

*Killeen  
Independent  
School  
District*

**Comprehensive  
Annual  
Financial  
Report**

*Fiscal Year Ended  
August 31, 2010*



*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, 2010*

*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, 2010

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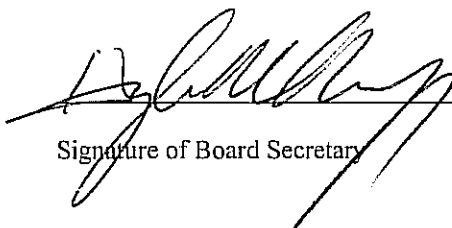
CERTIFICATE OF BOARD


Killeen Independent School District  
Name of School District

Bell  
County

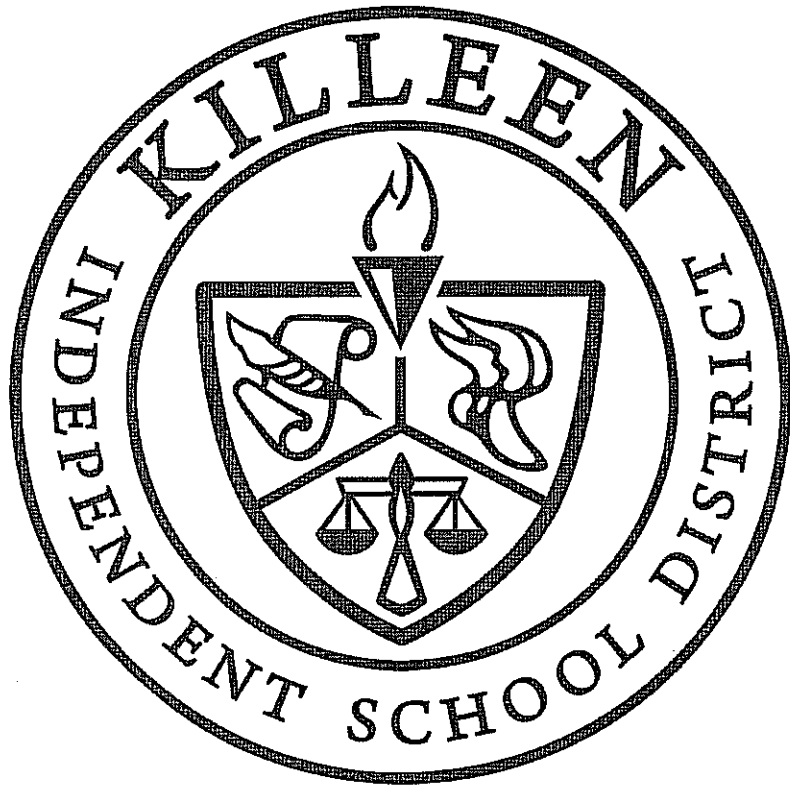
014906  
Co.-Dist. Number

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, 2010 at a meeting of the Board of Trustees of such school district on the 11<sup>th</sup> day of January, 2011.

  
\_\_\_\_\_  
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 10, 2010

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

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

The comprehensive annual financial report of the Killeen Independent School District (District) for the fiscal year ended August 31, 2010, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge, the enclosed data is accurate in all material aspects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. This is based upon a comprehensive framework of internal control established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included. Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introductory overview, and analysis of the basic financial statements and should be read in conjunction with this letter.

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

The District is required to undergo an annual single audit in conformity with the provisions of the 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, at a slower rate. 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. The area continues to reap the benefits of having Ft. Hood as an economic neighbor directly through continued expansion and indirectly through associated professional business services.

Major metropolitan areas are easily accessible - 150 miles to San Antonio, 162 miles to Dallas-Fort Worth, and 190 miles to Houston. Killeen is located on the main line of the Santa Fe Railroad and straddles U.S. Highway 190/Central Texas Expressway, a four-lane divided highway 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 and residential building slowed considerably in early 2010. Diversification of the Killeen economic base has stayed steady in the current year as more industries and industrial site consultants discover that Killeen has an abundant labor force, excellent climate, good schools and overall excellence in quality of life. Restaurant and retail shopping establishments continue to open throughout the area, but at a slower pace. The area vigorously seeks new opportunities and is fortunate to be situated near the I-35 trade corridor with Mexico, has recently broken ground on the new Texas A&M – Central Texas Campus and anticipates significant expansion of the medical complex at Ft. Hood. The area recognizes that diversification is paramount to success and continues to provide a hospitable business environment tailored to expansion and relocation.

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

VALUATION OF BUILDING PERMITS

Calendar Year	Killeen	Harker Heights	Total	Change
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%
2009	210,267,727	44,514,886	254,782,613	-24%

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

The Killeen-Temple-Fort Hood Metropolitan Statistical Area (MSA) experienced a 3.9% decrease in gross sales during the 2009 calendar year. In spite of this decline in gross sales for the period, the MSA ranks 1st 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. This ranking is a testament to the resilient nature of the local economy of our MSA and its continued success. 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)***

	2005	2006	2007	2008	2009
Motor Vehicle and Parts Dealers	\$1,046,063	\$1,017,833	\$1,050,857	\$941,299	\$849,196
Furniture and Home Furnishings Stores	90,800	97,122	107,639	106,805	108,859
Electronics and Appliance Stores	86,189	94,570	106,459	112,931	98,592
Building Material and Garden Equipment	307,327	337,584	343,548	347,178	284,310
Food and Beverage Stores	456,699	474,611	477,971	513,977	545,714
Health and Personal Care Stores	119,841	128,409	136,344	168,484	189,630
Gasoline Stations	436,968	470,273	544,590	632,836	499,696
Clothing and Accessories Stores	102,439	109,091	111,257	113,280	114,658
Sporting Goods, Hobby, Book & Movies	70,276	71,223	50,832	72,159	82,099
General Merchandise Stores	1,342,899	1,346,524	2,243,657	2,542,788	2,537,614
Miscellaneous Stores	105,114	122,377	121,442	120,409	126,799
Nonstore Retailers	30,511	27,044	34,169	40,230	24,954
Food Services and Drinking Places	<u>355,641</u>	<u>372,494</u>	<u>403,830</u>	<u>448,834</u>	<u>459,058</u>
Total	\$4,550,767	\$4,669,155	\$5,732,595	\$6,161,210	\$5,921,179

***FORT HOOD***

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

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

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

With approximately 54,000 assigned soldiers and airmen, in addition to approximately 14,558 civilian and contractor employees Fort Hood is the largest single site employer in the state of Texas. The installation also serves a wide variety of tenant organizations and ensures the highest quality of life and support for a diverse military community of soldiers, family members and retirees.

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

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

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 1,340 hospital beds within 20 miles.

Metroplex Hospital, Scott & White Hospital, Scott & White Clinic, Kings Daughters Hospital, and King's Daughters Clinic provide medical care to all citizens. Darnall Army Medical Center 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. Scott & White Hospital and Darnall Army Medical Center are both teaching hospitals affiliated with the Texas A&M Health Science Center College of Medicine. Darnall is also home to the Robertson Blood Center, the largest blood center in the Department of Defense.

## ***CULTURAL ACTIVITIES***

The Killeen Special Events Center Complex is composed of the Civic and Conference Center, Exhibition Hall, Rodeo Arena and Vive Les Arts Theatre. The 64,000 square-foot Civic and Conference Center with a multi-functional ballroom can house 100 booths and subdivides into three smaller halls. There are six meeting rooms seating 40 each or 80 with partition open. A beautiful Special Events Room seats 125 people, and the Executive Board Room seats 25. As a testament to the flexibility of this facility, over 900 events were booked in FY 2009-2010 to include: meetings, banquets, weddings, conventions, workshops and trade shows. Gallery hanging equipment was added in the hallways the last fiscal year, providing free space for exhibits of local art and other travelling exhibits. The multiuse complex provides a variety of flexible space for conventions and can host multiple events simultaneously.

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

The Vive Les Arts Societe was organized in May 1976 to provide a base for cultural activities in the greater Killeen area. Vive Les Arts not only supports both performing and visual arts, but also brings concerts, symphonies and children's theater productions to the area. In 1991 The Societe opened a center for the performing arts. The center features a 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 2009-2010.

The largest school District between Austin and Dallas, KISD employs over 6,000 teachers and support personnel to serve the District's 54 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), seven alternative schools, and one area vocational school. Besides the 46 regular schools and several specialized campuses, the District utilizes 217 portable buildings, which provide approximately 259 potential classrooms.

Killeen High, Ellison High, Harker Heights High and Shoemaker High schools provide multi-level academic instruction on a seven-period schedule with extracurricular activities. The Career and Technical Education Center provides upper level courses in Health Science Technology which 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, and Welding. Students explore careers through work-based learning labs and job site training in the Career Prep I and II programs. Hospitality Services and Auto Technician are contracted service 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 Career and Technical Education Center programs 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, Haynes Expulsion Campus, 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 online and multimedia delivery methods for academic, professional and vocational/technical fields. In 2008- 2009 CTC awarded approximately 2,500 associate degrees and 638 certificates of completion at more than 140 sites around the world. Outside Texas, CTC offers classes on military installations, ships at sea and correctional institutions. CTC's central campus is situated on 543.9 acres between the cities of Killeen and Copperas Cove. Central Texas College has maintained its accredited status with the Southern Association of Colleges and Schools since first being awarded accreditation in 1969, and was reaffirmed most recently in June 2005.

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

Texas A&M University – Central Texas, is more commonly referred to as A&M– Central Texas. A&M Central Texas which is a member of The Texas A&M University System, and an agency of the State of Texas. A&M Central Texas offers affordable, upper-level and graduate-level public higher education opportunities to Central Texans. Individuals can select from among 38 undergraduate degree and 26 graduate degree program areas. A&M Central Texas provides course offerings at Fort Hood, Central Texas College, Temple College and at Shoemaker High School.

# **MAJOR INITIATIVES**

## ***KISD DIRECTIONAL PLAN FOR SCHOOL YEAR 2010/2011***

### **VISION STATEMENT**

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

### **MISSION:**

Teach so that students learn to their maximum potential.

### **OBJECTIVES:**

Achievement

Responsiveness

Classroom Support

Leadership Development

Financial Accountability

### **VALUES:**

Teamwork

Quality

Integrity

Caring Attitude

Maximum Effort

Innovation

## **DISTRICT ACCOMPLISHMENTS**

1. **Parent and Community Involvement** - The KISD Parent and Community Involvement program continues to offer multiple ways for parents to be involved in the education of their children at the district and campus levels. The Title I funded parenting component serves 29 school-wide campuses at the elementary level. Local funds are provided to support and offer services for families at the district's two non-Title I elementary schools, eleven middle schools and four high schools. The District Parent and Community Involvement Specialist coordinates events and activities at the district level and supports parent liaisons and campus parent contacts at the campus level.
2. **Parent Liaisons** - Parent Liaisons are in place at twenty of KISD's thirty-one elementary campuses. Parent liaisons assist campus principals with various parental activities and serve as one of the front-line links between the home and school. Liaisons distribute parent education materials, offer informative presentations and assist in coordinating, scheduling and leading meetings between parents, teachers and volunteers. Parent liaisons provide early literacy club activities for families with children 0-4 years of age. These literacy clubs serve as the

early intervention component to help prepare children before they enroll in school by building the basic learning foundation that is needed to be successful in school. Parent liaisons also support district level parenting events.

3. **Parent-Teacher Conferences** - Annually, KISD designates two district-wide parent/teacher conference dates, one in each semester. These early dismissal days for students give parents the opportunity to meet with their child's teacher and discuss the progress being made. Due to KISD's partnership with Fort Hood, parents who are active duty military are able to attend and know that their child's school is their expected place of duty. In 2009-2010, KISD achieved an average of 83.5% overall parent participation during these conference times. Our goal for the 2010-2011 school year is to achieve at least 86% participation.
4. **Newsletters for Parents** - The Home-School Connection is a parent involvement newsletter that is printed in both English and Spanish and distributed to the parents of all students at the elementary level. This initiative has now been expanded to include The Home –School Connection for Middle Years and High School Years for our secondary schools. Further, these newsletters at the secondary level are printed in English, Spanish, German, and Korean. All of our newsletters are available on our district website and campus websites.
5. **For Kids' Sake** - Efforts to address multiple needs within the KISD community include the offering of the "For Kids' Sake" curriculum for divorcing parents. These four hour evening classes are offered once a month for a small fee and KISD is the only service provider for non-military parents within an hour's drive in any direction. The focus of "For Kids' Sake" is to provide parents with effective tools to assist and guide their children through the process of divorce with as little trauma as possible. Two certified instructors both with master's degrees provide the instruction and all participants receive a curriculum workbook. During the 2009-2010 school year, 73 participants took advantage of this class. Program participation is court ordered or by lawyer referral.
6. **Adopt-A-School Program** - Our Fort Hood/KISD Adopt-A-School Program is a partnership between the school district's Parent and Community Involvement/Volunteer Program, Student, District and Community Relations Office, KISD schools and Fort Hood. Working together, we are able to partner with adopted military units for each of our school campuses as well as provide and track volunteer opportunities at the various campuses. This allows us to monitor the number of hours and type of service our military members and volunteers provide to the district. KISD registered over 8,000 volunteers during the 2009-2010 school year with over 1,900 being Adopt-A-School unit members. Monthly reports are utilized to track service.
7. **Recurring Activities and Events Serving Parents/Community** - Parent and Community Involvement continues to provide a variety of district-level events and activities to encourage parent and community involvement. The events and activities include: Monthly Coffee Time and Gourmet Coffee Time - (*topic specific morning workshops for parents/community*), book studies, Family Holiday Celebration, Parent Academy, Family Literacy Festival and the Family Fitness and Wellness Fair.
8. **Technology for Parents** - The program intent is to provide consistent computer learning opportunities for parents so that their computer literacy increases. Opportunities will be offered to provide hands-on instruction that increase access to the technology that supports parent access to student achievement and performance in areas such as Home Access Center and C-Scope for Parents. An instructional technologist will provide support to parents in this program along with the Parent and Community Involvement specialist. A unit of 20 laptops, charging cart and two printers has been purchased to support this initiative.
9. **Professional Development** - Professional development opportunities will be provided for campus parent liaisons, campus parent contacts, parents and community members which will allow for increased learning about research-based practices, requirements for Title I parent involvement, written parent involvement policies, and home-school compacts as required by the No Child Left Behind Act- PL107-110, Section 1118. One such opportunity is the Statewide NCLB Parent Involvement Conference in November 2010. These participants will return to share their learning, serve on advisory councils and assist in evaluating our existing program and making recommendations for new ideas.
10. **Updated Parenting Program Curriculum** - This project is the purchase and implementation of a current, researched-based curriculum to be used for workshops that provide information that supports the families of the Killeen Independent School District. We will implement the Practical Parent Education Curriculum and provide technical training for parent liaisons and campus parent contacts. The sessions will be designed around identified needs as disaggregated by the company from surveys completed by our team of parent educators. We

will also receive evaluative support, a curriculum for each participant, on-line access, quick-tip handouts for parents and continued consultation and support.

11. **Student Achievement** - The 2009-2010 school year produced significant gains in student achievement for KISD elementary campuses. Math achievement for students in grades 3, 4, and 5 improved by 3.1% with almost a third of the students scoring at the commended level. Science achievement at 5<sup>th</sup> grade improved by 3.2% with over 40% of the students achieving commended performance. Elementary campuses have historically achieved at high levels in reading and writing, even so, this year showed a gain of 1.5% in writing with 24.1% commended and a 1.3% gain in reading with 31.7% commended.

KISD students in Math gained on average 3 percentage points in all students tested as well as other student groups. In science there was significant growth and improvement as the achievement of all students and the Economically Disadvantaged subgroup increased 4% while the African American & Hispanic subgroups increased by more than 6%. In Social Studies 95% of all students passed the exam. In Reading the achievement gap in all five subgroups has closed and KISD has met or exceeded the state in overall scores for reading and writing and the commended performance for all students in reading and writing was 28%, which exceeds the exemplary standard of 25%.

12. **District-Wide Curriculum** - The 2009-2010 school year also brought a district-wide consistency, a deeper and clearer focus, and increased rigor and relevance to both elementary and secondary classroom instruction through the implementation of the CSCOPE curriculum. CSCOPE not only aligned and clearly articulated student-learning expectations, but also provided teachers with research-based instructional strategies and model lessons. The implementation of CSCOPE was supported by ongoing professional development opportunities for teachers and campus leaders. The CSCOPE-focused professional learning included studies of Marzano's high yield instructional strategies; 9-week math, science, and language arts content study sessions, hands-on math and science activities, the use of interactive notebooks, and the integration of technology.

13. **Secondary Science** – A team of science teacher wrote a scope and sequence for the new senior level science course called Earth and Space Science, this course is being taught for the first time in the 2010-2011 school year. KISD began the implementation of the T3 grant during the 2009 - 2010 school year. Teacher teams were formed, vendor showcases were held, and teacher selected vendor and products were ordered. The teacher teams selected PASCO as the vendor to purchase the probe ware from; equipment was ordered and shipped to the campuses in spring of 2010. There was extensive three day training for high school science teachers in the summer of 2010. Probes are being implemented in the high school science classroom for the 2010 - 2011 school year.

14. **Response-to-Intervention** - The improvement of the Response-to-Intervention process was a curriculum goal this school year. A district-wide documentation folder and a clearly defined flowchart of RtI actions was designed and implemented at all elementary campuses. In addition to implementing a student-centered, collaborative problem-solving continuum to ensure timely RtI actions, elementary campuses were provided with reading and math universal screening tools to identify and monitor the progress of struggling learners. Both reading and math research-based intervention programs were implemented district-wide to address the needs of the targeted students.

