Accounts Payable	\$ -	\$ 458	\$ 458	\$ -
Payable from Restricted Assets	1,634,136	6,720,413	7,312,825	1,041,724
Total Liabilities	<u>\$ 1,634,136</u>	<u>\$ 6,720,871</u>	<u>\$ 7,313,283</u>	<u>\$ 1,041,724</u>
STUDENT ACTIVITY ACCOUNT				
Assets:				
Cash and Temporary Investments	<u>\$ 767,227</u>	<u>\$ 622,247</u>	<u>\$ 509,208</u>	<u>\$ 880,266</u>
Liabilities:				
Accounts Payable	\$ 1,079	\$ 31,220	\$ 32,299	\$ -
Due to Student Groups	766,148	625,826	511,708	880,266
Total Liabilities	<u>\$ 767,227</u>	<u>\$ 657,046</u>	<u>\$ 544,007</u>	<u>\$ 880,266</u>
TOTAL AGENCY FUNDS				
Assets:				
Cash and Temporary Investments	\$ 2,356,716	\$ 7,346,465	\$ 7,826,967	\$ 1,876,214
Investments - Current	44,647	655	-	45,303
Other Receivables	-	4,934	4,461	473
Total Assets	<u>\$ 2,401,363</u>	<u>\$ 7,352,055</u>	<u>\$ 7,831,428</u>	<u>\$ 1,921,990</u>
Liabilities:				
Accounts Payable	\$ 1,079	\$ 31,678	\$ 32,757	\$ -
Due to Student Groups	766,148	625,826	511,708	880,266
Payable from Restricted Assets	1,634,136	6,720,413	7,312,825	1,041,724
Total Liabilities	<u>\$ 2,401,363</u>	<u>\$ 7,377,917</u>	<u>\$ 7,857,290</u>	<u>\$ 1,921,990</u>

KILLEEN INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 AUGUST 31, 2018

	816 Memorial Funds	820 Campus Scholarships	821 Miscellaneous Scholarships	823 Various Scholarships	Total Private Purpose Trust Funds
ASSETS					
Cash and Cash Equivalents	\$ -	\$ 3,964	\$ 8,021	\$ 1,894	\$ 13,879
Investments - Current	-	-	3,301	-	3,301
Long Term Investments	-	-	-	2,190,863	2,190,863
Total Assets	<u>-</u>	<u>3,964</u>	<u>11,322</u>	<u>2,192,757</u>	<u>2,208,043</u>
NET POSITION					
Unrestricted Net Position	\$ -	\$ 3,964	\$ 11,322	\$ 2,192,757	\$ 2,208,043
Total Net Position	<u>\$ -</u>	<u>\$ 3,964</u>	<u>\$ 11,322</u>	<u>\$ 2,192,757</u>	<u>\$ 2,208,043</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, 2018

	816 Memorial Funds	820 Campus Scholarships	821 Miscellaneous Scholarships	823 Various Scholarships	Total Private Purpose Trust Funds
ADDITIONS:					
Local and Intermediate Sources	\$ -	\$ -	\$ 48	\$ 275,042	\$ 275,090
Total Additions	<u>-</u>	<u>-</u>	<u>48</u>	<u>275,042</u>	<u>275,090</u>
DEDUCTIONS:					
Other Operating Costs	4,000	5,670	185	71,000	80,855
Total Deductions	<u>4,000</u>	<u>5,670</u>	<u>185</u>	<u>71,000</u>	<u>80,855</u>
Change in Net Position	(4,000)	(5,670)	(137)	204,042	194,235
Net Position - September 1 (Beginning)	<u>4,000</u>	<u>9,633</u>	<u>11,459</u>	<u>1,988,716</u>	<u>2,013,808</u>
Net Position - August 31 (Ending)	<u>\$ -</u>	<u>\$ 3,963</u>	<u>\$ 11,322</u>	<u>\$ 2,192,758</u>	<u>\$ 2,208,043</u>



REQUIRED TEA SCHEDULES

KILLEEN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF DELINQUENT TAXES
RECEIVABLE FISCAL YEAR ENDED AUGUST
31, 2018

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2009 and prior years	\$ 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	1.040000	0.088000	6,875,938,224
2017	1.040000	0.086000	7,134,304,781
2018 (School year under audit)	1.040000	0.070000	7,687,533,454
1000 TOTALS			

(10) Beginning Balance 9/1/2017	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2018
\$ 317,457	\$ -	\$ 14,453	\$ 1,542	\$ (103,489)	\$ 197,973
91,156	-	3,270	349	(5,393)	82,145
92,944	-	4,689	500	(3,250)	84,505
103,112	-	8,657	923	(2,502)	91,030
119,417	-	19,180	1,678	(1,512)	97,047
139,159	-	23,579	1,995	(1,920)	111,664
165,713	-	36,316	3,073	(8,781)	117,544
272,191	-	73,138	6,189	(18,363)	174,502
715,302	-	196,458	16,246	(208,477)	294,122
-	84,325,958	77,493,531	5,215,911	(697,509)	919,008
<u>\$ 2,016,451</u>	<u>\$ 84,325,958</u>	<u>\$ 77,873,269</u>	<u>\$ 5,248,405</u>	<u>\$ (1,051,195)</u>	<u>\$ 2,169,539</u>

KILLEEN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
FOR THE YEAR ENDED AUGUST 31, 2018

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	\$ 3,117,400	\$ 2,848,836	\$ 2,899,817	\$ 50,981
5800	State Program Revenues	122,630	121,322	121,322	-
5900	Federal Program Revenues	16,200,861	15,586,379	15,900,220	313,841
5020	Total Revenues	19,440,891	18,556,537	18,921,359	364,822
EXPENDITURES:					
0035	Food Services	19,095,657	19,910,242	18,871,090	1,039,152
0051	Facilities Maintenance and Operations	39,598	75,132	66,152	8,980
0052	Security and Monitoring Services	100,000	-	-	-
6030	Total Expenditures	19,235,255	19,985,374	18,937,242	1,048,132
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	205,636	(1,428,837)	(15,883)	1,412,954
OTHER FINANCING SOURCES (USES):					
7915	Transfers In	-	111,584	111,584	-
1200	Net Change in Fund Balances	205,636	(1,317,253)	95,701	1,412,954
0100	Fund Balance - September 1 (Beginning)	-	3,124,806	3,124,806	-
3000	Fund Balance - August 31 (Ending)	\$ 205,636	\$ 1,807,553	\$ 3,220,507	\$ 1,412,954

