

*Killeen
Independent
School
District*

**Comprehensive
Annual
Financial
Report**

*Fiscal Year Ended
August 31, 2009*



*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, 2009

*Issued by:
Robert Muller, PhD
Superintendent*

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

KILLEEN INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2009

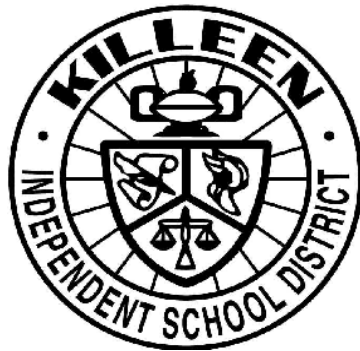
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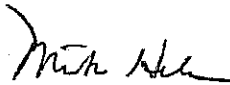
CERTIFICATE OF BOARD

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, 2009 at a meeting of the Board of Trustees of such school district on the 12th day of January, 2010.



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

Robert Muller, Ph.D.
Superintendent

December 31, 2009

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

Members of the Board:

The comprehensive annual financial report of the Killeen Independent School District (District) for the fiscal year ended August 31, 2009, 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. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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 Single Audit Act as amended in 1996 by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. 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 but is slowing. New retail and food service businesses continue to locate in the area. Jobs are created regularly which encourage people leaving the Army at Fort Hood to choose to stay in this area. Many hotels have recently been completed and more are currently being built in the area. We expect the growth to continue for the foreseeable future.

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

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

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

Commercial building continued in 2009 but is slowing at this time. 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 following table indicates the historical change in dollar value of building permits:

VALUATION OF BUILDING PERMITS

| Calendar Year | Killeen | Harker Heights | Total | Change |
|---------------|-------------|----------------|-------------|--------|
| 1999 | 154,312,021 | 32,290,724 | 186,602,745 | 3% |
| 2000 | 147,081,830 | 25,106,554 | 172,188,384 | -8% |
| 2001 | 197,121,933 | 42,959,910 | 240,081,843 | 39% |
| 2002 | 213,652,321 | 40,367,053 | 254,019,374 | 6% |
| 2003 | 208,139,868 | 79,369,412 | 287,509,280 | 13% |
| 2004 | 211,245,733 | 83,147,270 | 294,393,003 | 2% |
| 2005 | 257,684,913 | 168,273,751 | 425,958,664 | 45% |
| 2006 | 315,818,349 | 104,850,232 | 420,668,581 | -1% |
| 2007 | 229,823,247 | 99,034,705 | 328,857,952 | -22% |
| 2008 | 263,582,235 | 72,142,443 | 335,724,678 | 2% |

ECONOMIC GROWTH RESULTS IN CONTINUED GROSS SALES INCREASE

The Killeen-Temple-Fort Hood Metropolitan Statistical Area (MSA) experienced another increase in gross sales during the 2008 calendar year. The MSA ranks 2nd overall in Best-performing cities: Top 25 large metros according to the Milken Institute of Los Angeles which ranks 200 large MSA's for success in creating and sustaining jobs. 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)***

| | 2004 | 2005 | 2006 | 2007 | 2008 |
|--|-----------|-----------|-----------|-----------|-----------|
| Motor Vehicle and Parts Dealers | 884,129 | 1,046,063 | 1,017,833 | 1,050,857 | 941,299 |
| Furniture and Home Furnishings Stores | 73,955 | 90,800 | 97,122 | 107,639 | 106,805 |
| Electronics and Appliance Stores | 74,795 | 86,189 | 94,570 | 106,459 | 112,931 |
| Building Material and Garden Equipment | 276,481 | 307,327 | 337,584 | 343,548 | 347,178 |
| Food and Beverage Stores | 442,554 | 456,699 | 474,611 | 477,971 | 513,977 |
| Health and Personal Care Stores | 112,772 | 119,841 | 128,409 | 136,344 | 168,484 |
| Gasoline Stations | 355,396 | 436,968 | 470,273 | 544,590 | 632,836 |
| Clothing and Accessories Stores | 105,094 | 102,439 | 109,091 | 111,257 | 113,280 |
| Sporting Goods, Hobby, Book & Movies | 67,375 | 70,276 | 71,223 | 50,832 | 72,159 |
| General Merchandise Stores | 1,677,202 | 1,342,899 | 1,346,524 | 2,243,657 | 2,542,788 |
| Miscellaneous Stores | 100,555 | 105,114 | 122,377 | 121,442 | 120,409 |
| Nonstore Retailers | 35,359 | 30,511 | 27,044 | 34,169 | 40,230 |
| Food Services and Drinking Places | 317,407 | 355,641 | 372,494 | 403,830 | 448,834 |
| Total | 4,523,074 | 4,550,767 | 4,669,155 | 5,732,595 | 6,161,210 |

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.

With approximately 54,000 assigned soldiers and airmen, in addition to approximately 5,300 civilian employees and 9,500 contractor employees, Fort Hood is the largest single site employer in the state of Texas. The Texas State Comptroller-estimated annual direct and indirect economic impact of Fort Hood on the Central Texas region is \$10.9 billion in 2007 and also directly employing approximately 68,000 people in one location.

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 installation also serves a wide variety of tenant organizations and ensures the highest quality of life support for a diverse military community of soldiers, family members and retirees numbering approximately 306,000.

Fort Hood occupies 335 square miles of Bell and Coryell Counties, 60 miles north of Austin and 50 miles south of Waco. Seven surrounding cities with a regional population of 325,000 are partnered with and provide substantial quality of life support to Fort Hood.

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

The largest combat aviation training area in the free world, comprising 15,900 square miles, begins on Fort Hood and continues from Bell and Coryell Counties in the east to Runnels and Tom Green Counties in the west,

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.

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.

City of Killeen Aviation Services offers a variety of services for the airline traveler and the General Aviation community; to include three scheduled airlines and ample parking. The Killeen-Fort Hood Regional Airport (GRK) and Skylark Field (ILE) offer general aviation services for corporate/business travelers and Skylark has aircraft tie-down spaces, fuel sales, aircraft rental, flight instruction and other airport amenities.

HEALTH CARE

The outstanding medical facilities in the area are key attractions of the Killeen community. The area serves as a regional medical center with over 1,140 hospital beds within 20 miles.

Metroplex Hospital, Scott and White Clinic and King's Daughters Clinic provide medical care to all citizens. Darnall Army Community Hospital provides comprehensive health care to more than 160,000 beneficiaries that include 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 233 beds and more than 260 physicians in 43 specialties. Metroplex Hospital offers 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.

The Scott and White Killeen Clinic and Killeen Clinic West accommodate more than 19 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 634 bed not-for-profit hospital in Temple and the not-for-profit Scott & White Health Plan.

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, over 700 events were booked in FY 2008-2009 to include: meetings, banquets, weddings, conventions, workshops and trade shows. The multiuse complex provides a variety of flexible space for conventions and can host multiple events simultaneously.

Shilo Inn and Suites, a 160 room, full-service, all-suites hotel opened in early 2007. The hotel is connected to the conference center via walkway. Several other hotels have opened in Killeen during the 2009 fiscal year.

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 400-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 30,608 students in 2001-2002 to a peak enrollment of 39,964 in 2008-2009.

The largest school District between Austin and Dallas, KISD employs over 5,900 teachers and support personnel to serve the District's 49 campuses. KISD serves as the area's second largest employer (Fort Hood is the largest). Students from Killeen, Harker Heights, Fort Hood, Nolanville and rural West Bell County attend classes at thirty-one elementary schools (PK-5), eleven middle schools (6-8), four high schools (9-12), two alternative schools, and one area vocational school. Besides the 49 regular schools and several specialized campuses, the District utilizes 213 portable buildings, which provide approximately 251 potential classrooms.

Killeen High, Ellison High, Harker Heights High and Shoemaker High provide multi-level academic instruction on a seven-period schedule and extracurricular activities. The Career and Technology Education Center provides upper level courses in Health Science Technology to include a clinical rotation program and several courses with state or national certification. Agriculture courses provide research options as well as hands-on labs in agricultural mechanics, metal fabrication, animal science, and landscape design. Students are challenged to learn career skills in cosmetology, media technology, computer maintenance, welding, small engine repair, building construction, drafting, and bricklaying trades. Students explore careers through work-based learning labs and job site training in the Career Prep I and II programs. Hospitality Services, Auto Collision and Auto Technician are contract of services courses taught at Central Texas College. The Firefighter program is an innovative course that is taught through collaboration with the City of Killeen Fire Department. All programs at the Career and Technology Education Center have co-curricular youth leadership organizations.

Transportation is provided for secondary students who live two or more miles from their designated school, for elementary students who live one or more miles from their designated schools, and for any students who live in an area that has been designated as hazardous by school officials. Students in grades pre-kindergarten through 12 board buses at designated bus stops. Students who are assigned to special education transportation are transported between the locations specified by Admissions Review and Dismissal (ARD) Committee without regard for minimum distance from school. Special program transportation is also provided for students in Alternative Education Programs (AEP). Elementary AEP students who live one or more miles from the supporting campus (Cavazos Elementary) are provided transportation between their residence and school. Secondary AEP students and JJAEP students are provided transportation between the supporting campus (Haynes School Middle, Haynes School High, or Bell County Juvenile Detention Facility) to bus stops that are within two miles of their residence. International Baccalaureate (IB) students are provided transportation on a limited basis between the supporting campus (Killeen High) and bus stops that are within two miles of their residence. The District also provides transportation for extra-curricular and co-curricular student activities.

CENTRAL TEXAS COLLEGE

Central Texas College (CTC) is a public, two-year community college offering associate degrees, certificates of completion and continuing education courses for personal or professional development. Programs are available online, in traditional classroom settings, and by multimedia delivery methods for academic, professional and vocational/technical fields. In 2007- 2008 CTC awarded approximately 2,600 associate degrees and 500 certificates of completion at more than 140 sites around the world. CTC offers classes on military installations, ships at sea and correctional institutions. CTC's central campus is situated on 583.9 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 2005.

TARLETON UNIVERSITY SYSTEM CENTER – CENTRAL TEXAS

Tarleton University System Center – Central Texas, is more commonly referred to as Tarleton State University–Central Texas (Tarleton-CT). Tarleton-CT is an extension of Tarleton State University, which is a member of The Texas A&M University System, and an agency of the State of Texas. Tarleton-CT offers affordable, upper-level and

graduate-level public higher education opportunities to Central Texans. Individuals can select from among 31 bachelor's degree and 15 master's degree program areas. Tarleton-CT provides course offerings at Fort Hood, Central Texas College, Temple College and at Shoemaker High School.

In March of 2009 the Texas Higher Education Coordinating Board certified the spring enrollment for Tarleton University System Center-CT in excess of the 1,000 full time enrollments required to become a stand-alone University. Beginning in the fall of 2009, Tarleton University System Center-CT will become Texas A&M University – Central Texas, one of 11 independent universities in the A&M system.

MAJOR INITIATIVES

KISD DIRECTIONAL PLAN FOR SCHOOL YEAR 2009/2010

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 – During the 2008-2009 school year, KISD continued PAT (Parents as Teachers) to families via two certified Parents as Teachers parent educators who provided program services at West Ward and Venable Village Elementary. A third PAT program site provides parenting information to teen parents at the Pathways Learning Center. The goal of the program is to provide an early intervention

parent support model that focuses on child development 0-3 years of age. The early intervention service components provided include: home visits with individualized lessons with the child and parent, developmental screenings, group meetings, and community-based referral services to address identified family needs.

Our Title I funded parenting program component served 22 school-wide projects at elementary campuses during the 2008-2009 school year and operates as a supplement to the District-wide Parent/Community Involvement program.

M-PAT-HAH Project: Military Parents as Teachers--“Heroes at Home” The “Heroes at Home” pilot Project entered its third year in 2008-2009 as one of nine across the country funded by the DOD (Department of Defense) to provide parent support to young military families using the Parents as Teachers’ researched based program model materials. The M-PAT program component’s primary focus is military families of any rank, or those with at least one member deployed through-out the world. This program component offers home-visits, developmental screenings, group meetings twice monthly, free CYS (Child and Youth Services) program enrollment and referral services. The project is a “partnership” effort between KISD, The National PAT Center, Fort Hood CYS (Child and Youth Services), and DOD (Department of Defense).

There are two state and nationally certified “Heroes at Home” Parent Educators. During the 2007-2008 school year, the parent educators for this project served military ranks from E-2 to O-4, and a Navy Seaman family. This equates to service support provided to a total of 116 families, and 166 children. Due to the success of our pilot project, DOD is considering adding two additional parent educators and expanding the project for Team Fort Hood and the “Heroes at Home” pilot project.

An ongoing KISD objective is to increase and enhance parent and community involvement. KISD has over 6,000 registered volunteers as well as an award winning Adopt A School program through Fort Hood, which provides each school in the District with an adopted unit and volunteers. Two Parent/Teacher Conference days are set on the yearly calendar with the majority of elementary and middle schools logging over 90% parent attendance. Additional parental opportunities provided through the District include parental involvement workshops on campus and District-wide; Early Literacy classes provided on a large majority of elementary campuses; “Coffee with Olga” provided monthly and focusing on various topics; Summer Parent Institute providing informative sessions for parents and early literacy classes for children ages 3 and under; a Family Wellness Conference related to health and wellness issues for both parents and children; Family Holiday Celebration which includes various fun, free activities, as well as pictures with Santa.

2. Math Initiatives – Teachers attend one half day professional learning day each nine weeks on the curriculum and District expectations with emphasis on the refined math Texas Essential Knowledge and Skills. The KISD math curriculum is designed to build the capacity (in our students) to solve problems they encounter in school and in their daily lives. Teachers focus on the conceptual development of mathematical ideas; through hands-on activities and questioning strategies that encourage students to explain what they are learning in their own words. This strategy deepens their understanding of the processes and skills they are learning. Mathematical facts and procedures are taught to mastery and viewed as tools for solving problems. Mastery of basic computational skills is one of the goals of the initiative. During the last school year District administrators reviewed test results, curriculum expectations and student performance. This led the District to enter into an agreement with the Charles Dana Center to participate in a three year comprehensive, curriculum review, professional development, TEKS study, and Partnership for High Achievement (PHA). All middle school mathematics teachers along with their principal and campus instructional specialist and with select high school Algebra I teachers met 4 times during the 2005-2006 school year to study the development of a common lesson vertically through the grades and horizontally across the District. At the end of the year data was studied, adjustments were made and the cycle began again. District instructional specialists meet with the middle school math teachers to refine curriculum as well as the scope and sequence to meet each years students instructional needs. High school teachers are invited to participate in professional development activities to help them with the delivery of math instruction. Agile Mind continues to be the dominant math instructional software program utilized at the secondary levels.
3. Elementary Reading/Literacy Initiatives – Emphasis on early reading literacy has become the focus for KISD in 2008-2009 given the state’s impending regulations on Response to Intervention. A focus group

has met to analyze processes and procedures already in existence in KISD which respond to students' early literacy difficulties.

4. Science Initiatives – The middle school science curriculum was rewritten in the summer of 2006. Teachers added labs to the curriculum and made minor changes in the sequence of instruction. Suggested graphic organizers and modifications were written into the curriculum to meet the needs of English Language Learners, Dyslexic and Special Education students. In order to evaluate the implementation of the scope and sequence and prepare the students for the TEKS test, the District is using Curriculum Based Assessments (CBAs) four times per year. The grade levels taking the CBAs are: fifth, seventh, eighth, as well as integrated physics and chemistry, biology, and chemistry at the high school levels.

Middle School science teachers in the seventh grade and eighth grades are also taking part in the science initiative. These teachers attend a three and a half hour training which involves teachers teaching teachers. Teachers present and conduct a variety of science labs that support the TEKS taught during that nine week grading period. When the teachers leave the initiative, they have a variety of lessons/labs to help them provide engaging lessons to students in their own classroom.

Fifth grade teachers attend one half day professional learning day. Each session provides science TEKS instruction (depth and complexity), and hands-on science experiments. Elementary teachers in grades K-4 may participate in after school science professional learning opportunities with the same focus issues as above. Each session provides teachers with ideas and materials to take back to the classroom.

5. Writing – KISD adopted Northwest Regional Educational Laboratory's, *6 + 1 Traits of Writing* model as the writing framework for all grade levels, PK-12. This model gives the District a shared vision and vocabulary for describing the qualities of writing. It also enables teachers to identify and document individual student writing strengths and areas for growth. The 6 + 1 Traits framework provides teachers with a model for prioritizing, focusing, and individualizing the instruction of writing in the classrooms. Each campus selected teachers and/or administrators to attend a two day 6 + 1 introductory workshop and three days of a 6+1 Trainer of Trainers workshop; these participants then presented the training to the teachers on their campuses. New teachers in KISD receive training in 6 + 1 Traits through the New Teacher Induction program (NTI). Opportunities for refining the teaching of the model are offered in a variety of summer professional development sessions for teachers and administrators.
6. Fast ForWord – KISD adopted the *Fast ForWord* program, which is a computer-based tutorial system that helps students of all ages and learning abilities rapidly improve language, reading, and learning skills. The program emphasizes basic sound processing; provides intense, frequent and adaptive training; creates the solid foundation that enables our District reading program to work better, and makes it easier for students to acquire other learning skills. *Fast ForWord* acts as an intervention tool for language and reading skills such as phonological awareness, letter and sound identification, blending, working memory, listening, word recognition and decoding, among others. All campuses have the program available. *Fast ForWord* products continue to help teachers provide intense, prescriptive TEKS correlated, computer-based instruction for language skills acquisition. These products also assist students during various stages of language and reading development. Each program is designed to reinforce previous training and emphasizes a systematic protocol.
7. Scholastic Read 180 – KISD implemented the *Read 180* reading intervention program in August of 2005 at all middle schools. *Read 180* is an intensive reading intervention program designed to meet the needs of students whose reading achievement is below the proficient level by using individual student performance data to adjust and differentiate reading instruction. The program directly addresses individual needs through adaptive and instructional software, high-interest literature, and direct instruction in reading strategies. *Read 180* fosters daily student-teacher interaction through whole-group, small-group, and one-on-one instruction. The technology component of *Read 180* continually monitors and adjusts the level of instruction and allows teachers to target instruction that leads to reading improvement. *Read 180* teachers receive comprehensive support through a complete curriculum of instructional materials, continuous assessments and reports on student performance, as well as ongoing professional development to help foster and sustain engaging instruction.
8. Scholastic Reading Inventory – KISD implemented the *Scholastic Reading Inventory (SRI)* for all middle schools in August of 2005. The *SRI* incorporates the *Lexile Framework for Reading* which is a research-proven system for measuring students' reading levels and matching students to text. The *Lexile*

Framework uses a common metric to evaluate both reading ability and text difficulty. By placing the reader and text on the same scale, teachers can forecast the level of comprehension a student will experience with a particular text and evaluate curriculum needs based on each student's ability to comprehend the materials. *SRI* provides teachers the opportunity to: learn students' *Lexile* measures in about twenty minutes, access immediate, actionable data on student reading performance, monitor reading growth over time, connect classroom-based assessment with TAKS performance, and provide students with individualized reading lists which match their interests and abilities.

9. Scholastic Reading Counts – KISD implemented *Scholastic Reading Counts* (SRC) in the spring of 2006. SRC provides leveled, measurable independent reading practice that encourages students to read more and achieve more. SRC has built-in features so teachers, reading specialist, and media specialist get the students information they need to guide students to interesting books at the appropriate reading level range. With *Scholastic Reading Counts* educators have a proven, strategic tool to navigate the difficult terrain of assisting students to develop independent reading skills, improve reading proficiencies, raise reading test scores, and demonstrate their progress.
10. Curriculum Based Assessments - During the school year 2002-2003 the Department of Curriculum and Instruction developed nine week incremental assessments for grades 1-8 math, algebra 1, and grade 5 sciences. Incremental assessments for grades 8, 10, and 11 social studies, biology, chemistry, and integrated physics and chemistry were administered during the 2003-2004 school year. During the 2004-2005 school year incremental assessments were administered to math grades 1-8, algebra I, algebra II, geometry; science grade 5 and 7, integrated physics and chemistry, biology, and chemistry; social studies grade 8, world history and U.S. history. During the summer of 2005 work began on reading and writing assessments. The assessment term changed to curriculum based assessment to indicate the tie to assessing the curriculum. During the school year 2005-2006 the revision and editing benchmark assessment was implemented in grades 3-11. In 2006-2007, a fourth grade science curriculum based assessment was added. Plans are underway to move science curriculum based assessments to the 2nd and 3rd grades by the 2008-2009 school year.
11. Textbook Adoption – The Content Development department is facilitating the process for the elementary math adoption for the 2008-2009 year. Professional development using the new textbooks is being planned.
12. Curriculum Writing/Management – The Content Development department will facilitate the development of two groups (math and science) of teachers, grades K-12, into vertical teams who will align the math and science curricula and develop curriculum based assessments for the 2008-2009 year.
13. Teacher Recruiting Program – The District's recruiting initiative, with an annual budget of approximately \$69,000 and continues to be effective in recruiting, hiring and retaining between 350 to 500 teachers each year. The efforts primarily focus inside Texas but extend throughout the nation, and include a KISD teacher job fair, multiple external job fairs, alternative teacher certification preparation programs, numerous internet recruiting sites and Troops to Teachers. KISD is profiled at www.killeenisd.org. The KISD on-line application 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 \$1,625 for every new teacher hired, plus \$2,810 for every new middle school math teacher hired and a \$2,000 sign-on bonus for incoming teachers certified in critical shortage subject areas. Additionally, a recurring stipend of \$2,245 is provided for Bilingual, Spanish and Special Education teachers and a \$3,000 stipend is provided to High School Chemistry, Physics and Mathematics teachers.

Once again, KISD remained consistent in minority hiring this year; nearly 30% of all classroom teachers hired were minorities. At KISD, over 40% of our total staff are minorities. Our goal continues to be a staff that mirrors the rich diversity of our students.

We started this year with 4 vacancies, several fewer than in previous years. Our critical shortages this year continue reflecting the state-wide critical shortages of secondary math, science, Spanish and bilingual certificate holders. Internet recruiting and the Board's approval of a \$1,748 increase in teacher annual salary and critical shortage stipends contributed to our success in filling teacher vacancies. KISD is one of the leading Districts in Central Texas for teacher beginning salaries.

TECHNOLOGY

KISD continues the development of a District Strategic Technology Framework encompassing all aspects of educational and administrative technology services in the District. 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.

The District Strategic Technology Framework provides guidance to Content and Engagement and Technology Services in support of the integration of technology into the curriculum. The framework focuses on the key areas that promote the use of technology to assist in providing engaging learning experiences for all students. The key areas of framework support include:

- All District departments will have access to technology resources that enhance departmental objectives.
- 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.

Each department or campus will create an action plan that will include an analysis, technology expenditures, and a measurement of student achievement. All action plans will go through the Technology Adoption Process/District Improvement Plan (DIP) to determine its effectiveness and efficiency in the integration of technology in curriculum, administrative and support services, infrastructure, resources needed, and priority.

PROFESSIONAL LEARNING

The department of Professional Learning has the responsibility of providing and supporting professional development for all professionals throughout the year. In collaboration with the Superintendent, campuses and other departments, District-wide learning experiences as well as customized conferences, seminars, workshops and on-site work are organized for teachers, administrators and support personnel. Instructional employees have the opportunity to learn through a variety of formats and understand how to incorporate these structures for sustained learning.

INDUCTION

Professional Learning provides all professional employees who are new to the District with a comprehensive and differentiated induction experience. Induction is designed to assist new members of the District to understand and embrace the culture of Killeen ISD and develop the skills necessary to continuously improve the quality of work provided to students. Teachers new to KISD teachers are supported by a campus instructional specialist and teachers who are new to the teaching profession are assigned a mentor.

A first day experience for all district professionals new to KISD, as well as principals, campus instructional specialists, mentors and induction facilitators focuses on the district and campus culture. During the remaining week of induction, teachers learn concepts through focused conversations around topics such as under-resourced learners, CSCOPE (District curriculum), relationship building and the tenets of effective classroom management. Appraisal training, a classroom observation day, and 12 elective professional learning hours based on new teachers' content and pedagogical needs are also included. All sessions, with the exception of the classroom observation day, are outside the school day or in the summer.

Mentor selection, professional growth through Initial Mentoring, Foundations for Mentors and Networking for Mentors and commitment to work with the protégé toward creating a highly effective classroom are important aspects of Induction. Principals are asked to consider a list of critical attributes from which to select mentors. Initial Mentoring and Foundations for Mentors sessions are provided to assist first-time mentors with learning how to effectively mentor new teachers. Networking for Mentors sessions are intended to deepen the capacity of experienced mentors to support new teachers. Mentors sign a commitment form agreeing to complete professional development and other expectations, including documentation of work with the new teacher. Mentor and Protégé handbooks are redesigned each year to support the work of mentors and new teachers and in response to their feedback.

To support new teacher certification requirements, Leadership Development also provides pedagogy and content-specific TExES Review sessions.

CLASSROOM MANAGEMENT

KISD has a localized classroom management framework and modules aligned with the District's beliefs. Leadership overviews, volunteer sessions for teachers, online resources, and support for campus implementation began Summer 2008 and continues to date.

ADDITIONAL PROFESSIONAL LEARNING OPPORTUNITIES AND SUPPORT

Professional Learning also offers additional learning opportunities around content that supports the District's focus as well as identified content/curricular needs and the diverse needs of KISD's students. Sessions are offered throughout the school year and in the summer on topics such as Ruby Payne's work on poverty (under-resourced learners), differentiation, core content, effective CSCOPE (District curriculum) implementation, cooperative learning, and emerging technologies. A renewed District focus on the need to foster student creativity and innovation and rethinking how and what 21st Century learners are taught have led to numerous sessions on digital literacy, podcasting, creating digital media, and other instructional technology offerings. Learning opportunities are continually redesigned to support District goals as a result of feedback from focus groups and session surveys.

The Professional Development and Appraisal System (PDAS) training and documentation for administrators and teachers and Instructional Leadership certification for administrators are sponsored and managed by Leadership Development.

Professional Learning hosts and provides logistical and technology support for professional development and meetings sponsored by other departments and campuses. In addition to the Teacher Media Center and KISD TV, which are housed at Jackson Professional Learning Center, approximately 1,200 events are scheduled at the center throughout the year.

Professional Learning also maintains and supports a professional library of videos, DVDs, books, documents, and teacher resources that are updated and catalogued for check out.

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

FINANCIAL INFORMATION

SINGLE AUDIT

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

As a part of the District's single audit, described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations. The results of the District's single audit for the fiscal year ended August 31, 2009, 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.

RISK MANAGEMENT

The Risk Management Department provides insurance related services to District employees and students on over 64 campuses and administrative sites. Risk Management's areas of responsibility include occupational safety, loss control, risk assessment, insurance management (property/casualty, automotive, workers' compensation, law enforcement liability, underground storage tank liability, general liability and professional liability), and unemployment compensation.