- Reading Universal Screens: Texas Primary Reading Inventory and Tejas Lee are used to diagnose the reading skill and comprehension development of students in kindergarten through 2<sup>nd</sup> grade. The Scholastic Reading Inventory is the reading screen for students in grades 3-8. It is an assessment of reading comprehension skills and provides immediate, actionable data on students' reading levels and growth over time.
- Reading Interventions: The Fountas and Pinnell Leveled Literacy Intervention System may be used with the RtI students in kindergarten through 5<sup>th</sup> grades. It is a small-group, supplementary intervention program designed to help teachers provide powerful, daily, small-group instruction for the lowest achieving. The ReadAbout Intervention Program is an adaptive computer-based intervention that is used with RtI students in grades 3-5. Read180 Intervention Program is an adaptive computer-based intervention that is used with RtI students in grades 6-8. Achieve 3000 is an adaptive computer-based program used with RtI students in grades 9-12. In addition, all campuses have the option to use Fast ForWord, a computer-based intervention that focuses on phonetics, decoding, fluency, vocabulary building and comprehension.
- Math Universal Screens: The mCLASS: Math assessment is the universal screening tool used to identify K-2<sup>nd</sup> grade students who would benefit from math interventions. In 3<sup>rd</sup>-8<sup>th</sup> grades the Scholastic Math Inventory is used to evaluate students' math achievement and their level of math skills and concepts.

- Math Interventions: The Do the Math Intervention program focuses on “rebuilding” the foundations of mathematics – computation, number sense, and problem solving – for those students targeted for math intervention. In addition, struggling math students may also participate in FASTT Math and Fraction Nation interventions. Both of these intervention programs are computer-based and help develop fluency with basic math facts, fractions, and decimals.
15. **Professional Development** - Elementary and Secondary Curriculum provide on-going professional development opportunities to equip teachers with best practice instructional strategies and support their implementation of CSCOPE. Professional Development includes summer workshops and academies, Saturday learning opportunities, after-school specials, campus learning sessions, and facilitation of campus PLC’s. Ongoing learning opportunities include the following:
- Interactive Science, Math and Reading Notebooks
  - Authentic Assessment in the PreK and Kindergarten Classrooms
  - Response to Intervention
  - AIMS and Loose in the Lab Science Workshops
  - Under-Resourced and Struggling Learners
  - Math Strategies for the Under-Resource Learner
  - Math Solutions: Best Practices for Struggling Learners
  - Fountas and Pinnell: Leveled Literacy Intervention and Benchmark Assessments
  - Using Running Records and Error Coding to Guide Reading Instruction
  - CSCOPE Study Sessions
  - 6+1 Traits Writing Workshop and Discover Writing Workshops
  - Building Science Vocabulary and Transitioning to the New Science TEKS
  - Guided Reading and Balanced Literacy
  - Dana Center Science and Math Sessions
  - Scholastic Read180/ReadAbout
  - Scholastic FASTT Math / Fraction Nation
  - Achieve3000 Training
  - Write Path Workshops in Critical Reading, ELA, Math, Science, Social Studies, ELL, Writing
  - Differentiated Instruction
  - Secondary Job-A-Like Session and Secondary CSOPE Nights
  - Calculator Training
  - Math Intervention Professional Development
  - Science Safety Training
  - Worth the Wait Training and Parent Night
  - High School Science PASCO (Probe) training
  - High School Science TAKS prep training - Essential Science Concepts of Exit-Level TAKS training (ESCET)
  - Secondary Notebook Foldable training
  - Secondary Common Assessment (how to) training
  - Dennis Johnston day with Secondary Social Studies Teachers
  - *Drawing On Your Rights*, Professional Development provided by Law Related Education, State Bar of Texas for Secondary Social Studies Teachers
  - *Explorers, Traders, and Immigrants: Tracking the Cultural and Social Impacts of the Global Commodity Trade/Restoring Women*, for World Studies Professional Development provided by Hemispheres, University of Texas, Austin for Secondary Social Studies Teachers
  - SPARK training for Secondary Physical Education Teachers
16. **Teacher Recruiting Program** – The District’s recruiting initiative, with an annual budget of approximately \$69,000 continues to be effective in recruiting, hiring and retaining between 350 to 500 teachers each year. The efforts primarily focus inside Texas but extend throughout the nation, and include a KISD teacher job fair, multiple external job fairs, alternative teacher certification preparation programs, numerous internet recruiting sites and Troops to Teachers. KISD is profiled at [www.killeenisd.org](http://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 \$1,655 for every new teacher hired, plus \$2,925 for every new middle school math teacher hired and a \$2,080 sign-on bonus for incoming teachers certified in critical shortage subject areas. Additionally, a recurring stipend of \$2,335 is provided for Bilingual, Spanish



and Special Education teachers and a \$3,120 stipend is provided to High School Chemistry, Physics and Mathematics teachers.

Once again, KISD remained consistent in minority hiring this year; nearly 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.

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 \$959 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 the Office of the Chief Academic Official for 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, as well as infrastructure in order to determine resources needed, and their priority in advancing the District's Strategic Technology Framework.

### ***PROFESSIONAL LEARNING***

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

### ***INDUCTION***

Leadership Development 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.

The first day experience focuses on the district and campus culture for all district professionals new to KISD, their mentors and campus leadership teams. For the remainder of induction, teachers learn concepts through focused conversations around topics such as under-resourced learners, CSCAPE (District curriculum), relationship building and the tenets of effective classroom management. Appraisal training, a classroom observation day, and 6 elective professional learning hours based on new teachers' content and pedagogical needs are also included. All sessions, with the exception of the classroom observation day, are outside the school day or in the summer.

## **MENTORING**

All inexperienced teachers in KISD are assigned a mentor; teachers with experience are assigned a buddy at the discretion of the building principal. Leadership Development provides professional growth for mentors through Initial Mentoring, Leadership for Mentors and Mentor Networking. Principals are asked to consider a list of critical attributes from which to select mentors. Initial Mentoring and Leadership for Mentors sessions are provided to assist first-time mentors with learning how to effectively mentor new teachers. Mentor Networking 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.

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

To assist with certification requirements, Leadership Development also provides pedagogy and content-specific TExES Review sessions for current KISD teachers.

## **CLASSROOM MANAGEMENT**

The KISD classroom management framework and modules provide overviews for administrators, volunteer sessions for teachers, and support for campus implementation.

## **PROFESSIONAL DEVELOPMENT AND APPRAISAL SYSTEM (PDAS)**

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.

## **ADMINISTRATOR TRAINING**

Principals are provided targeted support and networking opportunities to continue developing leadership skills during the first and second years of employment. Assistant principals meet monthly to continually develop their instructional leadership skills. An Aspiring Leaders Academy (L2L – Learning to Lead) prepares participants for the role of principal by providing various learning experiences that support the vision and mission of Killeen Independent School District.

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

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

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

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

## ***FINANCIAL INFORMATION***

### ***SINGLE AUDIT***

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

As a part of the District's single audit, described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations. The results of the District's single audit for the fiscal year ended August 31, 2010, 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.

### ***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 \$159,000.

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 KISD only contributes a portion of the premium
Basic Term Life	District Paid
Dependent Dental	Optional
Health Plans (PPO & High deductible with HSA)	Optional
Supplemental Term Life	Optional
Long-Term Disability	Optional
Short-Term Disability	Optional
Medical/Dental/Vision 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, 2010.

### **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, 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 0.36% and 0.216%, respectively, in the month of August 2010. The total KISD investment portfolio yield (excluding cash in bank) from September 2009 through August 2010 was 0.274%.

The total amount of interest earnings for 2009-2010 for all funds was \$629,293.

## **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, 2009. This was the nineteenth 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, 2009. 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.

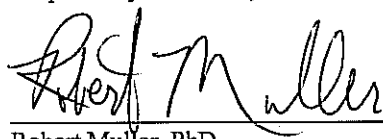
ASBO's Certificate of Excellence in Financial Reporting is valid for one year only. Killeen Independent School District has received a Certificate of Excellence in Financial Reporting for the past eighteen consecutive years (fiscal years 1991-2009). We believe that our current CAFR continues to conform to the Certificate of Excellence program requirements, and we are submitting it to ASBO.

### *ACKNOWLEDGMENTS*

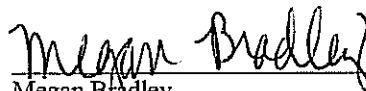
The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the financial services office and other administrative staff of the District. In addition, the Board of Trustees should be commended for its continued support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

Mike Helm -- *President*

Dr. Ron Rainosek -- *Vice President*

Butch Menking -- *Secretary*

Terry Delano -- *Board Member*

Corbett Lawler -- *Board Member*

Minerva Trujillo -- *Board Member*

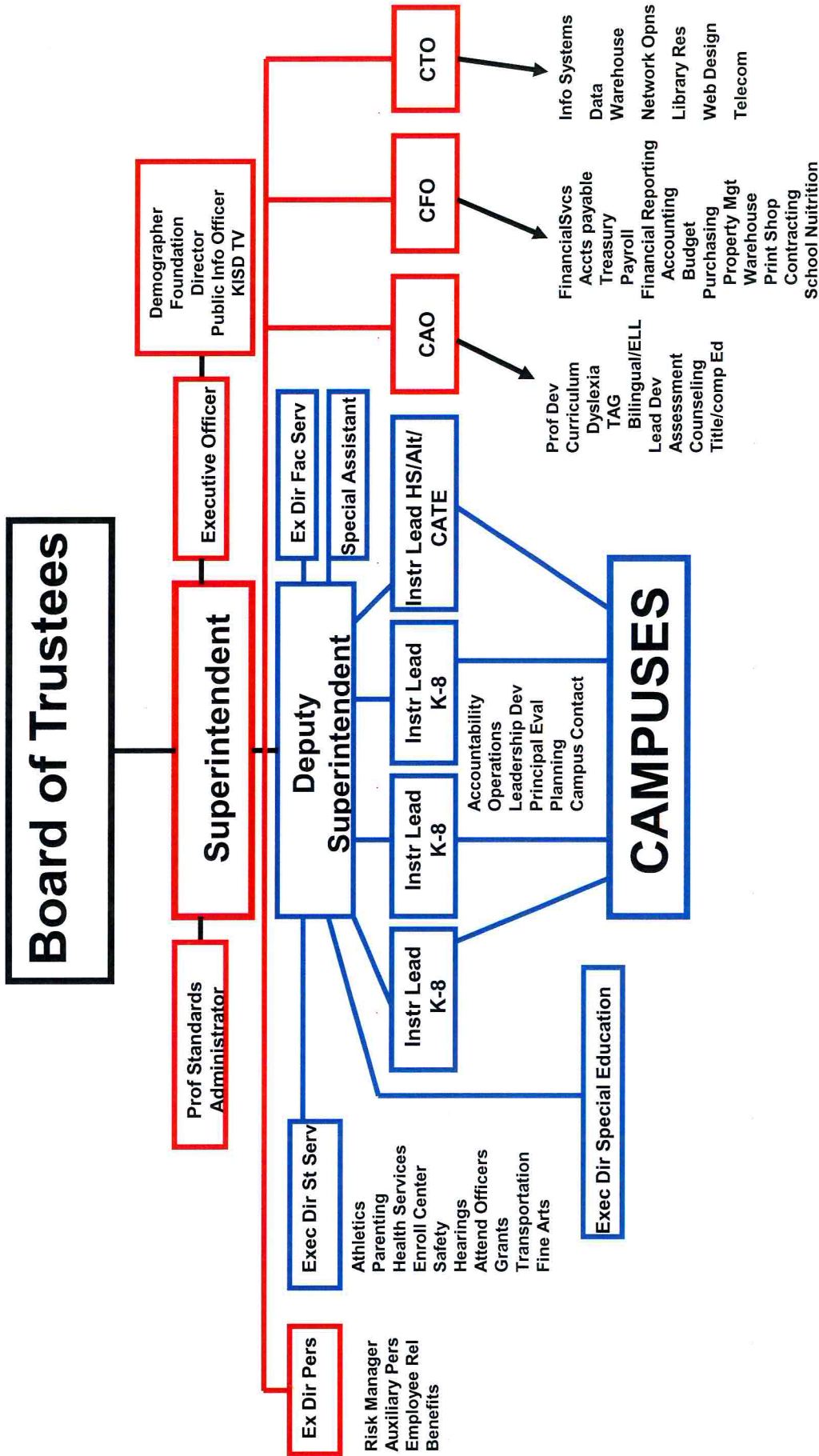
Shelley Wells -- *Board Member*

COL Mark Freitag -- *Fort Hood Advisor*

### *SCHOOL DISTRICT ADMINISTRATION*

Robert Muller, PhD  
*Superintendent*

Bobby Ott, Ed. D.  
*Deputy Superintendent*



Killeen ISD Organization Chart  
 As of August 31, 2010  
 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, 2009

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

President

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, 2009

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.



President

Executive Director



**Lott, Vernon & Company, P.C.**

**CERTIFIED PUBLIC ACCOUNTANTS**

KILLEEN • COPPERAS COVE • TEMPLE

109 EAST AVENUE B  
POST OFFICE BOX 935  
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, 2010, 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 opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Killeen Independent School District as of August 31, 2010, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2010, 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 10, 2010

# 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, 2010. 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

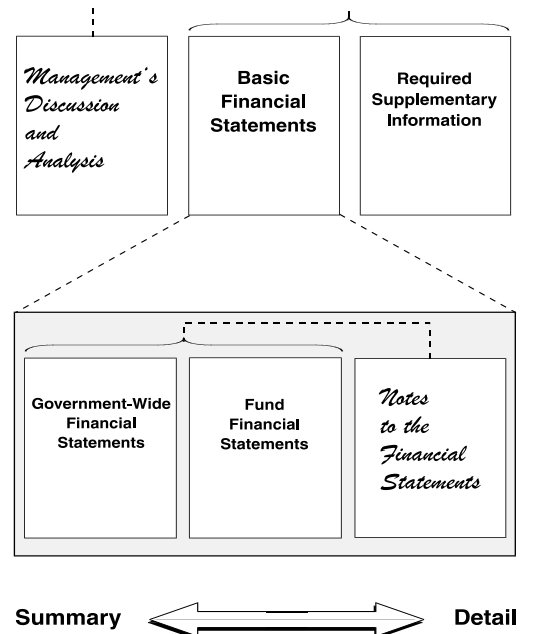
- The District's total combined net assets were \$453.6 million at August 31, 2010, compared to \$427.9 million at August 31, 2009 (see Table A-1).
- During the year, the District's expenses were \$25.7 million less than the \$395 million generated in taxes and other revenues for governmental activities (see Exhibit B-1).
- The District has one elementary school under construction that is scheduled to open August 2011. The District is also in the planning and design phase for an At-Risk Facility and a Career Academy that are scheduled to open in August 2011 and August 2012, respectively.
- The District issued \$41,895,000 Unlimited Tax Refunding Bonds on July 1, 2010 to refund \$44,920,000 Unlimited Tax School Building and Refunding Bonds, Series 2002 to lower the District's debt service with a present value savings of approximately \$6.1 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 currently does not have any business-type activities. The workers' compensation internal service fund was closed in the prior year. The remaining reserves were transferred to the general fund.

## **Fund Financial Statements**

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

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

The District has two kinds of funds:

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

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

**Net assets** - The District's *combined* net assets were approximately \$453.6 million on August 31, 2010 (See Table A-1). The \$17.4 million of the District's restricted net assets represent fund balance that is reserved for the retirement of Long-Term Debt (\$1.8 million), the amount restricted for scholarships (\$.2 million) and amounts designated for construction projects at year end (\$15.3 million). The \$196.4 million of General and Capital Projects Funds unrestricted net assets represents resources available to fund the programs of the District in future years. Current and other assets increased during the year, due to increased receivables from the state and federal government for ARRA grant expenditures and additional cash received prior to year-end for impact aid and SHARS revenue. The increase in current liabilities is

the net result of an \$11.6 million dollar overpayment of formula funding from the State, a \$4.5 million decrease in deferred revenue to recognize ARRA Impact Aid revenue earned in the current year, \$.2 million of interest earned on the deferred revenue that is due to the federal government, and \$2.8 million decrease in accounts payable and other liabilities.

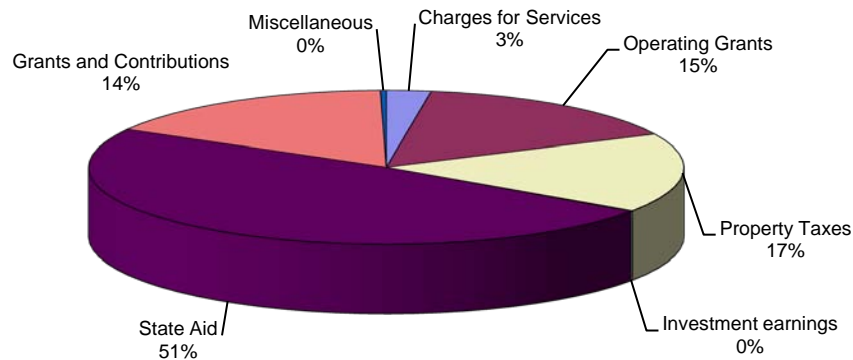
**Table A-1**  
**The District's Net Assets**  
*(in millions of dollars)*

	Governmental Activities	2009	2010	Percentage Change
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	2009	2010	Percentage Change
Current and Other Assets	221.5	236.4	6.7%
Capital Assets	356.2	362.2	1.7%
<b>Total Assets</b>	<b>577.7</b>	<b>598.6</b>	<b>3.6%</b>
Current Liabilities	17.0	21.5	26.5%
Long Term Liabilities	132.8	123.5	-7.0%
<b>Total Liabilities</b>	<b>149.8</b>	<b>145.0</b>	<b>-3.2%</b>
<b>Net Assets</b>			
Invested in Capital Assets net of related debt	225.7	239.8	6.2%
Restricted	7.0	17.4	148.6%
Unrestricted	195.2	196.4	0.6%
<b>Total Net Assets</b>	<b>427.9</b>	<b>453.6</b>	<b>6.0%</b>

A significant portion, approximately 51 percent, of the District's revenue comes from state aid. (See Figure A-3.) 17 percent comes from taxes, while only 3 percent relates to charges for services. The total cost of all programs and services was approximately \$369.3 million; 85% of these costs are for instructional and student services.