KILLEEN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2018

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	\$ 5,169,275	\$ 5,157,430	\$ 5,169,107	\$ 11,677
5800	State Program Revenues	4,991,662	4,994,443	5,047,853	53,410
5020	Total Revenues	10,160,937	10,151,873	10,216,960	65,087
EXPENDITURES:					
Debt Service:					
0071	Principal on Long-Term Debt	10,360,200	8,290,000	8,290,000	-
0072	Interest on Long-Term Debt	-	2,066,450	2,066,450	-
0073	Bond Issuance Cost and Fees	-	2,011,140	2,011,140	-
6030	Total Expenditures	10,360,200	12,367,590	12,367,590	-
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(199,263)	(2,215,717)	(2,150,630)	65,087
OTHER FINANCING SOURCES (USES):					
7911	Capital Related Debt Issued (Regular Bonds)	-	269,785,000	269,785,000	-
7916	Premium or Discount on Issuance of Bonds	-	32,236,582	32,236,582	-
8911	Transfers Out (Use)	-	(300,000,000)	(300,000,000)	-
7080	Total Other Financing Sources (Uses)	-	2,021,582	2,021,582	-
1200	Net Change in Fund Balances	(199,263)	(194,135)	(129,048)	65,087
0100	Fund Balance - September 1 (Beginning)	-	1,343,090	1,343,090	-
3000	Fund Balance - August 31 (Ending)	\$ (199,263)	\$ 1,148,955	\$ 1,214,042	\$ 65,087

KILLEEN INDEPENDENT SCHOOL DISTRICT

Bond Schedule

Fiscal Year Ended August 31, 2018

Date of Issue	Description	Interest Rate Payable	Amounts Original Issue	10 Amounts Outstanding 9/1/17	20 Issued Current Year
6/1/2008	Unlimited Tax Refunding Bond, Series 2008	4.00%	**** \$ 8,960,000	\$ 290,000	\$ -
7/1/2010	Unlimited Tax Refunding Bond, Series 2010	2.0 to 5.0%	***** 41,895,000	24,635,000	-
2/15/2012	Unlimited Tax Refunding Bond, Series 2012	2.0 to 5.0%	***** 28,290,000	14,400,000	-
2/15/2015	Unlimited Tax Refunding Bond, Series 2015	2.0 to 5.0%	***** 10,255,000	2,945,000	-
6/15/2017	Unlimited Tax Refunding Bond, Series 2017	2.0 to 4.5%	***** 8,550,000	8,395,000	-
8/21/2018	Unlimited Tax School Building Bonds, Series 2018	3.5 to 5.0%	***** 269,785,000	-	269,785,000
	Sub-total:		367,735,000	50,665,000	269,785,000
	Unamortized Premiums (discount)		-	5,741,020	32,236,582
1000	TOTAL		<u>\$ 367,735,000</u>	<u>\$ 56,406,020</u>	<u>\$ 302,021,582</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

*****Bonds payable Series 2017
Principal amount of Capital Interest Bonds

\$ 8,550,000

*****Bonds payable Series 2018
Principal amount of Capital Interest Bonds

\$ 269,785,000

30 Retired Current Year	40 Amounts Outstanding 8/31/18	50 Interest Current Year	Requirements				90 To Maturity Interest
			Year Ending - 8/31/19		Year Ending - 8/31/20		
			Principal	Interest	Principal	Interest	
\$ 290,000	\$ -	\$ 5,800	\$ -	\$ -	\$ -	\$ -	\$ -
4,630,000	20,005,000	1,099,750	3,620,000	899,750	3,800,000	719,250	964,625
335,000	14,065,000	548,600	345,000	541,800	350,000	534,850	2,284,925
2,945,000	-	73,625	-	-	-	-	-
90,000	8,305,000	338,675	90,000	336,875	95,000	335,025	1,988,713
-	269,785,000	-	950,000	12,439,410	4,055,000	12,525,525	168,160,725
8,290,000	312,160,000	2,066,450	5,005,000	14,217,835	8,300,000	14,114,650	173,398,988
971,831	37,005,771	-	-	-	-	-	-
<u>\$ 9,261,831</u>	<u>\$ 349,165,771</u>	<u>\$ 2,066,450</u>	<u>\$ 5,005,000</u>	<u>\$ 14,217,835</u>	<u>\$ 8,300,000</u>	<u>\$ 14,114,650</u>	<u>\$ 173,398,988</u>

Other debt service expenditures:

6599 - Fees:	2008	-
	2010	750
	2012	500
	2015	-
	2017	450
	2018	2,009,440
		<u>\$ 2,011,140</u>

KILLEEN INDEPENDENT SCHOOL DISTRICT

Mandated Programs Schedule
General Fund

Fiscal Year Ended August 31, 2018

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
EXPENDITURES:								
11 INSTRUCTION-								
6100 Payroll costs	\$ 148,240,147	\$ 228,514	4,075,882	\$24,510,285	\$ 6,902,856	\$ 315,592	\$ 1,163,785	\$ 1,621,067
6200 Contract services	3,254,973	15,923	346,984	2,714,966	71,586	49,634	3,182	-
6300 Supplies and materials	7,579,736	107,988	1,250,841	20,126	3,405,594	280,079	31,933	14,842
6400 Other operating	616,231	58,468	22,207	45,447	2,725	4,021	3,124	-
6500 Debt service	-	-	-	-	-	-	-	-
6600 Capital outlay	658,229	-	175,741	-	-	-	-	-
Total Instruction	160,349,316	410,893	5,871,655	27,290,824	10,382,761	649,326	1,202,024	1,635,909
12-99 ALL OTHER FUNCTIONS-								
6100 Payroll costs	-	11	583,388	5,282,542	235,276	790	604,731	509,807
6200 Contract services	-	25,533	88,133	532,809	480,279	41,505	-	-
6300 Supplies and materials	-	21,628	132,126	317,269	27,696	61,380	14,503	4,203
6400 Other operating	-	100,490	216,670	55,609	236,098	28,264	12,408	1,110
6500 Debt service	-	-	-	-	-	-	-	-
6600 Capital outlay	-	-	1,268,406	-	-	-	-	-
6900 Facilities Acquisition & Constructio	-	-	-	-	-	-	-	-
Total Other Functions	-	147,661	2,288,723	6,188,229	979,349	131,939	631,641	515,120
Total Expenditures	\$ 160,349,316	\$ 558,554	\$ 8,160,378	\$33,479,053	\$ 11,362,110	\$ 781,265	\$ 1,833,665	\$ 2,151,029