The District's automotive and property insurance coverage protects over 400 vehicles and 213 portable buildings and permanent campus structures and facilities. Property is insured up to a maximum loss amount of approximately \$853 million.

Prior to September 1, 1998, the District was self-insured and contracted with a third party administrator for workers' compensation administration (Berkley Administrators). As of September 1, 1998, the District elected to contract with a commercial carrier for workers' compensation insurance. A contract was executed with the third party administrator to manage the "run-off" claims resulting from the discontinuance of the self insured fund. As of August 31, 2009 the final "run-off" claim is now closed and the reserve has been decreased to zero.

EMPLOYEE BENEFITS

The Employee Benefits Department provides employee benefit services to District employees on all campuses and administrative sites. Employee Benefits' areas of responsibility include cafeteria plan administration, COBRA/HIPPA compliance, and payroll deduction services for Section 403(b) and 403(b) (7) tax sheltered annuities and investment accounts. KISD works with approximately 25 financial planning firms, approved for participation by the Texas Education Agency for tax sheltered annuities, with monthly contributions of approximately \$151,000.

KISD provides core benefits and the right to purchase optional benefits to all employees through the KISD Cafeteria Plan governed by Section 125 of the IRS Code. The District provides \$234.40 per month, for employees who are contributing members to the Teacher Retirement System of the State of Texas, to offset optional benefit costs. Contributions of \$174.14 per month are available for full-time employees not purchasing a KISD sponsored health plan. A complete list of voluntary benefits follows:

| Benefit | Core/Optional Benefit |
|--|------------------------|
| Employee Dental | District Paid/Optional |
| Basic Term Life | District Paid |
| Dependent Dental | Optional |
| Health Plans (HMO, PPO & High deductible with HSA) | Optional |
| Supplemental Term Life | Optional |
| Long-Term Disability | Optional |
| Short-Term Disability | Optional |
| Medical Flexible Spending Account | Optional |
| Dependent Daycare Reimbursement | Optional |

The District contracts with third party administrators for compliance in tax sheltered annuities (KAZDON, Inc.), COBRA/HIPPA compliance (CONEXIS), and cafeteria plan administration (KAZDON, Inc.) as of August 31, 2009.

CASH MANAGEMENT

The District is required to execute a depository agreement with a local banking institution for a period of two years. Competitive bidding is mandated and state law sets general terms. The current contract was signed in June 2009 to cover the period from September 2009 through August 2011.

Investment instruments authorized for purchase by the District investment policy include:

1. Obligations of the United States or its agencies and instrumentalities.
 - a. Agency products will be defined as nonfloating, nonadjustable, nonprincipal reducing.
 - b. Agency products with call features shall not exceed 37.5% of the individual portfolio at the time of purchase.
 - c. Agencies at time of purchase shall not exceed 85% of total portfolio.
 - d. Agencies shall be limited to the following: Federal Home Loan Bank, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Student Loan Marketing Association, and Federal Farm Credit Banks.
 - e. The maximum dollar par value to mature in any one month is limited to \$25 million.
2. Certificates of deposit and share certificates, as permitted by Government Code 2256.010.
3. Public fund investment pools as permitted by Government Code 2256.016 – 2256.019, if the Board authorizes the investment in the particular pool by resolution.
4. Repurchase and reverse repurchase agreements involving investment instruments approved above, for example, obligations of the U.S. or its agencies. The proceeds of a reverse repurchase agreement may not be leveraged to buy additional securities. Board officers must be notified before any reverse repurchase agreements are executed.
5. No-load money market mutual funds that:
 - a. Are registered with and regulated by the Securities and Exchange Commissions;
 - b. Provide the District with a prospectus and other information required by the Securities and Exchange Act of 1934 or the Investment Company Act of 1940;
 - c. Have a dollar-weighted average stated maturity of 90 days or fewer; and
 - d. Include in their investment objectives the maintenance of a stable net asset value of \$1 for each share.

Cash temporarily idle during the year was invested at TexStar, Lone Star and MBIA money market fund and in Agency Securities. In addition, interest was also earned on all checking accounts. The District's 2005-2007 depository bank contract was extended until 31 August, 2009, provided 3.36% on the checking account average collected balances under \$8,000,000. The District, through a competitive bid, contracted for a new depository bank for the period of September 1, 2009 through August 31, 2011. The District's primary investment pools, Lone Star and TexStar, earned averages of 0.25% and 0.321%, respectively, in the month of August 2009. The total KISD investment portfolio yield (excluding cash in bank) from September 2008 through August 2009 was 0.957%.

The total amount of interest earnings for 2008-2009 for all funds was \$3,136,843

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, 2008. This was the eighteenth 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, 2008. 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.

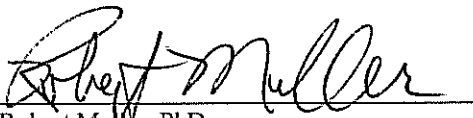
ASBO's Certificate of Excellence in Financial Reporting is valid for one year only. Killeen Independent School District has received a Certificate of Excellence in Financial Reporting for the past seventeen consecutive years (fiscal years 1991-2008). We believe that our current CAFR continues to conform 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,



Robert Muller, PhD
Superintendent



Megan Bradley
Chief Financial Officer

KILLEEN INDEPENDENT SCHOOL DISTRICT

PRINCIPAL OFFICERS

BOARD OF TRUSTEES

Joe Maines -- *President*

LTC(R) Arthur Trujillo -- *Vice President*

Mike Helm -- *Secretary*

Dr. Ron Rainosek -- *Board Member*

Butch Menking -- *Board Member*

Terry Delano -- *Board Member*

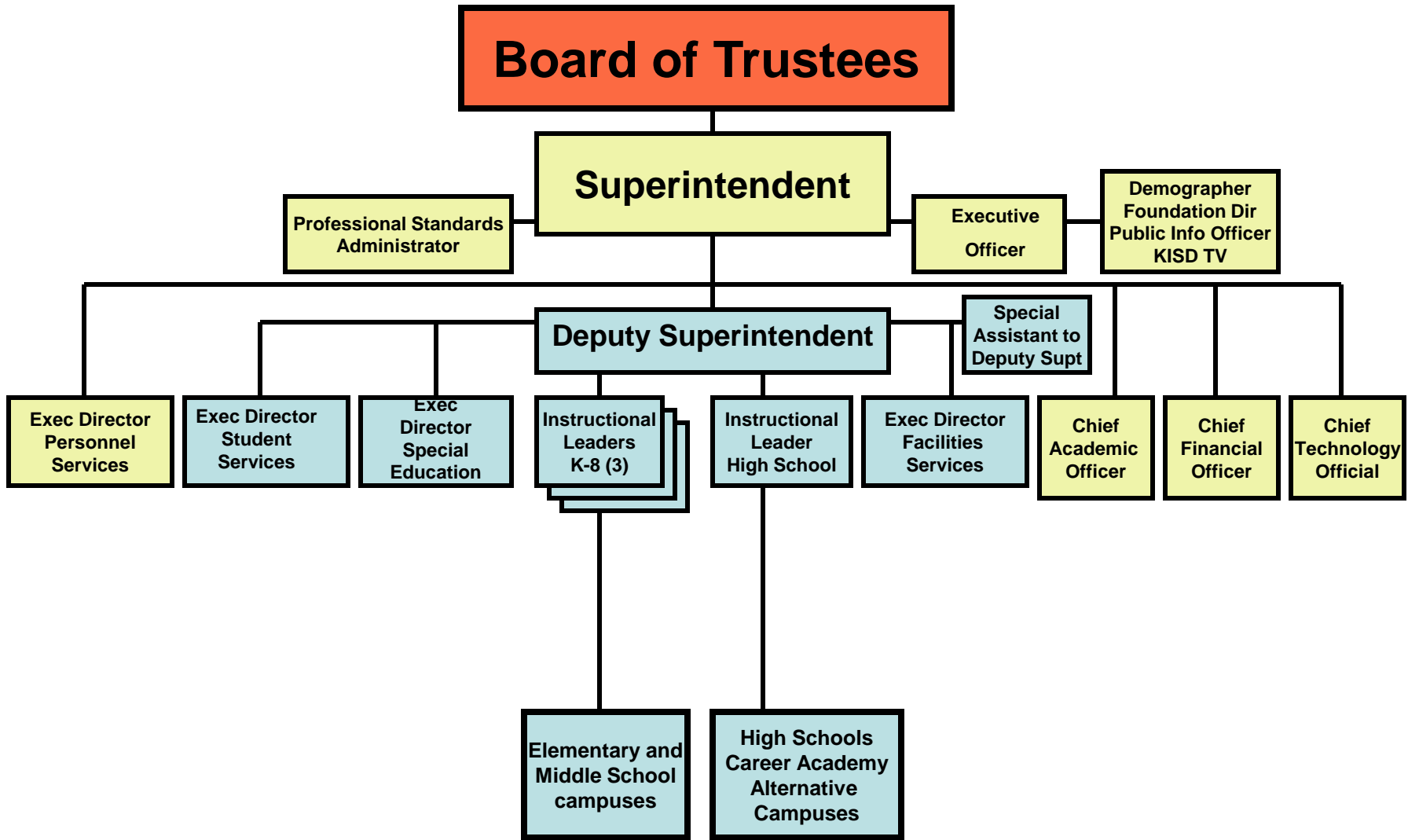
Shelley Wells -- *Board Member*

COL Bill Hill -- *Fort Hood Advisor*

SCHOOL DISTRICT ADMINISTRATION

Robert Muller, PhD
Superintendent

Bobby Ott, Ed. D.
Deputy Superintendent



Killeen ISD Organization Chart
 As of August 31, 2009
 POC: Exec Officer

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This 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, 2008

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

Angela Paterman

President

John D. Mueser

Executive Director

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, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A stylized handwritten signature in black ink.

President

A handwritten signature in black ink that reads "Jeffrey R. Emery".

Executive Director



Lott, Vernon & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

KILLEEN • COPPERAS COVE • TEMPLE

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KILLEEN, TEXAS 76540

254/526/0571
800/460/0571
FAX 254/526/7667

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

Independent Auditor's Report

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

Members of the Board:

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information and the General Fund Budgetary Comparison statement of Killeen Independent School District (the District) as of and for the year ended August 31, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's administrators. Our responsibility is to express an opinion 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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, 2009, and the respective changes in financial position, General Fund Budgetary Comparison statement and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3 through 12 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2009, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Killeen Independent School District's basic financial statements. The introductory section, combining statements, required TEA schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining statements and required TEA schedules information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section, and statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Lott, Vernon & Company, P.C.

Killeen, Texas
December 31, 2009

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, 2009. 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

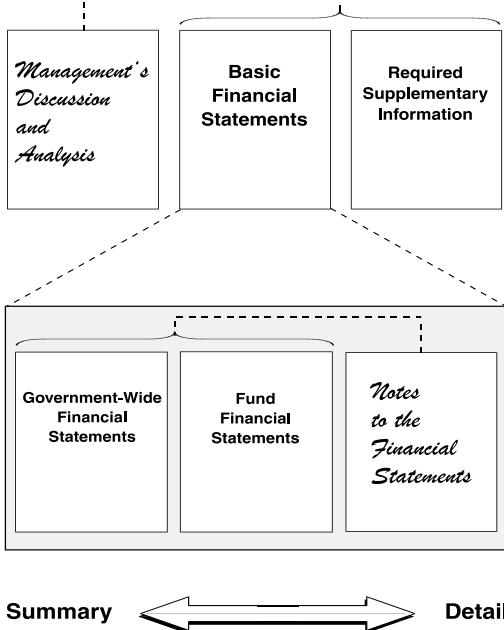
- The District's total combined net assets were \$427.9 million at August 31, 2009, compared to \$412.7 million at August 31, 2008 (see Table A-1).
- During the year, the District's expenses were \$15.2 million less than the \$366.6 million generated in taxes and other revenues for governmental activities (see Exhibit B-1).
- The District opened two new schools during the year and has no new schools under construction currently that are expected to open during FY10. The Willow Springs addition is scheduled to open during FY10 which is a significant construction project for the District. The District does have one new elementary school under construction and scheduled to open for the FY11 school year.
- The general fund reported a fund balance this year of \$103.5 million (see Exhibit C-1).

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

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



a trustee or agent for the benefit of others, to whom the resources in question belong.

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

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

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

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

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes *all* of the government's assets and liabilities. 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 assets* and how they have changed. Net assets—the difference between the District's assets and liabilities—is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net assets are an indicator 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 records the workers' compensation internal service fund here to account for the accumulation of resources from other funds of the District and for the payment of administrative and claims costs related to workers' compensation.

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 three 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.
- *Proprietary funds*—Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information.

We use an *internal service fund* to report activities that provide supplies and services for the District's other programs and activities. The District currently has one internal service fund – the workers' compensation fund.

- *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.

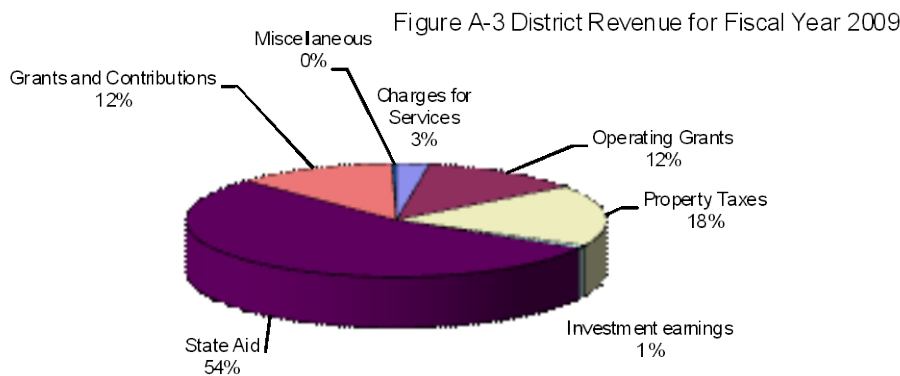
FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net assets - The District's *combined* net assets were approximately \$427.9 million on August 31, 2009 (See Table A-1). The \$7.0 million of the District's restricted net assets represent fund balance that is reserved for the retirement of Long-Term Debt (\$1.7 million), the amount restricted for scholarships (\$.1 million) and amounts designated for construction projects at year end (\$5.2 million). The \$195.2 million of General and Capital Projects Funds unrestricted net assets represents resources available to fund the programs of the District in future years. Current assets increased during the year while non-current assets decreased, due to investments for building projects in agency securities having maturity dates of less than one year.

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

| | Governmental Activities | | Percentage Change |
|----------------------------|--------------------------------|--------------|--------------------------|
| | 2009 | 2008 | |
| Current and Other Assets | 221.4 | 219.5 | 0.9% |
| Capital Assets | 356.2 | 339.7 | 4.9% |
| Non-Current Assets | 0.1 | 0.2 | -50.0% |
| Total Assets | 577.7 | 559.4 | 3.3% |
| Current Liabilities | 17.0 | 9.5 | 78.9% |
| Long Term Liabilities | 132.8 | 137.2 | -3.2% |
| Total Liabilities | 149.8 | 146.7 | 2.1% |
| Net Assets | | | |
| Invested in Capital Assets | | | |
| net of related debt | 225.7 | 201.0 | 12.3% |
| Restricted | 7.0 | 28.9 | -75.8% |
| Unrestricted | 195.2 | 182.8 | 6.8% |
| Total Net Assets | 427.9 | 412.7 | 3.7% |

A significant portion, approximately 54 percent, of the District's revenue comes from state aid. (See Figure A-3.) 18 percent comes from taxes, while only 3 percent relates to charges for services. The total cost of all programs and services was approximately \$351.4 million; 84% of these costs are for



instructional and student services.

Governmental Activities

- The District continues to build new instructional facilities.
- Property values grew by approximately \$598 million.
- Student enrollment was above projections.

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

| | Governmental | | Total % |
|--|---------------------|--------------------|----------------|
| | Activities | | |
| | <u>2009</u> | <u>2008</u> | |
| Revenues | | | |
| <u>Program Revenues</u> | | | |
| Charges for Services | 9.2 | 8.9 | 3.4% |
| Operating Grants and Contributions | 44.8 | 43.5 | 3.0% |
| <u>General Revenues</u> | | | |
| Property Taxes | 63.5 | 57.0 | 11.4% |
| State Aid - Formula Grants | 195.7 | 200.7 | -2.5% |
| Grants and Contributions Not Restricted | 49.1 | 53.3 | -7.9% |
| Investment Earnings | 3.1 | 8.6 | -64.0% |
| Other | 1.2 | 0.9 | 33.3% |
| Total Revenues | 366.6 | 372.9 | -1.7% |
| Expenses | | | |
| Instruction and instructional related | 221.7 | 216.3 | 2.5% |
| Instructional leadership/school administration | 21.4 | 19.8 | 8.1% |
| Guidance, social work, health, transportation | 26.7 | 24.9 | 7.2% |
| Food services | 17.9 | 17.4 | 2.9% |
| Extracurricular activities | 7.4 | 7.7 | -3.9% |
| General administration | 7.0 | 6.8 | 2.9% |
| Plant maintenance and security | 36.3 | 34.3 | 5.8% |
| Data processing services | 4.8 | 6.4 | -25.0% |
| Community services | 1.2 | 1.3 | -7.7% |
| Debt service | 6.1 | 6.5 | -6.2% |
| Pmts to fiscal agent/member districts - shared service | 0.4 | 0.3 | 33.3% |
| Other intergovernmental charges | 0.5 | 0.0 | 100.0% |
| Total Expenses | 351.4 | 341.7 | 2.8% |
| Increase in Net Assets | 15.2 | 31.1 | |
| Beginning Net Assets | 412.7 | 381.6 | |
| Ending Net Assets | 427.9 | 412.7 | |

The most significant changes in general revenues were derived from revenues from property taxes increasing in conjunction with state aid decreasing significantly due to a state wide initiative directed specifically at school District funding through target revenue calculations. The net effect of this initiative was a revenue increase of \$1.5 million. Impact Aid funding for amendments to the application regarding reservist called to duty is still pending and some Department of Defense revenue received in FY 8 was not appropriated to FY 9. Investment earnings decreased as interest rates relating to investments continued to fall.

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

- (a) Instruction and instruction related expenses increased \$5.4 million due to increases in salaries and positions.
- (b) Plant maintenance and security increased by approximately \$2.0 million as a result of increases in payroll and related benefits as well as increased expenditures for supplies and materials.

Table A-3 presents cost 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 \$351.4 million.
- However, the amount that our taxpayers paid for these activities through property taxes was only \$63.5 million (which is approximately 18.1%).
- Most of the cost was paid by State Aid (TEA foundation payments).
- Some of the cost was paid by those who directly benefited from the programs (\$9.2 million).

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

| | Total Cost of Services | | % Change | Net Cost of Services | | % Change |
|--------------------------------|-------------------------------|-------------|-----------------|-----------------------------|-------------|-----------------|
| | 2009 | 2008 | | 2009 | 2008 | |
| Instruction | \$ 205.5 | \$ 197.8 | 3.9% | \$ 177.5 | \$ 170.6 | 4.0% |
| Extracurricular | 7.4 | 7.8 | -5.1% | 5.6 | 5.9 | -5.1% |
| Food Services | 17.9 | 17.4 | 2.9% | 1.2 | 1.9 | -36.8% |
| Plant Maintenance & Operations | 33.6 | 31.8 | 5.7% | 32.9 | 30.4 | 8.2% |

Proprietary Funds (Business-Type Activities)

The Proprietary Funds are those funds, which are primarily self-supporting. The District maintains only one Proprietary Fund, which is the Internal Service Fund. This fund is used to account for the administrative and claims costs related to workers’ compensation self insurance. The District has not been self insured since September 1, 1998 so this fund is now used only to reflect the runoff costs of claims incurred prior to that date as well as the administrative cost for handling these claims and the interest income from accumulated reserves to cover them.

Workers' Compensation Self Insurance

The District has determined that no claims remain relating to this coverage and have moved all remaining balances back to the General Fund for District use. This account had a \$0.00 balance at August 31, 2009.

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 Budgetary Highlights

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

- Expenses were carried over from the prior year for liabilities at year end and approved projects not yet completed at year end related to capital improvement projects and new construction.
- \$9.0 million was transferred to the School Building Projects fund and \$3.1 million was transferred to the Capital Improvement Projects fund to increase the fund balance available in capital projects to fund future construction needs and to fund capital improvement projects.

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

| General Fund | Original Budget | Final Amended Budget | Amendment Increase (Decrease) | Actual Expense | Actual vs Final Amended Budget | Explanation Number |
|--------------|-----------------|----------------------|-------------------------------|----------------|--------------------------------|--------------------|
| | | | | | | |
| 199-11-6XXX | \$ 189.2 | \$ 172.9 | \$ (16.3) | \$ 170.5 | \$ (2.3) | 1 |
| 199-34-6XXX | \$ 9.7 | \$ 11.8 | \$ 2.1 | \$ 11.8 | \$ 0.1 | 2 |
| 199-51-6XXX | \$ 32.7 | \$ 29.0 | \$ (3.7) | \$ 27.5 | \$ (1.5) | 3 |
| | | | | | | |

1. The amendment decrease is caused by many factors, a reduction in expenditures for a higher flexible benefits gain, lower amounts approved to be paid for pay for performance than planned, as well as vacancies in approved positions..
2. The amendment increase is due to a roll forward of bus purchases from FY8 to FY9.
3. The amendment decrease was the result of anticipated utility expenditures that did not materialize which were subsequently returned to fund balance.

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. Due to the proximity to Fort Hood, the District receives Impact Aid funding. Impact Aid is a federal program aimed to compensate school Districts for lost property tax revenue where property is not taxed due to ownership by the federal government. Since Impact Aid is not an entitlement, we must maintain a large fund balance to cover any delayed payments due to continuing resolutions in Congress.

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.

Fund balance in the General Fund at year-end was \$103,462,610. This is an increase of \$3,554,752 from the prior year. The increase is the net result of the excess of revenues over expenditures of \$22,839,023 and a reduction for other financing sources and uses of \$19,284,271. Transfers from the General fund to the School Building Projects fund and the Capital Improvement Projects fund for future and approved capital expenditures was \$12,100,000. Transfers were also made from the General fund to the Technology Allotment, National Breakfast and Lunch Program, Pre-K Grants, and Campus Activity funds for a total of \$8,916,196. More detailed information about the District's transfers from the General fund is presented in Section IV, Note N of the notes to the financial statements.

The General Fund undesignated unreserved balance of \$95,612,167 is equivalent to four months of expenditures. The undesignated fund balance minimizes the likelihood that the District would be required to enter the short-term debt market to pay for current operating expenditures.

The District records two general types of fund balance categories. One portion of the general fund balance is reserved and therefore is legally segregated for a specific future use. The total amount of the general fund balance that is reserved is \$7,850,443 (i.e., inventories and outstanding encumbrances). The second portion of the general fund balance is classified as designations, which are established to indicate tentative plans for financial resource utilization in a future period. The total amount of the general fund balance that is designated for this purpose this fiscal year is \$0.

The fund balance in the School Building Projects fund has decreased by \$18,905,319 during the year as a result of paying for the two new schools opened this year. The fund balance for this fund at year end was \$85,468,842. This fund accounts for funds transferred from the general fund to use in constructing future building needs due to student growth. The District plans to pay for future facilities needs identified by the board in the strategic facilities plan using this money.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2009, the District had invested approximately \$356.2 million in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-5.) This amount represents a net increase (including additions and deductions) of \$16.5 million over last year. More detailed information about the District's capital assets activity is presented in Section IV, Note E of the Notes to the Financial Statements.

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

| | Governmental Activities | | Total % Change |
|--------------------------------|----------------------------|----------------|-------------------|
| | <u>2009</u> | <u>2008</u> | |
| Land | 9.5 | 9.1 | 4.4% |
| Buildings and Improvements | 429.3 | 426.0 | 0.8% |
| Furniture and Equipment | 49.6 | 45.1 | 10.0% |
| Construction in Progress | 43.3 | 19.5 | 122.1% |
| Totals at historical cost | <u>531.7</u> | <u>499.7</u> | 6.4% |
| Total accumulated depreciation | <u>(175.5)</u> | <u>(160.0)</u> | 9.7% |
| Net capital assets | <u>356.2</u> | <u>339.7</u> | 4.9% |

Bond Ratings

The District's bonds presently carry an "A1" rating with Moody's Investor Service and an "AA-" rating with Standard & Poor's

Long-Term Debt

Debt Service requirements for the general obligation bonds outstanding on August 31, 2009 totaled \$127,110,000. 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 \$180,030,169 (including principal, interest due and accrued interest) through 2029 to retire its outstanding general long-term bonds. The debt service fund has \$1,737,174 in reserves for retirement of funded indebtedness.

The District levied a debt service tax rate of \$0.11 during the 2008-2009 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 61%) of the Districts debt service is paid by the state. The Districts 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 Section IV, 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 be flat in the 2009 fiscal year.

Expenditures relating to salaries, insurance and benefits will continue to increase on an annual basis as employees gain longevity and insurance costs escalate. The District begins budget discussions in December for the next fiscal year. This process continues through the spring and summer to arrive at a final budget for adoption in August.

One new elementary school and one new middle school have been opened for the 2009-2010 school year. The District has identified facility needs in the next six years that include the need for 2 additional elementary schools, a new high school, kitchen additions and renovations, district wide campus security improvements, classroom additions, a career academy, energy management projects, and technology .

The Board approved the maintenance and operations tax rate for the 2009-2010 fiscal year of \$1.03119 and a debt service rate of \$0.1100.

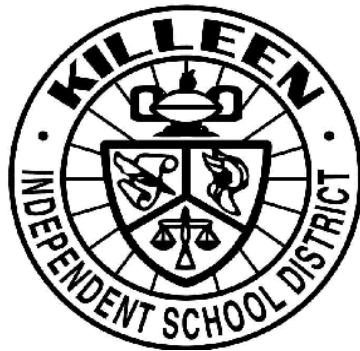
CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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 Financial Services Department.