Figure A-3 District Revenue for Fiscal Year 2010



**Governmental Activities**

- The District continues to build new instructional facilities.
- Property values grew by approximately \$229 million.
- Student enrollment was above projections.

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

	<b>Governmental Activities</b>		<b>Total % Change</b>
	<b><u>2010</u></b>	<b><u>2009</u></b>	
<b>Revenues</b>			
<u>Program Revenues</u>			
Charges for Services	9.6	9.2	4.3%
Operating Grants and Contributions	61.3	44.8	36.8%
<u>General Revenues</u>			
Property Taxes	65.6	63.5	3.3%
State Aid - Formula Grants	191.4	195.7	-2.2%
Grants and Contributions Not Restricted	65.2	49.1	32.8%
Investment Earnings	0.6	3.1	-80.6%
Other	1.3	1.2	8.3%
<b>Total Revenues</b>	<b>395.0</b>	<b>366.6</b>	<b>7.7%</b>
<b>Expenses</b>			
Instruction and instructional related	235.0	221.7	6.0%
Instructional leadership/school administration	23.2	21.4	8.4%
Guidance, social work, health, transportation	28.4	26.7	6.4%
Food services	18.1	17.9	1.1%
Extracurricular activities	7.5	7.4	1.4%
General administration	6.6	7.0	-5.7%
Plant maintenance and security	37.0	36.3	1.9%
Data processing services	5.4	4.8	12.5%
Community services	1.1	1.2	-8.3%
Debt service	6.0	6.1	-1.6%
Pmts to fiscal agent/member districts - shared service	0.5	0.4	25.0%
Other intergovernmental charges	0.5	0.5	0.0%
<b>Total Expenses</b>	<b>369.3</b>	<b>351.4</b>	<b>5.1%</b>
<b>Increase in Net Assets</b>	<b>25.7</b>	<b>15.2</b>	
<b>Beginning Net Assets</b>	<b>427.9</b>	<b>412.7</b>	
<b>Ending Net Assets</b>	<b>453.6</b>	<b>427.9</b>	

The most significant changes occurred in program revenues- operating grants and contributions. Funding from programs such as Title 1, IDEA B and State Fiscal Stabilization Funds from the American Recovery and Reinvestment Act is a large part of the \$16.5 million (36.8%) increase. There was also an increase in



general revenues. \$1.6 million in SHARS revenue, \$8.5 million in additional impact aid, and \$6 million of ARRA impact aid construction funding for technology infrastructure projects that were in process during the year, and section 8007 funds not received in the previous year account for the \$16.1 million increase in grants and contributions not restricted . 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 \$13.3 million due to increases in salaries and positions.
- (b) Instructional leadership and school administration increased by nearly \$2 million as a result of additional positions, equipment purchases and increased TRS on-behalf expenditures.

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

- The cost of all *governmental* activities this year was \$369.3 million.
- However, the amount that our taxpayers paid for these activities through property taxes was only \$65.6 million (which is approximately 17.8%).
- Most of the cost was paid by federal grants and State Aid (TEA foundation payments).
- Some of the cost was paid by those who directly benefited from the programs (\$9.6 million).

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

	Total Cost of Services		% Change	Net Cost of Services		% Change
	<u>2010</u>	<u>2009</u>		<u>2010</u>	<u>2009</u>	
Instruction	\$ 214.7	\$ 205.5	4.5%	\$ 176.8	\$ 177.5	-0.4%
Extracurricular	7.5	7.4	1.4%	5.7	5.6	1.8%
Food Services	18.1	17.9	1.1%	0.5	1.2	-58.3%
Plant Maintenance & Operations	33.6	33.6	0.0%	31.4	32.9	-4.6%

**Fiduciary Funds**

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

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The increase in general fund revenues is the result of an increase in local property taxes, in addition to, a slight increase in state funding calculated through a target revenue calculation directed specifically at school District funding needs. The District experienced an overall increase of 719 students in average daily attendance. The increase in federal revenues is primarily due to the Impact Aid. 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.

### 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.
- \$50 million was transferred to the capital projects funds to increase the fund balance available to fund future construction needs and to fund capital improvement projects.

Table A-4 summarizes four 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	\$ 191.0	\$ 178.2	\$ (12.8)	\$ 175.5	\$ (2.7)	1
199-23-6XXX	\$ 16.6	\$ 18.6	\$ 2.0	\$ 18.2	\$ (0.4)	2
199-00-7915	\$ 0.0	\$ 2.0	\$ 2.0	\$ 2.0	\$ 0.0	3
199-00-8911	\$ 14.0	\$ 50.2	\$ 36.2	\$ 50.2	\$ 0.0	4

1. The amendment decrease is the result of the movement of pre-k salaries, and curriculum expenditures to the state fiscal stabilization fund. The Texas Education Agency required districts to originally budget the SFSF funds in the general fund and then move the revenues and associated expenditures out to the special revenue fund. In addition, TRS on-behalf expenditures originally planned in function 11 were later allocated to other functions.

2. The amendment increase is due to additional positions, copier replacements, new data management systems that were needed during the year and reallocated TRS on-behalf expenditures.
3. The amendment increase is a transfer from the technology allotment fund to help pay for technology life cycle replacements.
4. The amendment increase is the result of an additional \$38 million transfer to the school building projects fund to help pay for upcoming facilities needs identified in the district's strategic facility plan.

## **Fund Balances**

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

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

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

Fund balance in the General Fund at year-end was \$80,035,237. This is a decrease of \$23,427,373 from the prior year. The decrease is the net result of the excess of revenues over expenditures of \$24,776,022 and a reduction for other financing sources and uses of \$48,203,395. Transfers from the general fund to capital projects funds of \$50,218,726 million were the majority of the other financing sources and uses.

The General Fund undesignated unreserved balance of \$72,121,597 is equivalent to three 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 \$7,913,640 (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 increased by \$34,688,724 during the year. The fund balance for this fund at year end was \$120,157,566. 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 2010, the District had invested approximately \$362.2 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 \$6 million over last year. More detailed information about the District's capital assets activity is presented in Note E of the Notes to the Financial Statements.

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

	<b>Governmental</b>		<b>Total %</b>
	<b>Activities</b>		
	<u><b>2010</b></u>	<u><b>2009</b></u>	
Land	9.5	9.5	0.0%
Buildings and Improvements	472.3	429.3	10.0%
Furniture and Equipment	58.9	49.6	18.8%
Construction in Progress	14.9	43.3	-65.6%
Totals at historical cost	<u><b>555.6</b></u>	<u><b>531.7</b></u>	4.5%
Total accumulated depreciation	<u><b>(193.4)</b></u>	<u><b>(175.5)</b></u>	10.2%
Net capital assets	<u><u><b>362.2</b></u></u>	<u><u><b>356.2</b></u></u>	1.7%

#### Bond Ratings

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

### Long-Term Debt

Debt Service requirements for the general obligation bonds outstanding on August 31, 2010 totaled \$115,830,000. 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 \$159,633,900 (including principal, interest due and accrued interest) through 2028 to retire its outstanding general long-term bonds. The debt service fund has \$1,857,552 in reserves for retirement of funded indebtedness.

The District levied a debt service tax rate of \$0.11 during the 2009-2010 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 56%) of the District's debt service is paid by the state. The District's local share of debt service is covered by Interest & Sinking taxes or local revenue as outlined above. More detailed information about the District's debt is presented in Note F of the Notes to the Financial Statements.

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

The District expects for student enrollment to increase in the 2011 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. Revenues are expected to decline in the next year. State funding is anticipated to be approximately 10% lower in fiscal year 2011-12 due to the State's budget shortfall. 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 a new alternative campus will be opened for the 2011-2012 school year. The District has identified facility needs in the next six years that include 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 2010-2011 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, 2010

Data Control Codes	Primary Government
	Governmental Activities
<b>ASSETS</b>	
1110 Cash and Cash Equivalents	\$ 14,926,881
1120 Current Investments	203,094,329
1220 Property Taxes Receivable (Delinquent)	2,489,163
1230 Allowance for Uncollectible Taxes	(373,375)
1240 Due from Other Governments	12,286,340
1267 Due from Fiduciary Funds	1,400,718
1290 Other Receivables, net	244,576
1300 Inventories	1,617,513
1420 Capitalized Bond and Other Debt Issuance Costs	618,648
Capital Assets:	
1510 Land	9,537,265
1520 Buildings, Net	317,494,633
1530 Furniture and Equipment, Net	20,239,853
1580 Construction in Progress	14,899,495
1990 Other Assets	156,864
1000 Total Assets	598,632,903
<b>LIABILITIES</b>	
2110 Accounts Payable	5,194,395
2120 Short Term Debt Payable	3,703,113
2140 Interest Payable	185,512
2180 Due to Other Governments	11,613,583
2300 Unearned Revenue	813,666
Noncurrent Liabilities	
2501 Due Within One Year	9,905,693
2502 Due in More Than One Year	113,603,471
2000 Total Liabilities	145,019,433
<b>NET ASSETS</b>	
3200 Invested in Capital Assets, Net of Related Debt	239,842,774
3850 Restricted for Debt Service	1,857,552
3860 Restricted for Capital Projects	15,363,424
3890 Restricted for Other Purposes	151,902
3900 Unrestricted Net Assets	196,397,818
3000 Total Net Assets	\$ 453,613,470

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, 2010

EXHIBIT B-1

Data Control Codes	1	Program Revenues		6
Expenses	3	4	6	Net (Expense) Revenue and Changes in Net Assets
Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities		
<b>Primary Government:</b>				
<b>GOVERNMENTAL ACTIVITIES:</b>				
11 Instruction	\$ 214,709,865	\$ 992,659	\$ 37,197,824	\$ (176,519,382)
12 Instructional Resources and Media Services	9,041,084	-	454,069	(8,587,015)
13 Curriculum and Staff Development	11,318,271	-	3,349,783	(7,968,488)
21 Instructional Leadership	4,175,727	-	685,111	(3,490,616)
23 School Leadership	19,001,724	-	804,607	(18,197,117)
31 Guidance, Counseling and Evaluation Services	13,567,081	-	1,904,853	(11,662,228)
32 Social Work Services	1,667,300	-	49,801	(1,617,499)
33 Health Services	3,043,647	-	131,243	(2,912,404)
34 Student (Pupil) Transportation	10,113,200	-	258,565	(9,854,635)
35 Food Services	18,095,490	5,794,035	11,797,779	(503,676)
36 Extracurricular Activities	7,513,834	1,629,589	172,436	(5,711,809)
41 General Administration	6,556,997	-	212,455	(6,344,542)
51 Plant Maintenance and Operations	33,569,957	-	2,207,694	(31,362,263)
52 Security and Monitoring Services	3,418,640	-	127,043	(3,291,597)
53 Data Processing Services	5,361,789	-	1,390,067	(3,971,722)
61 Community Services	1,081,761	64,100	459,851	(557,810)
72 Debt Service - Interest on Long Term Debt	5,891,516	-	57,943	(5,833,573)
73 Debt Service - Bond Issuance Cost and Fees	123,195	-	-	(123,195)
95 Payments to Juvenile Justice Alternative Ed. Prg.	469,194	1,082,151	-	612,957
99 Other Intergovernmental Charges	538,491	-	-	(538,491)
<b>[TP] TOTAL PRIMARY GOVERNMENT:</b>	<b>\$ 369,258,763</b>	<b>\$ 9,562,534</b>	<b>\$ 61,261,124</b>	<b>(298,435,105)</b>

Data Control Codes	General Revenues:		
	Taxes:		
MT	Property Taxes, Levied for General Purposes		59,296,399
DT	Property Taxes, Levied for Debt Service		6,334,808
SF	State Aid - Formula Grants		191,470,512
GC	Grants and Contributions not Restricted		65,181,243
IE	Investment Earnings		629,293
MI	Miscellaneous Local and Intermediate Revenue		1,259,214
TR	Total General Revenues		324,171,469
CN	Change in Net Assets		25,736,364
NB	Net Assets--Beginning		427,877,106
NE	Net Assets--Ending		\$ 453,613,470

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



KILLEEN INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AUGUST 31, 2010

Data Control Codes	General Fund	State Fiscal Stabilization Fund	School Building Projects
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ 9,303,301	\$ -	\$ 3,246,940
1120 Investments - Current	83,755,583	-	114,033,339
1220 Property Taxes - Delinquent	2,272,524	-	-
1230 Allowance for Uncollectible Taxes (Credit)	(340,879)	-	-
1240 Receivables from Other Governments	166,749	4,429,255	-
1260 Due from Other Funds	7,449,575	-	4,000,000
1290 Other Receivables	170,079	4,131	-
1300 Inventories	913,640	-	-
1900 Other Assets	-	-	-
1000 Total Assets	<u>\$ 103,690,572</u>	<u>\$ 4,433,386</u>	<u>\$ 121,280,279</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
2110 Accounts Payable	\$ 2,636,596	\$ -	\$ 1,122,713
2120 Short Term Debt Payable - Current	3,280,173	86,663	-
2140 Interest Payable - Current	-	-	-
2170 Due to Other Funds	4,231,391	4,346,723	-
2180 Due to Other Governments	11,569,218	-	-
2300 Deferred Revenues	1,937,957	-	-
2000 Total Liabilities	<u>23,655,335</u>	<u>4,433,386</u>	<u>1,122,713</u>
Fund Balances:			
Reserved For:			
3410 Investments in Inventory	913,640	-	-
3420 Retirement of Long Term Debt	-	-	-
3440 Outstanding Encumbrances	2,000,000	-	-
3490 Other Purposes	5,000,000	-	-
Unreserved Designated For:			
3510 Construction	-	-	120,157,566
Unreserved and Undesignated:			
3600 Reported in the General Fund	72,121,597	-	-
3610 Reported in Special Revenue Funds	-	-	-
3630 Reported in Permanent Funds	-	-	-
3000 Total Fund Balances	<u>80,035,237</u>	<u>-</u>	<u>120,157,566</u>
4000 Total Liabilities and Fund Balances	<u>\$ 103,690,572</u>	<u>\$ 4,433,386</u>	<u>\$ 121,280,279</u>

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

Other Funds	Total Governmental Funds
\$ 2,376,640	\$ 14,926,881
5,305,407	203,094,329
216,639	2,489,163
(32,496)	(373,375)
7,690,336	12,286,340
5,204,789	16,654,364
70,366	244,576
703,873	1,617,513
156,864	156,864
\$ 21,692,418	\$ 251,096,655
\$ 1,435,086	\$ 5,194,395
336,277	3,703,113
185,512	185,512
6,675,532	15,253,646
44,365	11,613,583
991,497	2,929,454
9,668,269	38,879,703
677,082	1,590,722
1,857,552	1,857,552
-	2,000,000
-	5,000,000
-	120,157,566
-	72,121,597
9,337,613	9,337,613
151,902	151,902
12,024,149	212,216,952
\$ 21,692,418	\$ 251,096,655



KILLEEN INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET ASSETS  
AUGUST 31, 2010

<b>Total Fund Balances - Governmental Funds</b>	\$	212,216,952
<b>1</b> Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$531,701,161 and the accumulated depreciation was \$175,536,637. 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.		224,752,765
<b>2</b> Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The item also includes the effect of the issuance of refunding bonds in the current year. The net effect of including the 2009-2010 capital outlays and debt principal payments and refunding issuance is to increase net assets.		33,610,178
<b>3</b> The 2009-2010 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.		(18,195,203)
<b>4</b> 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.		1,228,778
<b>19 Net Assets of Governmental Activities</b>	\$	453,613,470

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, 2010

Data Control Codes	General Fund	State Fiscal Stabilization Fund	School Building Projects
<b>REVENUES:</b>			
5700 Total Local and Intermediate Sources	\$ 62,971,237	\$ -	\$ 139,509
5800 State Program Revenues	193,208,826	-	-
5900 Federal Program Revenues	58,306,555	10,655,739	3,041,329
5020 Total Revenues	<u>314,486,618</u>	<u>10,655,739</u>	<u>3,180,838</u>
<b>EXPENDITURES:</b>			
<b>Current:</b>			
0011 Instruction	175,475,446	6,816,129	69,237
0012 Instructional Resources and Media Services	8,547,725	-	-
0013 Curriculum and Instructional Staff Development	5,994,701	269,338	-
0021 Instructional Leadership	3,611,290	-	-
0023 School Leadership	18,166,000	-	11,009
0031 Guidance, Counseling and Evaluation Services	12,268,601	-	-
0032 Social Work Services	1,666,969	-	-
0033 Health Services	3,044,913	-	-
0034 Student (Pupil) Transportation	9,568,519	-	-
0035 Food Services	276,787	-	-
0036 Extracurricular Activities	6,881,153	-	-
0041 General Administration	6,581,724	-	-
0051 Facilities Maintenance and Operations	27,500,247	1,370,911	1,606,257
0052 Security and Monitoring Services	3,256,122	12,293	103,694
0053 Data Processing Services	5,221,505	899,830	-
0061 Community Services	641,209	-	-
<b>Debt Service:</b>			
0071 Debt Service - Principal on Long Term Debt	-	1,229,295	-
0072 Debt Service - Interest on Long Term Debt	-	57,943	-
0073 Debt Service - Bond Issuance Cost and Fees	-	-	-
<b>Capital Outlay:</b>			
0081 Facilities Acquisition and Construction	-	-	12,107,400
<b>Intergovernmental:</b>			
0095 Payments to Juvenile Justice Alternative Ed. Prg.	469,194	-	-
0099 Other Intergovernmental Charges	538,491	-	-
6030 Total Expenditures	<u>289,710,596</u>	<u>10,655,739</u>	<u>13,897,597</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>24,776,022</u>	<u>-</u>	<u>(10,716,759)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
7901 Refunding Bonds Issued	-	-	-
7912 Sale of Real and Personal Property	40,178	-	-
7915 Transfers In	1,980,792	-	47,118,726
7916 Premium or Discount on Issuance of Bonds	-	-	-
8911 Transfers Out (Use)	(50,224,365)	-	(1,713,243)
8940 Payment to Bond Refunding Escrow Agent (Use)	-	-	-
7080 Total Other Financing Sources (Uses)	<u>(48,203,395)</u>	<u>-</u>	<u>45,405,483</u>
1200 Net Change in Fund Balances	(23,427,373)	-	34,688,724
0100 Fund Balance - September 1 (Beginning)	<u>103,462,610</u>	<u>-</u>	<u>85,468,842</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 80,035,237</u>	<u>\$ -</u>	<u>\$ 120,157,566</u>