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, 2018
\$ -	\$ 1,262,905	\$ 1,031,031	12,348,096	\$ 1,620,115	\$ 547,220	\$ -	\$ -	\$ 203,867,495
-	190,080	907,661	15,000	39,108	-	-	-	7,609,097
-	844,163	377,983	75,032.00	2,188	-	-	1,954	13,992,460
-	65,420	38,404	-	1,574	-	-	-	857,621
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	833,970
-	-	-	-	-	-	-	-	-
-	2,362,568	2,355,079	12,438,128	1,662,985	547,220	-	1,954	227,160,643
-	38,106	45,173	-	2,494	-	4,201,765	94,402,544	105,906,627
-	26,596	68,741	2,500	6,090	-	639,006	17,651,788	19,562,980
-	18,466	25,756	-	1,682	-	942,358	8,334,732	9,901,798
-	38,262	65,806	-	-	-	1,284,822	3,301,721	5,341,259
-	-	-	-	-	-	229,878	-	229,878
-	-	-	-	-	-	-	2,630,711	3,899,117.00
-	-	-	-	-	-	-	-	-
-	121,430	205,476	2,500	10,265	-	7,297,830	126,321,496	144,841,660
\$ -	\$ 2,483,998	\$ 2,560,555	12,440,628	\$ 1,673,250	\$ 547,220	\$ 7,297,830	\$ 126,323,450	\$ 372,002,303



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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Governmental activities				
Net Investment in Capital Assets	\$ 225,696,488	\$ 239,842,774	\$ 270,059,372	\$ 296,593,114
Restricted	7,029,108	17,372,878	15,184,153	13,943,286
Unrestricted	<u>195,151,510</u>	<u>196,397,818</u>	<u>195,791,730</u>	<u>188,997,779</u>
Total primary government net position	<u>\$ 427,877,106</u>	<u>\$ 453,613,470</u>	<u>\$ 481,035,255</u>	<u>\$ 499,534,179</u>

Fiscal Year

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 306,200,701	\$ 321,814,494	\$ 321,215,852	\$ 329,712,403	\$ 379,077,668	\$ 363,526,616
22,819,760	18,618,614	19,898,271	62,931,188	17,167,481	13,344,005
<u>180,349,773</u>	<u>183,203,050</u>	<u>158,322,950</u>	<u>123,742,246</u>	<u>129,304,444</u>	<u>(30,227,475)</u>
<u>\$ 509,370,234</u>	<u>\$ 523,636,158</u>	<u>\$ 499,437,073</u>	<u>\$ 516,385,837</u>	<u>\$ 525,549,593</u>	<u>\$ 346,643,146</u>

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Expenses				
Governmental activities:				
Instruction	\$ 205,517,330	\$ 214,709,865	\$ 216,292,883	\$ 206,705,132
Instructional resources and media services	8,218,128	9,041,084	9,554,349	8,699,637
Curriculum development/instructional staff development	8,035,658	11,318,271	11,459,567	10,149,414
Instructional leadership	3,172,009	4,175,727	3,601,090	2,609,858
School leadership	18,251,621	19,001,724	19,749,158	19,623,731
Guidance, counseling and evaluation services	12,862,413	13,567,081	13,787,485	12,306,051
Social work services	1,508,820	1,667,300	1,579,518	1,219,964
Health services	3,006,361	3,043,647	3,280,158	3,338,749
Student (pupil) transportation	9,300,363	10,113,200	10,926,652	10,413,483
Food services	17,860,193	18,095,490	18,621,362	19,134,181
Extracurricular activities	7,432,759	7,513,834	7,689,267	7,269,839
General administration	6,958,795	6,556,997	6,619,935	6,830,014
Plant maintenance and operations	33,594,466	33,569,957	34,136,285	30,739,183
Security and monitoring services	2,718,538	3,418,640	2,883,182	2,762,881
Data processing services	4,761,535	5,361,789	6,209,988	4,829,066
Community services	1,171,155	1,081,761	1,224,852	1,196,690
Debt service	6,081,023	5,891,516	4,718,231	2,983,682
Bond issuance cost and fees	20,120	123,195	48,114	51,169
Facilities acquisition and construction	-	-	-	394,953
Payments to fiscal agent/member districts of SSA	-	-	-	-
Payments to JJAEP	398,515	469,194	129,830	378,193
Other Intergovernmental Charges	498,391	538,491	550,794	550,450
Total primary government expenses	<u>351,368,193</u>	<u>369,258,763</u>	<u>373,062,700</u>	<u>352,186,320</u>
Program Revenues				
Charges for services				
Instruction	517,465	992,659	864,707	1,781,493
Curriculum development/instructional staff development	-	-	-	11,264
Instructional leadership	11,719	-	-	-
School leadership	-	-	-	148,198
Food services	5,763,505	5,794,035	5,653,082	5,484,268
Extracurricular activities	1,696,923	1,629,589	1,648,734	716,203
General administration	-	-	98,212	11,264
Plant maintenance and operations	64,455	-	87,299	45,057
Security and monitoring services	5,860	-	10,912	11,264
Community services	33,639	64,100	71,585	141,009
Capital Outlay	-	-	-	22,528
Juvenile justice alternative education program	1,070,372	1,082,151	306,331	823,154
Operating grants and contributions	44,810,981	61,261,124	57,662,938	48,141,320
Total primary government program revenues	<u>53,974,919</u>	<u>70,823,658</u>	<u>66,403,800</u>	<u>57,337,022</u>
Net (Expense)/Revenue				
Total primary government net expense	<u>\$ (297,393,274)</u>	<u>\$ (298,435,105)</u>	<u>\$ (306,658,900)</u>	<u>\$ (294,849,298)</u>