KILLEEN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET ASSETS
AUGUST 31, 2009

| Data Control Codes | Primary Government |
|--|----------------------------|
| | Governmental Activities |
| ASSETS | |
| 1110 Cash and Cash Equivalents | \$ 3,655,615 |
| 1120 Current Investments | 205,819,820 |
| 1220 Property Taxes Receivable (Delinquent) | 2,509,492 |
| 1230 Allowance for Uncollectible Taxes | (376,423) |
| 1240 Due from Other Governments | 6,985,742 |
| 1250 Accrued Interest | 58,292 |
| 1267 Due from Fiduciary Funds | 70 |
| 1290 Other Receivables, net | 798,638 |
| 1300 Inventories | 1,618,704 |
| 1420 Capitalized Bond and Other Debt Issuance Costs | 288,671 |
| Capital Assets: | |
| 1510 Land | 9,537,265 |
| 1520 Buildings, Net | 286,853,425 |
| 1530 Furniture and Equipment, Net | 16,517,950 |
| 1580 Construction in Progress | 43,255,884 |
| 1900 Other Assets | 142,335 |
| 1000 Total Assets | 577,665,480 |
| LIABILITIES | |
| 2110 Accounts Payable | 8,209,708 |
| 2120 Short Term Debt Payable | 3,410,622 |
| 2180 Due to Other Governments | 8,604 |
| 2300 Deferred Revenues | 5,340,999 |
| Noncurrent Liabilities | |
| 2501 Due Within One Year | 10,605,405 |
| 2502 Due in More Than One Year | 122,213,036 |
| 2000 Total Liabilities | 149,788,374 |
| NET ASSETS | |
| 3200 Invested in Capital Assets, Net of Related Debt | 225,696,488 |
| 3850 Restricted for Debt Service | 1,737,174 |
| 3860 Restricted for Capital Projects | 5,153,319 |
| 3890 Restricted for Other Purposes | 138,615 |
| 3900 Unrestricted Net Assets | 195,151,510 |
| 3000 Total Net Assets | \$ 427,877,106 |

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

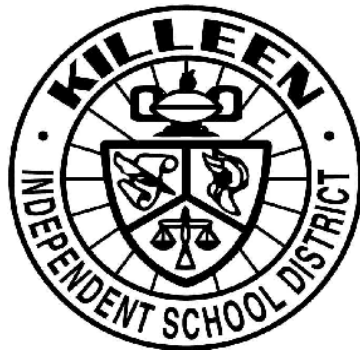


KILLEEN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2009

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 | Assets |
| | | | Contributions | Primary Gov. |
| | | | | Governmental |
| | | | | Activities |
| Primary Government: | | | | |
| GOVERNMENTAL ACTIVITIES: | | | | |
| 11 Instruction | \$ 205,517,330 | \$ 517,465 | \$ 27,519,549 | \$ (177,480,316) |
| 12 Instructional Resources and Media Services | 8,218,128 | - | 402,640 | (7,815,488) |
| 13 Curriculum and Instructional Staff Development | 8,035,658 | - | 1,050,054 | (6,985,604) |
| 21 Instructional Leadership | 3,172,009 | 11,719 | 204,128 | (2,956,162) |
| 23 School Leadership | 18,251,621 | - | 813,189 | (17,438,432) |
| 31 Guidance, Counseling and Evaluation Services | 12,862,413 | - | 1,651,085 | (11,211,328) |
| 32 Social Work Services | 1,508,820 | - | 54,057 | (1,454,763) |
| 33 Health Services | 3,006,361 | - | 134,770 | (2,871,591) |
| 34 Student (Pupil) Transportation | 9,300,363 | - | 235,494 | (9,064,869) |
| 35 Food Services | 17,860,193 | 5,763,505 | 10,939,049 | (1,157,639) |
| 36 Extracurricular Activities | 7,432,759 | 1,696,923 | 179,809 | (5,556,027) |
| 41 General Administration | 6,958,795 | - | 232,123 | (6,726,672) |
| 51 Plant Maintenance and Operations | 33,594,466 | 64,455 | 608,489 | (32,921,522) |
| 52 Security and Monitoring Services | 2,718,538 | 5,860 | 83,747 | (2,628,931) |
| 53 Data Processing Services | 4,761,535 | - | 303,611 | (4,457,924) |
| 61 Community Services | 1,171,155 | 33,639 | 399,188 | (738,328) |
| 72 Debt Service - Interest on Long Term Debt | 6,081,023 | - | - | (6,081,023) |
| 73 Debt Service - Bond Issuance Cost and Fees | 20,120 | - | - | (20,120) |
| 95 Payments to Juvenile Justice Alternative Ed. Prg. | 398,515 | 1,070,372 | - | 671,857 |
| 99 Other Intergovernmental Charges | 498,391 | - | - | (498,391) |
| [TP] TOTAL PRIMARY GOVERNMENT: | \$ 351,368,193 | \$ 9,163,938 | \$ 44,810,981 | (297,393,274) |
| Data | General Revenues: | | | |
| Control | Taxes: | | | |
| Codes | MT | Property Taxes, Levied for General Purposes | | 57,410,120 |
| | DT | Property Taxes, Levied for Debt Service | | 6,127,255 |
| | SF | State Aid - Formula Grants | | 195,686,511 |
| | GC | Grants and Contributions not Restricted | | 49,070,114 |
| | IE | Investment Earnings | | 3,136,843 |
| | MI | Miscellaneous Local and Intermediate Revenue | | 1,156,632 |
| | TR | Total General Revenues | | 312,587,475 |
| | CN | Change in Net Assets | | 15,194,201 |
| | NB | Net Assets--Beginning | | 412,682,905 |
| | NE | Net Assets--Ending | | \$ 427,877,106 |

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



KILLEEN INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2009

| Data Control Codes | General Fund | School Building Projects | Other Funds | Total Governmental Funds |
|---|-----------------------|--------------------------|----------------------|--------------------------|
| ASSETS | | | | |
| 1110 Cash and Cash Equivalents | \$ 1,128,908 | \$ 349,921 | \$ 2,176,786 | \$ 3,655,615 |
| 1120 Investments - Current | 164,116,187 | 32,796,761 | 8,906,872 | 205,819,820 |
| 1220 Property Taxes - Delinquent | 2,300,982 | - | 208,510 | 2,509,492 |
| 1230 Allowance for Uncollectible Taxes (Credit) | (345,147) | - | (31,276) | (376,423) |
| 1240 Due from Other Governments | 5,018,941 | - | 1,966,801 | 6,985,742 |
| 1250 Accrued Interest | 58,292 | - | - | 58,292 |
| 1260 Due from Other Funds | 918,524 | 57,217,519 | 10,090,764 | 68,226,807 |
| 1290 Other Receivables | 714,769 | - | 83,869 | 798,638 |
| 1300 Inventories | 850,443 | - | 768,261 | 1,618,704 |
| 1900 Other Assets | - | - | 142,335 | 142,335 |
| 1000 Total Assets | <u>\$ 174,761,899</u> | <u>\$ 90,364,201</u> | <u>\$ 24,312,922</u> | <u>\$ 289,439,022</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| 2110 Accounts Payable | \$ 2,411,264 | \$ 2,772,230 | \$ 3,026,214 | \$ 8,209,708 |
| 2120 Short Term Debt Payable - Current | 3,124,310 | - | 286,312 | 3,410,622 |
| 2170 Due to Other Funds | 63,792,964 | 2,123,129 | 2,310,644 | 68,226,737 |
| 2180 Due to Other Governments | 1,124 | - | 7,480 | 8,604 |
| 2300 Deferred Revenues | 1,969,627 | - | 5,504,439 | 7,474,066 |
| 2000 Total Liabilities | <u>71,299,289</u> | <u>4,895,359</u> | <u>11,135,089</u> | <u>87,329,737</u> |
| Fund Balances: | | | | |
| Reserved For: | | | | |
| 3410 Investments in Inventory | 850,443 | - | 768,261 | 1,618,704 |
| 3420 Retirement of Long Term Debt | - | - | 1,737,174 | 1,737,174 |
| 3440 Outstanding Encumbrances | 2,000,000 | - | - | 2,000,000 |
| 3490 Other Purposes | 5,000,000 | - | - | 5,000,000 |
| Unreserved Designated For: | | | | |
| 3510 Construction | - | 85,468,842 | - | 85,468,842 |
| Unreserved and Undesignated: | | | | |
| 3600 Reported in the General Fund | 95,612,167 | - | - | 95,612,167 |
| 3610 Reported in Special Revenue Funds | - | - | 10,080,428 | 10,080,428 |
| 3620 Reported in Capital Projects Funds | - | - | 453,355 | 453,355 |
| 3630 Reported in Permanent Funds | - | - | 138,615 | 138,615 |
| 3000 Total Fund Balances | <u>103,462,610</u> | <u>85,468,842</u> | <u>13,177,833</u> | <u>202,109,285</u> |
| 4000 Total Liabilities and Fund Balances | <u>\$ 174,761,899</u> | <u>\$ 90,364,201</u> | <u>\$ 24,312,922</u> | <u>\$ 289,439,022</u> |

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

KILLEEN INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 STATEMENT OF NET ASSETS
 AUGUST 31, 2009

| | | |
|--|----|--------------|
| Total Fund Balances - Governmental Funds | \$ | 202,109,285 |
| | | |
| 1 The District uses internal service funds to charge the costs of self-insurance activities to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. The net effect of this consolidation has no effect on net assets. | | - |
| | | |
| 2 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 \$499,737,184 and the accumulated depreciation was \$160,030,826. 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 assets. | | 201,319,882 |
| | | |
| 3 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 2008-2009 capital outlays and debt principal payments is to increase net assets. | | 39,408,168 |
| | | |
| 4 The 2008-2009 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets. | | (16,214,879) |
| | | |
| 5 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net assets. | | 1,254,650 |
| | | |
| 19 Net Assets of Governmental Activities | \$ | 427,877,106 |

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

KILLEEN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2009

| Data Control Codes | General Fund | School Building Projects | Other Funds | Total Governmental Funds |
|--|-----------------------|--------------------------|----------------------|--------------------------|
| REVENUES: | | | | |
| 5700 Total Local and Intermediate Sources | \$ 62,275,484 | \$ 645,548 | \$ 13,879,382 | \$ 76,800,414 |
| 5800 State Program Revenues | 195,482,249 | - | 15,129,769 | 210,612,018 |
| 5900 Federal Program Revenues | 49,966,665 | 3,484,251 | 25,504,672 | 78,955,588 |
| 5020 Total Revenues | <u>307,724,398</u> | <u>4,129,799</u> | <u>54,513,823</u> | <u>366,368,020</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| 0011 Instruction | 170,531,789 | 19,695 | 24,953,394 | 195,504,878 |
| 0012 Instructional Resources and Media Services | 8,001,771 | - | 515,880 | 8,517,651 |
| 0013 Curriculum and Instructional Staff Development | 5,995,111 | - | 791,785 | 6,786,896 |
| 0021 Instructional Leadership | 3,226,820 | - | 69,849 | 3,296,669 |
| 0023 School Leadership | 17,338,253 | - | 318,701 | 17,656,954 |
| 0031 Guidance, Counseling and Evaluation Services | 11,775,064 | - | 1,087,491 | 12,862,555 |
| 0032 Social Work Services | 1,503,192 | - | 5,300 | 1,508,492 |
| 0033 Health Services | 2,984,405 | 1,777 | 19,220 | 3,005,402 |
| 0034 Student (Pupil) Transportation | 11,753,927 | - | 5,300 | 11,759,227 |
| 0035 Food Services | 296,551 | - | 16,360,877 | 16,657,428 |
| 0036 Extracurricular Activities | 6,813,310 | - | 281,752 | 7,095,062 |
| 0041 General Administration | 6,940,690 | - | 28,291 | 6,968,981 |
| 0051 Facilities Maintenance and Operations | 27,483,981 | 868,026 | 4,888,910 | 33,240,917 |
| 0052 Security and Monitoring Services | 2,532,347 | - | 186,834 | 2,719,181 |
| 0053 Data Processing Services | 4,717,092 | - | 182,663 | 4,899,755 |
| 0061 Community Services | 806,928 | - | 364,977 | 1,171,905 |
| Debt Service: | | | | |
| 0071 Debt Service - Principal on Long Term Debt | 1,229,295 | - | 7,940,000 | 9,169,295 |
| 0072 Debt Service - Interest on Long Term Debt | 57,943 | - | 6,321,325 | 6,379,268 |
| 0073 Debt Service - Bond Issuance Cost and Fees | - | - | 1,100 | 1,100 |
| Capital Outlay: | | | | |
| 0081 Facilities Acquisition and Construction | - | 25,457,322 | 1,706,211 | 27,163,533 |
| Intergovernmental: | | | | |
| 0095 Payments to Juvenile Justice Alternative Ed. Prg. | 398,515 | - | - | 398,515 |
| 0099 Other Intergovernmental Charges | 498,391 | - | - | 498,391 |
| 6030 Total Expenditures | <u>284,885,375</u> | <u>26,346,820</u> | <u>66,029,860</u> | <u>377,262,055</u> |
| 1100 Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>22,839,023</u> | <u>(22,217,021)</u> | <u>(11,516,037)</u> | <u>(10,894,035)</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| 7912 Sale of Real and Personal Property | 71,496 | - | 27,337 | 98,833 |
| 7915 Transfers In | 1,660,429 | 9,000,000 | 18,098,670 | 28,759,099 |
| 8911 Transfers Out (Use) | (21,016,196) | (5,688,298) | (560,765) | (27,265,259) |
| 7080 Total Other Financing Sources (Uses) | <u>(19,284,271)</u> | <u>3,311,702</u> | <u>17,565,242</u> | <u>1,592,673</u> |
| 1200 Net Change in Fund Balances | 3,554,752 | (18,905,319) | 6,049,205 | (9,301,362) |
| 0100 Fund Balance - September 1 (Beginning) | <u>99,907,858</u> | <u>104,374,161</u> | <u>7,128,628</u> | <u>211,410,647</u> |
| 3000 Fund Balance - August 31 (Ending) | <u>\$ 103,462,610</u> | <u>\$ 85,468,842</u> | <u>\$ 13,177,833</u> | <u>\$ 202,109,285</u> |

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

KILLEEN INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2009

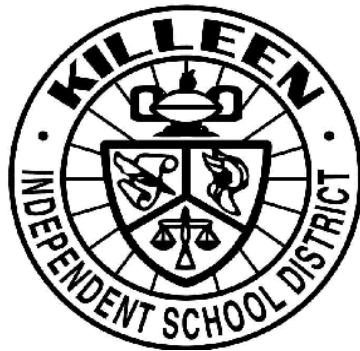
| | | |
|--|--------|-----------------------|
| Total Net Change in Fund Balances - Governmental Funds | \$ | (9,301,362) |
| The District uses internal service funds to charge the costs of self-insurance activities, to appropriate functions in other funds. The net loss of internal service funds are reported with governmental activities. The net effect of this consolidation is to decrease net assets. | | (1,481,015) |
| 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 2008-2009 capital outlays and debt principal payments is to increase net assets. | | 41,869,857 |
| 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 assets. | | (16,214,879) |
| Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net assets. | | 321,600 |
| Change in Net Assets of Governmental Activities | \$ | <u>15,194,201</u> |

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

KILLEEN INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON STATEMENT
GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2009

| 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 | \$ 62,356,690 | \$ 61,209,266 | \$ 62,275,484 | \$ 1,066,218 |
| 5800 State Program Revenues | 208,091,327 | 200,825,377 | 195,482,249 | (5,343,128) |
| 5900 Federal Program Revenues | 52,201,000 | 52,298,370 | 49,966,665 | (2,331,705) |
| 5020 Total Revenues | 322,649,017 | 314,333,013 | 307,724,398 | (6,608,615) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| 0011 Instruction | 189,216,778 | 172,862,592 | 170,531,789 | 2,330,803 |
| 0012 Instructional Resources and Media Services | 9,466,220 | 8,437,568 | 8,001,771 | 435,797 |
| 0013 Curriculum and Instructional Staff Development | 6,512,072 | 6,188,860 | 5,995,111 | 193,749 |
| 0021 Instructional Leadership | 3,151,992 | 3,232,302 | 3,226,820 | 5,482 |
| 0023 School Leadership | 16,159,613 | 17,503,260 | 17,338,253 | 165,007 |
| 0031 Guidance, Counseling and Evaluation Services | 12,055,200 | 11,778,619 | 11,775,064 | 3,555 |
| 0032 Social Work Services | 1,534,057 | 1,597,243 | 1,503,192 | 94,051 |
| 0033 Health Services | 2,867,311 | 2,992,809 | 2,984,405 | 8,404 |
| 0034 Student (Pupil) Transportation | 9,656,827 | 11,819,545 | 11,753,927 | 65,618 |
| 0035 Food Services | 969 | 314,212 | 296,551 | 17,661 |
| 0036 Extracurricular Activities | 6,866,408 | 6,873,385 | 6,813,310 | 60,075 |
| 0041 General Administration | 9,090,625 | 6,953,076 | 6,940,690 | 12,386 |
| 0051 Facilities Maintenance and Operations | 32,744,091 | 29,003,130 | 27,483,981 | 1,519,149 |
| 0052 Security and Monitoring Services | 2,502,684 | 2,641,762 | 2,532,347 | 109,415 |
| 0053 Data Processing Services | 4,657,188 | 5,044,537 | 4,717,092 | 327,445 |
| 0061 Community Services | 824,744 | 829,344 | 806,928 | 22,416 |
| Debt Service: | | | | |
| 0071 Debt Service - Principal on Long Term Debt | 1,229,295 | 1,229,295 | 1,229,295 | - |
| 0072 Debt Service - Interest on Long Term Debt | 57,943 | 57,943 | 57,943 | - |
| Intergovernmental: | | | | |
| 0095 Payments to Juvenile Justice Alternative Ed. Prg. | 400,000 | 400,000 | 398,515 | 1,485 |
| 0099 Other Intergovernmental Charges | - | 547,771 | 498,391 | 49,380 |
| 6030 Total Expenditures | 308,994,017 | 290,307,253 | 284,885,375 | 5,421,878 |
| 1100 Excess (Deficiency) of Revenues Over (Under) Expenditures | 13,655,000 | 24,025,760 | 22,839,023 | (1,186,737) |
| OTHER FINANCING SOURCES (USES): | | | | |
| 7912 Sale of Real and Personal Property | 45,000 | 45,000 | 71,496 | 26,496 |
| 7915 Transfers In | - | 1,520,190 | 1,660,429 | 140,239 |
| 8911 Transfers Out (Use) | (13,700,000) | (21,641,539) | (21,016,196) | 625,343 |
| 7080 Total Other Financing Sources (Uses) | (13,655,000) | (20,076,349) | (19,284,271) | 792,078 |
| 1200 Net Change in Fund Balances | - | 3,949,411 | 3,554,752 | (394,659) |
| 0100 Fund Balance - September 1 (Beginning) | 99,907,858 | 99,907,858 | 99,907,858 | - |
| 3000 Fund Balance - August 31 (Ending) | \$ 99,907,858 | \$ 103,857,269 | \$ 103,462,610 | \$ (394,659) |

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



KILLEEN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2009

| | Governmental Activities - |
|--|------------------------------|
| | Internal Service Fund |
| NONOPERATING REVENUES (EXPENSES): | |
| Earnings from Temporary Deposits & Investments | \$ 12,825 |
| Total Nonoperating Revenues (Expenses) | 12,825 |
| Income Before Transfers | 12,825 |
| Transfers Out | (1,493,840) |
| Change in Net Assets | (1,481,015) |
| Total Net Assets - September 1 (Beginning) | 1,481,015 |
| Total Net Assets - August 31 (Ending) | \$ - |

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

KILLEEN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2009

| | Governmental Activities - |
|---|------------------------------|
| | Internal Service Fund |
| <u>Cash Flows from Operating Activities:</u> | |
| Cash Payments to Other Funds | \$ (23,841) |
| <u>Cash Flows from Non-Capital Financing Activities:</u> | |
| Transfer Out | (1,493,840) |
| <u>Cash Flows from Investing Activities:</u> | |
| Interest and Dividends on Investments | 12,825 |
| Net Decrease in Cash and Cash Equivalents | (1,504,856) |
| Cash and Cash Equivalents at Beginning of the Year: | 1,504,856 |
| Cash and Cash Equivalents at the End of the Year: | \$ - |
| <u>Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:</u> | |
| Operating Income (Loss): | \$ - |
| Effect of Increases and Decreases in Current Assets and Liabilities: | |
| Increase (decrease) in Due to Other Funds | (23,841) |
| Net Cash Used for Operating Activities | \$ (23,841) |

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

KILLEEN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
AUGUST 31, 2009

| | Private Purpose Trust Funds | Agency Funds |
|--------------------------------|-----------------------------------|---------------------|
| ASSETS | | |
| Cash and Cash Equivalents | \$ 32,628 | \$ 1,398,243 |
| Investments - Current | 725 | - |
| Due from Other Funds | 6,750 | - |
| Other Receivables | - | 26,581 |
| Long Term Investments | 1,120,847 | - |
| Total Assets | <u>1,160,950</u> | <u>\$ 1,424,824</u> |
| LIABILITIES | | |
| Due to Other Funds | 6,750 | \$ 70 |
| Due to Student Groups | - | 485,070 |
| Payable from Restricted Assets | - | 939,684 |
| Total Liabilities | <u>6,750</u> | <u>\$ 1,424,824</u> |
| NET ASSETS | | |
| Unrestricted Net Assets | <u>1,154,200</u> | |
| Total Net Assets | <u>1,154,200</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 ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2009

| | Private Purpose Trust Funds |
|--|-----------------------------------|
| ADDITIONS: | |
| Earnings from Temporary Deposits & Other Revenues | \$ (132,121) 1,489 |
| Total Additions | <u>(130,632)</u> |
| DEDUCTIONS: | |
| Other Operating Costs | <u>24,750</u> |
| Total Deductions | <u>24,750</u> |
| Change in Net Assets | (155,382) |
| Total Net Assets - September 1 (Beginning) | <u>1,309,582</u> |
| Total Net Assets - August 31 (Ending) | <u>\$ 1,154,200</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 Assets and the Statement of Activities are government-wide financial statements. They report information on all of the Killeen Independent School District 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 Assets 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 Assets. 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 Assets 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 deferred 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. The District applies all

GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Assets. The fund equity is segregated into invested in capital assets net of related debt, restricted net assets, and unrestricted net assets.

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 districts 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 IV – Safe and Drug Free Schools – Used to account, on a project basis, for funds granted as a result of the Improving Americas School Act of 1994. These funds are to be used to develop age-appropriate comprehensive violence and drug/alcohol education prevention programs.

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 academics 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 Deaf – Used to account, on a project basis, for funds used to support targeted LEAs for priority projects.

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.

Vocational Education Basic Grant – Used to account for PL94-142 funds provided for purposes of vocational-technical education.

IDEA C Deaf, Early Intervention – Used to account, on a project basis, for funds granted to assist local Regional Day School for the Deaf programs and the Texas School for the Deaf in providing direct services to hearing impaired infants to toddlers, ages birth through two years of age.

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 II Part D Enhancing Education through Technology – Used to account, on a project basis, for funds granted for the implementation and support of a comprehensive system that effectively uses technology in elementary and secondary schools to improve 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.

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

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

Optional Extended Year Program – Used to account for funds distributed by the state to extend academic instructional days to students that do not perform at required levels.

Student Success Initiative – Used to account for funds distributed by the state to increase high school graduation rates.

Technology Allotment – Used to account for funds for the purchase of technological software and equipment that contributes to student learning.

Texas Reading Initiative – Used to account, on a project basis, for funds granted to improve student achievement in reading, math, and science through the provision of materials, professional development, student instructional programs, and other related activities.

Pre-Kindergarten Expansion Grant – Used to account, on a project basis, for funds granted to implement or expand pre-kindergarten programs not required under TEC 29.153.

High School Allotment – Used to account for funds distributed by the state to enhance high school students' academic success

JJAEP – Used to account for Juvenile Justice Alternative Education Program funds associated with a shared service arrangement.

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.

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.

Impact Aid ARRA Construction – Used to account for American Recovery and Reinvestment Act funds to be used for construction activities.

New Schools Furniture & Equipment – 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 under funded programs for Shoemaker High School. The net amount of depreciation unavailable for expenditure is \$39,914 and is reflected as restricted on the statement of net assets on page 13. State law and District policies regarding the ability to spend net appreciation is addressed below under private purpose trust funds.

Proprietary Fund Type:

KILLEEN INDEPENDENT SCHOOL DISTRICT

Notes To The Financial Statements (Continued)

Year Ended August 31, 2009

Internal Service Fund (unbudgeted fund) is used to account for the accumulation of resources from other funds of the District for the payment of administrative and claims costs related to the State of Texas workers' compensation statutes.

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

| | Endowment | Current Balance | Net Appreciation Available for Expenditure |
|----------------------|------------|---------------------|---|
| Scholarship account: | | | |
| Cross | \$ 724,896 | \$ 654,475 | \$ (70,421) |
| Haynes | \$ 100,000 | 132,106 | 32,106 |
| Wood | \$ 209,530 | 190,898 | (18,632) |
| Pratt | \$ 83,195 | 74,921 | (8,274) |
| Ware | \$ 100,000 | 81,263 | (18,737) |
| | | <u>\$ 1,133,663</u> | <u>\$ (83,958)</u> |

Amounts available for expenditure are included in the statement of fiduciary net assets on page 25 and are considered unrestricted net assets.

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

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

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

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

E. Other Accounting 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. End of year outstanding encumbrances provided for in the subsequent year's budget totaled \$2,000,000. Fund balance reserves in the amount of \$2,000,000 have been established in the General Fund.

Inventories

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.

Investments

Investments are recorded at fair value. The District adjusts investments to fair value on a monthly 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 assets. 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-6 at page 80.

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

Inter-fund Receivables and Payables

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

Capital Assets

Capital assets, which include land, buildings, construction in progress and furniture and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District with an initial, individual cost of more than \$5,000 and an estimated useful life

in excess of two years. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

Reservations and Designations of Fund Balances

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Use of Restricted – vs – Unrestricted Assets

When the District incurs an expense for which it may use either restricted or unrestricted assets, it uses restricted assets first unless unrestricted assets will have to be returned because they were not used.

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 non-duty pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements.

Internal Service Funds

Since Internal Service Funds support the operations of governmental funds, they are consolidated with governmental funds in the government-wide financial statements. The expenditures of governmental funds that create the revenues on internal service funds are eliminated to avoid “grossing up” revenues and expenses of the District as a whole.