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

	Other Funds	Total Governmental Funds
\$	13,964,913	\$ 77,075,659
	10,235,640	203,444,466
	42,464,790	114,468,413
	<u>66,665,343</u>	<u>394,988,538</u>
	22,839,205	205,200,017
	185,803	8,733,528
	2,744,255	9,008,294
	844,140	4,455,430
	205,024	18,382,033
	1,301,869	13,570,470
	-	1,666,969
	256	3,045,169
	5,185	9,573,704
	16,476,167	16,752,954
	268,249	7,149,402
	2,622	6,584,346
	6,244,245	36,721,660
	69,258	3,441,367
	173,312	6,294,647
	432,483	1,073,692
	8,255,000	9,484,295
	6,188,531	6,246,474
	453,172	453,172
	4,438,735	16,546,135
	-	469,194
	-	538,491
	<u>71,127,511</u>	<u>385,391,443</u>
	<u>(4,462,168)</u>	<u>9,597,095</u>
	41,895,000	41,895,000
	10,707	50,885
	5,154,126	54,253,644
	6,323,727	6,323,727
	(2,316,036)	(54,253,644)
	<u>(47,759,040)</u>	<u>(47,759,040)</u>
	3,308,484	510,572
	(1,153,684)	10,107,667
	13,177,833	202,109,285
\$	<u>12,024,149</u>	<u>\$ 212,216,952</u>

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, 2010

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	10,107,667
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. This item also includes the effect of the issuance of refunding bonds in the current year. The net effect of removing the 2009-2010 capital outlays, debt principal payments and refunding issuance is to increase net assets.		33,610,178
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.		(18,195,203)
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.		213,722
<b>Change in Net Assets of Governmental Activities</b>	<b>\$</b>	<b>25,736,364</b>

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, 2010

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 62,421,662	\$ 62,586,879	\$ 62,971,237	\$ 384,358
5800 State Program Revenues	206,885,866	197,496,504	193,208,826	(4,287,678)
5900 Federal Program Revenues	52,601,000	58,040,231	58,306,555	266,324
5020 Total Revenues	321,908,528	318,123,614	314,486,618	(3,636,996)
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	191,032,952	178,227,621	175,475,446	2,752,175
0012 Instructional Resources and Media Services	8,557,387	8,645,241	8,547,725	97,516
0013 Curriculum and Instructional Staff Development	5,209,749	6,382,574	5,994,701	387,873
0021 Instructional Leadership	3,812,171	3,644,283	3,611,290	32,993
0023 School Leadership	16,638,920	18,610,246	18,166,000	444,246
0031 Guidance, Counseling and Evaluation Services	12,711,746	12,421,364	12,268,601	152,763
0032 Social Work Services	1,615,834	1,678,113	1,666,969	11,144
0033 Health Services	3,387,415	3,071,692	3,044,913	26,779
0034 Student (Pupil) Transportation	9,641,523	9,778,226	9,568,519	209,707
0035 Food Services	4,850	342,879	276,787	66,092
0036 Extracurricular Activities	7,042,926	7,029,999	6,881,153	148,846
0041 General Administration	8,231,728	6,593,604	6,581,724	11,880
0051 Facilities Maintenance and Operations	29,559,020	28,123,417	27,500,247	623,170
0052 Security and Monitoring Services	2,607,220	3,378,158	3,256,122	122,036
0053 Data Processing Services	4,861,105	5,351,907	5,221,505	130,402
0061 Community Services	863,307	642,499	641,209	1,290
Debt Service:				
0071 Debt Service - Principal on Long Term Debt	1,290,338	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	3,976	-	3,976
Intergovernmental:				
0095 Payments to Juvenile Justice Alternative Ed. Prg.	400,000	469,355	469,194	161
0099 Other Intergovernmental Charges	547,770	538,491	538,491	-
6030 Total Expenditures	308,015,961	294,933,645	289,710,596	5,223,049
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	13,892,567	23,189,969	24,776,022	1,586,053
<b>OTHER FINANCING SOURCES (USES):</b>				
7912 Sale of Real and Personal Property	46,000	46,000	40,178	(5,822)
7915 Transfers In	-	1,971,316	1,980,792	9,476
8911 Transfers Out (Use)	(13,938,567)	(50,218,726)	(50,224,365)	(5,639)
7080 Total Other Financing Sources (Uses)	(13,892,567)	(48,201,410)	(48,203,395)	(1,985)
1200 Net Change in Fund Balances	-	(25,011,441)	(23,427,373)	1,584,068
0100 Fund Balance - September 1 (Beginning)	103,462,610	103,462,610	103,462,610	-
3000 Fund Balance - August 31 (Ending)	\$ 103,462,610	\$ 78,451,169	\$ 80,035,237	\$ 1,584,068

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, 2010

	Private Purpose Trust Funds	Agency Funds
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 8,374	\$ 2,643,476
Investments - Current	7,486	268,270
Due from Other Funds	10,696	-
Other Receivables	-	26,581
Long Term Investments	1,174,301	-
Total Assets	<u>1,200,857</u>	<u>\$ 2,938,327</u>
<b>LIABILITIES</b>		
Due to Other Funds	10,696	\$ 1,400,718
Due to Student Groups	-	561,750
Payable from Restricted Assets	-	975,859
Total Liabilities	<u>10,696</u>	<u>\$ 2,938,327</u>
<b>NET ASSETS</b>		
Unrestricted Net Assets	<u>1,190,161</u>	
Total Net Assets	<u>\$ 1,190,161</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, 2010

	Private Purpose Trust Funds
<hr/>	
ADDITIONS:	
Local and Intermediate Sources	\$ 66,756
Total Additions	<u>66,756</u>
DEDUCTIONS:	
Other Operating Costs	<u>30,795</u>
Total Deductions	<u>30,795</u>
Change in Net Assets	35,961
Total Net Assets - September 1 (Beginning)	<u>1,154,200</u>
Total Net Assets - August 31 (Ending)	<u><u>\$ 1,190,161</u></u>

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

**I. Summary of Significant Accounting Policies**

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

**A. Reporting Entity**

The Board of Trustees (the "Board") is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity." There are no component units included within the reporting entity.

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

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

**State Fiscal Stabilization Fund** is to be used to account, on a project basis, for funds granted to improve basic programs authorized by the Elementary and Secondary Education Act of 1965, as amended by the No Child Left Behind Act of 2001; the Individuals with Disabilities Education Act (IDEA); the Adult and Family Literacy Act, the Carl D. Perkins and Technical Education Act of 2006, or for the modernization, renovation, or repair of public school facilities, including modernization, renovation, or repairs that are consistent with a recognized green building rating system. This grant is funded by the American Recovery Reinvestment Act (ARRA) of 2009, Title XIV.

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

homeless students.

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

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

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

IDEA B 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.

Title II Part D ARRA (Stimulus) – Enhancing Education through Technology – American Recovery and Reinvestment Act 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 X Part C ARRA (Stimulus) – Education for Homeless Children and Youth - American Recovery and Reinvestment Act Funds granted for a variety of staff development and supplemental services, including in-service training, counseling, psychological services and tutoring for homeless students.

IDEA B Formula ARRA (Stimulus) – American Recovery and Reinvestment Act funds granted to operate educational programs for children with disabilities.

IDEA B Preschool ARRA (Stimulus) – American Recovery and Reinvestment Act funds granted for preschool children with disabilities.

Title I, Part A – Improving Basic Programs ARRA (Stimulus) – American Recovery and Reinvestment Act funds allocated to local education agencies to enable schools to provide opportunities for children served to acquire the knowledge and skills contained in the challenging State content standards and to meet the challenging State performance standards developed for all students.

Project Serv Grant (School Emergency Response to Violence): SDFS – This program funds short-term and long-term education-related services for local educational agencies (LEAs) and institutions of higher education (IHEs) to help them recover from a violent or traumatic event in which the learning environment has been disrupted. Funds were given to KISD in response to the November 5, 2009 shooting on Fort Hood.

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

Technology Allotment – These funds are used to account for funds to purchase of software and technological 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.

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

**Permanent Fund** accounts for a legally restricted endowment in the amount of \$189,715 to the extent that only earnings and not principal may be used by the District to supplement under funded programs for Shoemaker High School. The net amount of depreciation unavailable for expenditure is \$13,287 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:

**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.



**KILLEEN INDEPENDENT SCHOOL DISTRICT***Notes To The Financial Statements (Continued)**Year Ended August 31, 2010*

	Endowment	Current Balance	Net Appreciation Available for Expenditure
Scholarship account:			
Cross	\$ 724,896	\$ 700,972	\$ (23,924)
Haynes	\$ 100,000	118,096	18,096
Wood	\$ 209,530	195,621	(13,909)
Pratt	\$ 83,195	79,045	(4,150)
Ware	\$ 100,000	81,593	(18,407)
		<u>\$ 1,175,327</u>	<u>\$ (42,294)</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 Policies**Encumbrances

Purchase orders or contracts document encumbrances for goods or purchased services. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget. 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	\$ 9,537,265	\$ -	\$ 9,537,265	
Buildings & Improvements	429,255,623	142,402,198	286,853,425	
Furniture & Equipment	49,652,389	33,134,439	16,517,950	
Construction in Progress	<u>43,255,884</u>	<u>-</u>	<u>43,255,884</u>	
Change in Net Assets				<u>\$ 356,164,524</u>
<u>Long-term Liabilities at the Beginning of the Year</u>			<u>Payable at the Beginning of the Year</u>	
Bonds Payable			\$ (125,860,615)	
Less Unamortized Premiums			(4,607,421)	
Plus Unamortized Bond Issuance Costs			288,671	
Other Long Term Debt			<u>(1,232,394)</u>	
Change in Net Assets				<u>(131,411,759)</u>
Net Adjustment to Net Assets				<u>\$ 224,752,765</u>

**KILLEEN INDEPENDENT SCHOOL DISTRICT**

Notes To The Financial Statements (Continued)

Year Ended August 31, 2010

**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	\$ -		
Buildings & Improvements	244,019		
Furniture & Equipment	9,590,582		
Construction in Progress	14,394,341		
Total Capital Outlay	<u>\$ 24,228,942</u>	<u>\$ 24,228,942</u>	<u>\$ 24,228,942</u>
<u>Debt Principal Payments</u>			
Bond Principal	\$ 8,255,000		
Capital Lease Payment	1,232,394		
Total Principal Payments	<u>\$ 9,487,394</u>	<u>\$ 9,487,394</u>	<u>\$ 9,487,394</u>
<u>Current Year Issuance and Refunding of Debt</u>			
Amount Deferred on Refunding	\$ 1,784,189		
Newly Issued Debt	(41,895,000)		
Refunded Portion of Old Debt	44,920,000		
Refunded Premium Old Debt	1,054,851		
Premium on Newly Issued Debt	(6,323,727)		
Bond Issuance Costs	353,529		
Total Issuance and Refunding	<u>\$ (106,158)</u>	<u>\$ (106,158)</u>	<u>\$ (106,158)</u>
Total Adjustment to Net Assets		<u>\$ 33,610,178</u>	<u>\$ 33,610,178</u>

**KILLEEN INDEPENDENT SCHOOL DISTRICT***Notes To The Financial Statements (Continued)**Year Ended August 31, 2010*

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

	<u>Amount</u>	<u>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 accrual.	\$ (17,279)	\$ (17,279)
<u>Reclassifications related to Bonds</u>		
Discount (Premium) on Issuance of Bonds	509,532	509,532
Bond Issuance Cost	(23,552)	(23,552)
Amount Deferred on Refunding	(165,280)	(165,280)
<u>Reclassify Liabilities Incurred but not Liquidated this Year</u>		
Unused Vacation Pay	(70,289)	(70,289)
<u>Adjustments to Expenditures and Accrued Liabilities</u>		
Bond Interest Accrual Adjustment	7,607	7,607
<u>Adjustments to Other Sources and Revenues for Loss on Sale of Assets</u>	<u>(27,017)</u>	<u>(27,017)</u>
Total		<u>\$ 213,722</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.

**KILLEEN INDEPENDENT SCHOOL DISTRICT**

*Notes To The Financial Statements (Continued)*

*Year Ended August 31, 2010*

2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made prior to overspending in a functional category, reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, 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	191,032,952	178,227,621	(12,805,331)	1
199-13-6XXX	5,209,749	6,382,574	1,172,825	2
199-23-6XXX	16,638,920	18,610,246	1,971,326	3
199-41-6XXX	8,231,728	6,593,604	(1,638,124)	4
199-00-79XX	46,000	2,017,316	1,971,316	5
199-00-89XX	(13,938,567)	(50,218,726)	(36,280,159)	6
599-00-79XX	-	48,218,727	48,218,727	7
599-71-8949	-	(47,759,040)	(47,759,040)	8

- (1.) The amendment decrease is the result of the movement of pre-k salaries, and curriculum expenditures to the State Fiscal Stabilization Fund (SFSF). The Texas Education Agency required districts to originally budget the SFSF funds in the general fund and then move the revenues and associated expenditures out to the special revenue fund. In addition, the TRS on-behalf expenditures originally planned in function 11 were later allocated to other funds.
- (2.) The amendment increase is due to outstanding purchase orders that were allowed to be carried over from the prior year and increased program expenditures that were originally planned in other functions.
- (3.) The amendment increase is due to additional positions, copier replacements, and a new data management system that were needed during the year in addition to reallocated TRS on-behalf expenditures.

**KILLEEN INDEPENDENT SCHOOL DISTRICT**

*Notes To The Financial Statements (Continued)*

*Year Ended August 31, 2010*

- (4.) The amendment decrease is the result of transferring additional budget considerations, originally planned in general administration, to other functions.
  - (5.) The amendment increase is a transfer from the technology allotment fund to help pay for technology life cycle replacements.
  - (6.) The amendment increase is the result of an additional \$38 million transfer to the school building projects fund to help pay for upcoming facilities needs identified in the District's strategic facility fund.
  - (7.) The amendment increase is for bond proceeds from the current year refunding bond issuance that was not originally planned.
  - (8.) The amendment decrease is for the payment of bonds to the escrow agent for the current year refunding bond issuance.
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	\$	4,156,175
Unbudgeted Funds:		
Summer Feeding Program		142,177
Advanced Placement Incentives		91,592
Technology Allotment		4,853,629
Campus Activity Funds		771,122
	\$	<u>10,014,695</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, 2010.

**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, 2010, the carrying amount of the District's deposits was \$17,578,731 and the bank balance was \$26,009,621. The District's cash deposits at August 31, 2010 and during the year ended August 31, 2010 were properly covered by FDIC insurance under an amendment to the Temporary Liquidity Guarantee program that extended the expiration date on the Transaction Account Guarantee program to December 31, 2010.

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

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

#### Deposit and Investment Risk:

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

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

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

## KILLEEN INDEPENDENT SCHOOL DISTRICT

Notes To The Financial Statements (Continued)

Year Ended August 31, 2010

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

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

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

The District’s investments at August 31, 2010, are shown below:

		<u>Weighted- Average Maturity</u>	<u>Fair Value</u>
U.S. Agency Securities - short-term			
Federal Home Loan Mortgage Corporation	\$ 63,971,600	101.54	
Fannie Mae	<u>7,999,200</u>	36.00	71,970,800
Investments in Investment Pools and Money Markets:			
TexStar	43,995,641	49	
MBIA	46,573,354	30	
Lone Star	40,830,290	50	
Vanguard Group	<u>1,174,301</u>		<u>132,573,586</u>
Total Investments			<u><u>\$ 204,544,386</u></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 an AAAM rating from Standard & Poor's which monitors weekly the fund's compliance with its rating requirements. TexSTAR operates in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. The TexSTAR Cash Reserve Fund seeks to maintain a net asset value of \$1.00 per unit and provides participants with the investment of funds that require daily liquidity availability. All investments are stated at amortized cost, which closely approximates the market value of the securities. All TexSTAR securities are marked to market on a daily basis.

*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 14% 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 15% 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 61% 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.