Fiscal Year

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$	212,883,076	\$ 219,653,770	\$ 228,071,692	\$ 250,934,636	\$ 249,023,048	\$ 178,297,436
	8,843,440	9,830,820	10,268,629	10,784,665	10,834,224	7,337,556
	10,657,196	12,384,948	11,614,326	12,020,271	12,029,200	9,309,204
	2,733,025	3,334,539	3,750,220	4,979,844	5,086,230	4,233,292
	20,308,569	20,489,121	21,118,474	24,087,766	24,526,160	16,625,007
	12,435,594	13,481,571	13,970,302	16,097,201	15,794,318	11,202,602
	1,309,873	1,343,423	1,454,180	1,650,526	1,773,561	1,330,754
	3,591,656	3,680,693	3,910,343	4,346,573	4,557,775	3,192,477
	12,221,430	11,710,173	12,005,357	14,255,248	13,275,651	9,632,454
	20,604,127	20,865,230	20,350,881	23,876,939	22,130,762	17,438,093
	7,601,665	8,316,108	9,302,440	10,582,586	11,426,312	9,220,287
	6,648,991	6,868,667	7,356,181	9,247,770	9,566,569	7,750,993
	28,192,049	32,747,412	36,860,862	34,151,020	37,738,798	31,702,520
	3,182,865	3,104,059	3,020,471	3,738,461	3,418,675	2,918,987
	4,787,836	4,838,653	4,675,761	4,815,343	5,751,752	4,049,860
	1,114,516	1,238,953	1,152,262	1,248,317	1,352,246	924,337
	4,262,432	3,040,300	2,690,706	2,011,243	1,321,861	1,479,493
	1,800	2,050	142,598	-	-	2,011,140
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	739,937	754,102	773,730	781,897	813,547	846,711
	<u>362,120,077</u>	<u>377,684,592</u>	<u>392,489,415</u>	<u>429,610,306</u>	<u>430,420,689</u>	<u>319,503,203</u>
	1,437,176	1,568,456	427,396	395,663	878,077	758,831
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	5,096,832	5,030,240	4,821,777	3,935,898	3,364,061	2,869,827
	1,518,143	1,539,570	1,745,741	1,767,481	1,724,071	1,513,187
	48,326	46,319	41,357	52,691	134,091	5,831
	954,844	30,880	41,357	52,691	134,091	684,517
	4,957	-	-	-	-	20,303
	148,868	30,880	41,357	52,691	134,091	92,907
	-	-	-	-	-	-
	-	-	-	-	-	-
	45,840,845	46,734,614	47,029,247	56,430,116	55,929,625	(12,542,980)
	<u>55,049,991</u>	<u>54,980,959</u>	<u>54,148,232</u>	<u>62,687,231</u>	<u>62,298,107</u>	<u>(6,597,577)</u>
\$	<u>(307,070,086)</u>	<u>(322,703,633)</u>	<u>(338,341,183)</u>	<u>(366,923,075)</u>	<u>(368,122,582)</u>	<u>(326,100,780)</u>

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Net (Expense)/Revenue				
Total primary government net expense	\$ (297,393,274)	\$ (298,435,105)	\$ (306,658,900)	\$ (294,849,298)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes levied for general purposes	57,410,120	59,296,399	60,011,527	61,048,573
Property taxes levied for debt service	6,127,255	6,334,808	6,407,804	6,518,522
State Aid - formula grants	195,686,511	191,470,512	195,922,441	192,717,006
Grants and contributions not restricted	49,070,114	65,181,243	70,036,517	50,508,209
Investment earnings	3,136,843	629,293	432,508	377,267
Miscellaneous	1,156,632	1,259,214	1,269,888	2,178,645
Transfers In (Out)				
Total primary government	<u>312,587,475</u>	<u>324,171,469</u>	<u>334,080,685</u>	<u>313,348,222</u>
Change in Net Position				
Total primary government	<u>\$ 15,194,201</u>	<u>\$ 25,736,364</u>	<u>\$ 27,421,785</u>	<u>\$ 18,498,924</u>

Fiscal Year					
<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ (307,070,086)	\$ (322,703,633)	\$ (338,341,183)	\$ (366,923,075)	\$ (368,122,582)	\$ (326,100,780)
62,872,968	65,963,530	67,180,493	67,273,276	69,658,384	74,984,816
5,492,532	5,575,030	5,682,338	5,689,987	5,757,954	5,035,811
192,837,128	207,448,819	216,884,667	233,776,942	216,501,752	241,170,378
54,388,504	55,592,180	69,680,229	74,217,287	81,267,076	60,900,168
549,981	336,491	261,972	1,148,363	1,844,819	3,181,496
1,609,962	2,053,507	4,608,713	1,765,984	2,256,353	1,919,401
					(800,000)
<u>317,751,075</u>	<u>336,969,557</u>	<u>364,298,412</u>	<u>383,871,839</u>	<u>377,286,338</u>	<u>386,392,070</u>
<u>\$ 10,680,989</u>	<u>\$ 14,265,924</u>	<u>\$ 25,957,229</u>	<u>\$ 16,948,764</u>	<u>\$ 9,163,756</u>	<u>\$ 60,291,290</u>

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Fund				
Reserved	\$ 7,850,443	\$ 7,913,640	\$ -	\$ -
Unreserved	95,612,167	72,121,597	-	-
Nonspendable	-	-	1,911,172	4,348,666
Restricted	-	-	3,757,127	4,558,481
Committed	-	-	-	-
Assigned	-	-	4,236,364	3,456,194
Unassigned	-	-	83,281,649	90,466,078
Total general fund	<u>\$ 103,462,610</u>	<u>\$ 80,035,237</u>	<u>\$ 93,186,312</u>	<u>\$ 102,829,419</u>
All Other Governmental Funds				
Reserved	\$ 2,505,435	\$ 2,534,634	\$ -	\$ -
Unreserved, reported in:				
Special revenue funds	10,080,428	9,337,613	-	-
Capital projects funds	85,922,197	120,157,566	-	-
Permanent funds	138,615	151,902	-	-
Debt service funds	-	-	-	-
Nonspendable, reported in:				
Special revenue funds	-	-	530,399	1,122,149
Permanent funds	-	-	189,715	189,715
Restricted, reported in:				
Special revenue funds	-	-	4,481,545	4,752,235
Capital projects funds	-	-	6,661,891	5,206,412
Permanent funds	-	-	24,807	36,698
Debt service funds	-	-	2,288,897	1,760,992
Committed, reported in:				
Special revenue funds	-	-	4,630,979	1,099,220
Capital projects funds	-	-	15,506,349	14,714,826
Assigned, reported in:				
Capital projects funds	-	-	85,741,539	87,795,673
Total all other governmental funds	<u>\$ 98,646,675</u>	<u>\$ 132,181,715</u>	<u>\$ 120,056,121</u>	<u>\$ 116,677,920</u>