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 Assets

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net assets for governmental activities as reported in the government-wide statement of net assets. 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 Assets</u> |
|---|----------------------|-------------------------------------|---|---------------------------------|
| Land | \$ 9,056,960 | \$ - | \$ 9,056,960 | |
| Buildings & Improvements | 426,037,876 | 130,760,164 | 295,277,712 | |
| Furniture & Equipment | 45,121,226 | 29,270,662 | 15,850,564 | |
| Construction in Progress | 19,521,122 | - | 19,521,122 | |
| Change in Net Assets | | | | <u>\$ 339,706,358</u> |
| <u>Long-term Liabilities at the Beginning of the Year</u> | | | <u>Payable at the Beginning of the Year</u> | |
| Bonds Payable | | | \$ (133,653,584) | |
| Less Unamortized Premiums | | | (5,040,583) | |
| Plus Unamortized Bond Issuance Costs | | | 307,691 | |
| Change in Net Assets | | | | <u>(138,386,476)</u> |
| Net Adjustment to Net Assets | | | | <u>\$ 201,319,882</u> |

B. Explanation Of Certain Differences Between The Governmental Fund Statement Of Revenues, Expenditures, And Changes In Fund Balances And The Government-Wide Statement Of Activities

Exhibit C-4 provides a reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net assets 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 asset balance and the change in net assets. The details of this adjustment are as follows:

| | <u>Amount</u> | <u>Adjustments to Changes in Net Assets</u> | <u>Adjustments to Net Assets</u> |
|------------------------------------|----------------------|---|--------------------------------------|
| <u>Current Year Capital Outlay</u> | | | |
| Land | \$ 480,305 | | |
| Buildings & Improvements | 557,320 | | |
| Furniture & Equipment | 5,267,748 | | |
| Construction in Progress | 26,395,189 | | |
| Total Capital Outlay | <u>\$ 32,700,562</u> | <u>\$ 32,700,562</u> | <u>\$ 32,700,562</u> |
| <u>Debt Principal Payments</u> | | | |
| Bond Principal | \$ 7,940,000 | | |
| Capital Lease Payment | 1,229,295 | | |
| Total Principal Payments | <u>\$ 9,169,295</u> | <u>\$ 9,169,295</u> | <u>\$ 9,169,295</u> |
| Total Adjustment to Net Assets | | <u>\$ 41,869,857</u> | <u>\$ 41,869,857</u> |

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

KILLEEN INDEPENDENT SCHOOL DISTRICT

Notes To The Financial Statements (Continued)

Year Ended August 31, 2009

| | <u>Amount</u> | <u>Change In Net Assets</u> |
|--|-----------------|---------------------------------|
| <u>Adjustments to Revenue and Deferred Revenue</u> | | |
| Adjustments required for tax revenues for prior and current years collections adjusted for full accural. | \$ 110,234 | \$ 110,234 |
| <u>Reclassifications related to Bonds</u> | | |
| Discount (Premium) on Issuance of Bonds | 433,162 | 433,162 |
| Bond Issuance Cost | (19,020) | (19,020) |
| Amount Deferred on Refunding | (147,031) | (147,031) |
| <u>Reclassify Liabilities Incurred but not Liquidated this Year</u> | | |
| Unused Vacation Pay | (40,341) | (40,341) |
| <u>Adjustments to Expenditures and Accrued Liabilities</u> | | |
| Bond Interest Accrual Adjustment | 12,114 | 12,114 |
| <u>Adjustments to Other Sources and Revenues for Loss on Sale of Assets</u> | <u>(27,518)</u> | <u>(27,518)</u> |
| Total | | <u>\$ 321,600</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-4 and J-5.

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.

KILLEEN INDEPENDENT SCHOOL DISTRICT

Notes To The Financial Statements (Continued)

Year Ended August 31, 2009

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, several 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 | 189,216,778 | 172,862,592 | (16,354,186) | 1 |
| 199-34-6XXX | 9,656,827 | 11,819,545 | 2,162,718 | 2 |
| 199-51-6XXX | 32,744,091 | 29,003,130 | (3,740,961) | 3 |

- (1.) The amendment decrease is caused by many factors, a reduction in expenditures for a higher flexible benefits gain, lower amounts approved to be paid for pay for performance than planned, as well as vacancies in approved positions.
- (2.) The amendment increase was to account for an outstanding purchase order roll forward from the prior year.
- (3.) The amendment decrease was to adjust an earlier expectation of increases in utility expenses.
4. Each budget is controlled by the budget coordinator 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 | \$ | 3,131,912 |
| Unbudgeted Funds: | | |
| Summer Feeding Program | | 335,243 |
| Advanced Placement Incentives | | 76,603 |
| Technology Allotment | | 6,521,290 |
| Campus Activity Funds | | 783,641 |
| | \$ | <u>10,848,689</u> |

B. Excess of Actual Expenditures over Appropriations by Functional Categories

Each of the District's total actual expenditures by function was below the respective authorized budgeted amounts for the fiscal year ended August 31, 2009.

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, 2009, the carrying amount of the District's deposits was \$5,086,486 and the bank balance was \$8,793,468. The District's cash deposits at August 31, 2009 and during the year ended August 31, 2009 were properly covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name with the exception of October 2, 2008.

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

- a. Name of bank: First Texas Bank.
- b. The market value of bond and/or security pledged as of the date of the highest combined balance on deposit was \$15,405,620.
- c. Largest cash, savings, and time deposit combined account balance amounted to \$17,160,415 and occurred on October 2, 2008.
- d. Total amount of FDIC coverage at the time of largest combined balance was \$100,000.

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, with the exception of October 2, 2008, the District is not exposed to custodial credit risk due to deposits being covered by FDIC insurance and pledged securities held in the name of the District.

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 has a membership in the Securities Investor Protection Corporation. The ratings of investment pools used by the district are disclosed in the "external investment pool" section of the footnotes. Therefore, the District is not exposed to custodial credit risk.

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

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

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

KILLEEN INDEPENDENT SCHOOL DISTRICT*Notes To The Financial Statements (Continued)**Year Ended August 31, 2009*

The District's investments at August 31, 2009, are shown below:

| | | <u>Weighted- Average Maturity</u> | <u>Fair Value</u> |
|--|------------------|---|-----------------------|
| U.S. Agency Securities - short-term | | | |
| Federal Home Loan Mortgage Corporation | \$ 54,005,040 | 182.44 | |
| Fannie Mae | 15,993,600 | 97.25 | |
| Federal Home Loan Bank | <u>6,798,080</u> | 79.82 | 76,796,720 |
| Investments in Investment Pools and Money Markets: | | | |
| TexStar | 34,820,634 | 49 | |
| MBIA | 46,584,789 | 29 | |
| Lone Star | 47,618,402 | 44 | |
| Vanguard Group | <u>1,120,847</u> | | <u>130,144,672</u> |
| Total Investments | | | <u>\$ 206,941,392</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 AAA 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 a AAAM rating from Standard & Poor's which monitors weekly the funds 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.

MBIA. MBIA Texas CLASS is a pooled investment program that offers full-service investment management to make the job of managing public funds safer and easier. MBIA enables local governments to pool funds with other units of government, giving them the opportunity to obtain safety, daily liquidity, competitive rates and superior service on their short-term investments and is the only investment pool in Texas that compounds and pays interest daily. Texas CLASS is administered by MBIA Municipal Investors Service Corporation, an investment subsidiary of MBIA Inc. MBIA Inc. is a leading provider of financial guarantees and investment management services to the public sector. MBIA Inc. maintains AAA ratings from the three major rating agencies and is publicly traded on the New York Stock Exchange. MBIA provides an important safeguard for investors in the form of a letter of credit from JP Morgan Chase Bank that backs the investment pool. This letter of credit is intended to supplement any shortcomings in value that exist between the investment property value as determined on a set date and the mark to market or matrix value of the pool on the same day. This letter of credit shall not exceed 1% of the investment property value. The program administrator shall cause the letter of credit to be drawn upon (a) to the extent proceeds from the sale of the investment property are insufficient to fund the payment of a participant's balance as requested or (b) to the extent necessary to cause the trust to meet the valuation deviation standards for money market funds employing the amortized cost method of valuation set forth in 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 a AAA rating. It has a AAA rating from Standard & Poors, which monitors the fund's compliance with its rating requirements.

The Lone Star Investment Pool's objective is to maintain safety of principal while providing participating entities (members) with the highest possible rate of return for invested funds. Participants in the Pool own pro rata interests in the underlying assets of the fund in which they participate. A member's sole source of payment from its investment in the Pool is the fair market value of such assets. Lone Star Investment Pool strives to maintain a net asset value of \$1.00 and its dollar-weighted average maturity at 60 days or fewer. In addition to investing only in securities authorized by the Public Funds Investment Act, the Board of Directors at Lone Star further restrict investments so no investment greater than 5% can be made in any one nongovernmental entity and any A-1 or P-1 investment placed on the watch list with negative implications by a rating agency must be sold within one week.

Vanguard Group:

Most of the money available for endowed scholarships has been invested within Vanguard Group. Approximately 15% of the endowed funds are invested in the Vanguard Admiral Treasury Money Market Fund. This is a fund that seeks to provide current income while maintaining liquidity and a stable share price of \$1. Approximately 20% of the endowed funds are invested in the Vanguard Inter-Term Bond Index Fund. 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 55% of the endowed funds are invested in the Vanguard 500 Index Fund Admiral Shares. This fund seeks to track the performance of a benchmark index that measures the investment return of large-capitalization stocks. Approximately 10% of the endowed funds are invested in the Vanguard International Growth Fund Investor Shares. This fund seeks to provide long-term capital appreciation.

Cash Pool:

The District uses a central cash pool for certain Special Revenue funds. The individual fund pool balances are based upon actual cash receipts and disbursements. Overdrafts of the pooled cash account are reported as inter-fund payables of the fund incurring the overdraft. The offsetting inter-fund receivable is reflected in various program special revenue funds. The District also uses a pooled cash account for the General Fund and certain Capital Projects Funds.

B. Property Taxes

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 1 | 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. |

C. Delinquent Taxes Receivable

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.

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

KILLEEN INDEPENDENT SCHOOL DISTRICT

Notes To The Financial Statements (Continued)

Year Ended August 31, 2009

as due from/to other funds. Inter-fund balances at August 31, 2009 consisted of the following individual fund receivables and payables:

| <u>Fund</u> | <u>Receivable</u> | <u>Payable</u> |
|------------------------------------|-----------------------------|-----------------------------|
| General Fund: | | |
| General Fund | \$ 900,048 | \$ 900,048 |
| School Building Projects Fund | - | 55,544,914 |
| Non-Major Governmental Funds | 18,406 | 7,348,002 |
| Fiduciary Funds | 70 | - |
| Total General Fund | <u>\$ 918,524</u> | <u>\$ 63,792,964</u> |
| School Building Projects Fund | | |
| General Fund | \$ 55,544,914 | \$ - |
| Non-Major Governmental Funds | 1,672,605 | 2,123,129 |
| Internal Service Fund | - | - |
| Total School Building Projects | <u>\$ 57,217,519</u> | <u>\$ 2,123,129</u> |
| Non-Major Governmental Funds | | |
| General Fund | \$ 7,348,002 | \$ 18,406 |
| School Building Projects Fund | 2,123,129 | 1,672,605 |
| Non-Major Governmental Funds | 619,633 | 619,633 |
| Total Non-Major Governmental Funds | <u>\$ 10,090,764</u> | <u>\$ 2,310,644</u> |
| Fiduciary Funds | | |
| General Fund | \$ - | \$ 70 |
| Fiduciary Funds | 6,750 | 6,750 |
| Total Fiduciary Funds | <u>\$ 6,750</u> | <u>\$ 6,820</u> |
| Totals | <u><u>\$ 68,233,557</u></u> | <u><u>\$ 68,233,557</u></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, 2009

E. Capital Asset Activity

Capital asset activity for the year ended August 31, 2009 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 | \$ 9,056,960 | \$ 480,305 | \$ - | \$ 9,537,265 |
| Construction in Progress | 19,521,122 | 26,395,189 | (2,660,427) | 43,255,884 |
| Total non-depreciable assets | <u>28,578,082</u> | <u>26,875,494</u> | <u>(2,660,427)</u> | <u>52,793,149</u> |
| Capital assets, being depreciated | | | | |
| Buildings and Improvements | 426,037,876 | 3,217,747 | - | 429,255,623 |
| Furniture and Equipment | 45,121,226 | 5,267,748 | (736,585) | 49,652,389 |
| Total depreciable assets | <u>471,159,102</u> | <u>8,485,495</u> | <u>(736,585)</u> | <u>478,908,012</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and Improvements | (130,760,164) | (11,642,034) | - | (142,402,198) |
| Furniture and Equipment | (29,270,662) | (4,572,845) | 709,068 | (33,134,439) |
| Total accumulated depreciation | <u>(160,030,826)</u> | <u>(16,214,879)</u> | <u>709,068</u> | <u>(175,536,637)</u> |
| Governmental activities capital assets, net | <u>\$ 339,706,358</u> | <u>\$ 19,146,110</u> | <u>\$ (2,687,944)</u> | <u>\$ 356,164,524</u> |

Depreciation expense was charged to governmental functions as follows:

| | |
|-----------------------------------|----------------------|
| Instruction | \$ 10,357,614 |
| Instructional resources and media | 552,207 |
| Curriculum development | 1,263,640 |
| School leadership | 618,951 |
| Student transportation | 991,910 |
| Food services | 1,336,841 |
| Extracurricular activities | 354,704 |
| General Administrative | 3,143 |
| Plant maintenance and operations | 723,089 |
| Security and monitoring services | 12,780 |
| Total depreciation expense | <u>\$ 16,214,879</u> |

F. Bonds Payable

Bonds payable by the District are reflected in the Statement of Net Assets, and current requirements for principal and interest expenditures are accounted for in the Debt Service Fund. The District issues general

KILLEEN INDEPENDENT SCHOOL DISTRICT

Notes To The Financial Statements (Continued)

Year Ended August 31, 2009

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, 2009 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 Building and Refunding Bond Series 1998 | \$ 995,000 | \$ - | \$ 995,000 | \$ - | \$ - |
| School Building and Refunding Bond Series 2002 | 88,025,000 | - | 2,790,000 | 85,235,000 | 2,905,000 |
| School Refunding Bond Series Series 2003 | 2,460,000 | - | 575,000 | 1,885,000 | 600,000 |
| School Refunding Bond Series Series 2005 | 34,610,000 | - | 3,485,000 | 31,125,000 | 3,610,000 |
| School Refunding Bond Series Series 2008 | 8,960,000 | - | 95,000 | 8,865,000 | 1,140,000 |
| Total Bonds and notes payable | <u>\$ 135,050,000</u> | <u>\$ -</u> | <u>\$ 7,940,000</u> | <u>\$ 127,110,000</u> | <u>\$ 8,255,000</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> |
|----------------------------------|-----------------------|----------------------|--|
| 2010 | 8,255,000 | 6,006,938 | 14,261,938 |
| 2011 | 8,635,000 | 5,631,962 | 14,266,962 |
| 2012 | 9,055,000 | 5,205,000 | 14,260,000 |
| 2013 | 7,175,000 | 4,811,663 | 11,986,663 |
| 2014 | 7,540,000 | 4,453,238 | 11,993,238 |
| 2015-2019 | 37,840,000 | 16,349,288 | 54,189,288 |
| 2020-2024 | 26,665,000 | 8,628,462 | 35,293,462 |
| 2025-2029 | 21,945,000 | 1,833,618 | 23,778,618 |
| | <u>\$ 127,110,000</u> | <u>\$ 52,920,169</u> | <u>\$ 180,030,169</u> |

The School Building and Refunding Bond Series 1998 has a 4.2% - 5.5% interest rate and originally was issued in the amount of \$82,995,000. These bonds sold at a premium of \$1,575,045.

Included in the Series 1998 School Building and Refunding bonds were current interest term bonds in an original principal amount of \$9,760,000. These bonds had a sales price of \$9,528,200 (97.625). The difference between the original principal amount of (\$9,760,000) and the proceeds (\$9,528,200) represents the unamortized discount. The discount is being amortized over the life of the bonds using the interest method and is presented as a reduction of the face value of the bonds. Amortization of this discount for the year ended August 31, 2009 was \$11,687.

On March 25, 1998, the District issued \$18,848,549 in Unlimited Tax Refunding bonds with an average interest rate of 5.02% to refund \$16,705,000 of Series 1992 Schoolhouse bonds (average interest rate of 5.63%). 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 1992 Series bonds. As a result, the 1992 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 Assets.

On September 10, 2002, the District issued \$98,720,000 in Unlimited Tax School Building and Refunding Bonds. Included in the Series 2002 School Building and Refunding bonds were capital appreciation bonds in an original principal amount of \$1,640,000. The capital appreciation bonds have since matured and the discount has been fully amortized. The premium of the Series 2002 bonds are being amortized over the life of the bonds using the interest method and are presented as a net addition to the face value of the bonds. The amortization for the year ended August 31, 2009 was \$114,635.

On February 20, 2003, the district delivered \$8,015,000 in Unlimited Tax Refunding Bonds (delayed delivery) with a premium of \$344,665. The net proceeds from these bonds and \$1,640,000 of the net proceeds from the 2002 capital appreciation bonds provided the needed funds to refund the remaining \$9,725,000 of outstanding series 1992 Schoolhouse bonds (average interest rate of 5.63%). Amortization of the premium for the year ended August 31, 2008 was \$55,396.

Net proceeds from the 2002 and 2003 bonds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded 1992 series bonds. As a result, the remaining \$9,725,000 of the 1992 series bonds, mentioned above, 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 Assets.

On February 8, 2005, the District issued \$34,610,000 in Unlimited Tax Refunding Bonds with an average interest rate of 4.7% to refund \$36,040,000 of the Series 1998, Unlimited Tax School Building and Refunding Bonds. The net proceeds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded 1998 Series bonds. As a result, this portion of the 1998 Series bonds are considered under Texas State law, Article 717K, V.A.T.C.S., as amended to be defeased in-substance and the liability for those bonds has been removed from the Statement of Net Assets.

The difference between the principal amount of \$34,610,000 and the sales price of \$37,833,862 of the Series 2005 bonds represents the unamortized premium. The premium is being amortized over the life of the bonds using the interest method and is presented as an addition to the face value of the bonds. Amortization of this premium for the year ended August 31, 2009 was \$247,208.

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

On June 1, 2008, the District issued \$8,960,000 in Unlimited Tax Refunding Bonds with an average interest rate of 4.0%, along with additional funds of the District, to refund \$9,100,000 of the Series 1998, Unlimited

KILLEEN INDEPENDENT SCHOOL DISTRICT

Notes To The Financial Statements (Continued)

Year Ended August 31, 2009

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 Assets.

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, 2009 was \$27,610.

The advanced refunding of the 1998 Series bonds resulted in a \$183,826 difference between the reacquisition price and the net carrying amount of the old debt. This difference, reported in the financial statements as a deduction to long-term debt, 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.

Changes in general long-term debt for the year ended August 31, 2009 are as follows:

| Description | Balance September 1, 2008 | Additions | Reductions | Balance August 31, 2009 |
|--|---------------------------------|-------------|---------------------|-------------------------------|
| General Obligation Bonds | \$ 135,050,000 | \$ - | \$ 7,940,000 | \$ 127,110,000 |
| Unamortized (Discount)/Premium on Current Interest Term Bonds | 5,040,583 | - | 433,162 | 4,607,421 |
| Outstanding Long-Term Debt | <u>\$ 140,090,583</u> | <u>\$ -</u> | <u>\$ 8,373,162</u> | <u>\$ 131,717,421</u> |

There are a number of limitations and restrictions contained in the general obligation bond indentures. Management has indicated that the District is in compliance with all significant limitations and restrictions at August 31, 2009.

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 Assets.

KILLEEN INDEPENDENT SCHOOL DISTRICT

Notes To The Financial Statements (Continued)

Year Ended August 31, 2009

The defeased bonds outstanding at August 31, 2009 are as follows:

| | <u>Outstanding Balances</u> |
|--|-----------------------------|
| Unlimited Tax School Building and Refunding Bonds, Series 1992 | \$ 2,050,000 |
| Unlimited Tax School Building and Refunding Bonds, Series 1998 | 41,590,000 |
| Total Defeased | <u>\$ 43,640,000</u> |

G. Capital Leases

The District entered into a lease agreement to finance the acquisition of 3,100 laptop computers at a total cost of \$3,690,983 on April 10, 2008. The lease agreement qualifies as a capital lease for accounting purposes and has been recorded at the present value of the future minimum lease payments as of the inception of the lease. The lease is payable in three yearly installments of \$1,287,238 and matures April 10, 2010 with a \$1 buyout option for each laptop. The first yearly installment was paid April 10, 2008.

The following is a schedule of the future minimum lease payments under the capital lease as of August 31, 2009.

| | <u>Governmental Funds</u> |
|--|---------------------------|
| Year Ending August 31, 2010 | \$ 1,290,338 |
| Total minimum lease payments | 1,290,338 |
| Less amount representing interest | (57,944) |
| Present value of future minimum lease payments | <u>\$ 1,232,394</u> |

H. 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, 2008 | \$ 824,656 |
| Additions –New Entrants and Salary Increments | 586,065 |
| Deductions – Payments to and Uses by Participants | <u>545,724</u> |
| Balance August 31, 2009 | <u>\$ 864,997</u> |

I. Employee Benefit Plan*Plan Description*

The Killeen Independent School District contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing, multiple employer defined benefit pension plan. TRS administers retirement and disability annuities, and death and survivor benefits to employees, and beneficiaries of employees, of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. TRS also administers proportional retirement benefits and service credit transfer under Texas Government Code, Title 8, Chapters 803 and 805, respectively. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701, by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS Internet website, www.trs.state.tx.us, under the TRS Publications heading.

Covered Employees

All school district employees, who are employed for 1/2 or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Subtitle C Sec. 822.022, are covered by TRS membership.

Service Requirement

1. Normal - age 65 with 5 years of credited service, or when the sum of member's age and years of credited service equals or exceeds 80 years.
2. Reduced - age 55 with at least 5 years of credited service, or any age below 50 with 30 or more years of credited service.

A member is fully vested after 5 years of creditable services and entitled to any benefit for which eligibility requirements have been met.

Funding Policy

State law provides for fiscal years 2009, 2008 and 2007 a state contribution rate of 6.58%, 6.58% and 6.0%, respectively. State law further provides a member contribution rate of 6.4% for fiscal years 2009, 2008, and 2007. In certain instances, the district is required to make all or a portion of the state's 6.58% contribution for fiscal year 2009 and 2008 and 6.0% for fiscal year 2007. Contribution requirements are not actuarially determined but are legally established each biennium pursuant to the following state funding policy: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10.0% of the aggregate annual compensation of all members of the system during that fiscal year. (2) A state statute prohibits benefit improvements or contribution reductions 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.

State contributions to TRS made on behalf of the Killeen Independent School District's employees for the

years ended August 31, 2007, 2008, and 2009 were \$ 10,045,974, \$11,096,768 and \$11,601,476 respectively, and are reported in the financial statements in accordance with GASB Statement 24.

The District paid additional state contributions for the years ended August 31, 2007, 2008, and 2009 in the amount of \$ 1,681,964, \$ 2,252,735 and \$2,577,347 respectively, on the portion of the employees' salaries that exceeded the statutory minimum. The total payroll for employees covered by TRS for the years ended August 31, 2007, 2008 and 2009 was \$192,458,506, \$ 208,628,832 and \$220,392,961 respectively, and total District payroll for these years was \$199,340,687, \$ 215,793,474 and \$227,456,650 respectively.

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 2007, 2008, and 2009, the subsidy payments received by TRS-Care on behalf of Killeen Independent School District were \$423,712, \$479,994, and \$503,642, respectively.

J. Health Care Coverage

During the year ended August 31, 2009, employees of the Killeen Independent School District were covered by a Cafeteria Plan (the Plan). The District contributes \$220 per month to the benefit spending account of each full time employee with health care coverage and \$150 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 Flexible Benefits Plan currently includes the Scott & White Health Plan (a Health Maintenance Organization), FirstCare and Metlife Dental Plan. The contracts between the Killeen Independent School District and the licensed insurers expire December 31, 2009. The health plan and dental plan contracts include a renewal option for the District.

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 2009, 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 self insurance or insurance coverage for any of the past five years.

Prior to August 31, 1998, the District insured Workers' Compensation through a self insured plan, with insurance coverage for losses in excess of specified stop-loss amounts. All run-off claims from periods prior to September 1, 1998 were administered through an agreement with a third party administrator, under which the District paid all losses and claims expenses, along with service fees to the third party

administrator. All claims under the plan were fully satisfied as of August 31, 2008. The fund was closed in the current year and the \$1,481,015 remaining in the reserve fund was transferred to the general fund.

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.

L. Fund Equity

Reserves:

Killeen Independent School District records two general types of reserves. One type is to indicate that a portion of the fund balance is legally segregated for a specific future use. The second type of reserve is to indicate that a portion of the fund balance is not appropriable for expenditures. Following is a list of all reserves used by Killeen Independent School District and a description of each:

Reserved for Encumbrances - An account used to segregate a portion of fund balance for expenditure upon vendor performance.

Reserved for Debt Service - An account used to segregate a portion of fund balance for resources legally restricted to the payment of long-term debt principal and interest maturing in future years.

Reserved for Inventory - An account used to segregate a portion of fund balance to indicate that inventory does not represent available, spendable resources even though it is a component of assets.

Reserved for Other Purposes – An account used to segregate a portion of fund balance for the future purchase of financial software and upgrades to student software systems.

Designations:

Designations of fund balances are not legally required segregations but are earmarked by the Board of School Trustees for a specific purpose. There are no designations of fund balance for the general fund in the current year.

KILLEEN INDEPENDENT SCHOOL DISTRICT

Notes To The Financial Statements (Continued)

Year Ended August 31, 2009

M. Federal Source Revenues

For the year ended August 31, 2009, revenues from Federal programs included in the General Fund consisted of the following:

| <u>Federally Distributed:</u> | <u>CFDA Number</u> | <u>Amount</u> |
|--|------------------------|--------------------------|
| PL 103-382 (Impact Aid) | 84.041 | \$ 48,278,274 |
| ROTC Salaries | 12.00 | 312,052 |
| | | <u>48,590,326</u> |
| Other State Distributed -- Federal Program | | |
| Shars Reimbursement | N/A | 1,243,036 |
| Medicaid Reimbursement | N/A | 123,592 |
| Indirect Cost Revenue | N/A | 9,711 |
| | | <u>1,376,339</u> |
| Total Federal Source Revenues | | <u><u>49,966,665</u></u> |

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

| <u>Federally Distributed</u> | <u>CFDA Number</u> | <u>Amount</u> |
|-------------------------------------|------------------------|----------------------------|
| PL 110-417 (Impact Aid) Section 551 | 84.041 | <u>3,484,251</u> |
| Total Federal Sources Revenues | | <u><u>\$ 3,484,251</u></u> |

N. Transfers

During the year transfers were made from the General fund to the School Building Projects fund and Capital Improvement Projects fund in the amount of \$9,000,000 and \$3,100,000 respectively. These transfers were to fund future and approved capital outlay expenditures. Transfers were made from the General Fund to the Technology Allotment, National Breakfast and Lunch Program, Texas Reading Initiative, Pre-K Grants, and Campus Activity funds in the amount of \$6,756,107, \$43,604, \$3,246, \$2,110,239, and \$3,000, respectively.

In addition, transfers were made from the School Building Projects fund to the Capital Improvement Projects, Impact Aid Section 8007 and New Schools Furniture & Equipment funds in the amounts of \$1,214,072, \$1,496,050 and \$2,978,175, respectively.