**KILLEEN INDEPENDENT SCHOOL DISTRICT**

Notes To The Financial Statements (Continued)

Year Ended August 31, 2010

**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 as due from/to other funds. Inter-fund balances at August 31, 2010 consisted of the following individual fund receivables and payables:

General Fund:		
General Fund	\$ 6,626	\$ 6,626
School Building Projects Fund	-	4,000,000
Non-Major Governmental Funds	6,235,294	224,765
Fiduciary Funds	1,207,655	-
Total General Fund	<u>\$ 7,449,575</u>	<u>\$ 4,231,391</u>
State Fiscal Stabilization Fund		
Non-Major Special Revenue Funds	\$ -	\$ 4,346,723
Total State Fiscal Stabilization Fund	<u>\$ -</u>	<u>\$ 4,346,723</u>
School Building Projects Fund		
General Fund	\$ 4,000,000	\$ -
Total School Building Projects	<u>\$ 4,000,000</u>	<u>\$ -</u>
Non-Major Governmental Funds		
General Fund	\$ 224,765	\$ 6,235,294
State Fiscal Stabilization Fund	4,346,723	-
Non-Major Governmental Funds	440,238	440,238
Fiduciary Funds	193,063	-
Total Non-Major Governmental Funds	<u>\$ 5,204,789</u>	<u>\$ 6,675,532</u>
Fiduciary Funds		
General Fund	\$ -	\$ 1,207,655
Non-Major Government Funds	-	193,063
Fiduciary Funds	10,696	10,696
Total Fiduciary Funds	<u>\$ 10,696</u>	<u>\$ 1,411,414</u>
Totals	<u>\$ 16,665,060</u>	<u>\$ 16,665,060</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, 2010

**E. Capital Asset Activity**

Capital asset activity for the year ended August 31, 2010 was as follows:

	<b>Primary Government</b>			
	<b><u>Beginning Balance</u></b>	<b><u>Additions</u></b>	<b><u>Retirements</u></b>	<b><u>Ending Balance</u></b>
<b>Governmental activities:</b>				
Capital assets, not being depreciated				
Land	\$ 9,537,265	\$ -	\$ -	\$ 9,537,265
Construction in Progress	43,255,884	14,394,341	(42,750,730)	14,899,495
Total non-depreciable assets	<u>52,793,149</u>	<u>14,394,341</u>	<u>(42,750,730)</u>	<u>24,436,760</u>
Capital assets, being depreciated				
Buildings and Improvements	429,255,623	42,994,749	-	472,250,372
Furniture and Equipment	49,652,389	9,590,582	(297,620)	58,945,351
Total depreciable assets	<u>478,908,012</u>	<u>52,585,331</u>	<u>(297,620)</u>	<u>531,195,723</u>
Less accumulated depreciation for:				
Buildings and Improvements	(142,402,198)	(12,353,541)	-	(154,755,739)
Furniture and Equipment	<u>(33,134,439)</u>	<u>(5,841,662)</u>	<u>270,603</u>	<u>(38,705,498)</u>
Total accumulated depreciation	<u>(175,536,637)</u>	<u>(18,195,203)</u>	<u>270,603</u>	<u>(193,461,237)</u>
Governmental activities capital assets, net	<u>\$ 356,164,524</u>	<u>\$ 48,784,469</u>	<u>\$ (42,777,747)</u>	<u>\$ 362,171,246</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 11,300,770
Instructional resources and media	655,467
Curriculum development	2,326,347
School leadership	691,829
Student transportation	1,031,532
Food services	1,518,758
Extracurricular activities	365,543
General Administrative	3,143
Plant maintenance and operations	290,656
Security and monitoring services	<u>11,159</u>
Total depreciation expense	<u>\$ 18,195,203</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, 2010

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, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
<b>Governmental Activities</b>					
Bonds and notes payable:					
School Building and Refunding Bond Series 2002	\$ 85,235,000	\$ -	\$ 47,825,000	\$ 37,410,000	\$ 3,040,000
School Refunding Bond Series Series 2003	1,885,000	-	600,000	1,285,000	630,000
School Refunding Bond Series Series 2005	31,125,000	-	3,610,000	27,515,000	3,780,000
School Refunding Bond Series Series 2008	8,865,000	-	1,140,000	7,725,000	1,185,000
School Refunding Bond Series Series 2010	-	41,895,000	-	41,895,000	90,000
Total Bonds and notes payable	<u>\$ 127,110,000</u>	<u>\$ 41,895,000</u>	<u>\$ 53,175,000</u>	<u>\$ 115,830,000</u>	<u>\$ 8,725,000</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>
2011	8,725,000	5,538,575	14,263,575
2012	9,390,000	4,867,288	14,257,288
2013	7,515,000	4,467,200	11,982,200
2014	7,870,000	4,116,425	11,986,425
2015	8,220,000	3,763,400	11,983,400
2016-2020	33,705,000	13,106,500	46,811,500
2021-2025	24,625,000	7,006,863	31,631,863
2026-2030	15,780,000	937,650	16,717,650
	<u>\$ 115,830,000</u>	<u>\$ 43,803,900</u>	<u>\$ 159,633,900</u>

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 is being amortized over the life of the bonds using the interest method and is presented as a net addition to the face value of the bonds. The amortization for the year ended August 31, 2010 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, 2010 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, 2010 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 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, 2010 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.



**KILLEEN INDEPENDENT SCHOOL DISTRICT**

*Notes To The Financial Statements (Continued)*

*Year Ended August 31, 2010*

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

The difference between the principal amount of \$41,895,000 and the sales price of \$48,218,727 of the Series 2010 bonds represents the unamortized premium. The premium is being amortized over the life of the bonds using the interest method and is presented as an addition to the face value of the bonds. The amortization for the year ended August 31, 2010 was \$64,682.

The advanced refunding of the 2002 Series bonds resulted in a \$1,784,189 difference between the reacquisition price and the net carrying amount of the old debt. This difference, reported in the financial statements as a deduction to long-term debt, is being amortized over the life of the Series 2023 debt in accordance with GASB 7 entitled Advanced Refundings Resulting in Defeasance of Debt. This transaction resulted in future cash flow savings of \$6,138,250 through 2023 and an economic gain (difference between the present value of the old and new debt service payments) of \$4,711,057.

Changes in general long-term debt for the year ended August 31, 2010 are as follows:

Description	Balance September 1, 2009	Additions	Reductions	Balance August 31, 2010
General Obligation Bonds	\$ 127,110,000	\$41,895,000	\$ 53,175,000	\$ 115,830,000
Unamortized (Discount)/Premium on Current Interest Term Bonds	4,607,421	6,323,727	1,564,383	9,366,765
Outstanding Long-Term Debt	<u>\$ 131,717,421</u>	<u>\$48,218,727</u>	<u>\$ 54,739,383</u>	<u>\$ 125,196,765</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, 2010.

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, 2010*

The defeased bonds outstanding at August 31, 2010 are as follows:

	<u>Outstanding Balances</u>
Unlimited Tax School Building and Refunding Bonds, Series 1992	\$ 1,405,000
Unlimited Tax School Building and Refunding Bonds, Series 1998	36,820,000
Unlimited Tax School Building and Refunding Bonds, Series 2002	44,920,000
Total Defeased	<u>\$ 83,145,000</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 matured April 10, 2010 with a \$1 buyout option for each laptop. The first yearly installment was paid April 10, 2008.

**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, 2009	\$ 864,997
Additions –New Entrants and Salary Increments	131,280
Deductions – Payments to and Uses by Participants	<u>60,991</u>
Balance August 31, 2010	<u>\$ 935,286</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](http://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 2010, 2009 and 2008 a state contribution rate of 6.644%, 6.58% and 6.58%, respectfully. State law further provides a member contribution rate of 6.4% for fiscal years 2010, 2009, and 2008. In certain instances, the district is required to make all or a portion of the state's 6.644% contribution for fiscal year 2010 and 6.58% for fiscal years 2009 and 2008. 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, 2008, 2009, and 2010 were \$ 11,096,768, \$11,601,476 and \$11,507,940 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, 2008, 2009, and 2010 in the amount of \$2,252,735, \$ 2,577,347 and \$2,356,095 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, 2008, 2009 and 2010 was \$208,628,832, \$ 220,392,961 and \$224,048,523 respectively, and total District payroll for these years was \$215,793,474, \$ 227,456,650 and \$231,913,850 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 2008, 2009, and 2010, the subsidy payments received by TRS-Care on behalf of Killeen Independent School District were \$479,994, \$503,642, and \$570,905, respectively.

**J. Health Care Coverage**

During the year ended August 31, 2010, employees of the Killeen Independent School District were covered by a Cafeteria Plan (the Plan). The District contributes \$248 per month to the benefit spending account of each full time employee with health care coverage and \$174 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 BlueCross/BlueShield (BCBS) of Texas and MetLife Dental Plan. The contract between the Killeen Independent School District and BCBS was renewed for 2011; the contract between the District and Met Life expires December 31, 2010. 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 2010, the District obtained insurance against risks through commercial carriers, with some degree of self-insurance through the use of large deductibles. Management believes the amount and types of coverage are adequate to protect the District from losses that could reasonably be expected to occur. There have been no insurance settlements exceeding the District's insurance coverage for any of the past 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 2008-2009 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.

**M. Federal Source Revenues**

For the year ended August 31, 2010, revenues from Federal programs included in the General Fund consisted of the following:

Federally Distributed:	CFDA Number	Amount
PL 103-382 (Impact Aid)	84.041	\$ 54,796,747
ROTC Salaries	12.00	343,139
		55,139,886
Other State Distributed -- Federal Program		
Shars Reimbursement	N/A	2,860,121
Medicaid Reimbursement	N/A	54,972
Indirect Cost Revenue	N/A	251,576
		3,166,669
Total Federal Source Revenues		58,306,555

**KILLEEN INDEPENDENT SCHOOL DISTRICT**

*Notes To The Financial Statements (Continued)*

*Year Ended August 31, 2010*

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>3,041,329</u>
Total Federal Sources Revenues		<u>\$ 3,041,329</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 \$47,118,726 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 National Breakfast and Lunch Program fund in the amount of \$5,639.

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 \$778,392, \$2,654, and \$932,197, 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, 2010 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.

**KILLEEN INDEPENDENT SCHOOL DISTRICT***Notes To The Financial Statements (Continued)**Year Ended August 31, 2010*

At August 31, 2010, the District had the following uncompleted construction and architectural contracts in progress:

<u>Project Description</u>	<u>Adjusted Contract Amount</u>	<u>Expended To Date</u>	<u>Committed</u>
New Career Academy	\$ 3,094,117	\$ 1,421,950	\$ 1,672,167
New Pathways	947,394	323,234	624,160
Clifton Park Elementary School	720,919	215,065	505,855
Fowler Elementary School	721,959	236,713	485,246
Bellaire Elementary School	720,969	179,378	541,590
Willow Springs Elementary School	4,189,353	4,074,479	114,873
Timber Ridge Elementary School	4,262,881	943,097	3,319,784
New Elementary School #32	14,886,428	7,381,908	7,504,520
Haynes Building	718,901	123,672	595,228
Total Construction in Progress	<u>\$ 30,262,920</u>	<u>\$ 14,899,496</u>	<u>\$ 15,363,424</u>

**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, 2009	\$ 3,410,622
Increases	6,591,280
Decreases	<u>6,298,789</u>
Balance, August 31, 2010	<u>\$ 3,703,113</u>

**Q. Unearned Revenue**

Unearned revenue for the Statement of Net Assets at August 31, 2010 consisted of the following:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Child Nutrition Receipts	\$ -	\$ 203,428	\$ -	\$ 203,428
ARRA Construction Funds	-	-	603,926	603,926
Other Unearned Revenue	<u>6,312</u>	<u>-</u>	<u>-</u>	<u>6,312</u>
Total Unearned Revenue	<u>\$ 6,312</u>	<u>\$ 203,428</u>	<u>\$ 603,926</u>	<u>\$ 813,666</u>

**KILLEEN INDEPENDENT SCHOOL DISTRICT***Notes To The Financial Statements (Concluded)**Year Ended August 31, 2010***R. Changes in Long-Term Liabilities**

Long-term activity for the year ended August 31, 2010 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Bonds and Lease Payable:					
General Obligation Bonds	\$ 127,110,000	\$ 41,895,000	\$ 53,175,000	\$ 115,830,000	\$ 8,725,000
Amount Deferred on Refunding	(1,249,385)	(1,784,189)	165,280	(2,868,294)	-
Capital Lease	1,232,394	-	1,232,394	-	-
Total Bonds and Lease Payable	127,093,009	40,110,811	54,572,674	112,961,706	8,725,000
Other Liabilities:					
Accrued Interest	253,014	-	7,607	245,407	245,407
Compensated Absences	864,997	131,280	60,991	935,286	935,286
Total Other Liabilities	1,118,011	131,280	68,598	1,180,693	1,180,693
Total Governmental Activities	\$ 128,211,020	\$ 40,242,091	\$ 54,641,272	\$ 114,142,399	\$ 9,905,693

*(Concluded)*







KILLEEN INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 AUGUST 31, 2010

Data Control Codes	204 ESEA Title IV Safe & Drug Free Schools	206 ESEA Title X, Pt.C Homeless	211 ESEA I, A Improving Basic Program	
<b>ASSETS</b>				
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ 5,807
1120	Investments - Current	-	-	-
1220	Property Taxes - Delinquent	-	-	-
1230	Allowance for Uncollectible Taxes (Credit)	-	-	-
1240	Receivables from Other Governments	20,029	42,358	2,248,366
1260	Due from Other Funds	-	-	-
1290	Other Receivables	-	1,248	-
1300	Inventories	-	-	-
1900	Other Assets	-	-	-
1000	<b>Total Assets</b>	<u>\$ 20,029</u>	<u>\$ 43,606</u>	<u>\$ 2,254,173</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
2110	Accounts Payable	\$ -	\$ -	\$ -
2120	Short Term Debt Payable - Current	-	884	99,088
2140	Interest Payable - Current	-	-	-
2170	Due to Other Funds	20,029	41,474	2,155,085
2180	Due to Other Governments	-	1,248	-
2300	Deferred Revenues	-	-	-
2000	<b>Total Liabilities</b>	<u>20,029</u>	<u>43,606</u>	<u>2,254,173</u>
Fund Balances:				
Reserved For:				
3410	Investments in Inventory	-	-	-
3420	Retirement of Long Term Debt	-	-	-
Unreserved and Undesignated:				
3610	Reported in Special Revenue Funds	-	-	-
3630	Reported in Permanent Funds	-	-	-
3000	<b>Total Fund Balances</b>	<u>-</u>	<u>-</u>	<u>-</u>
4000	<b>Total Liabilities and Fund Balances</b>	<u>\$ 20,029</u>	<u>\$ 43,606</u>	<u>\$ 2,254,173</u>

224 IDEA B Formula	225 IDEA B Preschool	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
\$ -	\$ -	\$ -	\$ -	\$ 441,396	\$ 65,171	\$ -	\$ -
-	-	-	-	2,919,401	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,035,032	5,248	1,505	386	361,451	191,823	52,775	14
-	-	-	-	532,448	-	-	-
2,152	-	-	-	32,910	-	-	-
-	-	-	-	703,873	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 1,037,184</u>	<u>\$ 5,248</u>	<u>\$ 1,505</u>	<u>\$ 386</u>	<u>\$ 4,991,479</u>	<u>\$ 256,994</u>	<u>\$ 52,775</u>	<u>\$ 14</u>
\$ -	\$ -	\$ -	\$ -	\$ 454,227	\$ 1,100	\$ -	\$ -
90,285	478	-	-	75,923	1,318	296	-
-	-	-	-	-	-	-	-
946,899	4,770	1,505	386	101,726	112,399	52,479	14
-	-	-	-	-	-	-	-
-	-	-	-	203,428	-	-	-
<u>1,037,184</u>	<u>5,248</u>	<u>1,505</u>	<u>386</u>	<u>835,304</u>	<u>114,817</u>	<u>52,775</u>	<u>14</u>
-	-	-	-	677,082	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	3,479,093	142,177	-	-
-	-	-	-	-	-	-	-
-	-	-	-	4,156,175	142,177	-	-
<u>\$ 1,037,184</u>	<u>\$ 5,248</u>	<u>\$ 1,505</u>	<u>\$ 386</u>	<u>\$ 4,991,479</u>	<u>\$ 256,994</u>	<u>\$ 52,775</u>	<u>\$ 14</u>

KILLEEN INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 AUGUST 31, 2010

Data Control Codes	255 Title II, A Training and Recruiting	262 Title II, D Education Technology	263 Title III, A English Lang. Acquisition	279 Title II, D ARRA - Ed. Technology	
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1120	Investments - Current	-	-	-	-
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes (Credit)	-	-	-	-
1240	Receivables from Other Governments	217,983	61,637	83,249	396,014
1260	Due from Other Funds	-	-	25	-
1290	Other Receivables	-	-	-	-
1300	Inventories	-	-	-	-
1900	Other Assets	-	-	-	-
1000	<b>Total Assets</b>	<u>\$ 217,983</u>	<u>\$ 61,637</u>	<u>\$ 83,274</u>	<u>\$ 396,014</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ -
2120	Short Term Debt Payable - Current	6,882	-	-	3,739
2140	Interest Payable - Current	-	-	-	-
2170	Due to Other Funds	211,101	61,637	83,274	392,275
2180	Due to Other Governments	-	-	-	-
2300	Deferred Revenues	-	-	-	-
2000	<b>Total Liabilities</b>	<u>217,983</u>	<u>61,637</u>	<u>83,274</u>	<u>396,014</u>
Fund Balances:					
Reserved For:					
3410	Investments in Inventory	-	-	-	-
3420	Retirement of Long Term Debt	-	-	-	-
Unreserved and Undesignated:					
3610	Reported in Special Revenue Funds	-	-	-	-
3630	Reported in Permanent Funds	-	-	-	-
3000	<b>Total Fund Balances</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	<b>Total Liabilities and Fund Balances</b>	<u>\$ 217,983</u>	<u>\$ 61,637</u>	<u>\$ 83,274</u>	<u>\$ 396,014</u>