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

Fiscal Year					
<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
4,866,605	4,575,275	3,826,566	1,102,617	1,311,418	1,865,829
6,281,016	6,553,517	9,496,601	9,154,279	10,004,817	7,519,241
-	-	-	-	-	-
3,270,965	4,984,664	4,451,711	3,966,710	3,304,334	355,977
94,710,097	84,503,633	91,411,595	98,771,776	106,538,733	115,125,757
<u>\$ 109,128,683</u>	<u>\$ 100,617,089</u>	<u>\$ 109,186,473</u>	<u>\$ 112,995,382</u>	<u>\$ 121,159,302</u>	<u>\$ 124,866,804</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
634,897	977,403	691,042	963,702	766,592	785,343
189,715	189,715	189,715	189,714	189,715	189,714
3,142,256	2,968,592	3,677,106	2,593,609	2,609,659	2,855,951
1,561,734	1,230,451	3,287,663	3,287,663	3,051,903	1,592,460
29,980	34,418	34,121	22,182	18,303	1,638
1,707,213	1,659,815	1,313,597	1,437,818	1,343,090	1,214,042
2,827,789	629,613	681,270	698,812	727,775	673,824
20,598,281	6,226,068	2,773,041	46,278,947	1,799,339	39,654,154
80,753,750	102,645,745	116,901,486	77,720,153	84,359,885	360,558,756
<u>\$ 111,445,615</u>	<u>\$ 116,561,820</u>	<u>\$ 129,549,041</u>	<u>\$ 133,192,600</u>	<u>\$ 94,866,262</u>	<u>\$ 407,525,882</u>

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Federal sources:				
Distributed through governmental entities	\$ -	\$ -	\$ -	\$ -
Distributed by TEA	25,514,384	47,296,387	44,259,775	35,770,592
Distributed by other State of Texas Government Agencies	1,366,628	2,915,094	2,321,198	1,418,060
Distributed directly from the Federal Government	52,074,576	64,256,932	64,060,240	50,922,491
Shared services arrangements	-	-	-	-
Total federal sources	<u>78,955,588</u>	<u>114,468,413</u>	<u>110,641,213</u>	<u>88,111,143</u>
State sources:				
Per capital and foundation school program act revenues	188,120,939	181,223,026	185,679,439	183,773,170
Program revenues distributed by TEA	10,352,622	10,054,304	15,627,792	7,856,203
Revenues from State of Texas Government Agencies	12,105,118	12,078,845	11,583,264	11,571,514
Shared services arrangements	33,339	88,291	90,188	54,505
Total state sources	<u>210,612,018</u>	<u>203,444,466</u>	<u>212,980,683</u>	<u>203,255,392</u>
Local and intermediate sources:				
Real and personal property taxes	64,499,507	66,709,002	67,419,249	69,761,855
Services rendered to other school districts	1,070,372	1,082,151	306,331	823,155
Tuition and fees	78,001	14,510	2,625	31,744
Other revenues	3,750,702	1,828,016	1,686,203	1,982,422
Cocurricular, enterprising services or activities	7,401,832	7,382,438	7,279,991	7,032,660
Intermediate sources	-	59,542	55,064	-
Total local and intermediate sources	<u>76,800,414</u>	<u>77,075,659</u>	<u>76,749,463</u>	<u>79,631,836</u>
Total revenues	<u>\$ 366,368,020</u>	<u>\$ 394,988,538</u>	<u>\$ 400,371,359</u>	<u>\$ 370,998,371</u>

Fiscal Year

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
	32,896,927	33,359,786	30,361,069	32,926,542	33,708,782	36,782,602
	2,630,062	3,886,513	4,961,289	3,793,693	2,279,614	2,246,190
	53,084,329	51,292,229	65,963,676	66,991,757	58,703,837	59,446,028
	-	-	-	-	-	-
	<u>88,611,318</u>	<u>88,538,528</u>	<u>101,286,034</u>	<u>103,711,992</u>	<u>94,692,233</u>	<u>98,474,820</u>
	185,078,088	201,671,615	211,910,115	229,236,893	231,676,865	241,170,378
	8,159,049	7,144,870	7,152,677	9,886,094	9,525,298	7,356,372
	11,218,021	12,420,600	13,245,317	13,513,457	14,852,817	18,317,609
	-	-	-	-	-	-
	<u>204,455,158</u>	<u>221,237,085</u>	<u>232,308,109</u>	<u>252,636,444</u>	<u>256,054,980</u>	<u>266,844,359</u>
	70,000,019	73,398,051	74,692,255	72,963,263	74,918,791	80,695,531
	-	-	-	-	-	-
	960	2,000	1,880	-	7,356	3,472
	3,171,495	2,338,126	3,421,943	2,009,383	6,034,933	5,764,160
	6,590,813	6,521,491	6,535,560	7,352,515	4,997,023	4,462,140
	-	-	-	-	-	-
	<u>79,763,287</u>	<u>82,259,668</u>	<u>84,651,638</u>	<u>82,325,161</u>	<u>85,958,103</u>	<u>90,925,303</u>
\$	<u>372,829,763</u>	<u>392,035,281</u>	<u>418,245,781</u>	<u>438,673,597</u>	<u>436,705,316</u>	<u>456,244,482</u>

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Instruction	\$ 195,504,878	\$ 205,200,017	\$ 204,972,902	\$ 196,689,116
Instructional resources and media services	8,517,651	8,733,528	8,812,481	8,269,075
Curriculum development/instructional staff development	6,786,896	9,008,294	8,743,744	7,713,184
Instructional leadership	3,296,669	4,455,430	3,595,405	2,614,074
School leadership	17,656,954	18,382,033	19,044,822	18,914,539
Guidance, counseling and evaluation services	12,862,555	13,570,470	13,789,608	12,308,098
Social work services	1,508,492	1,666,969	1,580,314	1,220,046
Health services	3,005,402	3,045,169	3,280,123	3,337,830
Student (pupil) transportation	11,759,227	9,573,704	9,932,901	9,735,768
Food services	16,657,428	16,752,954	17,098,161	17,929,048
Extracurricular activities	7,095,062	7,149,402	7,328,739	7,058,935
General administration	6,968,981	6,584,346	6,612,441	6,831,647
Facilities maintenance and operations	33,240,917	36,721,660	33,809,532	30,896,266
Security and monitoring services	2,719,181	3,441,367	2,873,286	2,763,303
Data processing services	4,899,755	6,294,647	6,190,297	4,939,332
Community services	1,171,905	1,073,692	1,234,929	1,195,950
Debt service:				
Principal	9,169,295	9,484,295	8,725,000	9,685,000
Interest	6,379,268	6,246,474	5,353,062	4,569,660
Bond issuance cost and fees	1,100	453,172	1,900	323,668
Facilities acquisition and construction	27,163,533	16,546,135	35,747,287	17,200,939
Payments to fiscal agent/member districts of SSA	-	-	-	-
Payments to JJAEP	398,515	469,194	129,830	378,193
Other Intergovernmental Charges	498,391	538,491	550,794	551,494
Total expenditures	<u>\$ 377,262,055</u>	<u>\$ 385,391,443</u>	<u>\$ 399,407,558</u>	<u>\$ 365,125,165</u>
Debt service as a percentage of noncapital expenditures	4.31%	4.27%	3.87%	4.09%