O. 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, 2009 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 undesignated funds in the Capital Projects Fund will be used for future school construction and renovation.

At August 31, 2009, the District had the following uncompleted construction and architectural contracts in progress:

| Project Description | Adjusted Contract Amount | Expended To Date | Committed |
|----------------------------------|-----------------------------|---------------------|--------------|
| Killeen High School | \$ 2,419,298 | \$ 1,751,972 | \$ 667,325 |
| Patterson Middle School | 20,405,064 | 20,155,524 | 249,540 |
| Clifton Park Elementary School | 97,555 | 67,297 | 30,258 |
| Fowler Elementary School | 101,105 | 70,847 | 30,258 |
| Pershing Park Elementary School | 680,448 | 616,326 | 64,122 |
| Bellaire Elementary School | 101,105 | 70,847 | 30,258 |
| Nolanville Elementary School | 673,855 | 273,358 | 400,497 |
| Hay Branch Elementary School | 674,891 | 647,664 | 27,227 |
| Willow Springs Elementary School | 4,312,223 | 1,384,867 | 2,927,356 |
| Mountain View Elementary School | 675,074 | 629,847 | 45,227 |
| Reeces Creek Elementary School | 1,137,393 | 861,649 | 275,744 |
| Clear Creek Elementary School | 675,819 | 648,617 | 27,202 |
| Cedar Valley Elementary School | 674,912 | 647,685 | 27,228 |
| Cavazos Elementary School | 14,658,970 | 14,645,575 | 13,396 |
| New Elementary School #32 | 1,022,455 | 715,032 | 307,423 |
| Haynes Building | 99,037 | 68,779 | 30,258 |
| Total Construction in Progress | \$ 48,409,205 | \$ 43,255,886 | \$ 5,153,319 |

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, 2008 | \$ 2,974,488 |
| Increases | 1,357,338 |
| Decreases | 921,204 |
| Balance, August 31, 2009 | \$ 3,410,622 |

KILLEEN INDEPENDENT SCHOOL DISTRICT*Notes To The Financial Statements (Concluded)**Year Ended August 31, 2009***Q. Deferred Revenue**

Deferred revenue for the Statement of Net Assets at August 31, 2009 consisted of the following:

| | General Fund | Special Revenue Fund | Capital Projects Fund | Total |
|--------------------------|------------------|----------------------------|-----------------------------|---------------------|
| Child Nutrition Receipts | \$ - | \$ 230,286 | \$ - | \$ 230,286 |
| ARRA Construction Funds | - | - | 5,096,920 | 5,096,920 |
| Other Deferred Revenues | 13,793 | - | - | 13,793 |
| Total Deferred Revenue | <u>\$ 13,793</u> | <u>\$ 230,286</u> | <u>\$ 5,096,920</u> | <u>\$ 5,340,999</u> |

R. Changes in Long-Term Liabilities

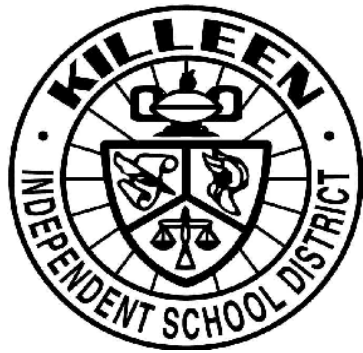
Long-term activity for the year ended August 31, 2009 was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|--------------------------------|-----------------------|-------------------|---------------------|-----------------------|------------------------|
| Governmental Activities | | | | | |
| Bonds and Lease Payable: | | | | | |
| General Obligation Bonds | \$ 135,050,000 | \$ - | \$ 7,940,000 | \$ 127,110,000 | \$ 8,255,000 |
| Amount Deferred on Refunding | (1,396,416) | - | 147,031 | (1,249,385) | - |
| Capital Lease | 2,461,688 | - | 1,229,294 | 1,232,394 | 1,232,394 |
| Total Bonds and Lease Payable | <u>136,115,272</u> | <u>-</u> | <u>9,316,325</u> | <u>127,093,009</u> | <u>9,487,394</u> |
| Other Liabilities: | | | | | |
| Accrued Interest | 265,128 | - | 12,114 | 253,014 | 253,014 |
| Compensated Absences | 824,656 | 586,065 | 545,724 | 864,997 | 864,997 |
| Total Other Liabilities | <u>1,089,784</u> | <u>586,065</u> | <u>557,838</u> | <u>1,118,011</u> | <u>1,118,011</u> |
| Total Governmental Activities | <u>\$ 137,205,056</u> | <u>\$ 586,065</u> | <u>\$ 9,874,163</u> | <u>\$ 128,211,020</u> | <u>\$ 10,605,405</u> |

S. Subsequent Events

On November 10, 2009, the District approved a strategic facilities plan to fund kitchen additions and renovations at campuses, district wide security improvements, classroom additions, two elementary schools, a high school, a career academy, energy management projects, technology infrastructure projects, and a lifecycle replacement plan for campus technology over the next six years at an estimated cost of \$238,473,000.

(Concluded)





KILLEEN INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2009

| Data Control Codes | 204 ESEA Title IV Safe & Drug Free Schools | 211 Title I Improving Basic Program | 224 IDEA B Formula | 225 IDEA B Preschool |
|--------------------------------------|---|--|--------------------------|----------------------------|
| ASSETS | | | | |
| 1110 | Cash and Cash Equivalents | \$ - | \$ - | \$ - |
| 1120 | Investments - Current | - | - | - |
| 1220 | Property Taxes - Delinquent | - | - | - |
| 1230 | Allowance for Uncollectible Taxes (Credit) | - | - | - |
| 1240 | Due from Other Governments | - | 477,734 | 490,358 |
| 1260 | Due from Other Funds | - | - | - |
| 1290 | Other Receivables | - | 216 | - |
| 1300 | Inventories | - | - | - |
| 1900 | Other Assets | - | - | - |
| 1000 | Total Assets | <u>\$ -</u> | <u>\$ 477,950</u> | <u>\$ 490,358</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| 2110 | Accounts Payable | \$ - | \$ - | \$ - |
| 2120 | Short Term Debt Payable - Current | - | 66,684 | 70,494 |
| 2170 | Due to Other Funds | - | 411,266 | 419,864 |
| 2180 | Due to Other Governments | - | - | - |
| 2300 | Deferred Revenues | - | - | - |
| 2000 | Total Liabilities | <u>-</u> | <u>477,950</u> | <u>490,358</u> |
| Fund Balances: | | | | |
| Reserved For: | | | | |
| 3410 | Investments in Inventory | - | - | - |
| 3420 | Retirement of Long Term Debt | - | - | - |
| Unreserved and Undesignated: | | | | |
| 3610 | Reported in Special Revenue Funds | - | - | - |
| 3620 | Reported in Capital Projects Funds | - | - | - |
| 3630 | Reported in Permanent Funds | - | - | - |
| 3000 | Total Fund Balances | <u>-</u> | <u>-</u> | <u>-</u> |
| 4000 | Total Liabilities and Fund Balances | <u>\$ -</u> | <u>\$ 477,950</u> | <u>\$ 490,358</u> |

| 226 IDEA B Discretionary Deaf | 227 IDEA B Deaf | 228 IDEA B Preschool Deaf | 240 National Breakfast and Lunch Program | 242 Summer Feeding Program | 244 Vocational Ed Basic Grant | 253 IDEA C Deaf - Early Intervention | 255 Title II,A Training and Recruiting |
|--|-----------------------|------------------------------------|---|-------------------------------------|--|---|---|
| \$ - | \$ - | \$ - | \$ 264,512 | \$ 280,349 | \$ - | \$ - | \$ - |
| - | - | - | 2,492,276 | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | 281,832 | 55,059 | 5,609 | - | 161,491 |
| - | - | - | 44,757 | - | - | - | - |
| - | - | - | 40,293 | - | - | - | - |
| - | - | - | 768,261 | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,891,931</u> | <u>\$ 335,408</u> | <u>\$ 5,609</u> | <u>\$ -</u> | <u>\$ 161,491</u> |
| \$ - | \$ - | \$ - | \$ 437,442 | \$ 165 | \$ - | \$ - | \$ - |
| - | - | - | 76,891 | - | - | - | - |
| - | - | - | 15,400 | - | 5,609 | - | 161,491 |
| - | - | - | - | - | - | - | - |
| - | - | - | 230,286 | - | - | - | - |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>760,019</u> | <u>165</u> | <u>5,609</u> | <u>-</u> | <u>161,491</u> |
| - | - | - | 768,261 | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | 2,363,651 | 335,243 | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>3,131,912</u> | <u>335,243</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,891,931</u> | <u>\$ 335,408</u> | <u>\$ 5,609</u> | <u>\$ -</u> | <u>\$ 161,491</u> |

KILLEEN INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2009

| Data Control Codes | 262 Title II, D Education Technology | 263 Title III, A English Lang. Acquisition | 386 Regional Day School for the Deaf | 397 Advanced Placement Incentives | |
|--------------------------------------|---|---|---|--|------------------|
| ASSETS | | | | | |
| 1110 | Cash and Cash Equivalents | \$ - | \$ - | \$ 3,519 | \$ 58,562 |
| 1120 | Investments - Current | - | - | - | - |
| 1220 | Property Taxes - Delinquent | - | - | - | - |
| 1230 | Allowance for Uncollectible Taxes (Credit) | - | - | - | - |
| 1240 | Due from Other Governments | - | - | - | - |
| 1260 | Due from Other Funds | - | - | - | 18,041 |
| 1290 | Other Receivables | - | - | - | - |
| 1300 | Inventories | - | - | - | - |
| 1900 | Other Assets | - | - | - | - |
| 1000 | Total Assets | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,519</u> | <u>\$ 76,603</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| 2110 | Accounts Payable | \$ - | \$ - | \$ - | \$ - |
| 2120 | Short Term Debt Payable - Current | - | - | 3,519 | - |
| 2170 | Due to Other Funds | - | - | - | - |
| 2180 | Due to Other Governments | - | - | - | - |
| 2300 | Deferred Revenues | - | - | - | - |
| 2000 | Total Liabilities | <u>-</u> | <u>-</u> | <u>3,519</u> | <u>-</u> |
| Fund Balances: | | | | | |
| Reserved For: | | | | | |
| 3410 | Investments in Inventory | - | - | - | - |
| 3420 | Retirement of Long Term Debt | - | - | - | - |
| Unreserved and Undesignated: | | | | | |
| 3610 | Reported in Special Revenue Funds | - | - | - | 76,603 |
| 3620 | Reported in Capital Projects Funds | - | - | - | - |
| 3630 | Reported in Permanent Funds | - | - | - | - |
| 3000 | Total Fund Balances | <u>-</u> | <u>-</u> | <u>-</u> | <u>76,603</u> |
| 4000 | Total Liabilities and Fund Balances | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,519</u> | <u>\$ 76,603</u> |

| 401 Optional Extended Year Program | 404 Student Success Initiative | 411 Technology Allotment | 414 Texas Reading Initiative | 415 Kindergarten and Pre-K Grants | 428 High School Allotment | 446 JJAEP | 461 Campus Activity Funds |
|---|---|--------------------------------|---------------------------------------|--|---------------------------------|------------------|------------------------------------|
| \$ - | \$ - | \$ 22,871 | \$ - | \$ 67,682 | \$ 41,657 | \$ - | \$ 783,641 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 28,468 | 342,868 | 43,662 | - | - | - | 72,475 | - |
| - | - | 7,498,127 | - | - | - | - | - |
| - | - | - | - | - | - | 19,752 | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>\$ 28,468</u> | <u>\$ 342,868</u> | <u>\$ 7,564,660</u> | <u>\$ -</u> | <u>\$ 67,682</u> | <u>\$ 41,657</u> | <u>\$ 92,227</u> | <u>\$ 783,641</u> |
| \$ - | \$ - | \$ 1,043,370 | \$ - | \$ - | \$ 37,949 | \$ 19,752 | \$ - |
| - | - | - | - | 67,682 | 703 | - | - |
| 28,468 | 342,868 | - | - | - | 3,005 | 72,475 | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>28,468</u> | <u>342,868</u> | <u>1,043,370</u> | <u>-</u> | <u>67,682</u> | <u>41,657</u> | <u>92,227</u> | <u>-</u> |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | 6,521,290 | - | - | - | - | 783,641 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>-</u> | <u>-</u> | <u>6,521,290</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>783,641</u> |
| <u>\$ 28,468</u> | <u>\$ 342,868</u> | <u>\$ 7,564,660</u> | <u>\$ -</u> | <u>\$ 67,682</u> | <u>\$ 41,657</u> | <u>\$ 92,227</u> | <u>\$ 783,641</u> |

KILLEEN INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2009

| Data Control Codes | Total Nonmajor Special Revenue Funds | 599 Debt Service | 645 Capital Improvement Projects | 687 Impact Aid Section 8007 | |
|--------------------------------------|---|----------------------|---|-----------------------------------|-------------------|
| ASSETS | | | | | |
| 1110 | Cash and Cash Equivalents | \$ 1,522,793 | \$ 398,509 | \$ - | \$ 255,484 |
| 1120 | Investments - Current | 2,492,276 | 1,310,511 | - | - |
| 1220 | Property Taxes - Delinquent | - | 208,510 | - | - |
| 1230 | Allowance for Uncollectible Taxes (Credit) | - | (31,276) | - | - |
| 1240 | Due from Other Governments | 1,961,941 | 4,860 | - | - |
| 1260 | Due from Other Funds | 7,560,925 | - | 1,197,944 | 406,710 |
| 1290 | Other Receivables | 60,261 | 23,608 | - | - |
| 1300 | Inventories | 768,261 | - | - | - |
| 1900 | Other Assets | - | - | - | - |
| 1000 | Total Assets | <u>\$ 14,366,457</u> | <u>\$ 1,914,722</u> | <u>\$ 1,197,944</u> | <u>\$ 662,194</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| 2110 | Accounts Payable | \$ 1,538,678 | \$ - | \$ 353,512 | \$ 208,839 |
| 2120 | Short Term Debt Payable - Current | 286,312 | - | - | - |
| 2170 | Due to Other Funds | 1,462,492 | - | 844,432 | - |
| 2180 | Due to Other Governments | - | 315 | - | - |
| 2300 | Deferred Revenues | 230,286 | 177,233 | - | - |
| 2000 | Total Liabilities | <u>3,517,768</u> | <u>177,548</u> | <u>1,197,944</u> | <u>208,839</u> |
| Fund Balances: | | | | | |
| Reserved For: | | | | | |
| 3410 | Investments in Inventory | 768,261 | - | - | - |
| 3420 | Retirement of Long Term Debt | - | 1,737,174 | - | - |
| Unreserved and Undesignated: | | | | | |
| 3610 | Reported in Special Revenue Funds | 10,080,428 | - | - | - |
| 3620 | Reported in Capital Projects Funds | - | - | - | 453,355 |
| 3630 | Reported in Permanent Funds | - | - | - | - |
| 3000 | Total Fund Balances | <u>10,848,689</u> | <u>1,737,174</u> | <u>-</u> | <u>453,355</u> |
| 4000 | Total Liabilities and Fund Balances | <u>\$ 14,366,457</u> | <u>\$ 1,914,722</u> | <u>\$ 1,197,944</u> | <u>\$ 662,194</u> |

| 688 Impact Aid ARRA Construction | 696 New Schools Furniture & Equipment | Total Nonmajor Capital Project Funds | 479 Permanent Fund | Total Nonmajor Governmental Funds |
|---|--|---|--------------------------|--|
| \$ - | \$ - | \$ 255,484 | \$ - | \$ 2,176,786 |
| 5,104,085 | - | 5,104,085 | - | 8,906,872 |
| - | - | - | - | 208,510 |
| - | - | - | - | (31,276) |
| - | - | - | - | 1,966,801 |
| - | 925,185 | 2,529,839 | - | 10,090,764 |
| - | - | - | - | 83,869 |
| - | - | - | - | 768,261 |
| - | - | - | 142,335 | 142,335 |
| <u>\$ 5,104,085</u> | <u>\$ 925,185</u> | <u>\$ 7,889,408</u> | <u>\$ 142,335</u> | <u>\$ 24,312,922</u> |
| \$ - | \$ 925,185 | \$ 1,487,536 | \$ - | \$ 3,026,214 |
| - | - | - | - | 286,312 |
| - | - | 844,432 | 3,720 | 2,310,644 |
| 7,165 | - | 7,165 | - | 7,480 |
| 5,096,920 | - | 5,096,920 | - | 5,504,439 |
| <u>5,104,085</u> | <u>925,185</u> | <u>7,436,053</u> | <u>3,720</u> | <u>11,135,089</u> |
| - | - | - | - | 768,261 |
| - | - | - | - | 1,737,174 |
| - | - | - | - | 10,080,428 |
| - | - | 453,355 | - | 453,355 |
| - | - | - | 138,615 | 138,615 |
| <u>-</u> | <u>-</u> | <u>453,355</u> | <u>138,615</u> | <u>13,177,833</u> |
| <u>\$ 5,104,085</u> | <u>\$ 925,185</u> | <u>\$ 7,889,408</u> | <u>\$ 142,335</u> | <u>\$ 24,312,922</u> |

KILLEEN INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2009

| Data Control Codes | 204 ESEA Title IV Safe & Drug Free Schools | 211 Title I Improving Basic Program | 224 IDEA B Formula | 225 IDEA B Preschool | |
|--|---|--|--------------------------|----------------------------|----------------|
| REVENUES: | | | | | |
| 5700 | Total Local and Intermediate Sources | \$ - | \$ - | \$ - | \$ - |
| 5800 | State Program Revenues | - | - | - | - |
| 5900 | Federal Program Revenues | 120,219 | 6,900,885 | 5,579,360 | 169,954 |
| 5020 | Total Revenues | <u>120,219</u> | <u>6,900,885</u> | <u>5,579,360</u> | <u>169,954</u> |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| 0011 | Instruction | 35,710 | 6,076,166 | 4,573,134 | 169,954 |
| 0012 | Instructional Resources and Media Services | - | 69,281 | - | - |
| 0013 | Curriculum and Instructional Staff Development | 3,750 | 316,240 | - | - |
| 0021 | Instructional Leadership | - | 39,403 | 24,162 | - |
| 0023 | School Leadership | - | 17,964 | - | - |
| 0031 | Guidance, Counseling and Evaluation Services | 56,714 | 29,438 | 982,064 | - |
| 0032 | Social Work Services | - | - | - | - |
| 0033 | Health Services | - | - | - | - |
| 0034 | Student (Pupil) Transportation | - | - | - | - |
| 0035 | Food Services | - | - | - | - |
| 0036 | Extracurricular Activities | - | - | - | - |
| 0041 | General Administration | - | - | - | - |
| 0051 | Facilities Maintenance and Operations | - | - | - | - |
| 0052 | Security and Monitoring Services | 24,045 | - | - | - |
| 0053 | Data Processing Services | - | - | - | - |
| 0061 | Community Services | - | 352,393 | - | - |
| Debt Service: | | | | | |
| 0071 | Debt Service - Principal on Long Term Debt | - | - | - | - |
| 0072 | Debt Service - Interest on Long Term Debt | - | - | - | - |
| 0073 | Debt Service - Bond Issuance Cost and Fees | - | - | - | - |
| Capital Outlay: | | | | | |
| 0081 | Facilities Acquisition and Construction | - | - | - | - |
| 6030 | Total Expenditures | <u>120,219</u> | <u>6,900,885</u> | <u>5,579,360</u> | <u>169,954</u> |
| 1100 | Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| OTHER FINANCING SOURCES (USES): | | | | | |
| 7912 | Sale of Real and Personal Property | - | - | - | - |
| 7915 | Transfers In | - | - | - | - |
| 8911 | Transfers Out (Use) | - | - | - | - |
| 7080 | Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 1200 | Net Change in Fund Balance | - | - | - | - |
| 0100 | Fund Balance - September 1 (Beginning) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 3000 | Fund Balance - August 31 (Ending) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

| 226 IDEA B Discretionary Deaf | 227 IDEA B Deaf | 228 IDEA B Preschool Deaf | 240 National Breakfast and Lunch Program | 242 Summer Feeding Program | 244 Vocational Ed Basic Grant | 253 IDEA C Deaf - Early Intervention | 255 Title II,A Training and Recruiting |
|--|-----------------------|------------------------------------|---|-------------------------------------|--|---|---|
| \$ - | \$ - | \$ - | \$ 5,761,165 | \$ 6,875 | \$ - | \$ - | \$ - |
| - | - | - | 123,479 | - | - | - | - |
| 18,548 | 16,595 | 430 | 9,940,378 | 631,247 | 321,066 | 172 | 1,419,943 |
| 18,548 | 16,595 | 430 | 15,825,022 | 638,122 | 321,066 | 172 | 1,419,943 |
| 18,548 | 16,595 | 430 | - | - | 302,185 | 172 | 1,255,241 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | 14,740 | - | 164,702 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | 2,315 | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | 16,052,698 | 302,879 | - | - | - |
| - | - | - | - | - | 1,826 | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | 55,145 | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 18,548 | 16,595 | 430 | 16,107,843 | 302,879 | 321,066 | 172 | 1,419,943 |
| - | - | - | (282,821) | 335,243 | - | - | - |
| - | - | - | 27,337 | - | - | - | - |
| - | - | - | 437,781 | - | - | - | - |
| - | - | - | - | (394,176) | - | - | - |
| - | - | - | 465,118 | (394,176) | - | - | - |
| - | - | - | 182,297 | (58,933) | - | - | - |
| - | - | - | 2,949,615 | 394,176 | - | - | - |
| \$ - | \$ - | \$ - | \$ 3,131,912 | \$ 335,243 | \$ - | \$ - | \$ - |

KILLEEN INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2009

| Data Control Codes | 262 Title II, D Education Technology | 263 Title III, A English Lang. Acquisition | 386 Regional Day School for the Deaf | 397 Advanced Placement Incentives | |
|--|---|---|---|--|------------------|
| REVENUES: | | | | | |
| 5700 | Total Local and Intermediate Sources | \$ - | \$ - | \$ - | \$ - |
| 5800 | State Program Revenues | - | - | 192,077 | 59,054 |
| 5900 | Federal Program Revenues | 60,890 | 324,985 | - | - |
| 5020 | Total Revenues | <u>60,890</u> | <u>324,985</u> | <u>192,077</u> | <u>59,054</u> |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| 0011 | Instruction | 11,012 | 291,352 | 192,077 | 14,560 |
| 0012 | Instructional Resources and Media Services | 2,600 | - | - | - |
| 0013 | Curriculum and Instructional Staff Development | 47,278 | 22,874 | - | 17,396 |
| 0021 | Instructional Leadership | - | - | - | - |
| 0023 | School Leadership | - | 3,475 | - | - |
| 0031 | Guidance, Counseling and Evaluation Services | - | - | - | - |
| 0032 | Social Work Services | - | - | - | - |
| 0033 | Health 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 | - | 7,284 | - | - |
| Debt Service: | | | | | |
| 0071 | Debt Service - Principal on Long Term Debt | - | - | - | - |
| 0072 | Debt Service - Interest on Long Term Debt | - | - | - | - |
| 0073 | Debt Service - Bond Issuance Cost and Fees | - | - | - | - |
| Capital Outlay: | | | | | |
| 0081 | Facilities Acquisition and Construction | - | - | - | - |
| 6030 | Total Expenditures | <u>60,890</u> | <u>324,985</u> | <u>192,077</u> | <u>31,956</u> |
| 1100 | Excess (Deficiency) of Revenues Over (Under) Expenditures | - | - | - | 27,098 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| 7912 | Sale of Real and Personal Property | - | - | - | - |
| 7915 | Transfers In | - | - | - | - |
| 8911 | Transfers Out (Use) | - | - | - | - |
| 7080 | Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 1200 | Net Change in Fund Balance | - | - | - | 27,098 |
| 0100 | Fund Balance - September 1 (Beginning) | <u>-</u> | <u>-</u> | <u>-</u> | <u>49,505</u> |
| 3000 | Fund Balance - August 31 (Ending) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 76,603</u> |

| 401 Optional Extended Year Program | 404 Student Success Initiative | 411 Technology Allotment | 414 Texas Reading Initiative | 415 Kindergarten and Pre-K Grants | 428 High School Allotment | 446 JJAEP | 461 Campus Activity Funds |
|---|---|--------------------------------|---------------------------------------|--|---------------------------------|----------------|------------------------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 637,845 | \$ 1,226,942 |
| 73,977 | 932,243 | 1,039,829 | 35,000 | 2,445,548 | 2,266,646 | 33,338 | - |
| - | - | - | - | - | - | - | - |
| <u>73,977</u> | <u>932,243</u> | <u>1,039,829</u> | <u>35,000</u> | <u>2,445,548</u> | <u>2,266,646</u> | <u>671,183</u> | <u>1,226,942</u> |
| 72,252 | 874,674 | 1,016,095 | 38,246 | 4,562,750 | 1,949,967 | 573,053 | 799,874 |
| - | - | 5,300 | - | - | - | - | - |
| 1,725 | 57,569 | 8,089 | - | - | 135,178 | - | - |
| - | - | 5,300 | - | - | 984 | - | - |
| - | - | - | - | - | 13,244 | - | 176,250 |
| - | - | 5,300 | - | - | 684 | - | - |
| - | - | 5,300 | - | - | - | - | - |
| - | - | 5,300 | - | - | - | - | - |
| - | - | 5,300 | - | - | - | - | - |
| - | - | 5,300 | - | - | - | - | - |
| - | - | 5,300 | - | - | - | - | 231,893 |
| - | - | 9,499 | - | - | - | - | - |
| - | - | 5,300 | - | - | - | - | - |
| - | - | 5,300 | - | - | - | 98,130 | - |
| - | - | 182,663 | - | - | - | - | - |
| - | - | 5,300 | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>73,977</u> | <u>932,243</u> | <u>1,274,646</u> | <u>38,246</u> | <u>4,562,750</u> | <u>2,100,057</u> | <u>671,183</u> | <u>1,208,017</u> |
| - | - | (234,817) | (3,246) | (2,117,202) | 166,589 | - | 18,925 |
| - | - | - | - | - | - | - | - |
| - | - | 6,756,107 | 3,246 | 2,110,239 | - | - | 3,000 |
| - | - | - | - | - | (166,589) | - | - |
| - | - | 6,756,107 | 3,246 | 2,110,239 | (166,589) | - | 3,000 |
| - | - | 6,521,290 | - | (6,963) | - | - | 21,925 |
| - | - | - | - | 6,963 | - | - | 761,716 |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ 6,521,290</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 783,641</u> |