280 ESEA, X, C ARRA Homeless	283 IDEA, Pt. B ARRA Formula	284 IDEA B ARRA Preschool	285 ESEA I,A ARRA Basic Program	289 Project Serv Grant; SDFS	386 Regional Day School for the Deaf	397 Advanced Placement Incentives	401 Optional Extended Year Program
\$ -	\$ -	\$ -	\$ 820	\$ 3,977	\$ -	\$ 92,372	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
6,173	2,149,496	12,386	366,212	-	139,445	-	76,435
-	-	-	-	-	-	-	-
-	1,017	-	371	-	-	-	2,367
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>6,173</u>	<u>2,150,513</u>	<u>12,386</u>	<u>367,403</u>	<u>3,977</u>	<u>139,445</u>	<u>92,372</u>	<u>78,802</u>
\$ -	\$ 421,622	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
424	38,905	-	4,169	-	3,239	-	-
-	-	-	-	-	-	-	-
5,749	1,689,986	12,386	362,043	3,977	136,206	780	78,802
-	-	-	1,191	-	-	-	-
-	-	-	-	-	-	-	-
<u>6,173</u>	<u>2,150,513</u>	<u>12,386</u>	<u>367,403</u>	<u>3,977</u>	<u>139,445</u>	<u>780</u>	<u>78,802</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	91,592	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	91,592	-
<u>6,173</u>	<u>2,150,513</u>	<u>12,386</u>	<u>367,403</u>	<u>3,977</u>	<u>139,445</u>	<u>92,372</u>	<u>78,802</u>

KILLEEN INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 AUGUST 31, 2010

Data Control Codes	404 Student Success Initiative	411 Technology Allotment	414 Texas Reading Initiative	446 JJAEP	
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ -	\$ 308,869	\$ 10,647	\$ -
1120	Investments - Current	-	-	-	-
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes (Credit)	-	-	-	-
1240	Receivables from Other Governments	111,175	-	-	86,226
1260	Due from Other Funds	-	4,672,316	-	-
1290	Other Receivables	-	-	-	-
1300	Inventories	-	-	-	-
1900	Other Assets	-	-	-	-
1000	<b>Total Assets</b>	<u>\$ 111,175</u>	<u>\$ 4,981,185</u>	<u>\$ 10,647</u>	<u>\$ 86,226</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
2110	Accounts Payable	\$ -	\$ 101,818	\$ -	\$ 1,813
2120	Short Term Debt Payable - Current	-	-	10,647	-
2140	Interest Payable - Current	-	-	-	-
2170	Due to Other Funds	111,175	-	-	84,413
2180	Due to Other Governments	-	25,738	-	-
2300	Deferred Revenues	-	-	-	-
2000	<b>Total Liabilities</b>	<u>111,175</u>	<u>127,556</u>	<u>10,647</u>	<u>86,226</u>
Fund Balances:					
Reserved For:					
3410	Investments in Inventory	-	-	-	-
3420	Retirement of Long Term Debt	-	-	-	-
Unreserved and Undesignated:					
3610	Reported in Special Revenue Funds	-	4,853,629	-	-
3630	Reported in Permanent Funds	-	-	-	-
3000	<b>Total Fund Balances</b>	<u>-</u>	<u>4,853,629</u>	<u>-</u>	<u>-</u>
4000	<b>Total Liabilities and Fund Balances</b>	<u>\$ 111,175</u>	<u>\$ 4,981,185</u>	<u>\$ 10,647</u>	<u>\$ 86,226</u>

461 Campus Activity Funds	Total Nonmajor Special Revenue Funds	599 Debt Service	645 Capital Improvement Projects	687 Impact Aid Section 8007	688 Impact Aid ARRA Construction	696 New School Furniture & Equipment	Total Nonmajor Capital Project Funds
\$ 771,122	\$ 1,700,181	\$ 223,226	\$ 438,208	\$ 2,479	\$ -	\$ 12,546	\$ 453,233
-	2,919,401	1,765,892	-	-	620,114	-	620,114
-	-	216,639	-	-	-	-	-
-	-	(32,496)	-	-	-	-	-
-	7,665,418	24,918	-	-	-	-	-
-	5,204,789	-	-	-	-	-	-
-	40,065	30,301	-	-	-	-	-
-	703,873	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 771,122</u>	<u>\$ 18,233,727</u>	<u>\$ 2,228,480</u>	<u>\$ 438,208</u>	<u>\$ 2,479</u>	<u>\$ 620,114</u>	<u>\$ 12,546</u>	<u>\$ 1,073,347</u>
\$ -	\$ 980,580	\$ 1,273	\$ 438,208	\$ 2,479	\$ -	\$ 12,546	\$ 453,233
-	336,277	-	-	-	-	-	-
-	-	185,512	-	-	-	-	-
-	6,670,570	-	-	-	-	-	-
-	28,177	-	-	-	16,188	-	16,188
-	203,428	184,143	-	-	603,926	-	603,926
-	8,219,032	370,928	438,208	2,479	620,114	12,546	1,073,347
-	677,082	-	-	-	-	-	-
-	-	1,857,552	-	-	-	-	-
771,122	9,337,613	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>771,122</u>	<u>10,014,695</u>	<u>1,857,552</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 771,122</u>	<u>\$ 18,233,727</u>	<u>\$ 2,228,480</u>	<u>\$ 438,208</u>	<u>\$ 2,479</u>	<u>\$ 620,114</u>	<u>\$ 12,546</u>	<u>\$ 1,073,347</u>



KILLEEN INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 AUGUST 31, 2010

Data Control Codes	479 Permanent Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>		
1110 Cash and Cash Equivalents	\$ -	\$ 2,376,640
1120 Investments - Current	-	5,305,407
1220 Property Taxes - Delinquent	-	216,639
1230 Allowance for Uncollectible Taxes (Credit)	-	(32,496)
1240 Receivables from Other Governments	-	7,690,336
1260 Due from Other Funds	-	5,204,789
1290 Other Receivables	-	70,366
1300 Inventories	-	703,873
1900 Other Assets	156,864	156,864
1000 Total Assets	<u>\$ 156,864</u>	<u>\$ 21,692,418</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
2110 Accounts Payable	\$ -	\$ 1,435,086
2120 Short Term Debt Payable - Current	-	336,277
2140 Interest Payable - Current	-	185,512
2170 Due to Other Funds	4,962	6,675,532
2180 Due to Other Governments	-	44,365
2300 Deferred Revenues	-	991,497
2000 Total Liabilities	<u>4,962</u>	<u>9,668,269</u>
Fund Balances:		
Reserved For:		
3410 Investments in Inventory	-	677,082
3420 Retirement of Long Term Debt	-	1,857,552
Unreserved and Undesignated:		
3610 Reported in Special Revenue Funds	-	9,337,613
3630 Reported in Permanent Funds	151,902	151,902
3000 Total Fund Balances	<u>151,902</u>	<u>12,024,149</u>
4000 Total Liabilities and Fund Balances	<u>\$ 156,864</u>	<u>\$ 21,692,418</u>



KILLEEN INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2010

Data Control Codes	204 ESEA Title IV Safe & Drug Free Schools	206 ESEA Title X, Pt.C Homeless	211 ESEA I, A Improving Basic Program
<b>REVENUES:</b>			
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-
5900 Federal Program Revenues	122,276	49,468	7,925,933
5020 Total Revenues	<u>122,276</u>	<u>49,468</u>	<u>7,925,933</u>
<b>EXPENDITURES:</b>			
<b>Current:</b>			
0011 Instruction	34,694	48,472	6,810,266
0012 Instructional Resources and Media Services	-	-	111,610
0013 Curriculum and Instructional Staff Development	-	996	520,334
0021 Instructional Leadership	-	-	24,296
0023 School Leadership	-	-	7,907
0031 Guidance, Counseling and Evaluation Services	74,846	-	28,489
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	10,550	-	-
0053 Data Processing Services	-	-	-
0061 Community Services	2,186	-	423,031
<b>Debt Service:</b>			
0071 Debt Service - Principal on Long Term Debt	-	-	-
0072 Debt Service - Interest on Long Term Debt	-	-	-
0073 Debt Service - Bond Issuance Cost and Fees	-	-	-
<b>Capital Outlay:</b>			
0081 Facilities Acquisition and Construction	-	-	-
6030 Total Expenditures	<u>122,276</u>	<u>49,468</u>	<u>7,925,933</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
7901 Refunding Bonds Issued	-	-	-
7912 Sale of Real and Personal Property	-	-	-
7915 Transfers In	-	-	-
7916 Premium or Discount on Issuance of Bonds	-	-	-
8911 Transfers Out (Use)	-	-	-
8940 Payment to Bond Refunding Escrow Agent (Use)	-	-	-
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balance	-	-	-
0100 Fund Balance - September 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

224 IDEA B Formula	225 IDEA B Preschool	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
\$ -	\$ -	\$ -	\$ -	\$ 5,756,009	\$ 4,768	\$ -	\$ -
-	-	-	-	121,036	-	-	-
5,191,549	25,348	15,567	7,041	10,855,959	592,741	384,878	519
<u>5,191,549</u>	<u>25,348</u>	<u>15,567</u>	<u>7,041</u>	<u>16,733,004</u>	<u>597,509</u>	<u>384,878</u>	<u>519</u>
4,301,553	25,348	15,567	7,041	-	-	357,208	519
-	-	-	-	-	-	-	-
-	-	-	-	-	-	20,847	-
22,139	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
867,857	-	-	-	-	-	4,094	-
-	-	-	-	-	-	-	-
-	-	-	-	16,016,859	455,331	-	-
-	-	-	-	-	-	2,729	-
-	-	-	-	-	-	-	-
-	-	-	-	43,472	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>5,191,549</u>	<u>25,348</u>	<u>15,567</u>	<u>7,041</u>	<u>16,060,331</u>	<u>455,331</u>	<u>384,878</u>	<u>519</u>
-	-	-	-	672,673	142,178	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	10,707	-	-	-
-	-	-	-	340,883	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	(335,244)	-	-
-	-	-	-	-	-	-	-
-	-	-	-	351,590	(335,244)	-	-
-	-	-	-	1,024,263	(193,066)	-	-
-	-	-	-	3,131,912	335,243	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,156,175</u>	<u>\$ 142,177</u>	<u>\$ -</u>	<u>\$ -</u>

KILLEEN INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2010

Data Control Codes	255 Title II, A Training and Recruiting	262 Title II, D Education Technology	263 Title III, A English Lang. Acquisition	279 Title II, D ARRA - Ed. Technology
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	1,061,891	72,194	278,619	1,003,768
5020 Total Revenues	<u>1,061,891</u>	<u>72,194</u>	<u>278,619</u>	<u>1,003,768</u>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
0011 Instruction	10,863	42,668	207,941	851,268
0012 Instructional Resources and Media Services	-	2,924	-	1,451
0013 Curriculum and Instructional Staff Development	1,051,028	25,069	65,663	149,209
0021 Instructional Leadership	-	-	-	874
0023 School Leadership	-	-	1,489	-
0031 Guidance, Counseling and Evaluation 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	-	1,533	-	966
0061 Community Services	-	-	3,526	-
<b>Debt Service:</b>				
0071 Debt Service - Principal on Long Term Debt	-	-	-	-
0072 Debt Service - Interest on Long Term Debt	-	-	-	-
0073 Debt Service - Bond Issuance Cost and Fees	-	-	-	-
<b>Capital Outlay:</b>				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	<u>1,061,891</u>	<u>72,194</u>	<u>278,619</u>	<u>1,003,768</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
7901 Refunding Bonds Issued	-	-	-	-
7912 Sale of Real and Personal Property	-	-	-	-
7915 Transfers In	-	-	-	-
7916 Premium or Discount on Issuance of Bonds	-	-	-	-
8911 Transfers Out (Use)	-	-	-	-
8940 Payment to Bond Refunding Escrow Agent (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>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

280 ESEA, X, C ARRA Homeless	283 IDEA, Pt. B ARRA Formula	284 IDEA B ARRA Preschool	285 ESEA I,A ARRA Basic Program	289 Project Serv Grant; SDFS	386 Regional Day School for the Deaf	397 Advanced Placement Incentives	401 Optional Extended Year Program
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	271,760	34,342	134,324
68,464	4,170,135	34,439	4,528,284	22,876	-	-	-
<u>68,464</u>	<u>4,170,135</u>	<u>34,439</u>	<u>4,528,284</u>	<u>22,876</u>	<u>271,760</u>	<u>34,342</u>	<u>134,324</u>
59,846	2,585,415	25,439	4,181,708	8,229	271,760	7,285	133,892
-	-	-	708	894	-	-	-
865	471,710	-	340,088	-	-	11,908	432
1,455	795,376	-	-	-	-	-	-
2,323	6,300	-	5,752	2,200	-	-	-
2,245	309,556	9,000	-	247	-	160	-
-	-	-	-	256	-	-	-
-	-	-	-	5,185	-	-	-
-	-	-	-	3,977	-	-	-
-	-	-	-	136	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	1,305	-	-	-
-	-	-	-	243	-	-	-
-	-	-	-	-	-	-	-
1,730	1,778	-	28	204	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>68,464</u>	<u>4,170,135</u>	<u>34,439</u>	<u>4,528,284</u>	<u>22,876</u>	<u>271,760</u>	<u>19,353</u>	<u>134,324</u>
-	-	-	-	-	-	14,989	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	14,989	-
-	-	-	-	-	-	76,603	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 91,592</u>	<u>\$ -</u>

KILLEEN INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2010

Data Control Codes	404 Student Success Initiative	411 Technology Allotment	414 Texas Reading Initiative	446 JJAEP
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 566,667
5800 State Program Revenues	388,053	1,066,786	10,000	88,290
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	<u>388,053</u>	<u>1,066,786</u>	<u>10,000</u>	<u>654,957</u>
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	322,263	542,220	10,000	607,377
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	65,790	18,629	-	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling and Evaluation Services	-	-	-	-
0033 Health Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	2,622	-	-
0051 Facilities Maintenance and Operations	-	19,571	-	-
0052 Security and Monitoring Services	-	-	-	47,580
0053 Data Processing Services	-	170,813	-	-
0061 Community Services	-	-	-	-
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>388,053</u>	<u>753,855</u>	<u>10,000</u>	<u>654,957</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>312,931</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
7901 Refunding Bonds Issued	-	-	-	-
7912 Sale of Real and Personal Property	-	-	-	-
7915 Transfers In	-	-	-	-
7916 Premium or Discount on Issuance of Bonds	-	-	-	-
8911 Transfers Out (Use)	-	(1,980,592)	-	-
8940 Payment to Bond Refunding Escrow Agent (Use)	-	-	-	-
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>(1,980,592)</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balance	-	(1,667,661)	-	-
0100 Fund Balance - September 1 (Beginning)	<u>-</u>	<u>6,521,290</u>	<u>-</u>	<u>-</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ 4,853,629</u>	<u>\$ -</u>	<u>\$ -</u>

461 Campus Activity Funds	Total Nonmajor Special Revenue Funds	599 Debt Service	645 Capital Improvement Projects	687 Impact Aid Section 8007	688 Impact Aid ARRA Construction	696 New School Furniture & Equipment	Total Nonmajor Capital Project Funds
\$ 1,186,595	\$ 7,514,039	\$ 6,436,345	\$ -	\$ -	\$ -	\$ -	\$ -
-	2,114,591	8,121,049	-	-	-	-	-
-	36,411,949	-	-	1,559,847	4,492,994	-	6,052,841
<u>1,186,595</u>	<u>46,040,579</u>	<u>14,557,394</u>	<u>-</u>	<u>1,559,847</u>	<u>4,492,994</u>	<u>-</u>	<u>6,052,841</u>
820,908	22,289,750	-	-	-	-	548,213	548,213
-	117,587	-	7,527	-	-	60,689	68,216
-	2,742,568	-	-	-	-	1,687	1,687
-	844,140	-	-	-	-	-	-
137,787	163,758	-	-	-	-	41,266	41,266
-	1,296,494	-	-	-	-	5,375	5,375
-	256	-	-	-	-	-	-
-	5,185	-	-	-	-	-	-
-	16,476,167	-	-	-	-	-	-
240,219	243,084	-	-	-	-	25,165	25,165
-	2,622	-	-	-	-	-	-
-	64,348	-	1,447,986	-	4,492,994	238,917	6,179,897
-	58,373	-	-	-	-	10,885	10,885
-	173,312	-	-	-	-	-	-
-	432,483	-	-	-	-	-	-
-	-	8,255,000	-	-	-	-	-
-	-	6,188,531	-	-	-	-	-
-	-	453,172	-	-	-	-	-
-	-	-	2,422,879	2,015,856	-	-	4,438,735
<u>1,198,914</u>	<u>44,910,127</u>	<u>14,896,703</u>	<u>3,878,392</u>	<u>2,015,856</u>	<u>4,492,994</u>	<u>932,197</u>	<u>11,319,439</u>
<u>(12,319)</u>	<u>1,130,452</u>	<u>(339,309)</u>	<u>(3,878,392)</u>	<u>(456,009)</u>	<u>-</u>	<u>(932,197)</u>	<u>(5,266,598)</u>
-	-	41,895,000	-	-	-	-	-
-	10,707	-	-	-	-	-	-
-	340,883	-	3,878,392	2,654	-	932,197	4,813,243
-	-	6,323,727	-	-	-	-	-
(200)	(2,316,036)	-	-	-	-	-	-
-	-	(47,759,040)	-	-	-	-	-
<u>(200)</u>	<u>(1,964,446)</u>	<u>459,687</u>	<u>3,878,392</u>	<u>2,654</u>	<u>-</u>	<u>932,197</u>	<u>4,813,243</u>
(12,519)	(833,994)	120,378	-	(453,355)	-	-	(453,355)
<u>783,641</u>	<u>10,848,689</u>	<u>1,737,174</u>	<u>-</u>	<u>453,355</u>	<u>-</u>	<u>-</u>	<u>453,355</u>
<u>\$ 771,122</u>	<u>\$ 10,014,695</u>	<u>\$ 1,857,552</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