Fiscal Year

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$	201,626,059	\$ 204,760,286	\$ 215,299,368	\$ 227,775,912	\$ 231,999,253	\$ 242,443,311
	8,159,885	9,900,213	10,443,520	10,519,075	10,948,965	11,141,064
	8,220,125	10,044,774	10,289,246	10,611,670	11,042,199	11,622,818
	2,729,858	3,334,971	3,780,972	3,506,106	3,880,609	4,016,563
	19,525,190	20,477,342	21,357,493	22,409,791	23,432,538	24,005,138
	12,437,747	13,477,688	14,087,689	15,530,650	15,430,398	16,941,396
	1,309,625	1,346,852	1,467,253	1,599,313	1,741,440	1,839,830
	3,591,864	3,680,296	3,941,271	4,183,341	4,453,356	4,816,611
	11,354,655	12,582,534	12,401,323	15,269,972	13,875,703	13,931,901
	19,188,346	20,848,980	20,279,084	21,867,280	20,476,261	19,737,220
	7,370,227	8,340,390	9,335,627	9,712,028	11,351,955	10,439,993
	6,644,716	6,882,657	7,397,209	9,015,913	9,450,141	9,979,509
	27,683,922	33,783,186	35,781,749	34,636,647	40,337,428	37,686,494
	3,161,865	3,095,529	3,019,210	3,728,292	3,598,038	3,751,418
	4,753,874	4,955,560	4,681,864	4,767,932	6,188,265	5,695,568
	1,116,242	1,237,944	1,163,669	1,205,068	1,327,691	1,326,055
	7,850,000	8,180,000	8,845,000	9,000,000	9,560,000	8,290,000
	4,125,875	3,800,525	3,133,742	2,978,025	2,417,413	2,066,450
	1,800	2,050	142,598	2,400	164,188	2,011,140
	20,195,403	23,964,398	9,402,258	22,180,540	44,638,032	8,600,017
	-	-	-	-	-	-
	-	-	-	-	-	-
	739,937	754,102	773,730	781,897	813,547	846,711
\$	<u>371,787,215</u>	<u>\$ 395,450,277</u>	<u>\$ 397,023,875</u>	<u>\$ 431,281,852</u>	<u>\$ 467,127,420</u>	<u>\$ 441,189,207</u>
	3.41%	3.28%	3.12%	2.87%	2.64%	2.39%

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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Excess of Revenues over (under) Expenditures	\$ (10,894,035)	\$ 9,597,095	\$ 963,801	\$ 5,873,206
Other Financing Sources (Uses)				
General Long-term Debt Issued	-	41,895,000	-	28,290,000
Bond Refunding Escrow Agent	-	(47,759,040)	-	(31,357,014)
Premium on Bond Issue	-	6,323,727	-	3,400,383
Sale of Capital Assets	98,833	50,885	61,680	58,331
Other Uses	-	-	-	-
Transfers In	28,759,099	54,253,644	19,712,546	23,244,492
Transfers Out	(27,265,259)	(54,253,644)	(19,712,546)	(23,244,492)
Total Other Financing Sources (Uses)	<u>1,592,673</u>	<u>510,572</u>	<u>61,680</u>	<u>391,700</u>
Net Change in Fund Balances	<u>\$ (9,301,362)</u>	<u>\$ 10,107,667</u>	<u>\$ 1,025,481</u>	<u>\$ 6,264,906</u>

Fiscal Year					
<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 1,042,548	\$ (3,414,996)	\$ 21,221,906	\$ 7,391,845	\$ (30,422,104)	\$ 15,055,275
-	-	10,255,000		8,550,000	269,785,000
-	-	(10,885,500)		(9,781,988)	
-	-	773,775		1,393,776	32,236,582
24,411	19,607	191,424	60,624	97,897	90,266
-	-	-	-	-	(800,000)
11,819,889	31,605,046	18,034,498	28,712,522	19,580,886	322,342,659
(11,819,889)	(31,605,046)	(18,034,498)	(28,712,522)	(19,580,885)	(322,342,659)
<u>24,411</u>	<u>19,607</u>	<u>334,699</u>	<u>60,624</u>	<u>259,686</u>	<u>301,311,848</u>
<u>\$ 1,066,959</u>	<u>\$ (3,395,389)</u>	<u>\$ 21,556,605</u>	<u>\$ 7,452,469</u>	<u>\$ (30,162,418)</u>	<u>\$ 316,367,123</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 ^a Value
	Real Property	Personal Property		
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
2017	8,416,172,949	666,263,098	1,948,134,266	7,134,301,781
2018	9,233,976,415	666,209,330	2,212,652,291	7,687,533,454

Source: Bell County Tax Appraisal District

Notes:

^aMarket value less exemptions

^bPer \$100 of assessed valuation

^cAssessed value

Total Direct Tax Rate ^b	Estimated Actual Taxable ^c Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
\$ 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	8,280,026,313	83.03%
1.1280	8,663,394,186	79.35%
1.1260	9,082,436,047	78.55%
1.1100	9,900,185,745	77.65%

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 ^a				
	Operating	Debt Service	Total	Bell County	Central Texas College	City of Killeen	City of Harker Heights	City of Nolanville
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
2017	1.0400	0.0860	1.1260	0.4511	0.1366	0.7498	0.6770	0.5020
2018	1.0400	0.0700	1.1100	0.4511	0.1399	0.7498	0.6770	0.5020

Source: Bell County Tax Appraisal District rate table.