KILLEEN INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2009

| Data Control Codes | Total Nonmajor Special Revenue Funds | 599 Debt Service | 645 Capital Improvement Projects | 687 Impact Aid Section 8007 |
|--|--------------------------------------|---------------------|----------------------------------|-----------------------------|
| REVENUES: | | | | |
| 5700 Total Local and Intermediate Sources | \$ 7,632,827 | \$ 6,279,976 | \$ - | \$ - |
| 5800 State Program Revenues | 7,201,191 | 7,928,578 | - | - |
| 5900 Federal Program Revenues | 25,504,672 | - | - | - |
| 5020 Total Revenues | <u>40,338,690</u> | <u>14,208,554</u> | <u>-</u> | <u>-</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| 0011 Instruction | 22,844,047 | - | - | - |
| 0012 Instructional Resources and Media Services | 77,181 | - | - | - |
| 0013 Curriculum and Instructional Staff Development | 789,541 | - | - | - |
| 0021 Instructional Leadership | 69,849 | - | - | - |
| 0023 School Leadership | 210,933 | - | - | - |
| 0031 Guidance, Counseling and Evaluation Services | 1,076,515 | - | - | - |
| 0032 Social Work Services | 5,300 | - | - | - |
| 0033 Health Services | 5,300 | - | - | - |
| 0034 Student (Pupil) Transportation | 5,300 | - | - | - |
| 0035 Food Services | 16,360,877 | - | - | - |
| 0036 Extracurricular Activities | 239,019 | - | - | - |
| 0041 General Administration | 9,499 | - | - | - |
| 0051 Facilities Maintenance and Operations | 60,445 | - | 4,617,166 | - |
| 0052 Security and Monitoring Services | 127,475 | - | - | - |
| 0053 Data Processing Services | 182,663 | - | - | - |
| 0061 Community Services | 364,977 | - | - | - |
| Debt Service: | | | | |
| 0071 Debt Service - Principal on Long Term Debt | - | 7,940,000 | - | - |
| 0072 Debt Service - Interest on Long Term Debt | - | 6,321,325 | - | - |
| 0073 Debt Service - Bond Issuance Cost and Fees | - | 1,100 | - | - |
| Capital Outlay: | | | | |
| 0081 Facilities Acquisition and Construction | - | - | 941 | 1,704,889 |
| 6030 Total Expenditures | <u>42,428,921</u> | <u>14,262,425</u> | <u>4,618,107</u> | <u>1,704,889</u> |
| 1100 Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(2,090,231)</u> | <u>(53,871)</u> | <u>(4,618,107)</u> | <u>(1,704,889)</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| 7912 Sale of Real and Personal Property | 27,337 | - | - | - |
| 7915 Transfers In | 9,310,373 | - | 4,314,072 | 1,496,050 |
| 8911 Transfers Out (Use) | (560,765) | - | - | - |
| 7080 Total Other Financing Sources (Uses) | <u>8,776,945</u> | <u>-</u> | <u>4,314,072</u> | <u>1,496,050</u> |
| 1200 Net Change in Fund Balance | 6,686,714 | (53,871) | (304,035) | (208,839) |
| 0100 Fund Balance - September 1 (Beginning) | <u>4,161,975</u> | <u>1,791,045</u> | <u>304,035</u> | <u>662,194</u> |
| 3000 Fund Balance - August 31 (Ending) | <u>\$ 10,848,689</u> | <u>\$ 1,737,174</u> | <u>\$ -</u> | <u>\$ 453,355</u> |

| 688 Impact Aid ARRA Construction | 696 New Schools Furniture & Equipment | Total Nonmajor Capital Project Funds | 479 Permanent Fund | Total Nonmajor Governmental Funds |
|---|--|---|--------------------------|--|
| \$ - | \$ - | \$ - | \$ (33,421) | \$ 13,879,382 |
| - | - | - | - | 15,129,769 |
| - | - | - | - | 25,504,672 |
| - | - | - | (33,421) | 54,513,823 |
| - | 2,102,854 | 2,102,854 | 6,493 | 24,953,394 |
| - | 438,699 | 438,699 | - | 515,880 |
| - | 2,244 | 2,244 | - | 791,785 |
| - | - | - | - | 69,849 |
| - | 107,768 | 107,768 | - | 318,701 |
| - | 10,976 | 10,976 | - | 1,087,491 |
| - | - | - | - | 5,300 |
| - | 13,920 | 13,920 | - | 19,220 |
| - | - | - | - | 5,300 |
| - | - | - | - | 16,360,877 |
| - | 42,733 | 42,733 | - | 281,752 |
| - | 18,792 | 18,792 | - | 28,291 |
| - | 211,299 | 4,828,465 | - | 4,888,910 |
| - | 59,359 | 59,359 | - | 186,834 |
| - | - | - | - | 182,663 |
| - | - | - | - | 364,977 |
| - | - | - | - | 7,940,000 |
| - | - | - | - | 6,321,325 |
| - | - | - | - | 1,100 |
| - | 381 | 1,706,211 | - | 1,706,211 |
| - | 3,009,025 | 9,332,021 | 6,493 | 66,029,860 |
| - | (3,009,025) | (9,332,021) | (39,914) | (11,516,037) |
| - | - | - | - | 27,337 |
| - | 2,978,175 | 8,788,297 | - | 18,098,670 |
| - | - | - | - | (560,765) |
| - | 2,978,175 | 8,788,297 | - | 17,565,242 |
| - | (30,850) | (543,724) | (39,914) | 6,049,205 |
| - | 30,850 | 997,079 | 178,529 | 7,128,628 |
| \$ - | \$ - | \$ 453,355 | \$ 138,615 | \$ 13,177,833 |

KILLEEN INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2009

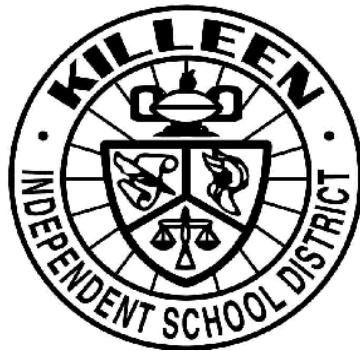
| | BALANCE SEPTEMBER 1 2008 | ADDITIONS | DEDUCTIONS | BALANCE AUGUST 31 2009 |
|-----------------------------------|--------------------------------|----------------------|----------------------|------------------------------|
| EMPLOYEE FLEXIBLE BENEFITS | | | | |
| Assets: | | | | |
| Cash and Temporary Investments | \$ 2,372,102 | \$ 23,042,948 | \$ 24,501,877 | \$ 913,173 |
| Other Receivables | 26,614 | - | 33 | 26,581 |
| Total Assets | <u>\$ 2,398,716</u> | <u>\$ 23,042,948</u> | <u>\$ 24,501,910</u> | <u>\$ 939,754</u> |
| Liabilities: | | | | |
| Due to Other Funds | \$ 497 | \$ 24,104 | \$ 24,531 | \$ 70 |
| Payable from Restricted Assets | 2,398,219 | 24,491,335 | 25,949,870 | 939,684 |
| Total Liabilities | <u>\$ 2,398,716</u> | <u>\$ 24,515,439</u> | <u>\$ 25,974,401</u> | <u>\$ 939,754</u> |
| STUDENT ACTIVITY ACCOUNT | | | | |
| Assets: | | | | |
| Cash and Temporary Investments | \$ 501,201 | \$ 516,489 | \$ 532,620 | \$ 485,070 |
| Liabilities: | | | | |
| Due to Student Groups | \$ 501,201 | \$ 1,545,986 | \$ 1,562,117 | \$ 485,070 |
| TOTAL AGENCY FUNDS | | | | |
| Assets: | | | | |
| Cash and Temporary Investments | \$ 2,873,303 | \$ 23,559,437 | \$ 25,034,497 | \$ 1,398,243 |
| Other Receivables | 26,614 | - | 33 | 26,581 |
| Total Assets | <u>\$ 2,899,917</u> | <u>\$ 23,559,437</u> | <u>\$ 25,034,530</u> | <u>\$ 1,424,824</u> |
| Liabilities: | | | | |
| Due to Other Funds | \$ 497 | \$ 24,104 | \$ 24,531 | \$ 70 |
| Due to Student Groups | 501,201 | 1,545,986 | 1,562,117 | 485,070 |
| Payable from Restricted Assets | 2,398,219 | 24,491,335 | 25,949,870 | 939,684 |
| Total Liabilities | <u>\$ 2,899,917</u> | <u>\$ 26,061,425</u> | <u>\$ 27,536,518</u> | <u>\$ 1,424,824</u> |

KILLEEN INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF NET ASSETS
 PRIVATE PURPOSE TRUST FUNDS
 AUGUST 31, 2009

| | 816 Local Memorial Fund | 820 Donor Designated Scholarships | 821 Local Scholarship Funds | 823 Endowed Scholarships | Total Private Purpose Trust Funds |
|---------------------------|----------------------------------|--|--------------------------------------|--------------------------------|--|
| ASSETS | | | | | |
| Current Assets: | | | | | |
| Cash and Cash Equivalents | \$ 2,248 | \$ 13,208 | \$ 4,356 | \$ 12,816 | \$ 32,628 |
| Investments - Current | - | - | 725 | - | 725 |
| Due from Other Funds | - | - | 6,750 | - | 6,750 |
| Total Current Assets | <u>2,248</u> | <u>13,208</u> | <u>11,831</u> | <u>12,816</u> | <u>40,103</u> |
| Noncurrent Assets: | | | | | |
| Long Term Investments | - | - | - | 1,120,847 | 1,120,847 |
| Total Noncurrent Assets | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,120,847</u> | <u>1,120,847</u> |
| Total Assets | <u>2,248</u> | <u>13,208</u> | <u>11,831</u> | <u>1,133,663</u> | <u>1,160,950</u> |
| LIABILITIES | | | | | |
| Current Liabilities: | | | | | |
| Due to Other Funds | - | 750 | - | 6,000 | 6,750 |
| Total Liabilities | <u>-</u> | <u>750</u> | <u>-</u> | <u>6,000</u> | <u>6,750</u> |
| NET ASSETS | | | | | |
| Unrestricted Net Assets | <u>2,248</u> | <u>12,458</u> | <u>11,831</u> | <u>1,127,663</u> | <u>1,154,200</u> |
| Total Net Assets | <u>\$ 2,248</u> | <u>\$ 12,458</u> | <u>\$ 11,831</u> | <u>\$ 1,127,663</u> | <u>\$ 1,154,200</u> |

KILLEEN INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 PRIVATE PURPOSE TRUST FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2009

| | 816 Local Memorial Fund | 820 Donor Designated Scholarships | 821 Local Scholarship Funds | 823 Endowed Scholarships | Total Private Purpose Trust Funds |
|--|----------------------------------|--|--------------------------------------|--------------------------------|--|
| ADDITIONS: | | | | | |
| Earnings from Temporary Deposits & Other Revenues | \$ 37 1,000 | \$ 194 - | \$ 2,357 - | \$ (134,709) 489 | \$ (132,121) 1,489 |
| Total Additions | <u>1,037</u> | <u>194</u> | <u>2,357</u> | <u>(134,220)</u> | <u>(130,632)</u> |
| DEDUCTIONS: | | | | | |
| Other Operating Costs | 1,500 | 1,250 | - | 22,000 | 24,750 |
| Total Deductions | <u>1,500</u> | <u>1,250</u> | <u>-</u> | <u>22,000</u> | <u>24,750</u> |
| Change in Net Assets | (463) | (1,056) | 2,357 | (156,220) | (155,382) |
| Net Assets September 1 (Beginning) | <u>2,711</u> | <u>13,514</u> | <u>9,474</u> | <u>1,283,883</u> | <u>1,309,582</u> |
| Net Assets - August 31 (Ending) | <u>\$ 2,248</u> | <u>\$ 12,458</u> | <u>\$ 11,831</u> | <u>\$ 1,127,663</u> | <u>\$ 1,154,200</u> |



KILLEEN INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FISCAL YEAR ENDED AUGUST 31, 2009

| Last 10 Years Ended August 31 | (1) | (2) | (3) |
|----------------------------------|-------------|--------------|--|
| | Tax Rates | | Assessed/Appraised Value for School Tax Purposes |
| | Maintenance | Debt Service | |
| 2000 and prior years | \$ 1.360000 | \$ 0.068000 | \$ 2,755,536,246 |
| 2001 | 1.360000 | 0.068000 | 2,525,063,592 |
| 2002 | 1.384000 | 0.044000 | 2,675,006,773 |
| 2003 | 1.384000 | 0.138300 | 2,865,010,666 |
| 2004 | 1.425000 | 0.138300 | 3,146,053,284 |
| 2005 | 1.420000 | 0.138300 | 3,394,090,351 |
| 2006 | 1.420000 | 0.138300 | 3,864,218,855 |
| 2007 | 1.299100 | 0.120000 | 4,611,170,393 |
| 2008 | 1.031190 | 0.110000 | 5,299,887,356 |
| 2009 (School year under audit) | 1.031190 | 0.110000 | 5,897,396,511 |
| 1000 TOTALS | | | |

| (10) Beginning Balance 9/1/2008 | (20) Current Year's Total Levy | (31) Maintenance Collections | (32) Debt Service Collections | (40) Entire Year's Adjustments | (50) Ending Balance 8/31/2009 |
|--|---|------------------------------------|-------------------------------------|---|--|
| \$ 258,863 | \$ - | \$ 6,863 | \$ 342 | \$ 627 | \$ 252,285 |
| 101,186 | - | 2,738 | 95 | (565) | 97,788 |
| 111,083 | - | 3,385 | 108 | (1,818) | 105,772 |
| 135,334 | - | 3,497 | 349 | (3,323) | 128,165 |
| 172,819 | - | 13,208 | 1,281 | (5,833) | 152,497 |
| 180,267 | - | 20,334 | 1,980 | (1,753) | 156,200 |
| 247,042 | - | 48,712 | 4,745 | (3,309) | 190,276 |
| 383,977 | - | 120,776 | 11,158 | (6,263) | 245,780 |
| 789,233 | - | 397,927 | 42,448 | (33,422) | 315,436 |
| - | 65,968,263 | 58,647,536 | 6,256,101 | (199,333) | 865,293 |
| <u>\$ 2,379,804</u> | <u>\$ 65,968,263</u> | <u>\$ 59,264,976</u> | <u>\$ 6,318,607</u> | <u>\$ (254,992)</u> | <u>\$ 2,509,492</u> |

KILLEEN INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST FOR 2010-2011
 GENERAL AND SPECIAL REVENUE FUNDS
 AUGUST 31, 2009

FUNCTION 41 AND RELATED FUNCTION 53 - GENERAL ADMINISTRATION, 99 - APPRAISAL DISTRICT COST

| Account Number | Account Name | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|----------------|---|-----------------------|--------------------------|------------------------|------------------------|----------------------|--------------------------|----------------------|
| | | (702) School Board | (703) Tax Collections | (701) Supt's Office | (750) Indirect Cost | (720) Direct Cost | (other) Miscellaneous | Total |
| 611X-6146 | PAYROLL COSTS | \$ - | \$ - | \$ 510,538 | \$ 6,765,713 | \$ - | \$ - | \$ 7,276,251 |
| 6149 | Leave for Separating Employees in Fn 41 & 53 | - | - | - | - | - | - | - |
| 6149 | Leave - Separating Employees not in 41 & 53 | - | - | - | - | - | - | - |
| 6211 | Legal Services | - | - | - | - | 483,435 | - | 483,435 |
| 6212 | Audit Services | - | - | - | 99,800 | - | - | 99,800 |
| 6213 | Tax Appraisal/Collection - Appraisal in Fn 99 | - | 692,210 | - | - | - | - | 692,210 |
| 621X | Other Professional Services | - | - | - | 99,709 | - | - | 99,709 |
| 6220 | Tuition and Transfer Payments | - | - | - | - | - | - | - |
| 6230 | Education Service Centers | 70 | - | 25 | 687,950 | - | - | 688,045 |
| 6240 | Contr. Maint. and Repair | - | - | - | - | 866,101 | - | 866,101 |
| 6250 | Utilities | - | - | - | - | - | - | - |
| 6260 | Rentals | 600 | - | - | 50,554 | - | - | 51,154 |
| 6290 | Miscellaneous Contr. | 8,579 | - | 14,743 | 602,674 | - | 11,665 | 637,661 |
| 6320 | Textbooks and Reading | - | - | 2,967 | 23,527 | - | - | 26,494 |
| 6330 | Testing Materials | - | - | - | - | - | - | - |
| 63XX | Other Supplies Materials | 1,996 | - | 12,125 | 802,087 | - | - | 816,208 |
| 6410 | Travel, Subsistence, Stipends | 12,850 | - | 9,006 | 130,769 | - | - | 152,625 |
| 6420 | Ins. and Bonding Costs | - | - | - | 142 | - | - | 142 |
| 6430 | Election Costs | 7,292 | - | - | - | - | - | 7,292 |
| 6490 | Miscellaneous Operating | 34,344 | - | 21,217 | 252,262 | - | - | 307,823 |
| 6500 | Debt Service | - | - | - | - | - | - | - |
| 6600 | Capital Outlay | - | - | - | - | - | 143,385 | 143,385 |
| 6000 | TOTAL | \$ 65,731 | \$ 692,210 | \$ 570,621 | \$ 9,515,187 | \$ 1,349,536 | \$ 155,050 | \$ 12,348,335 |

Total expenditures/expenses for General and Special Revenue Funds: (9) \$ 327,314,296

LESS: Deductions of Unallowable Costs

FISCAL YEAR

| | | |
|--|------|--------------|
| Total Capital Outlay (6600) | (10) | \$ 4,933,826 |
| Total Debt & Lease(6500) | (11) | 1,287,238 |
| Plant Maintenance (Function 51, 6100-6400) | (12) | 27,217,927 |
| Food (Function 35, 6341 and 6499) | (13) | 7,069,869 |
| Stipends (6413) | (14) | - |
| Column 4 (above) - Total Indirect Cost | | 9,515,187 |

SubTotal:

50,024,046

Net Allowed Direct Cost

\$ 277,290,250

CUMULATIVE

| | | |
|---|------|----------------|
| Total Cost of Buildings before Depreciation (1520) | (15) | \$ 429,255,623 |
| Historical Cost of Building over 50 years old | (16) | \$ - |
| Amount of Federal Money in Building Cost (Net of #16) | (17) | \$ - |
| Total Cost of Furniture & Equipment before Depreciation (1530 & 1540) | (18) | \$ 49,652,389 |
| Historical Cost of Furniture & Equipment over 16 years old | (19) | \$ - |
| Amount of Federal Money in Furniture & Equipment (Net of #19) | (20) | \$ - |

(8) NOTE A: \$4,880,755 in Function 53 expenditures are included in this report on administrative costs.

\$498,391 in Function 99 expenditures for appraisal district costs are included in this report on administrative costs.

KILLEEN INDEPENDENT SCHOOL DISTRICT
 FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET
 GENERAL FUND AS OF AUGUST 31, 2009

UNAUDITED

| | | | |
|----|---|--------------|----------------|
| 1 | Total General Fund Balance as of 8/31/09 (Exhibit C-1 object 3000 for the General Fund Only) | | \$ 103,462,610 |
| 2 | Total Reserved Fund Balance (from Exhibit C-1 - total of object 3400s for the General Fund Only) | \$ 7,850,443 | |
| 3 | Total Designated Fund Balance (from Exhibit C-1 - total of object 3500s for the General Fund Only) | - | |
| 4 | Estimated amount needed to cover fall cash flow deficits in the General Fund (Net of borrowed funds and funds representing deferred revenues.) | 32,500,000 | |
| 5 | Estimate of one month's average cash disbursements during the regular school session (9/1/09-5/31/10). | 22,500,000 | |
| 6 | Estimate of delayed payments from state sources (58xx) including August payment delays | - | |
| 7 | Estimate of underpayment from state sources equal to variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District's calculated earned state aid amount. | 8,000,000 | |
| 8 | Estimate of delayed payments from federal sources (59xx) | 25,000,000 | |
| 9 | Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior to issuance of bonds) | - | |
| 10 | Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9) | 95,850,443 | |
| 11 | Excess (Deficit) Undesignated Unreserved General Fund Balance (Line 1 minus Line 10) | \$ 7,612,167 | |

Explanation of need for and/or projected use of net positive Undesignated Unreserved General Fund Fund Balance:

The district continues planning capital expenditures that will be transferred to the capital projects fund or designated in the fund balance as they develop. The district is also in a unique situation with Impact Aid funding not being made on a predictable schedule. Therefore, the district prefers to maintain reserves to allow for appropriate cash flow solutions.

KILLEEN INDEPENDENT SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 NATIONAL BREAKFAST AND LUNCH PROGRAM
 FOR THE YEAR ENDED AUGUST 31, 2009

| 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 | \$ 5,820,534 | \$ 5,694,232 | \$ 5,761,165 | \$ 66,933 |
| 5800 State Program Revenues | 115,968 | 108,457 | 123,479 | 15,022 |
| 5900 Federal Program Revenues | 9,339,403 | 9,869,403 | 9,940,378 | 70,975 |
| 5020 Total Revenues | 15,275,905 | 15,672,092 | 15,825,022 | 152,930 |
| EXPENDITURES: | | | | |
| 0035 Food Services | 17,216,056 | 16,073,526 | 16,052,698 | 20,828 |
| 0051 Facilities Maintenance and Operations | 27,131 | 57,278 | 55,145 | 2,133 |
| 0052 Security and Monitoring Services | 15,000 | - | - | - |
| 6030 Total Expenditures | 17,258,187 | 16,130,804 | 16,107,843 | 22,961 |
| 1100 Excess (Deficiency) of Revenues Over (Under) Expenditures | (1,982,282) | (458,712) | (282,821) | 175,891 |
| OTHER FINANCING SOURCES (USES): | | | | |
| 7912 Sale of Real and Personal Property | - | - | 27,337 | 27,337 |
| 7915 Transfers In | - | 421,514 | 437,781 | 16,267 |
| 7080 Total Other Financing Sources (Uses) | - | 421,514 | 465,118 | 43,604 |
| 1200 Net Change in Fund Balances | (1,982,282) | (37,198) | 182,297 | 219,495 |
| 0100 Fund Balance - September 1 (Beginning) | 2,949,615 | 2,949,615 | 2,949,615 | - |
| 3000 Fund Balance - August 31 (Ending) | \$ 967,333 | \$ 2,912,417 | \$ 3,131,912 | \$ 219,495 |

KILLEEN INDEPENDENT SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 DEBT SERVICE FUND
 FOR THE YEAR ENDED AUGUST 31, 2009

| 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 | \$ 6,334,032 | \$ 6,280,658 | \$ 6,279,976 | \$ (682) |
| 5800 State Program Revenues | 8,420,672 | 8,279,435 | 7,928,578 | (350,857) |
| 5020 Total Revenues | 14,754,704 | 14,560,093 | 14,208,554 | (351,539) |
| EXPENDITURES: | | | | |
| Debt Service: | | | | |
| 0071 Debt Service - Principal on Long Term Debt | 7,940,000 | 7,940,000 | 7,940,000 | - |
| 0072 Debt Service - Interest on Long Term Debt | 6,321,325 | 6,321,325 | 6,321,325 | - |
| 0073 Debt Service - Bond Issuance Cost and Fees | 101,500 | 101,500 | 1,100 | 100,400 |
| 6030 Total Expenditures | 14,362,825 | 14,362,825 | 14,262,425 | 100,400 |
| 1200 Net Change in Fund Balances | 391,879 | 197,268 | (53,871) | (251,139) |
| 0100 Fund Balance - September 1 (Beginning) | 1,791,045 | 1,791,045 | 1,791,045 | - |
| 3000 Fund Balance - August 31 (Ending) | \$ 2,182,924 | \$ 1,988,313 | \$ 1,737,174 | \$ (251,139) |

KILLEEN INDEPENDENT SCHOOL DISTRICT

Bond Schedule

Fiscal Year Ended August 31, 2009

| Date of Issue | Description | Interest Rate Payable | Amounts Original Issue | 10 Amounts Outstanding 9/1/2008 | 20 Issued Current Year |
|---------------|--|-----------------------|------------------------|---------------------------------|------------------------|
| 3/25/98 | Unlimited Tax School Building and Refunding Bonds, Series 1998 | 4.2 to 5.5% | * \$ 82,995,000 | \$ 995,000 | \$ - |
| 9/10/02 | Unlimited Tax School Building and Refunding Bonds, Series 2002 | 2.0 to 5.25% | ** 99,955,000 | 88,025,000 | - |
| 9/10/02 | Unlimited Tax School Building and Refunding Bonds, Series 2003 | 4.5% | *** 8,015,000 | 2,460,000 | - |
| 2/8/05 | Unlimited Tax Refunding Bond, Series 2005 | 3.0 to 5.0% | **** 34,610,000 | 34,610,000 | - |
| 06/01/08 | Unlimited Tax Refunding Bond, Series 2008 | 4.00% | ***** 8,960,000 | 8,960,000 | - |
| | Sub-total: | | 234,535,000 | 135,050,000 | - |
| | Unamortized premium on Current Interest Bonds | | - | 5,040,582 | - |
| 1000 | TOTAL | | \$ 234,535,000 | \$ 140,090,582 | - |

*Bonds payable Series 1998

| | |
|---|----------------------|
| Principal amount of Capital Interest Bonds | \$ 78,405,000 |
| Maturity amount of Capital Appreciation Bonds | 4,590,000 |
| | <u>\$ 82,995,000</u> |

**Bonds payable Series 2002

| | |
|---|----------------------|
| Principal amount of Capital Interest Bonds | \$ 98,720,000 |
| Maturity amount of Capital Appreciation Bonds | 1,235,000 |
| | <u>\$ 99,955,000</u> |

***Bonds payable Series 2003

| | |
|--|---------------------|
| Principal amount of Capital Interest Bonds | \$ 8,015,000 |
| | <u>\$ 8,015,000</u> |

****Bonds payable Series 2005

| | |
|--|----------------------|
| Principal amount of Capital Interest Bonds | \$ 34,610,000 |
| | <u>\$ 34,610,000</u> |