KILLEEN INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2010

Data Control Codes	479 Permanent Fund	Total Nonmajor Governmental Funds
REVENUES:		
5700 Total Local and Intermediate Sources	\$ 14,529	\$ 13,964,913
5800 State Program Revenues	-	10,235,640
5900 Federal Program Revenues	-	42,464,790
5020 Total Revenues	<u>14,529</u>	<u>66,665,343</u>
EXPENDITURES:		
Current:		
0011 Instruction	1,242	22,839,205
0012 Instructional Resources and Media Services	-	185,803
0013 Curriculum and Instructional Staff Development	-	2,744,255
0021 Instructional Leadership	-	844,140
0023 School Leadership	-	205,024
0031 Guidance, Counseling and Evaluation Services	-	1,301,869
0033 Health Services	-	256
0034 Student (Pupil) Transportation	-	5,185
0035 Food Services	-	16,476,167
0036 Extracurricular Activities	-	268,249
0041 General Administration	-	2,622
0051 Facilities Maintenance and Operations	-	6,244,245
0052 Security and Monitoring Services	-	69,258
0053 Data Processing Services	-	173,312
0061 Community Services	-	432,483
Debt Service:		
0071 Debt Service - Principal on Long Term Debt	-	8,255,000
0072 Debt Service - Interest on Long Term Debt	-	6,188,531
0073 Debt Service - Bond Issuance Cost and Fees	-	453,172
Capital Outlay:		
0081 Facilities Acquisition and Construction	-	4,438,735
6030 Total Expenditures	<u>1,242</u>	<u>71,127,511</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>13,287</u>	<u>(4,462,168)</u>
OTHER FINANCING SOURCES (USES):		
7901 Refunding Bonds Issued	-	41,895,000
7912 Sale of Real and Personal Property	-	10,707
7915 Transfers In	-	5,154,126
7916 Premium or Discount on Issuance of Bonds	-	6,323,727
8911 Transfers Out (Use)	-	(2,316,036)
8940 Payment to Bond Refunding Escrow Agent (Use)	-	(47,759,040)
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>3,308,484</u>
1200 Net Change in Fund Balance	13,287	(1,153,684)
0100 Fund Balance - September 1 (Beginning)	<u>138,615</u>	<u>13,177,833</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 151,902</u>	<u>\$ 12,024,149</u>

KILLEEN INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2010

	BALANCE SEPTEMBER 1 2009	ADDITIONS	DEDUCTIONS	BALANCE AUGUST 31 2010
<b>EMPLOYEE FLEXIBLE BENEFITS</b>				
Assets:				
Cash and Temporary Investments	\$ 913,173	\$ 27,398,773	\$ 25,961,950	\$ 2,349,996
Other Receivables	26,581	183	183	26,581
Total Assets	<u>\$ 939,754</u>	<u>\$ 27,398,956</u>	<u>\$ 25,962,133</u>	<u>\$ 2,376,577</u>
Liabilities:				
Due to Other Funds	\$ 70	\$ 1,401,178	\$ 530	\$ 1,400,718
Payable from Restricted Assets	939,684	26,425,459	26,389,284	975,859
Total Liabilities	<u>\$ 939,754</u>	<u>\$ 27,826,637</u>	<u>\$ 26,389,814</u>	<u>\$ 2,376,577</u>
<b>STUDENT ACTIVITY ACCOUNT</b>				
Assets:				
Cash and Temporary Investments	\$ 485,070	\$ 497,544	\$ 420,864	\$ 561,750
Liabilities:				
Due to Student Groups	\$ 485,070	\$ 1,556,479	\$ 1,479,799	\$ 561,750
<b>TOTAL AGENCY FUNDS</b>				
Assets:				
Cash and Temporary Investments	\$ 1,398,243	\$ 27,896,317	\$ 26,382,814	\$ 2,911,746
Other Receivables	26,581	183	183	26,581
Total Assets	<u>\$ 1,424,824</u>	<u>\$ 27,896,500</u>	<u>\$ 26,382,997</u>	<u>\$ 2,938,327</u>
Liabilities:				
Due to Other Funds	\$ 70	\$ 1,401,178	\$ 530	\$ 1,400,718
Due to Student Groups	485,070	1,556,479	1,479,799	561,750
Payable from Restricted Assets	939,684	26,425,459	26,389,284	975,859
Total Liabilities	<u>\$ 1,424,824</u>	<u>\$ 29,383,116</u>	<u>\$ 27,869,613</u>	<u>\$ 2,938,327</u>

KILLEEN INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF NET ASSETS  
 PRIVATE PURPOSE TRUST FUNDS  
 AUGUST 31, 2010

	816 Local Memorial Fund	820 Donor Designated Scholarships	821 Local Scholarship Funds	823 Endowed Scholarships	Total Private Purpose Trust Funds
<b>ASSETS</b>					
Current Assets:					
Cash and Cash Equivalents	\$ 2,500	\$ 492	\$ 4,356	\$ 1,026	\$ 8,374
Investments - Current	-	-	7,486	-	7,486
Due from Other Funds	-	10,696	-	-	10,696
Total Current Assets	<u>2,500</u>	<u>11,188</u>	<u>11,842</u>	<u>1,026</u>	<u>26,556</u>
Noncurrent Assets:					
Long Term Investments	-	-	-	1,174,301	1,174,301
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,174,301</u>	<u>1,174,301</u>
Total Assets	<u>2,500</u>	<u>11,188</u>	<u>11,842</u>	<u>1,175,327</u>	<u>1,200,857</u>
<b>LIABILITIES</b>					
Current Liabilities:					
Due to Other Funds	-	-	-	10,696	10,696
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,696</u>	<u>10,696</u>
<b>NET ASSETS</b>					
Unrestricted Net Assets	<u>2,500</u>	<u>11,188</u>	<u>11,842</u>	<u>1,164,631</u>	<u>1,190,161</u>
Total Net Assets	<u>\$ 2,500</u>	<u>\$ 11,188</u>	<u>\$ 11,842</u>	<u>\$ 1,164,631</u>	<u>\$ 1,190,161</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, 2010

	816 Local Memorial Fund	820 Donor Designated Scholarships	821 Local Scholarship Funds	823 Endowed Scholarships	Total Private Purpose Trust Funds
<b>ADDITIONS:</b>					
Local and Intermediate Sources	\$ 752	\$ 25	\$ 11	\$ 65,968	\$ 66,756
Total Additions	<u>752</u>	<u>25</u>	<u>11</u>	<u>65,968</u>	<u>66,756</u>
<b>DEDUCTIONS:</b>					
Other Operating Costs	500	1,295	-	29,000	30,795
Total Deductions	<u>500</u>	<u>1,295</u>	<u>-</u>	<u>29,000</u>	<u>30,795</u>
Change in Net Assets	252	(1,270)	11	36,968	35,961
Net Assets September 1 (Beginning)	<u>2,248</u>	<u>12,458</u>	<u>11,831</u>	<u>1,127,663</u>	<u>1,154,200</u>
Net Assets - August 31 (Ending)	<u>\$ 2,500</u>	<u>\$ 11,188</u>	<u>\$ 11,842</u>	<u>\$ 1,164,631</u>	<u>\$ 1,190,161</u>





KILLEEN INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
 FISCAL YEAR ENDED AUGUST 31, 2010

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2001 and prior years	Various	Various	\$ Various
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	1.031190	0.110000	5,897,396,511
2010 (School year under audit)	1.031190	0.110000	6,089,438,929
1000 TOTALS			

(10) Beginning Balance 9/1/2009	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2010
\$ 350,073	\$ -	\$ 4,020	\$ 140	\$ (175,756)	\$ 170,157
105,772	-	1,454	46	(921)	103,351
128,165	-	2,304	230	(1,124)	124,507
152,497	-	5,581	542	(1,301)	145,073
156,200	-	14,947	1,456	1,357	141,154
190,276	-	26,070	2,539	2,043	163,710
245,780	-	39,154	3,617	1,803	204,812
315,436	-	92,600	9,878	(12,149)	200,809
865,293	-	418,246	44,615	(50,006)	352,426
-	68,295,492	60,600,160	6,464,393	(347,775)	883,164
<u>\$ 2,509,492</u>	<u>\$ 68,295,492</u>	<u>\$ 61,204,536</u>	<u>\$ 6,527,456</u>	<u>\$ (583,829)</u>	<u>\$ 2,489,163</u>



KILLEEN INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST FOR 2011-2012  
 GENERAL AND SPECIAL REVENUE FUNDS  
 AUGUST 31, 2010

**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	\$ -	\$ -	\$ 533,271	\$ 6,665,631	\$ 170,716	\$ -	\$ 7,369,618
6149	Leave for Separating Employees in Fn 41 & 53	-	-	-	311	-	-	311
6149	Leave - Separating Employees not in 41 & 53	-	-	-	-	-	-	-
6211	Legal Services	-	-	-	249,021	-	-	249,021
6212	Audit Services	-	-	-	123,700	-	-	123,700
6213	Tax Appraisal/Collection - Appraisal in Fn 99	-	747,905	-	-	-	-	747,905
621X	Other Professional Services	-	-	-	77,792	-	-	77,792
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	-	-	-	213,773	-	-	213,773
6240	Contr. Maint. and Repair	-	-	232	1,181,760	-	-	1,181,992
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	1,120	-	425	41,397	-	-	42,942
6290	Miscellaneous Contr.	700	-	64,353	578,324	-	-	643,377
6320	Textbooks and Reading	-	-	2,093	25,251	-	-	27,344
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	1,696	-	8,392	963,826	3,756	-	977,670
6410	Travel, Subsistence, Stipends	15,902	-	11,567	115,770	69	-	143,308
6420	Ins. and Bonding Costs	-	-	-	355	-	-	355
6430	Election Costs	-	-	-	11,286	-	-	11,286
6490	Miscellaneous Operating	39,105	-	13,859	218,335	-	-	271,299
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	1,305,149	1,305,149
6000	<b>TOTAL</b>	<b>\$ 58,523</b>	<b>\$ 747,905</b>	<b>\$ 634,192</b>	<b>\$ 10,466,532</b>	<b>\$ 174,541</b>	<b>\$ 1,305,149</b>	<b>\$ 13,386,842</b>

Total expenditures/expenses for General and Special Revenue Funds: (9) \$ 345,276,462

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 5,958,528
Total Debt & Lease(6500)	(11)	1,287,238
Plant Maintenance (Function 51, 6100-6400)	(12)	28,743,013
Food (Function 35, 6341 and 6499)	(13)	6,899,070
Stipends (6413)	(14)	-
Column 4 (above) - Total Indirect Cost		10,466,532

SubTotal:

53,354,381

Net Allowed Direct Cost

\$ 291,922,081

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)	(15)	\$ 472,250,372
Historical Cost of Building over 50 years old	(16)	\$ 3,535,102
Amount of Federal Money in Building Cost (Net of #16)	(17)	\$ -
Total Cost of Furniture & Equipment before Depreciation (1530 & 1540)	(18)	\$ 58,945,389
Historical Cost of Furniture & Equipment over 16 years old	(19)	\$ 96,485
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ -

(8) NOTE A: \$6,264,995 in Function 53 expenditures are included in this report on administrative costs.  
 \$538,491 in Function 99 expenditures for appraisal district costs are included in this report on administrative costs.

KILLEEN INDEPENDENT SCHOOL DISTRICT  
 FUNDBALANCE AND CASHFLOW CALCULATION WORKSHEET  
 GENERAL FUND AS OF AUGUST 31, 2010

**UNAUDITED**

1	Total General Fund Balance as of 8/31/10 (Exhibit C-1 object 3000 for the General Fund Only)		\$ 80,035,237
2	Total Reserved Fund Balance (from Exhibit C-1 - total of object 3400s for the General Fund Only)	\$ 7,913,640	
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.)	25,000,000	
5	Estimate of two month's average cash disbursements during the fiscal year.	24,500,000	
6	Estimate of delayed payments from state sources (58xx).	-	
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	Estimate of delayed payments from federal sources (59xx)	21,500,000	
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	Adjustment to meet Board Policy	-	
11	Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9+10)		<u>78,913,640</u>
12	Excess (Deficit) Undesignated Unreserved General Fund Balance (Line 1 minus Line 11)		<u><u>\$ 1,121,597</u></u>

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

The district continues planning capital project 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  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM  
 FOR THE YEAR ENDED AUGUST 31, 2010

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 5,770,085	\$ 5,355,049	\$ 5,756,009	\$ 400,960
5800 State Program Revenues	115,971	121,036	121,036	-
5900 Federal Program Revenues	10,040,526	10,472,896	10,855,959	383,063
5020 Total Revenues	15,926,582	15,948,981	16,733,004	784,023
<b>EXPENDITURES:</b>				
0035 Food Services	17,801,694	16,225,152	16,016,859	208,293
0051 Facilities Maintenance and Operations	52,923	44,472	43,472	1,000
0052 Security and Monitoring Services	15,000	-	-	-
6030 Total Expenditures	17,869,617	16,269,624	16,060,331	209,293
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,943,035)	(320,643)	672,673	993,316
<b>OTHER FINANCING SOURCES (USES):</b>				
7912 Sale of Real and Personal Property	-	-	10,707	10,707
7915 Transfers In	-	-	340,883	340,883
7080 Total Other Financing Sources (Uses)	-	-	351,590	351,590
1200 Net Change in Fund Balances	(1,943,035)	(320,643)	1,024,263	1,344,906
0100 Fund Balance - September 1 (Beginning)	3,131,912	3,131,912	3,131,912	-
3000 Fund Balance - August 31 (Ending)	\$ 1,188,877	\$ 2,811,269	\$ 4,156,175	\$ 1,344,906

KILLEEN INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - DEBT SERVICE FUND  
 FOR THE YEAR ENDED AUGUST 31, 2010

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ 6,422,833	\$ 6,405,320	\$ 6,436,345	\$ 31,025
5800	State Program Revenues	7,542,863	8,100,676	8,121,049	20,373
5020	Total Revenues	13,965,696	14,505,996	14,557,394	51,398
<b>EXPENDITURES:</b>					
Debt Service:					
0071	Debt Service - Principal on Long Term Debt	14,265,013	14,896,704	8,255,000	6,641,704
0072	Debt Service - Interest on Long Term Debt	-	-	6,188,531	(6,188,531)
0073	Debt Service - Bond Issuance Cost and Fees	-	-	453,172	(453,172)
6030	Total Expenditures	14,265,013	14,896,704	14,896,703	1
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(299,317)	(390,708)	(339,309)	51,399
<b>OTHER FINANCING SOURCES (USES):</b>					
7901	Refunding Bonds Issued	-	41,895,000	41,895,000	-
7916	Premium or Discount on Issuance of Bonds	-	6,323,727	6,323,727	-
8940	Payment to Bond Refunding Escrow Agent (Use)	-	(47,759,040)	(47,759,040)	-
7080	Total Other Financing Sources (Uses)	-	459,687	459,687	-
1200	Net Change in Fund Balances	(299,317)	68,979	120,378	51,399
0100	Fund Balance - September 1 (Beginning)	1,737,174	1,737,174	1,737,174	-
3000	Fund Balance - August 31 (Ending)	\$ 1,437,857	\$ 1,806,153	\$ 1,857,552	\$ 51,399

**KILLEEN INDEPENDENT SCHOOL DISTRICT**

Bond Schedule

Fiscal Year Ended August 31, 2010

Date of Issue	Description	Interest Rate Payable	Amounts Original Issue	10 Amounts Outstanding 9/1/2009	20 Issued Current Year
9/10/02	Unlimited Tax School Building and Refunding Bonds, Series 2002	2.0 to 5.25%	* 99,955,000	85,235,000	-
9/10/02	Unlimited Tax School Building and Refunding Bonds, Series 2003	4.5%	** 8,015,000	1,885,000	-
2/8/05	Unlimited Tax Refunding Bond, Series 2005	3.0 to 5.0%	*** 34,610,000	31,125,000	-
06/01/08	Unlimited Tax Refunding Bond, Series 2008	4.00%	**** 8,960,000	8,865,000	-
07/01/10	Unlimited Tax Refunding Bond, Series 2010	2.0 to 5.0%	***** 41,895,000	-	41,895,000
	Sub-total:		193,435,000	127,110,000	41,895,000
	Unamortized premium on Current Interest Bonds		-	4,607,421	6,323,727
1000	TOTAL		\$ 193,435,000	\$ 131,717,421	48,218,727

\*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	<u>\$ 8,015,000</u>
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\*\*\*Bonds payable Series 2005

Principal amount of Capital Interest Bonds	<u>\$ 34,610,000</u>
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\*\*\*\*Bonds payable Series 2008

Principal amount of Capital Interest Bonds	<u>\$ 8,960,000</u>
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\*\*\*\*\*Bonds payable Series 2010

Principal amount of Capital Interest Bonds	<u>\$ 41,895,000</u>
--	----------------------

30 Retired Current Year	40 Amounts Outstanding 8/31/2010	50 Interest Current Year	Requirements				I 9/1/12 To Maturity Interest
			Year Ending - 8/31/11		Year Ending - 8/31/12		
			Principal	Interest	Principal	Interest	
47,825,000	37,410,000	4,155,863	3,040,000	1,724,950	3,195,000	1,569,075	17,635,363
600,000	1,285,000	71,325	630,000	43,650	655,000	14,738	-
3,610,000.00	27,515,000	1,447,950	3,780,000	1,281,250	3,975,000	1,087,375	3,107,750
1,140,000.00	7,725,000	331,800	1,185,000	285,300	1,230,000	237,000	581,800
-	41,895,000	-	90,000	2,203,425	335,000	1,959,100	12,073,125
53,175,000	115,830,000	6,006,938	8,725,000	5,538,575	9,390,000	4,867,288	33,398,038
1,564,383	9,366,765	-	-	-	-	-	-
<u>\$ 54,739,383</u>	<u>\$ 125,196,765</u>	<u>\$ 6,006,938</u>	<u>\$ 8,725,000</u>	<u>\$ 5,538,575</u>	<u>\$ 9,390,000</u>	<u>\$ 4,867,288</u>	<u>\$ 33,398,038</u>