Note:

^aIncludes 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**

<u>Taxpayer</u>	<u>2018</u>			<u>2009</u>		
	<u>Taxable</u>	<u>Percentage of</u>		<u>Taxable</u>	<u>Percentage of</u>	
	<u>Assessed Value</u>	<u>Rank</u>	<u>Taxable Value</u>	<u>Assessed Value</u>	<u>Rank</u>	<u>Taxable Value</u>
ONCOR Electric Delivery Company	\$ 113,282,190	1	1.45%	\$ 65,726,956	1	1.11%
HH/Killeen Health System LLC - Seton Medical Center	49,489,063	2	0.63%			
Cole MT Harker Heights TX LLC	32,152,905	3	0.41%			
Wal-Mart Real Estate Business	31,634,542	4	0.41%	35,177,135	3	0.60%
HH/Killeen Health System LLC	29,000,000	5	0.37%			
HEB Grocery Company	28,114,912	6	0.36%	17,041,499	4	0.29%
Credit Suisse First Boston Mortgage	22,515,495	7	0.29%			
Amber Chase Townhomes & Huntington Apartments	16,625,471	8	0.21%			
Watercrest Place LP	15,049,062	9	0.19%	13,889,636	7	0.24%
TWE Advance/Newhouse "Waco"	14,572,237	10	0.19%	16,596,830	6	0.28%
Central Telephone Company				42,450,470	2	0.72%
Killeen Mall LLC				16,975,285	5	0.29%
Sallie Mae Inc				12,766,527	8	0.22%
Feiga/Sierra Creek LP				10,575,017	9	0.18%
WLC Brookside Apartments LP				10,311,320	10	0.17%
Subtotal	\$ 352,435,877		4.52%	\$ 241,510,675		4.10%
All other taxpayers	7,443,533,445		95.48%	5,655,885,836		95.90%
Total	\$ 7,795,969,322		100.00%	\$ 5,897,396,511		100.00%

**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 ^a		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	\$ 65,968,263	\$ 65,102,970	98.69%	\$ 781,044	\$ 65,884,014	99.87%
2010	68,295,492	67,412,328	98.71%	801,019	68,213,347	99.88%
2011	68,995,097	67,992,566	98.55%	918,026	68,910,592	99.88%
2012	70,938,241	70,279,728	99.07%	567,483	70,847,211	99.87%
2013	71,741,042	71,076,277	99.07%	567,718	71,643,995	99.86%
2014	75,361,893	74,690,031	99.11%	560,198	75,250,229	99.85%
2015	76,828,096	76,196,881	99.18%	513,671	76,710,552	99.85%
2016	76,791,859	75,528,591	98.35%	1,088,765	76,617,356	99.77%
2017	79,492,678	78,777,376	99.10%	421,181	79,198,557	99.63%
2018	84,325,958	83,406,950	98.91%		83,406,950	98.91%

Source: Bell County Tax Appraisal District

Notes: This schedule includes operating and debt service tax revenues.

^aTax collections reduced by prompt payment discounts allowed.

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

Fiscal Year	Unlimited Tax School Building and/or Refunding Bonds	Percentage of Personal Income^a	Per Capita^a	Unlimited Tax School Building and/or Refunding Bonds (Net)^b	Percentage of Estimated Actual Taxable Value^c of Property	Per Capita^a
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
2017	57,129,867	3.17%	1,175	55,530,262	0.64%	1,142
2018	312,160,000	2.62%	5,856	256,629,738	2.83%	4,815

Notes:

^aSee Schedule 15 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

^bUnlimited tax school building and/or refunding bonds reduced by net assets available in debt service fund. See Schedule 14.

^cSee 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, 2018

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable^b</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Bell County	\$ 128,565,000	43.95%	\$ 56,504,318
Central Texas College	-	0.00%	-
Coryell County ^a	\$ 1,538,234	0.00%	-
City of Killeen	\$ 223,825,000	100.00%	\$ 223,825,000
City of Harker Heights	\$ 51,395,000	100.00%	\$ 51,395,000
City of Nolanville	\$ 2,115,000	100.00%	\$ 2,115,000
Subtotal, overlapping debt			\$ 333,839,318
District direct debt			<u>349,165,772</u>
Total direct and overlapping debt			<u><u>\$ 683,005,090</u></u>

Source: confirmations received from the above listed entities.

Notes:

^aThe portion of Killeen ISD that lies in Coryell County is a military base; therefore, it has no taxable value.

^bThe 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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Assessed value ^a	\$ 5,897,396,511	\$ 6,089,438,929	\$ 6,141,950,251	\$ 6,308,031,607
Debt Limit ^b	589,739,651	608,943,893	614,195,025	630,803,161
Amount of debt applicable to debt limit:				
Total bonded debt	131,717,421	125,196,765	115,585,010	103,691,068
Less: Net assets available in debt service fund	1,737,174	1,857,552	2,288,897	1,760,992
Total net debt applicable to limit	<u>129,980,247</u>	<u>123,339,213</u>	<u>113,296,113</u>	<u>101,930,076</u>
Legal debt margin	<u>\$ 459,759,404</u>	<u>\$ 485,604,680</u>	<u>\$ 500,898,912</u>	<u>\$ 528,873,085</u>
Total net debt applicable to the limit as a percentage of debt limit.	22.04%	20.25%	18.45%	16.16%

Notes:

^aMarket value less exemptions per Bell County Appraisal District

^bThis 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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 6,425,421,436	\$ 6,752,661,759	\$ 6,874,498,077	\$ 6,875,938,224	\$ 7,134,301,781	\$ 7,687,553,454
642,542,144	675,266,176	687,449,808	687,593,822	713,430,178	768,755,345
95,743,386	86,573,213	76,396,395	66,396,444	57,129,867	349,165,772
1,707,213	1,659,815	1,313,597	1,313,595	1,599,605	1,214,042
<u>94,036,173</u>	<u>84,913,398</u>	<u>75,082,798</u>	<u>65,082,849</u>	<u>55,530,262</u>	<u>347,951,730</u>
<u>\$ 548,505,971</u>	<u>\$ 590,352,778</u>	<u>\$ 612,367,010</u>	<u>\$ 622,510,973</u>	<u>\$ 657,899,916</u>	<u>\$ 420,803,615</u>
14.64%	12.57%	10.92%	9.47%	7.78%	45.26%

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

Calendar Year	Population^a	Personal Income^b <i>(thousands of dollars)</i>	Per Capita Personal Income	Unemployment Rate^c
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
2016	464,927	\$ 18,037,218	\$ 48,612	4.20
2017	474,838	\$ 18,109,367	\$ 53,303	4.20

Notes:

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

Sources:

^aU.S. Census Bureau.

^bU.S. Department of Commerce, Bureau Of Economic Analysis.