*****Bonds payable Series 2008

| | |
|--|---------------------|
| Principal amount of Capital Interest Bonds | \$ 8,960,000 |
| | <u>\$ 8,960,000</u> |

| 30 Retired Current Year | 40 Amounts Outstanding 8/31/2009 | 50 Interest Current Year | Requirements | | | | 90 | I 9/1/11 To Maturity Interest |
|----------------------------------|---|-----------------------------------|-----------------------|---------------------|-----------------------|---------------------|----------------------------------|--|
| | | | Year Ending - 8/31/10 | | Year Ending - 8/31/11 | | | |
| | | | 60 Principal | 70 Interest | 80 Principal | Interest | | |
| \$ 995,000 | \$ - | \$ 24,875 | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 2,790,000 | 85,235,000 | 4,269,763 | 2,905,000 | 4,155,863 | 3,040,000 | 4,021,763 | 36,252,605 | |
| 575,000 | 1,885,000 | 97,763 | 600,000 | 71,325 | 630,000 | 43,650 | 14,738 | |
| 3,485,000.00 | 31,125,000 | 1,572,425 | 3,610,000 | 1,447,950 | 3,780,000 | 1,281,250 | 4,195,125 | |
| <u>95,000.00</u> | <u>8,865,000</u> | <u>356,500</u> | <u>1,140,000</u> | <u>331,800</u> | <u>1,185,000</u> | <u>285,300</u> | <u>818,800</u> | |
| 7,940,000 | 127,110,000 | 6,321,326 | 8,255,000 | 6,006,938 | 8,635,000 | 5,631,963 | 41,281,268 | |
| <u>433,162</u> | <u>4,607,420</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | |
| <u>\$ 8,373,162</u> | <u>\$ 131,717,420</u> | <u>\$ 6,321,326</u> | <u>\$ 8,255,000</u> | <u>\$ 6,006,938</u> | <u>\$ 8,635,000</u> | <u>\$ 5,631,963</u> | <u>\$ 41,281,268</u> | |
| | | | | | | | Other Debt Service expenditures: | |
| | | | | | | | 6599 - fees | 2009 1,100 |
| | | | | | | | Total | <u>\$ 1,100</u> |

KILLEEN INDEPENDENT SCHOOL DISTRICT

Mandated Programs Schedule
General Fund

Fiscal Year Ended August 31, 2009

| 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 | \$123,350,977 | \$ 1,466,015 | \$ 3,339,355 | \$ 18,647,982 | \$ 5,456,296 | \$ 4,770,403 | \$ 658,550 | \$ 1,458,615 |
| 6200 Contract services | 2,348,782 | 7,762 | 211,479 | 976,544 | 367,048 | 20,047 | 9,592 | 784 |
| 6300 Supplies and materials | 3,063,869 | 95,981 | 214,929 | 63,939 | 686,397 | 185,086 | 70,273 | 17,684 |
| 6400 Other operating | 643,307 | 4,312 | 8,386 | 77,874 | 4,644 | 7,976 | 2,839 | - |
| 6500 Debt service | - | - | - | - | - | - | - | - |
| 6600 Capital outlay | 201,631 | - | 66,230 | - | - | - | - | - |
| Total Instruction | 129,608,566 | 1,574,070 | 3,840,379 | 19,766,339 | 6,514,385 | 4,983,512 | 741,254 | 1,477,083 |
| 12-81 ALL OTHER FUNCTIONS- | | | | | | | | |
| 6100 Payroll costs | - | 53,899 | 237,832 | 4,665,259 | 806,519 | 52,084 | 194,852 | 292,736 |
| 6200 Contract services | - | 16,075 | 73,641 | 168,279 | 435,912 | 2,835 | 14,795 | - |
| 6300 Supplies and materials | - | 34,073 | 20,646 | 111,237 | 18,940 | 3,312 | 7,226 | 4,107 |
| 6400 Other operating | - | 28,710 | 32,753 | 51,186 | 53,875 | 40,874 | 4,561 | 100 |
| 6500 Debt service | - | - | - | - | - | - | - | - |
| 6600 Capital outlay | - | - | - | 127,233 | - | 3,851 | - | - |
| Total Other Functions | - | 132,757 | 364,872 | 5,123,194 | 1,315,246 | 102,956 | 221,434 | 296,943 |
| Total Expenditures | <u>\$129,608,566</u> | <u>\$ 1,706,827</u> | <u>\$ 4,205,251</u> | <u>\$ 24,889,533</u> | <u>\$ 7,829,631</u> | <u>\$ 5,086,468</u> | <u>\$ 962,688</u> | <u>\$ 1,774,026</u> |

Exhibit J-7

| 29 | 30 | 91 | 99 | TOTALS |
|--|--|---------------------|-----------------------|-----------------------|
| Disciplinary Alternative Education | Title I, Part A School Wide Campuses | Athletics | Other Expenditures | August 31, 2009 |
| \$ 344,252 | \$ 1,178,358 | \$ - | \$ - | \$ 160,670,803 |
| - | 83,854 | - | - | 4,025,892 |
| - | 393,638 | - | - | 4,791,796 |
| - | 20,512 | - | - | 769,850 |
| - | - | - | - | - |
| - | - | - | - | 267,861 |
| 344,252 | 1,676,362 | - | - | 170,526,202 |
| 30,142 | 84,967 | 3,500,338 | 70,487,847 | 80,406,475 |
| 14,791 | 16,132 | 628,209 | 15,370,143 | 16,740,812 |
| - | 1,095 | 848,770 | 7,221,492 | 8,270,898 |
| - | 46,025 | 983,833 | 1,881,757 | 3,123,674 |
| - | - | - | 1,287,238 | 1,287,238 |
| - | - | 27,458 | 4,371,534 | 4,530,076 |
| 44,933 | 148,219 | 5,988,608 | 100,620,011 | 114,359,173 |
| <u>\$ 389,185</u> | <u>\$ 1,824,581</u> | <u>\$ 5,988,608</u> | <u>\$ 100,620,011</u> | <u>\$ 284,885,375</u> |



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 Assets by Component, Last Eight Fiscal Years
(accrual basis of accounting)

| | <u>2002</u> | <u>2003</u> | <u>2004</u> |
|---|-----------------------|-----------------------|-----------------------|
| Governmental activities | | | |
| Invested in capital assets, net of related debt | \$ 148,128,265 | \$ 161,696,235 | \$ 160,774,581 |
| Restricted | 13,971,588 | 41,323,476 | 37,071,226 |
| Unrestricted | 117,099,599 | 78,023,809 | 96,236,725 |
| Total primary government net assets | <u>\$ 279,199,452</u> | <u>\$ 281,043,520</u> | <u>\$ 294,082,532</u> |

Note: The district began to report accrual information when it implemented GASB Statement 34 in 2002.

| <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ 164,987,587 | \$ 173,696,399 | \$ 184,173,068 | \$ 201,012,191 | \$ 225,696,488 |
| 28,819,687 | 59,836,137 | 6,946,620 | 28,890,816 | 7,029,108 |
| 120,102,301 | 107,498,825 | 190,426,394 | 182,779,898 | 195,151,510 |
| <u>\$ 313,909,575</u> | <u>\$ 341,031,361</u> | <u>\$ 381,546,082</u> | <u>\$ 412,682,905</u> | <u>\$ 427,877,106</u> |

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

| | <u>2002</u> | <u>2003</u> | <u>2004</u> |
|--|-------------------------|-------------------------|-------------------------|
| Expenses | | | |
| Governmental activities: | | | |
| Instruction | \$ 121,628,055 | \$ 142,428,622 | \$ 148,339,161 |
| Instructional resources and media services | 10,217,043 | 11,452,509 | 11,651,966 |
| Curriculum development/instructional staff development | 4,085,965 | 4,608,621 | 5,675,670 |
| Instructional leadership | 1,928,337 | 2,126,977 | 2,516,013 |
| School leadership | 11,949,257 | 13,194,727 | 15,026,409 |
| Guidance, counseling and evaluation services | 6,621,254 | 7,308,273 | 7,600,937 |
| Social work services | 1,132,238 | 1,218,766 | 1,193,211 |
| Health services | 1,636,833 | 1,938,734 | 1,937,968 |
| Student (pupil) transportation | 4,074,184 | 5,874,657 | 6,588,922 |
| Food services | 10,645,087 | 12,227,554 | 12,821,514 |
| Extracurricular activities | 6,705,470 | 7,082,006 | 7,403,095 |
| General administration | 5,127,447 | 5,679,156 | 5,950,528 |
| Plant maintenance and operations | 20,414,591 | 30,264,451 | 28,728,202 |
| Security and monitoring services | 2,058,065 | 2,222,626 | 2,118,510 |
| Data processing services | 2,698,157 | 3,253,952 | 3,423,135 |
| Community services | 922,341 | 963,348 | 1,022,219 |
| Debt service | 4,511,940 | 8,181,714 | 8,329,950 |
| Bond issuance cost and fees | - | 1,028,985 | - |
| Facilities acquisition and construction | 561,983 | - | 41,638 |
| Payments to fiscal agent/member districts of SSA | - | - | 237,214 |
| Payments to JJAEP | 405,279 | 414,477 | 481,572 |
| Other Intergovernmental Charges | - | - | - |
| Total primary government expenses | <u>217,323,526</u> | <u>261,470,155</u> | <u>271,087,834</u> |
| Program Revenues | | | |
| Charges for services | | | |
| Instruction | 1,135,057 | 292,306 | 539,756 |
| Curriculum development/instructional staff development | - | 24,690 | 38,212 |
| Instructional leadership | - | - | 25,475 |
| School leadership | - | - | - |
| Food services | 3,303,050 | 3,583,667 | 4,068,273 |
| Extracurricular activities | 1,429,454 | 1,389,142 | 1,455,688 |
| General administration | - | - | 12,737 |
| Plant maintenance and operations | 245,779 | 625,488 | 740,386 |
| Security and monitoring services | 80 | 8,230 | - |
| Community services | 46,866 | 39,208 | 33,998 |
| Juvenile justice alternative education program | 855,142 | 873,704 | 1,066,932 |
| Operating grants and contributions | 31,958,189 | 37,030,260 | 37,679,720 |
| Total primary government program revenues | <u>38,973,617</u> | <u>43,866,695</u> | <u>45,661,177</u> |
| Net (Expense)/Revenue | | | |
| Total primary government net expense | <u>\$ (178,349,909)</u> | <u>\$ (217,603,460)</u> | <u>\$ (225,426,657)</u> |

Note: The district began to report accrual information when it implemented GASB Statement 34 in 2002.

| <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> |
|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| \$ 154,966,345 | \$ 163,138,498 | \$ 180,754,743 | \$ 197,779,993 | \$ 205,517,330 |
| 11,516,463 | 9,687,868 | 8,732,038 | 9,740,123 | 8,218,128 |
| 5,228,047 | 8,251,928 | 8,169,592 | 8,739,196 | 8,035,658 |
| 2,382,728 | 2,980,768 | 2,951,054 | 3,046,864 | 3,172,009 |
| 14,609,862 | 15,097,530 | 15,871,229 | 16,711,693 | 18,251,621 |
| 8,297,412 | 9,150,184 | 10,763,166 | 12,125,826 | 12,862,413 |
| 1,254,093 | 1,263,118 | 1,279,205 | 1,439,844 | 1,508,820 |
| 2,176,627 | 2,260,796 | 2,512,156 | 2,654,147 | 3,006,361 |
| 5,811,302 | 6,328,478 | 7,245,984 | 8,708,500 | 9,300,363 |
| 13,870,658 | 15,532,070 | 15,616,023 | 17,421,240 | 17,860,193 |
| 7,575,390 | 7,921,723 | 7,220,543 | 7,789,348 | 7,432,759 |
| 6,237,665 | 6,454,480 | 6,762,635 | 6,808,811 | 6,958,795 |
| 25,308,896 | 27,644,939 | 31,121,948 | 31,789,806 | 33,594,466 |
| 1,763,455 | 1,988,176 | 2,096,822 | 2,512,659 | 2,718,538 |
| 2,669,809 | 2,739,098 | 4,075,847 | 6,424,144 | 4,761,535 |
| 944,661 | 1,004,696 | 1,160,805 | 1,261,207 | 1,171,155 |
| 7,805,321 | 7,374,733 | 6,944,420 | 6,461,892 | 6,081,023 |
| - | 12,226 | 12,527 | 52,894 | 20,120 |
| 321,926 | - | - | - | - |
| 208,957 | 94,610 | - | - | - |
| 392,287 | 406,602 | 229,574 | 258,505 | 398,515 |
| - | - | - | - | 498,391 |
| <u>273,341,904</u> | <u>289,332,521</u> | <u>313,520,311</u> | <u>341,726,692</u> | <u>351,368,193</u> |
| 526,456 | 457,581 | 4,096,256 | 655,784 | 517,465 |
| - | - | - | 8,842 | - |
| - | - | - | 9,879 | 11,719 |
| - | - | 42,150 | - | - |
| 4,439,902 | 4,844,421 | 5,005,922 | 5,373,829 | 5,763,505 |
| 1,593,765 | 1,624,008 | 1,594,876 | 1,749,417 | 1,696,923 |
| - | - | - | - | - |
| 520,407 | 1,226,893 | 42,150 | 298,786 | 64,455 |
| - | - | 42,150 | 5,550 | 5,860 |
| 74,531 | 44,075 | 79,236 | 52,750 | 33,639 |
| 903,970 | 949,138 | 735,546 | 711,607 | 1,070,372 |
| <u>38,566,363</u> | <u>40,679,449</u> | <u>42,366,728</u> | <u>43,475,142</u> | <u>44,810,981</u> |
| <u>46,625,394</u> | <u>49,825,565</u> | <u>54,005,014</u> | <u>52,341,586</u> | <u>53,974,919</u> |
| <u>\$ (226,716,510)</u> | <u>\$ (239,506,956)</u> | <u>\$ (259,515,297)</u> | <u>\$ (289,385,106)</u> | <u>\$ (297,393,274)</u> |

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

| | <u>2002</u> | <u>2003</u> | <u>2004</u> |
|---|----------------------|---------------------|----------------------|
| Net (Expense)/Revenue | | | |
| Total primary government net expense | \$ (178,349,909) | \$ (217,603,460) | \$ (225,426,657) |
| General Revenues and Other Changes in Net Assets | | | |
| Governmental activities: | | | |
| Taxes | | | |
| Property taxes levied for general purposes | 34,530,561 | 37,917,518 | 42,756,274 |
| Property taxes levied for debt service | 1,120,788 | 3,817,907 | 4,172,799 |
| State Aid - formula grants | 107,051,994 | 109,248,186 | 127,200,282 |
| Grants and contributions not restricted | 46,725,691 | 62,962,379 | 61,163,286 |
| Investment earnings | 4,911,085 | 4,491,360 | 2,761,813 |
| Miscellaneous | 2,619,909 | 1,010,178 | 411,215 |
| Total primary government | <u>196,960,028</u> | <u>219,447,528</u> | <u>238,465,669</u> |
| Change in Net Assets | | | |
| Total primary government | <u>\$ 18,610,119</u> | <u>\$ 1,844,068</u> | <u>\$ 13,039,012</u> |

Note: The district began to report accrual information when it implemented GASB Statement 34 in 2002.

| <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> |
|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ (226,716,510) | \$ (239,506,956) | \$ (259,515,297) | \$ (289,385,106) | \$ (297,393,274) |
| 45,807,810 | 51,770,447 | 56,813,288 | 51,520,833 | 57,410,120 |
| 4,453,178 | 5,042,907 | 5,254,474 | 5,512,064 | 6,127,255 |
| 125,424,333 | 129,412,608 | 178,129,505 | 200,699,397 | 195,686,511 |
| 64,594,115 | 68,402,059 | 47,611,235 | 53,292,369 | 49,070,114 |
| 4,652,136 | 8,449,600 | 11,072,348 | 8,606,366 | 3,136,843 |
| 1,611,981 | 1,249,725 | 1,149,168 | 890,900 | 1,156,632 |
| <u>246,543,553</u> | <u>264,327,346</u> | <u>300,030,018</u> | <u>320,521,929</u> | <u>312,587,475</u> |
| <u>\$ 19,827,043</u> | <u>\$ 24,820,390</u> | <u>\$ 40,514,721</u> | <u>\$ 31,136,823</u> | <u>\$ 15,194,201</u> |

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

| | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> |
|------------------------------------|----------------------|----------------------|----------------------|-----------------------|
| General Fund | | | | |
| Reserved | \$ 3,468,833 | \$ 7,732,568 | \$ 3,688,281 | \$ 4,779,173 |
| Unreserved | 58,313,404 | 73,156,141 | 85,154,816 | 82,247,715 |
| Total general fund | <u>\$ 61,782,237</u> | <u>\$ 80,888,709</u> | <u>\$ 88,843,097</u> | <u>\$ 87,026,888</u> |
| All Other Governmental Funds | | | | |
| Reserved | \$ 1,407,997 | \$ 1,135,537 | \$ 857,178 | \$ 966,088 |
| Unreserved, reported in: | | | | |
| Special revenue funds | 2,585,110 | 2,480,501 | 3,339,095 | 3,087,540 |
| Capital projects funds | 63,341,660 | 55,950,474 | 35,555,577 | 102,963,289 |
| Permanent funds | - | - | - | - |
| Debt service funds | - | - | 54,348 | 2,662,562 |
| Total all other governmental funds | <u>\$ 67,334,767</u> | <u>\$ 59,566,512</u> | <u>\$ 39,806,198</u> | <u>\$ 109,679,479</u> |

| Fiscal Year | | | | | |
|----------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|
| <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> |
| \$ 4,763,961 | \$ 4,522,033 | \$ 7,921,179 | \$ 5,821,599 | \$ 7,865,995 | \$ 7,850,443 |
| 69,168,328 | 73,946,218 | 87,599,314 | 87,367,069 | 92,041,863 | 95,612,167 |
| <u>\$ 73,932,289</u> | <u>\$ 78,468,251</u> | <u>\$ 95,520,493</u> | <u>\$ 93,188,668</u> | <u>\$ 99,907,858</u> | <u>\$ 103,462,610</u> |
| \$ 865,454 | \$ 865,818 | \$ 1,001,182 | \$ 1,147,218 | \$ 2,277,517 | \$ 2,505,435 |
| 3,671,787 | 4,166,326 | 4,344,450 | 4,192,265 | 3,675,503 | 10,080,428 |
| 76,109,155 | 72,261,394 | 61,397,548 | 93,116,739 | 105,371,240 | 85,922,197 |
| - | - | - | 197,902 | 178,529 | 138,615 |
| 1,468,439 | 244,034 | 838,728 | 1,373,633 | - | - |
| <u>\$ 82,114,835</u> | <u>\$ 77,537,572</u> | <u>\$ 67,581,908</u> | <u>\$ 100,027,757</u> | <u>\$ 111,502,789</u> | <u>\$ 98,646,675</u> |

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

| | <u>2000</u> | <u>2001</u> | <u>2002</u> |
|--|-----------------------|-----------------------|-----------------------|
| Federal sources: | | | |
| Distributed through governmental entities | \$ - | \$ - | \$ 2,730 |
| Distributed by TEA | 11,233,296 | 11,501,103 | 15,334,645 |
| Distributed by other State of Texas Government Agencies: | 319,327 | 252,321 | 295,542 |
| Distributed directly from the Federal Government | 33,566,729 | 38,266,845 | 39,353,396 |
| Shared services arrangements | 3,061 | - | - |
| Total federal sources | <u>45,122,413</u> | <u>50,020,269</u> | <u>54,986,313</u> |
| State sources: | | | |
| Per capital and foundation school program act revenues | 116,041,167 | 119,711,987 | 121,883,926 |
| Program revenues distributed by TEA | 1,096,915 | 1,357,659 | 1,480,714 |
| Revenues from State of Texas Government Agencies | 6,450,370 | 6,932,000 | 7,315,478 |
| Shared services arrangements | 202,466 | 52,365 | 78,234 |
| Total state sources | <u>123,790,918</u> | <u>128,054,011</u> | <u>130,758,352</u> |
| Local and intermediate sources: | | | |
| Real and personal property taxes | 32,682,941 | 34,340,402 | 37,205,395 |
| Services rendered to other school districts | 839,231 | 733,074 | 902,974 |
| Tuition and fees | 85,344 | 96,822 | 95,130 |
| Other revenues | 10,602,912 | 10,205,894 | 7,514,268 |
| Cocurricular, enterprising services or activities | 3,628,876 | 4,188,522 | 4,530,097 |
| Intermediate sources | 25,603 | 65,776 | 8,253 |
| Total local and intermediate sources | <u>47,864,907</u> | <u>49,630,490</u> | <u>50,256,117</u> |
| Total revenues | <u>\$ 216,778,238</u> | <u>\$ 227,704,770</u> | <u>\$ 236,000,782</u> |

Fiscal Year

| <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ 4,593 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 17,521,514 | 21,390,725 | 22,555,684 | 24,812,478 | 24,552,777 | 25,238,801 | 25,514,384 |
| 294,828 | 164,307 | 103,342 | 499,867 | 340,599 | 693,713 | 1,366,628 |
| 41,239,840 | 44,889,217 | 46,866,953 | 46,843,419 | 50,125,961 | 54,225,037 | 52,074,576 |
| - | 76,176 | 75,526 | 48,615 | - | - | - |
| <u>59,060,775</u> | <u>66,520,425</u> | <u>69,601,505</u> | <u>72,204,379</u> | <u>75,019,337</u> | <u>80,157,551</u> | <u>78,955,588</u> |
| 121,327,094 | 136,540,133 | 137,822,223 | 141,708,578 | 169,255,565 | 193,650,641 | 188,120,939 |
| 15,926,936 | 11,413,986 | 9,791,865 | 13,000,006 | 13,026,874 | 12,527,621 | 10,352,622 |
| 12,867,647 | 10,578,803 | 10,887,698 | 11,401,987 | 10,045,974 | 11,096,768 | 12,105,118 |
| 17,405 | 953,663 | 481,521 | 179,166 | 34,718 | 34,327 | 33,339 |
| <u>150,139,082</u> | <u>159,486,585</u> | <u>158,983,307</u> | <u>166,289,737</u> | <u>192,363,131</u> | <u>217,309,357</u> | <u>210,612,018</u> |
| 41,884,604 | 47,399,252 | 51,045,627 | 57,929,761 | 62,913,673 | 58,281,227 | 64,499,507 |
| 917,019 | 1,105,032 | 958,396 | 984,781 | 780,159 | 756,146 | 1,070,372 |
| 163,294 | 80,843 | 65,209 | 47,217 | 51,531 | 67,576 | 78,001 |
| 5,727,012 | 4,093,919 | 5,661,525 | 10,119,246 | 15,460,786 | 9,516,934 | 3,750,702 |
| 4,904,947 | 5,497,678 | 5,998,700 | 6,418,690 | 6,558,648 | 7,067,751 | 7,401,832 |
| 7,883 | 7,658 | - | - | - | - | - |
| <u>53,604,759</u> | <u>58,184,382</u> | <u>63,729,457</u> | <u>75,499,695</u> | <u>85,764,797</u> | <u>75,689,634</u> | <u>76,800,414</u> |
| <u>\$ 262,804,616</u> | <u>\$ 284,191,392</u> | <u>\$ 292,314,269</u> | <u>\$ 313,993,811</u> | <u>\$ 353,147,265</u> | <u>\$ 373,156,542</u> | <u>\$ 366,368,020</u> |

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

| | <u>2000</u> | <u>2001</u> | <u>2002</u> |
|---|-----------------------|-----------------------|-----------------------|
| Instruction | \$ 97,959,625 | \$ 104,877,571 | \$ 117,235,478 |
| Instructional resources and media services | 9,170,945 | 9,190,701 | 9,979,980 |
| Curriculum development/instructional staff development | 4,439,364 | 3,967,790 | 3,338,729 |
| Instructional leadership | 1,541,498 | 1,730,703 | 1,925,460 |
| School leadership | 10,292,411 | 10,851,321 | 11,599,133 |
| Guidance, counseling and evaluation services | 5,390,388 | 5,751,873 | 6,613,512 |
| Social work services | 988,556 | 1,086,531 | 1,138,879 |
| Health services | 1,456,424 | 1,613,025 | 1,633,956 |
| Student (pupil) transportation | 4,319,532 | 4,901,308 | 6,780,804 |
| Food services | 7,926,900 | 8,273,206 | 9,848,697 |
| Extracurricular activities | 3,858,553 | 5,564,377 | 6,048,351 |
| General administration | 4,410,491 | 4,874,517 | 5,069,448 |
| Facilities maintenance and operations | 17,268,095 | 22,249,367 | 21,019,915 |
| Security and monitoring services | 1,450,671 | 1,363,293 | 2,097,504 |
| Data processing services | 5,103,355 | 2,794,674 | 2,886,161 |
| Community services | 561,709 | 685,600 | 922,341 |
| Debt service | | | |
| Principal | 5,795,000 | 5,280,000 | 5,185,000 |
| Interest | 4,659,530 | 4,514,158 | 4,362,823 |
| Bond issuance cost and fees | 1,060 | 1,263 | - |
| Facilities acquisition and construction | 33,622,973 | 16,922,179 | 29,762,221 |
| Payments to fiscal agent/member districts of SSA | - | - | - |
| Payments to JJAEP | 328,293 | 294,714 | 405,279 |
| Other Intergovernmental Charges | - | - | - |
| Total expenditures | <u>\$ 220,545,373</u> | <u>\$ 216,788,171</u> | <u>\$ 247,853,671</u> |
| Debt service as a percentage of noncapital expenditures | 6.03% | 5.77% | 4.46% |

| <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ 136,670,530 | \$ 141,040,602 | \$ 146,314,211 | \$ 154,457,420 | \$ 173,779,206 | \$ 188,520,576 | \$ 195,504,878 |
| 11,186,026 | 11,567,266 | 11,741,013 | 9,356,227 | 9,247,298 | 9,356,417 | 8,517,651 |
| 3,962,974 | 5,008,297 | 4,973,467 | 7,474,201 | 7,508,328 | 7,632,289 | 6,786,896 |
| 2,126,977 | 2,516,013 | 2,395,861 | 2,980,768 | 2,970,423 | 3,093,458 | 3,296,669 |
| 12,793,622 | 14,610,321 | 14,056,345 | 14,545,543 | 15,281,680 | 16,103,694 | 17,656,954 |
| 7,313,273 | 7,600,937 | 8,297,412 | 9,160,991 | 10,763,166 | 12,126,212 | 12,862,555 |
| 1,223,766 | 1,193,211 | 1,254,093 | 1,263,118 | 1,279,205 | 1,439,844 | 1,508,492 |
| 1,938,734 | 1,937,968 | 2,176,627 | 2,260,796 | 2,512,156 | 2,657,229 | 3,005,402 |
| 6,900,035 | 6,788,788 | 8,532,527 | 6,434,363 | 7,611,115 | 7,889,340 | 11,759,227 |
| 11,240,332 | 11,584,255 | 12,717,146 | 14,361,276 | 14,375,521 | 16,225,981 | 16,657,428 |
| 6,247,434 | 6,555,912 | 6,739,673 | 6,869,761 | 6,884,765 | 7,458,119 | 7,095,062 |
| 5,440,663 | 5,943,089 | 6,286,476 | 6,448,416 | 6,775,179 | 6,788,760 | 6,968,981 |
| 30,282,811 | 28,691,824 | 26,044,906 | 27,461,555 | 32,619,542 | 31,687,544 | 33,240,917 |
| 2,275,280 | 2,099,297 | 1,749,234 | 1,979,416 | 2,278,364 | 2,578,375 | 2,719,181 |
| 3,500,191 | 3,435,342 | 2,669,809 | 2,750,292 | 4,330,220 | 6,958,427 | 4,899,755 |
| 963,348 | 1,022,219 | 944,661 | 1,004,696 | 1,160,805 | 1,261,325 | 1,171,905 |
| 6,505,000 | 6,950,000 | 7,435,000 | 8,015,000 | 8,705,000 | 10,689,295 | 9,169,295 |
| 8,326,507 | 8,221,504 | 8,019,268 | 7,602,018 | 7,228,418 | 6,665,667 | 6,379,268 |
| 1,028,985 | 17,786 | 309,999 | 299 | 600 | 110,119 | 1,100 |
| 36,064,930 | 57,361,122 | 21,149,310 | 22,985,848 | 8,356,197 | 19,145,994 | 27,163,533 |
| - | 237,214 | 208,957 | 94,610 | - | - | - |
| 414,477 | 481,572 | 392,287 | 406,602 | 229,574 | 258,505 | 398,515 |
| - | - | - | - | - | - | 498,391 |
| <u>\$ 296,405,895</u> | <u>\$ 324,864,539</u> | <u>\$ 294,408,282</u> | <u>\$ 307,913,216</u> | <u>\$ 323,896,762</u> | <u>\$ 358,647,170</u> | <u>\$ 377,262,055</u> |

5.75%

5.60%

5.76%

5.49%

5.19%

5.07%

4.31%

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>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> |
|---|-----------------------|----------------------|-----------------------|----------------------|
| Excess of revenues over (under) expenditures | \$ (3,767,135) | \$ 10,916,599 | \$(11,852,889) | \$ (33,601,279) |
| Other Financing Sources (Uses) | | | | |
| General long-term debt issued | - | - | - | 101,414,089 |
| Bond Refunding Escrow Agent | - | - | - | - |
| Premium on Bond Issue | - | - | - | - |
| Sale of capital assets | 30,571 | 421,618 | 46,963 | 244,262 |
| Capital Leases | - | - | - | - |
| Contributed capital | - | - | - | - |
| Transfers in | 6,631,602 | 939,563 | 5,117,430 | 3,494,405 |
| Transfers out | <u>(6,631,602)</u> | <u>(939,563)</u> | <u>(5,117,430)</u> | <u>(3,494,405)</u> |
| Total other financing sources (uses) | <u>30,571</u> | <u>421,618</u> | <u>46,963</u> | <u>101,658,351</u> |
| Net change in fund balances | <u>\$ (3,736,564)</u> | <u>\$ 11,338,217</u> | <u>\$(11,805,926)</u> | <u>\$ 68,057,072</u> |

| Fiscal Year | | | | | |
|------------------------|---------------------|---------------------|----------------------|----------------------|-----------------------|
| <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> |
| \$ (40,673,147) | \$ (2,094,013) | \$ 6,080,595 | \$ 29,250,503 | \$ 14,509,372 | \$(10,894,035) |
| - | 122,293 | - | - | 8,960,000 | - |
| - | - | - | - | (9,288,539) | - |
| - | - | - | - | 268,157 | - |
| 13,904 | 1,930,419 | 208,406 | 138,521 | 54,249 | 98,833 |
| - | - | - | - | 3,690,983 | - |
| - | - | - | 725,000 | - | - |
| 27,336,365 | 11,933,483 | 10,076,999 | 43,305,792 | 32,355,216 | 28,759,099 |
| <u>(27,336,365)</u> | <u>(11,933,483)</u> | <u>(10,076,999)</u> | <u>(43,305,792)</u> | <u>(32,355,216)</u> | <u>(27,265,259)</u> |
| <u>13,904</u> | <u>2,052,712</u> | <u>208,406</u> | <u>863,521</u> | <u>3,684,850</u> | <u>1,592,673</u> |
| <u>\$ (40,659,243)</u> | <u>\$ (41,301)</u> | <u>\$ 6,289,001</u> | <u>\$ 30,114,024</u> | <u>\$ 18,194,222</u> | <u>\$ (9,301,362)</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 | | |
| 2000 | 2,767,705,949 | 221,252,043 | 233,421,746 | 2,755,536,246 |
| 2001 | 2,749,733,399 | 340,138,919 | 564,808,726 | 2,525,063,592 |
| 2002 | 2,879,893,635 | 382,465,639 | 587,352,501 | 2,675,006,773 |
| 2003 | 3,105,833,011 | 399,756,764 | 640,579,109 | 2,865,010,666 |
| 2004 | 3,419,482,290 | 409,550,932 | 682,979,938 | 3,146,053,284 |
| 2005 | 3,651,521,664 | 453,110,725 | 710,542,038 | 3,394,090,351 |
| 2006 | 4,147,434,223 | 473,668,738 | 756,884,106 | 3,864,218,855 |
| 2007 | 4,932,073,851 | 488,607,999 | 809,511,457 | 4,611,170,393 |
| 2008 | 5,655,918,103 | 490,936,492 | 846,967,239 | 5,299,887,356 |
| 2009 | 4,505,559,846 | 511,276,693 | 880,559,972 | 5,897,396,511 |

Source: Bell County Tax Appraisal District

Notes:

^aMarket valule 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 |
|---|--|---|
| 1.4280 | 2,988,957,992 | 92.19% |
| 1.4280 | 3,089,872,318 | 81.72% |
| 1.4280 | 3,262,359,274 | 82.00% |
| 1.5223 | 3,505,589,775 | 81.73% |
| 1.5633 | 3,829,033,222 | 82.16% |
| 1.5583 | 4,104,632,389 | 82.69% |
| 1.5583 | 4,621,102,961 | 83.62% |
| 1.4191 | 5,420,681,850 | 85.07% |
| 1.1412 | 6,146,854,595 | 86.22% |
| 1.1412 | 6,777,956,483 | 87.01% |

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 |
| 2000 | 1.3600 | 0.0680 | 1.4280 | 0.3657 | 0.1490 | 0.6000 | 0.6999 | 0.2453 |
| 2001 | 1.3600 | 0.0680 | 1.4280 | 0.3651 | 0.1485 | 0.6800 | 0.6999 | 0.3754 |
| 2002 | 1.3840 | 0.0440 | 1.4280 | 0.3651 | 0.1485 | 0.6800 | 0.6999 | 0.3754 |
| 2003 | 1.3840 | 0.1383 | 1.5223 | 0.3651 | 0.1475 | 0.6800 | 0.6999 | 0.3754 |
| 2004 | 1.4250 | 0.1383 | 1.5633 | 0.3650 | 0.1475 | 0.6990 | 0.6996 | 0.3835 |
| 2005 | 1.4200 | 0.1383 | 1.5583 | 0.3610 | 0.1470 | 0.6950 | 0.6996 | 0.4823 |
| 2006 | 1.4200 | 0.1383 | 1.5583 | 0.3760 | 0.1460 | 0.6950 | 0.6896 | 0.6228 |
| 2007 | 1.2991 | 0.1200 | 1.4191 | 0.3815 | 0.1420 | 0.6950 | 0.6796 | 0.5288 |
| 2008 | 1.0312 | 0.1100 | 1.1412 | 0.3779 | 0.1410 | 0.6950 | 0.6796 | 0.5077 |
| 2009 | 1.0312 | 0.1100 | 1.1412 | 0.4074 | 0.1410 | 0.6950 | 0.6796 | 0.5077 |

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**

| Taxpayer | 2009 | | | 2000 | | |
|---------------------------------|-------------------------|------|-----------------------------|-------------------------|------|-----------------------------|
| | Taxable Assessed Value | Rank | Percentage of Taxable Value | Taxable Assessed Value | Rank | Percentage of Taxable Value |
| ONCOR Electric Delivery Company | \$ 65,726,956 | 1 | 1.11% | \$ 39,538,711 | 1 | 1.65% |
| Central Telephone Company | 42,450,470 | 2 | 0.72% | 36,554,469 | 2 | 1.52% |
| Wal-Mart Real Estate Business | 35,177,135 | 3 | 0.60% | 7,394,247 | 7 | 0.31% |
| HEB Grocery Company | 17,041,499 | 4 | 0.29% | | | |
| Killeen Mall LLC | 16,975,285 | 5 | 0.29% | | | |
| TWE Advance/Newhouse "Waco" | 16,596,830 | 6 | 0.28% | | | |
| Watercrest Place LP | 13,889,636 | 7 | 0.24% | | | |
| Sallie Mae Inc | 12,766,527 | 8 | 0.22% | 18,742,997 | 3 | 0.78% |
| Feiga/Sierra Creek LP | 10,575,017 | 9 | 0.18% | 8,232,966 | 6 | 0.34% |
| WLC Brookside Apartments LP | 10,311,320 | 10 | 0.17% | | | |
| Southwest Shopping Centers | | | | 12,370,898 | 4 | 0.52% |
| Wal-Mart Stores Inc. | | | | 10,032,075 | 5 | 0.42% |
| Lowe's Home Center, Inc | | | | 7,012,196 | 8 | 0.29% |
| R W Associates | | | | 6,632,825 | 9 | 0.28% |
| American Rockwool, Inc. | | | | 6,446,038 | 10 | 0.27% |
| Subtotal | \$ 241,510,675 | | 4.10% | \$ 152,957,422 | | 6.38% |
| All other taxpayers | 5,655,885,836 | | 95.90% | 2,246,275,608 | | 93.62% |
| | <u>\$ 5,897,396,511</u> | | <u>100.00%</u> | <u>\$ 2,399,233,030</u> | | <u>100.00%</u> |

Source: Bell County Tax Appraisal District

**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 |
| 2000 | 32,969,633 | 31,884,663 | 96.71% | 974,617 | 32,859,280 | 99.67% |
| 2001 | 34,663,728 | 33,723,400 | 97.29% | 833,766 | 34,557,166 | 99.69% |
| 2002 | 36,762,070 | 35,894,800 | 97.64% | 748,422 | 36,643,222 | 99.68% |
| 2003 | 41,974,140 | 40,607,952 | 96.75% | 1,216,188 | 41,824,140 | 99.64% |
| 2004 | 48,413,321 | 46,970,884 | 97.02% | 1,236,131 | 48,207,015 | 99.57% |
| 2005 | 52,089,368 | 50,441,241 | 96.84% | 1,415,136 | 51,856,377 | 99.55% |
| 2006 | 59,240,023 | 58,363,508 | 98.52% | 511,987 | 58,875,495 | 99.38% |
| 2007 | 64,444,634 | 63,482,453 | 98.51% | 578,213 | 64,060,666 | 99.40% |
| 2008 | 59,365,027 | 58,291,853 | 98.19% | 473,799 | 58,765,652 | 98.99% |
| 2009 | 65,968,263 | 64,903,637 | 98.39% | | 64,903,637 | 98.39% |

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 |
|--------------------|---|--|-------------------------------|
| 2000 | 94,889,192 | 13.46% | 4,149 |
| 2001 | 89,857,982 | 12.05% | 3,770 |
| 2002 | 84,869,177 | 10.91% | 3,438 |
| 2003 | 179,795,938 | 21.90% | 6,995 |
| 2004 | 172,941,739 | 19.79% | 6,424 |
| 2005 | 167,140,974 | 17.93% | 5,835 |
| 2006 | 158,793,664 | 15.63% | 5,341 |
| 2007 | 149,735,978 | 13.44% | 4,722 |
| 2008 | 140,090,582 | 10.91% | 4,035 |
| 2009 | 131,717,421 | 9.68% | 3,670 |

Notes:

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



Schedule 13
Killeen Independent School District
Direct and Overlapping Governmental Activities Debt
As of August 31, 2009

| <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 | \$ 126,620,000 | 44.01% | \$ 55,725,462 |
| Central Texas College | \$ - | 92.38% | - |
| Coryell County ^a | \$ 1,496,925 | 0.00% | - |
| City of Killeen | \$ 117,363,537 | 100.00% | 117,363,537 |
| City of Harker Heights | \$ 46,485,000 | 100.00% | 46,485,000 |
| City of Nolanville | \$ 1,590,000 | 100.00% | 1,590,000 |
| Subtotal, overlapping debt | | | \$ 221,163,999 |
| District direct debt | | | <u>131,717,421</u> |
| Total direct and overlapping debt | | | <u><u>\$ 352,881,420</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>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| Assessed value ^a | \$ 2,755,536,246 | \$ 2,525,063,592 | \$ 2,675,006,773 | \$ 2,865,010,666 |
| Debt Limit ^b | 275,553,625 | 252,506,359 | 267,500,677 | 286,501,067 |
| Amount of debt applicable to debt limit: | | | | |
| Total bonded debt | 94,889,192 | 89,857,982 | 84,869,177 | 179,795,938 |
| Less: Net assets available in debt service fund | <u>532,724</u> | <u>532,724</u> | <u>649,187</u> | <u>3,249,635</u> |
| Total net debt applicable to limit | <u>94,356,468</u> | <u>89,325,258</u> | <u>84,219,990</u> | <u>176,546,303</u> |
| Legal debt margin | <u>\$ 181,197,157</u> | <u>\$ 163,181,101</u> | <u>\$ 183,280,687</u> | <u>\$ 109,954,764</u> |
| Total net debt applicable to the limit as a percentage of debt limit. | 34.24% | 35.38% | 31.48% | 61.62% |

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>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> |
| \$ 3,146,053,284 | \$ 3,394,090,351 | \$ 3,864,218,855 | \$ 4,611,170,393 | \$ 5,299,887,356 | \$ 5,897,396,511 |
| 314,605,328 | 339,409,035 | 386,421,886 | 461,117,039 | 529,988,736 | 589,739,651 |
| 172,941,739 | 167,140,974 | 158,793,664 | 149,735,978 | 140,090,582 | 131,717,421 |
| <u>2,055,512</u> | <u>831,107</u> | <u>1,425,801</u> | <u>1,960,706</u> | <u>1,791,045</u> | <u>1,737,174</u> |
| <u>170,886,227</u> | <u>166,309,867</u> | <u>157,367,863</u> | <u>147,775,272</u> | <u>138,299,537</u> | <u>129,980,247</u> |
| <u>\$ 143,719,101</u> | <u>\$ 173,099,168</u> | <u>\$ 229,054,023</u> | <u>\$ 313,341,767</u> | <u>\$ 391,689,199</u> | <u>\$ 459,759,404</u> |
| 54.32% | 49.00% | 40.72% | 32.05% | 26.09% | 22.04% |

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 |
|--------------------------|-------------------------------|---|---|--|
| 1999 | 325,473 | 7,048,167 | 22,873 | 3.30 |
| 2000 | 330,714 | 7,458,649 | 23,833 | 4.70 |
| 2001 | 333,556 | 7,782,476 | 24,684 | 5.50 |
| 2002 | 338,212 | 8,208,370 | 25,704 | 6.10 |
| 2003 | 343,935 | 8,739,875 | 26,921 | 6.70 |
| 2004 | 345,949 | 9,321,254 | 28,646 | 5.60 |
| 2005 | 351,528 | 10,162,000 | 29,731 | 5.30 |
| 2006 | 351,322 | 11,140,000 | 31,709 | 4.90 |
| 2007 | 370,008 | 12,845,443 | 34,717 | 5.20 |
| 2008 | 378,935 | 13,601,991 | 35,895 | 7.00 |

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> | <u>2009</u> | | | <u>2000</u> | |
|--------------------------------------|------------------|-------------|---------------------------------------|------------------|-------------|
| | <u>Employees</u> | <u>Rank</u> | <u>Percentage of Total Employment</u> | <u>Employees</u> | <u>Rank</u> |
| III Corps & Fort Hood | 57,317 | 1 | 73.64% | 45,509 | 1 |
| Killeen ISD | 5,911 | 2 | 7.59% | 4,296 | 2 |
| Civilian Personnel Office | 5,580 | 3 | 7.17% | | |
| Central Texas College | 1,500 | 4 | 1.93% | 1,100 | 5 |
| Metroplex Hospital | 1,200 | 5 | 1.54% | 780 | 8 |
| City of Killeen | 1,100 | 6 | 1.41% | 606 | 9 |
| Westar Aerospace & Defense Group Inc | 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% | 1,400 | 3 |
| Fort Hood Exchange | | | | 1,147 | 4 |
| DynCorp | | | | 805 | 6 |
| Killeen Mall | | | | 800 | 7 |
| Wal-Mart | | | | 600 | 10 |
| Subtotal | 75,268 | | 96.71% | 57,043 | |
| All other employers | 2,564 | | 3.29% | N/A | |
| Total employment | 77,832 | | 100.00% | N/A | |

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

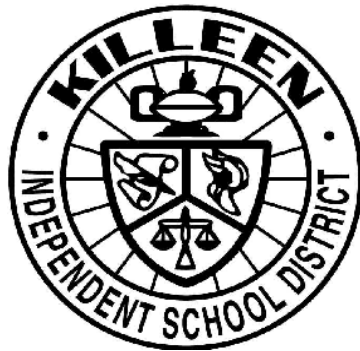
Notes: N/A = information not available.

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

| | Full-time Equivalent Employees | | | | | |
|--|---------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> |
| Supervisory | | | | | | |
| Instructional administrators | 19 | 22 | 23 | 24 | 24 | 24 |
| Noninstructional administrators | 38 | 39 | 40 | 43 | 43 | 44 |
| Consultants/supervisors of instruction | 47 | 51 | 51 | 55 | 56 | 58 |
| Principals | 37 | 37 | 38 | 40 | 40 | 43 |
| Assistant Principals | 55 | 62 | 66 | 72 | 74 | 84 |
| Total supervisory | <u>196</u> | <u>211</u> | <u>218</u> | <u>234</u> | <u>237</u> | <u>253</u> |
| Instruction | | | | | | |
| Elementary classroom teachers | 1,086 | 1,102 | 1,153 | 1,194 | 1,248 | 1,319 |
| Secondary classroom teachers | 919 | 990 | 1,014 | 1,068 | 1,122 | 1,179 |
| ESL teachers | 20 | 28 | 22 | 19 | 16 | 16 |
| Other professionals (instructional) | 90 | 91 | 93 | 100 | 99 | 103 |
| Aides | 623 | 662 | 676 | 724 | 781 | 834 |
| Total Instruction | <u>2,738</u> | <u>2,873</u> | <u>2,958</u> | <u>3,105</u> | <u>3,266</u> | <u>3,451</u> |
| Student Services | | | | | | |
| Guidance counselors | 59 | 66 | 70 | 74 | 76 | 80 |
| Visiting teacher/social workers | 4 | 4 | 3 | 2 | 4 | 5 |
| Librarians | 35 | 38 | 39 | 40 | 40 | 44 |
| Other professionals (noninstructional) | 88 | 96 | 98 | 99 | 100 | 104 |
| Technicians | 2 | 2 | 7 | 8 | 8 | 15 |
| Total student services | <u>188</u> | <u>206</u> | <u>217</u> | <u>223</u> | <u>228</u> | <u>248</u> |
| Support and Administration | | | | | | |
| Clerical/secretarial | 241 | 252 | 254 | 264 | 267 | 271 |
| Service workers | 517 | 542 | 556 | 582 | 601 | 630 |
| Skilled crafts | 116 | 120 | 122 | 123 | 126 | 120 |
| Unskilled Laborers | 235 | 251 | 258 | 262 | 273 | 272 |
| Total support and administration | <u>1,109</u> | <u>1,165</u> | <u>1,190</u> | <u>1,231</u> | <u>1,267</u> | <u>1,293</u> |
| Total | <u>4,231</u> | <u>4,455</u> | <u>4,583</u> | <u>4,793</u> | <u>4,998</u> | <u>5,245</u> |

Source: Killeen Independent School District data warehouse department.

| as of August 31 | | | | Percentage Change 2000-2009 |
|-----------------|--------------|--------------|--------------|-----------------------------------|
| <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | |
| 29 | 42 | 41 | 39 | 105% |
| 44 | 34 | 38 | 39 | 3% |
| 59 | 58 | 64 | 69 | 47% |
| 44 | 45 | 45 | 46 | 24% |
| 87 | 95 | 101 | 101 | 84% |
| <u>263</u> | <u>274</u> | <u>289</u> | <u>294</u> | 50% |
| 1,352 | 1,450 | 1,539 | 1,567 | 44% |
| 1,195 | 1,212 | 1,307 | 1,266 | 38% |
| 18 | 16 | 30 | 21 | 5% |
| 102 | 109 | 153 | 58 | -36% |
| 873 | 856 | 899 | 864 | 39% |
| <u>3,540</u> | <u>3,643</u> | <u>3,928</u> | <u>3,776</u> | 38% |
| 82 | 84 | 102 | 116 | 97% |
| 5 | 16 | 16 | 13 | 225% |
| 45 | 47 | 49 | 43 | 23% |
| 105 | 101 | 120 | 165 | 88% |
| 16 | 16 | 17 | 19 | 850% |
| <u>253</u> | <u>264</u> | <u>304</u> | <u>356</u> | 89% |
| 284 | 309 | 347 | 303 | 26% |
| 640 | 663 | 888 | 327 | -37% |
| 119 | 114 | 114 | 107 | -8% |
| 291 | 297 | 339 | 655 | 179% |
| <u>1,334</u> | <u>1,383</u> | <u>1,688</u> | <u>1,392</u> | 26% |
| <u>5,390</u> | <u>5,564</u> | <u>6,209</u> | <u>5,818</u> | 38% |



**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 |
|--------------------|------------------------|-------------------------------|-----------------------|-----------------------|----------------------------|---|
| 2000 | 29,440 | 182,261,810 | 6,191 | 2,047 | 14.4 | 50% |
| 2001 | 29,739 | 195,350,571 | 6,569 | 2,158 | 13.8 | 51% |
| 2002 | 30,608 | 213,728,627 | 6,983 | 2,227 | 13.7 | 55% |
| 2003 | 31,335 | 250,985,473 | 8,010 | 2,335 | 13.4 | 54% |
| 2004 | 32,651 | 259,264,127 | 7,940 | 2,451 | 13.3 | 53% |
| 2005 | 33,518 | 264,929,705 | 7,904 | 2,482 | 13.5 | 54% |
| 2006 | 34,743 | 307,913,216 | 8,863 | 2,562 | 13.6 | 56% |
| 2007 | 36,895 | 323,896,762 | 8,779 | 2,743 | 13.5 | 52% |
| 2008 | 38,761 | 358,647,170 | 9,253 | 2,832 | 13.7 | 52% |
| 2009 | 39,964 | 377,262,055 | 9,440 | 2,698 | 14.8 | 51% |

Source: Nonfinancial information from district records.

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

| | Fiscal | | | | |
|------------------------------|---------------|-------------|-------------|-------------|-------------|
| | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> |
| <u>Schools</u> | | | | | |
| Elementary | | | | | |
| Buildings | 25 | 25 | 26 | 26 | 27 |
| Square feet | 1,746,318 | 1,770,375 | 1,888,331 | 2,002,235 | 2,035,917 |
| Capacity | 16,059 | 16,059 | 16,059 | 16,763 | 17,467 |
| Enrollment | 16,287 | 16,470 | 16,666 | 16,958 | 17,548 |
| Middle | | | | | |
| Buildings | 8 | 8 | 8 | 9 | 9 |
| Square feet | 843,397 | 843,397 | 861,532 | 980,542 | 1,069,118 |
| Capacity | 6,214 | 6,214 | 6,214 | 7,018 | 7,018 |
| Enrollment | 6,246 | 6,354 | 6,581 | 6,855 | 7,106 |
| High | | | | | |
| Buildings | 2 | 4 | 4 | 4 | 4 |
| Square feet | 576,165 | 1,277,501 | 1,277,501 | 1,277,501 | 1,277,501 |
| Capacity | 3,702 | 7,356 | 7,356 | 7,356 | 7,356 |
| Enrollment | 4,786 | 6,584 | 6,972 | 7,103 | 7,581 |
| 9th Grade Center | | | | | |
| Buildings | 2 | - | - | - | - |
| Square feet | 322,782 | - | - | - | - |
| Capacity | 1,600 | - | - | - | - |
| Enrollment | 1,785 | - | - | - | - |
| Other | | | | | |
| CATE, Pathways | | | | | |
| Haynes School | | | | | |
| Buildings | 2 | 2 | 2 | 2 | 2 |
| Square feet | 95,569 | 95,569 | 95,569 | 95,569 | 95,569 |
| Enrollment | 336 | 334 | 389 | 435 | 408 |
| <u>Administrative</u> | | | | | |
| Buildings | 5 | 5 | 5 | 6 | 6 |
| Square feet | 197,861 | 197,861 | 197,861 | 242,795 | 242,795 |
| <u>Transportation</u> | | | | | |
| Garages | 1 | 1 | 1 | 1 | 1 |
| Buses | 229 | 222 | 221 | 227 | 240 |
| <u>Athletics</u> | | | | | |
| Warehouse | - | - | - | - | - |
| Square feet | - | - | - | - | - |
| Stadium | 1 | 1 | 1 | 1 | 1 |
| Football/soccer fields | 31 | 31 | 31 | 34 | 34 |
| Running tracks | 4 | 4 | 4 | 4 | 4 |
| Baseball/softball | 4 | 8 | 8 | 8 | 8 |
| Swimming pools | - | - | - | - | - |

Source: Killeen Independent School District data warehouse department and facilities services.

| Year | | | | |
|-------------|-------------|-------------|-------------|-------------|
| <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> |
| 28 | 29 | 30 | 30 | 31 |
| 2,121,069 | 2,217,069 | 2,447,465 | 2,453,417 | 2,700,972 |
| 18,225 | 18,964 | 20,912 | 21,134 | 25,022 |
| 18,064 | 18,841 | 20,635 | 21,753 | 22,450 |
| 11 | 11 | 11 | 11 | 12 |
| 1,207,806 | 1,207,806 | 1,286,013 | 1,293,693 | 1,417,629 |
| 8,586 | 8,586 | 8,586 | 8,950 | 9,079 |
| 7,050 | 7,262 | 7,558 | 7,746 | 7,974 |
| 4 | 4 | 4 | 4 | 4 |
| 1,277,501 | 1,277,501 | 1,303,653 | 1,315,901 | 1,314,597 |
| 7,356 | 7,356 | 7,356 | 7,356 | 8,898 |
| 7,828 | 8,180 | 8,225 | 8,785 | 9,127 |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| 2 | 2 | 2 | 2 | 2 |
| 95,569 | 95,569 | 95,569 | 95,569 | 148,696 |
| 466 | 460 | 477 | 477 | 413 |
| 6 | 6 | 6 | 6 | 6 |
| 242,795 | 242,795 | 242,795 | 242,795 | 242,795 |
| 1 | 1 | 1 | 1 | 2 |
| 248 | 247 | 236 | 235 | 261 |
| - | 1 | 1 | 1 | 1 |
| - | 31,608 | 31,608 | 31,608 | 31,608 |
| 1 | 1 | 1 | 1 | 1 |
| 34 | 40 | 40 | 40 | 40 |
| 4 | 4 | 4 | 4 | 4 |
| 8 | 8 | 8 | 8 | 8 |
| - | - | - | - | - |