^cU.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>	2018			2009		
	<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	35,611	1	59.80%	57,317	1	73.64%
Civilian Personnel Office	6,620	2	11.12%	5,580	3	7.17%
Killeen ISD	6,000	3	10.08%	5,911	2	7.59%
Military Defense Contractors	4,895	4	8.22%			
Teleperformance	1,700	5	2.86%			
Central Texas College	1,487	6	2.50%	1,500	4	1.93%
City of Killeen	1,143	7	1.92%	1,100	6	1.41%
Metroplex Health System	1,000	8	1.68%	1,200	5	1.54%
Z-Systems	660	9	1.11%			
Seton Medical Center Harker Heights	425	10	0.71%			
Westar Aerospace & Defense				1,050	7	1.35%
L-3 Communications Vertex Aerospace				600	8	0.77%
ESP Incorporated				510	9	0.66%
Convergys Corporation				500	10	0.64%
Subtotal	59,541		100.00%	75,268		96.71%
All other employers	N/A		N/A	2,564		3.29%
Principal employment	59,541		100.00%	77,832		100.00%

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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012*</u>
Supervisory				
Instructional administrators	39	40	38	41
Noninstructional administrators	39	39	35	35
Consultants/supervisors of instruction	69	68	62	58
Principals	46	49	48	51
Assistant principals	101	105	103	113
Total supervisory	<u>294</u>	<u>301</u>	<u>286</u>	<u>298</u>
Instruction				
Elementary classroom teachers	1,567	1,531	1,538	1,525
Secondary classroom teachers	1,266	1,198	1,170	1,173
ESL teachers	21	24	16	49
Other professionals (instructional)	58	59	54	56
Aides	864	932	878	953
Total instruction	<u>3,776</u>	<u>3,744</u>	<u>3,656</u>	<u>3,756</u>
Student Services				
Guidance counselors	116	127	107	105
Visiting teacher/social workers	13	13	4	4
Librarians	43	48	46	48
Other professionals (noninstructional)	165	171	168	196
Technicians	19	20	18	15
Total student services	<u>356</u>	<u>379</u>	<u>343</u>	<u>368</u>
Support and Administration				
Clerical/secretarial	303	319	284	300
Service workers	327	335	339	503
Skilled crafts	107	108	107	104
Unskilled laborers	655	681	624	680
Total support and administration	<u>1,392</u>	<u>1,443</u>	<u>1,354</u>	<u>1,587</u>
Total	<u><u>5,818</u></u>	<u><u>5,867</u></u>	<u><u>5,639</u></u>	<u><u>6,009</u></u>

Source: Killeen Independent School District data warehouse department.

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

<u>2013*</u>	<u>2014*</u>	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	Percentage Change 2009-2018
42	41	42	35	37	39	0%
37	36	37	45	47	46	18%
59	58	60	62	62	60	-13%
53	50	51	51	51	51	11%
120	117	120	125	127	126	25%
<u>311</u>	<u>302</u>	<u>310</u>	<u>318</u>	<u>324</u>	<u>322</u>	10%
1,425	1,381	1,425	1,477	1,432	1,457	-7%
1,471	1,358	1,388	1,371	1,508	1,607	27%
68	56	59	59	64	68	224%
75	71	70	76	82	133	129%
1,055	976	996	984	1,002	1,039	20%
<u>4,094</u>	<u>3,842</u>	<u>3,938</u>	<u>3,967</u>	<u>4,086</u>	<u>4,304</u>	14%
115	113	116	120	129	129	11%
4	4	4	6	6	8	-38%
49	47	46	46	49	49	14%
217	207	203	219	242	202	22%
13	13	13	35	36	46	142%
<u>398</u>	<u>384</u>	<u>382</u>	<u>426</u>	<u>462</u>	<u>434</u>	22%
311	304	309	321	328	335	11%
512	526	533	530	529	530	62%
115	116	119	173	174	178	66%
671	671	701	665	708	707	8%
<u>1,609</u>	<u>1,617</u>	<u>1,662</u>	<u>1,689</u>	<u>1,739</u>	<u>1,750</u>	26%
<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>6,610</u></u>	<u><u>6,810</u></u>	17%



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

Fiscal Year	Peak Enrollment	Operating Expenditures	Cost per Pupil	Teaching Staff	Pupil-Teacher Ratio	Percentage of Students Receiving Free or Reduced-Price Meals
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%
2017	43,856	\$ 467,127,420	\$ 10,651	3,003	14.6	61%
2018	44,378	\$ 441,189,207	\$ 9,942	3,132	14.2	68%

Source: Nonfinancial information from district records.

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

	Fiscal Year			
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>Schools</u>				
Elementary				
Buildings	31	31	32	32
Square feet	2,700,972	2,723,077	2,749,377	2,783,044
Capacity	25,022	22,317	23,543	23,568
Enrollment	22,450	22,680	23,391	23,814
Middle				
Buildings	12	11	11	11
Square feet	1,417,629	1,312,257	1,320,705	1,323,777
Capacity	9,079	9,300	9,300	9,300
Enrollment	7,974	8,019	8,525	8,445
High				
Buildings	4	4	4	4
Square feet	1,314,597	1,324,632	1,325,400	1,358,040
Capacity	8,898	8,476	8,476	8,476
Enrollment	9,127	9,063	9,002	9,093
Other				
CATE, Pathways				
Gateway School,				
Buildings	2	2	3	4
Square feet	148,696	154,072	185,159	332,509
Enrollment	413	672	658	617
<u>Administrative</u>				
Buildings	6	6	7	8
Square feet	242,795	256,706	296,706	309,476
<u>Transportation</u>				
Garages	1	1	1	1
Buses	261	269	269	266
<u>Athletics</u>				
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	46
Running tracks	4	4	4	4
Baseball/softball	8	8	8	8

Source: Killeen Independent School District data warehouse department.

Fiscal Year

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
32	32	32	32	32	32
2,783,044	2,874,837	2,884,299	2,884,299	3,019,812	3,019,812
23,568	25,051	25,051	25,051	26,101	25,489
23,579	24,210	24,284	24,365	24,383	24,409
11	11	11	11	11	11
1,323,777	1,329,153	1,336,065	1,336,065	1,447,320	1,409,322
9,300	9,300	9,300	8,500	9,750	9,750
8,409	8,660	8,653	8,693	8,830	9,394
4	4	4	4	5	5
1,358,040	1,366,680	1,369,752	1,369,752	1,457,601	1,457,601
8,476	8,476	8,476	8,476	9,276	9,276
9,269	9,482	9,768	8,759	9,689	9,944
3	3	3	3	3	3
266,720	266,720	266,720	266,720	266,720	277,472
494	577	1335	2,015	1,476	1,344
9	9	10	10	10	10
424,266	424,266	531,359	531,359	531,359	531,359
1	1	2	2	2	2
278	294	309	364	366	368
1	1	1	1	1	1
31,608	31,608	31,608	31,608	31,608	31,608
1	1	1	1	1	1
46	47	47	47	50	50
4	4	4	4	4	4
8	8	8	8	8	8