## Other Debt Service expenditures:

6599 - fees 2010 1,400

Total \$ 1,400

**KILLEEN INDEPENDENT SCHOOL DISTRICT**

Mandated Programs Schedule  
General Fund

Fiscal Year Ended August 31, 2010

Data Control Codes	11 Basic Educational Services	21 Gifted and Talented	22 Career and Technology	23 Special Education	24 Accelerated Education	25 Bilingual/ ESL	26 Non-Disciplinary Alternative Education	28 Disciplinary Alternative Education
<b>EXPENDITURES:</b>								
11 INSTRUCTION-								
6100 Payroll costs	\$ 124,317,921	\$ 1,450,822	\$ 3,492,354	\$ 19,838,307	\$ 4,701,130	\$ 4,815,635	\$ 672,129	\$ 1,693,871
6200 Contract services	1,935,358	41,782	186,355	1,577,677	700,348	18,608	2,951	-
6300 Supplies and materials	3,270,911	106,732	339,454	49,375	725,746	204,543	71,618	16,112
6400 Other operating	858,562	13,432	7,464	89,031	9,558	10,034	3,508	-
6500 Debt service	-	-	-	-	-	-	-	-
6600 Capital outlay	297,873	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total Instruction	130,680,624	1,612,768	4,025,626	21,554,389	6,136,781	5,048,820	750,206	1,709,983
12-81 ALL OTHER FUNCTIONS-								
6100 Payroll costs	-	42,504	332,317	4,842,562	102,526	14,815	215,729	349,398
6200 Contract services	-	13,316	27,300	195,996	544,322	33,690	23,270	-
6300 Supplies and materials	-	5,641	15,682	91,487	57,893	6,445	6,390	5,761
6400 Other operating	-	23,521	55,451	65,182	67,335	36,029	5,879	1,069
6500 Debt service	-	-	-	-	-	-	-	-
6600 Capital outlay	-	-	-	97,709	1,011	-	-	-
6900 Facilities Acquisition & Construction	-	-	-	-	-	-	-	-
Total Other Functions	-	84,982	430,750	5,292,937	773,089	90,980	251,268	356,228
Total Expenditures	\$ 130,680,624	\$ 1,697,750	\$ 4,456,376	\$ 26,847,326	\$ 6,909,870	\$ 5,139,800	\$ 1,001,474	\$ 2,066,211

Exhibit J-7

29	30	31	91	99	TOTALS
Disciplinary	Title I, Part A	High School	Athletics	Other	August 31, 2010
Alternative	School Wide	Allotment		Expenditures	
Education	Campuses				
\$ 49,668	\$ 1,079,689	\$ 913,702	\$ -	\$ -	\$ 163,025,225
-	64,399	570,672	-	-	5,098,150
-	444,798	718,841	-	-	5,948,129
-	43,739	50,426	-	-	1,085,754
-	-	-	-	-	-
-	-	20,315	-	-	318,188
-	-	-	-	-	-
49,668	1,632,625	2,273,956	-	-	175,475,446
-	123,511	5,143	3,613,688	72,757,990	82,400,183
23,100	9,050	82,549	425,617	15,662,172	17,040,383
1,163	14,970	60,171	846,674	8,192,338	9,304,615
-	28,384	67,028	1,110,640	1,827,635	3,288,154
-	-	-	-	-	-
-	-	-	67,943	2,031,175	2,197,838
-	-	-	-	3,976	3,976
24,263	175,915	214,890	6,064,563	100,475,286	114,235,150
<u>\$ 73,931</u>	<u>\$ 1,808,540</u>	<u>\$ 2,488,846</u>	<u>\$ 6,064,563</u>	<u>\$ 100,475,286</u>	<u>\$ 289,710,596</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 Nine 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.

<b>Fiscal Year</b>					
<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>
\$ 164,987,587	\$ 173,696,399	\$ 184,173,068	\$ 201,012,191	\$ 225,696,488	\$ 239,842,774
28,819,687	59,836,137	6,946,620	28,890,816	7,029,108	17,372,878
120,102,301	107,498,825	190,426,394	182,779,898	195,151,510	196,397,818
<b><u>\$ 313,909,575</u></b>	<b><u>\$ 341,031,361</u></b>	<b><u>\$ 381,546,082</u></b>	<b><u>\$ 412,682,905</u></b>	<b><u>\$ 427,877,106</u></b>	<b><u>\$ 453,613,470</u></b>

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>
<b>Expenses</b>			
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>
<b>Program Revenues</b>			
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>
<b>Net (Expense)/Revenue</b>			
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.

<b>Fiscal Year</b>					
<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 154,966,345	\$ 163,138,498	\$ 180,754,743	\$ 197,779,993	\$ 205,517,330	\$ 214,709,865
11,516,463	9,687,868	8,732,038	9,740,123	8,218,128	9,041,084
5,228,047	8,251,928	8,169,592	8,739,196	8,035,658	11,318,271
2,382,728	2,980,768	2,951,054	3,046,864	3,172,009	4,175,727
14,609,862	15,097,530	15,871,229	16,711,693	18,251,621	19,001,724
8,297,412	9,150,184	10,763,166	12,125,826	12,862,413	13,567,081
1,254,093	1,263,118	1,279,205	1,439,844	1,508,820	1,667,300
2,176,627	2,260,796	2,512,156	2,654,147	3,006,361	3,043,647
5,811,302	6,328,478	7,245,984	8,708,500	9,300,363	10,113,200
13,870,658	15,532,070	15,616,023	17,421,240	17,860,193	18,095,490
7,575,390	7,921,723	7,220,543	7,789,348	7,432,759	7,513,834
6,237,665	6,454,480	6,762,635	6,808,811	6,958,795	6,556,997
25,308,896	27,644,939	31,121,948	31,789,806	33,594,466	33,569,957
1,763,455	1,988,176	2,096,822	2,512,659	2,718,538	3,418,640
2,669,809	2,739,098	4,075,847	6,424,144	4,761,535	5,361,789
944,661	1,004,696	1,160,805	1,261,207	1,171,155	1,081,761
7,805,321	7,374,733	6,944,420	6,461,892	6,081,023	5,891,516
-	12,226	12,527	52,894	20,120	123,195
321,926	-	-	-	-	-
208,957	94,610	-	-	-	-
392,287	406,602	229,574	258,505	398,515	469,194
-	-	-	-	498,391	538,491
<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>	<u>369,258,763</u>
526,456	457,581	4,096,256	655,784	517,465	992,659
-	-	-	8,842	-	-
-	-	-	9,879	11,719	-
-	-	42,150	-	-	-
4,439,902	4,844,421	5,005,922	5,373,829	5,763,505	5,794,035
1,593,765	1,624,008	1,594,876	1,749,417	1,696,923	1,629,589
-	-	-	-	-	-
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	64,100
903,970	949,138	735,546	711,607	1,070,372	1,082,151
<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>61,261,124</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>70,823,658</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>	<u>\$ (298,435,105)</u>

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>
<b>Net (Expense)/Revenue</b>			
Total primary government net expense	\$ (178,349,909)	\$ (217,603,460)	\$ (225,426,657)
<b>General Revenues and Other Changes in Net Assets</b>			
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>
<b>Change in Net Assets</b>			
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>Fiscal Year</u>					
<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$(226,716,510)	\$(239,506,956)	\$(259,515,297)	\$(289,385,106)	\$(297,393,274)	\$(298,435,105)
45,807,810	51,770,447	56,813,288	51,520,833	57,410,120	59,296,399
4,453,178	5,042,907	5,254,474	5,512,064	6,127,255	6,334,808
125,424,333	129,412,608	178,129,505	200,699,397	195,686,511	191,470,512
64,594,115	68,402,059	47,611,235	53,292,369	49,070,114	65,181,243
4,652,136	8,449,600	11,072,348	8,606,366	3,136,843	629,293
1,611,981	1,249,725	1,149,168	890,900	1,156,632	1,259,214
<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>324,171,469</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>	<u>\$ 25,736,364</u>



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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
General Fund				
Reserved	\$ 7,732,568	\$ 3,688,281	\$ 4,779,173	\$ 4,763,961
Unreserved	73,156,141	85,154,816	82,247,715	69,168,328
Total general fund	<u>\$ 80,888,709</u>	<u>\$ 88,843,097</u>	<u>\$ 87,026,888</u>	<u>\$ 73,932,289</u>
All Other Governmental Funds				
Reserved	\$ 1,135,537	\$ 857,178	\$ 966,088	\$ 865,454
Unreserved, reported in:				
Special revenue funds	2,480,501	3,339,095	3,087,540	3,671,787
Capital projects funds	55,950,474	35,555,577	102,963,289	76,109,155
Permanent funds	-	-	-	-
Debt service funds	-	54,348	2,662,562	1,468,439
Total all other governmental funds	<u>\$ 59,566,512</u>	<u>\$ 39,806,198</u>	<u>\$ 109,679,479</u>	<u>\$ 82,114,835</u>

**Fiscal Year**

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 4,522,033	\$ 7,921,179	\$ 5,821,599	\$ 7,865,995	\$ 7,850,443	\$ 7,913,640
73,946,218	87,599,314	87,367,069	92,041,863	95,612,167	72,121,597
<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>	<u>\$ 80,035,237</u>
\$ 865,818	\$ 1,001,182	\$ 1,147,218	\$ 2,277,517	\$ 2,505,435	\$ 2,534,634
4,166,326	4,344,450	4,192,265	3,675,503	10,080,428	9,337,613
72,261,394	61,397,548	93,116,739	105,371,240	85,922,197	120,157,566
-	-	197,902	178,529	138,615	151,902
244,034	838,728	1,373,633	-	-	-
<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>	<u>\$ 132,181,715</u>

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>
Federal sources:			
Distributed through governmental entities	\$ -	\$ 2,730	\$ 4,593
Distributed by TEA	11,501,103	15,334,645	17,521,514
Distributed by other State of Texas Government Agencies:	252,321	295,542	294,828
Distributed directly from the Federal Government	38,266,845	39,353,396	41,239,840
Shared services arrangements	-	-	-
Total federal sources	<u>50,020,269</u>	<u>54,986,313</u>	<u>59,060,775</u>
State sources:			
Per capital and foundation school program act revenues	119,711,987	121,883,926	121,327,094
Program revenues distributed by TEA	1,357,659	1,480,714	15,926,936
Revenues from State of Texas Government Agencies	6,932,000	7,315,478	12,867,647
Shared services arrangements	52,365	78,234	17,405
Total state sources	<u>128,054,011</u>	<u>130,758,352</u>	<u>150,139,082</u>
Local and intermediate sources:			
Real and personal property taxes	34,340,402	37,205,395	41,884,604
Services rendered to other school districts	733,074	902,974	917,019
Tuition and fees	96,822	95,130	163,294
Other revenues	10,205,894	7,514,268	5,727,012
Cocurricular, enterprising services or activities	4,188,522	4,530,097	4,904,947
Intermediate sources	65,776	8,253	7,883
Total local and intermediate sources	<u>49,630,490</u>	<u>50,256,117</u>	<u>53,604,759</u>
Total revenues	<u>\$ 227,704,770</u>	<u>\$ 236,000,782</u>	<u>\$ 262,804,616</u>

**Fiscal Year**

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21,390,725	22,555,684	24,812,478	24,552,777	25,238,801	25,514,384	47,296,387
164,307	103,342	499,867	340,599	693,713	1,366,628	2,915,094
44,889,217	46,866,953	46,843,419	50,125,961	54,225,037	52,074,576	64,256,932
76,176	75,526	48,615	-	-	-	-
<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>	<u>114,468,413</u>
136,540,133	137,822,223	141,708,578	169,255,565	193,650,641	188,120,939	181,223,026
11,413,986	9,791,865	13,000,006	13,026,874	12,527,621	10,352,622	10,054,304
10,578,803	10,887,698	11,401,987	10,045,974	11,096,768	12,105,118	12,078,845
953,663	481,521	179,166	34,718	34,327	33,339	88,291
<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>	<u>203,444,466</u>
47,399,252	51,045,627	57,929,761	62,913,673	58,281,227	64,499,507	66,709,002
1,105,032	958,396	984,781	780,159	756,146	1,070,372	1,082,151
80,843	65,209	47,217	51,531	67,576	78,001	14,510
4,093,919	5,661,525	10,119,246	15,460,786	9,516,934	3,750,702	1,828,016
5,497,678	5,998,700	6,418,690	6,558,648	7,067,751	7,401,832	7,382,438
7,658	-	-	-	-	-	59,542
<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>77,075,659</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>	<u>\$ 394,988,538</u>

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Instruction	\$ 104,877,571	\$ 117,235,478	\$ 136,670,530	\$ 141,040,602
Instructional resources and media services	9,190,701	9,979,980	11,186,026	11,567,266
Curriculum development/instructional staff development	3,967,790	3,338,729	3,962,974	5,008,297
Instructional leadership	1,730,703	1,925,460	2,126,977	2,516,013
School leadership	10,851,321	11,599,133	12,793,622	14,610,321
Guidance, counseling and evaluation services	5,751,873	6,613,512	7,313,273	7,600,937
Social work services	1,086,531	1,138,879	1,223,766	1,193,211
Health services	1,613,025	1,633,956	1,938,734	1,937,968
Student (pupil) transportation	4,901,308	6,780,804	6,900,035	6,788,788
Food services	8,273,206	9,848,697	11,240,332	11,584,255
Extracurricular activities	5,564,377	6,048,351	6,247,434	6,555,912
General administration	4,874,517	5,069,448	5,440,663	5,943,089
Facilities maintenance and operations	22,249,367	21,019,915	30,282,811	28,691,824
Security and monitoring services	1,363,293	2,097,504	2,275,280	2,099,297
Data processing services	2,794,674	2,886,161	3,500,191	3,435,342
Community services	685,600	922,341	963,348	1,022,219
Debt service				
Principal	5,280,000	5,185,000	6,505,000	6,950,000
Interest	4,514,158	4,362,823	8,326,507	8,221,504
Bond issuance cost and fees	1,263	-	1,028,985	17,786
Facilities acquisition and construction	16,922,179	29,762,221	36,064,930	57,361,122
Payments to fiscal agent/member districts of SSA	-	-	-	237,214
Payments to JJAEP	294,714	405,279	414,477	481,572
Other Intergovernmental Charges	-	-	-	-
Total expenditures	<u>\$ 216,788,171</u>	<u>\$ 247,853,671</u>	<u>\$ 296,405,895</u>	<u>\$ 324,864,539</u>
Debt service as a percentage of noncapital expenditures	5.77%	4.46%	5.75%	5.60%

<b>Fiscal Year</b>						
<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	
\$ 146,314,211	\$ 154,457,420	\$ 173,779,206	\$ 188,520,576	\$ 195,504,878	\$ 205,200,017	
11,741,013	9,356,227	9,247,298	9,356,417	8,517,651	8,733,528	
4,973,467	7,474,201	7,508,328	7,632,289	6,786,896	9,008,294	
2,395,861	2,980,768	2,970,423	3,093,458	3,296,669	4,455,430	
14,056,345	14,545,543	15,281,680	16,103,694	17,656,954	18,382,033	
8,297,412	9,160,991	10,763,166	12,126,212	12,862,555	13,570,470	
1,254,093	1,263,118	1,279,205	1,439,844	1,508,492	1,666,969	
2,176,627	2,260,796	2,512,156	2,657,229	3,005,402	3,045,169	
8,532,527	6,434,363	7,611,115	7,889,340	11,759,227	9,573,704	
12,717,146	14,361,276	14,375,521	16,225,981	16,657,428	16,752,954	
6,739,673	6,869,761	6,884,765	7,458,119	7,095,062	7,149,402	
6,286,476	6,448,416	6,775,179	6,788,760	6,968,981	6,584,346	
26,044,906	27,461,555	32,619,542	31,687,544	33,240,917	36,721,660	
1,749,234	1,979,416	2,278,364	2,578,375	2,719,181	3,441,367	
2,669,809	2,750,292	4,330,220	6,958,427	4,899,755	6,294,647	
944,661	1,004,696	1,160,805	1,261,325	1,171,905	1,073,692	
7,435,000	8,015,000	8,705,000	10,689,295	9,169,295	9,484,295	
8,019,268	7,602,018	7,228,418	6,665,667	6,379,268	6,246,474	
309,999	299	600	110,119	1,100	453,172	
21,149,310	22,985,848	8,356,197	19,145,994	27,163,533	16,546,135	
208,957	94,610	-	-	-	-	
392,287	406,602	229,574	258,505	398,515	469,194	
-	-	-	-	498,391	538,491	
<b>\$ 294,408,282</b>	<b>\$ 307,913,216</b>	<b>\$ 323,896,762</b>	<b>\$ 358,647,170</b>	<b>\$ 377,262,055</b>	<b>\$ 385,391,443</b>	

5.76%

5.49%

5.19%

5.07%

4.31%

4.27%

**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>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
<b>Excess of revenues over (under) expenditures</b>	\$ 10,916,599	\$(11,852,889)	\$ (33,601,279)	\$ (40,673,147)
<b>Other Financing Sources (Uses)</b>				
General long-term debt issued	-	-	101,414,089	-
Bond Refunding Escrow Agent	-	-	-	-
Premium on Bond Issue	-	-	-	-
Sale of capital assets	421,618	46,963	244,262	13,904
Capital Leases	-	-	-	-
Contributed capital	-	-	-	-
Transfers in	939,563	5,117,430	3,494,405	27,336,365
Transfers out	(939,563)	(5,117,430)	(3,494,405)	(27,336,365)
Total other financing sources (uses)	<u>421,618</u>	<u>46,963</u>	<u>101,658,351</u>	<u>13,904</u>
<b>Net change in fund balances</b>	<u>\$ 11,338,217</u>	<u>\$(11,805,926)</u>	<u>\$ 68,057,072</u>	<u>\$ (40,659,243)</u>

<b>Fiscal Year</b>					
<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ (2,094,013)	\$ 6,080,595	\$ 29,250,503	\$ 14,509,372	\$(10,894,035)	\$ 9,597,095
122,293	-	-	8,960,000	-	41,895,000
-	-	-	(9,288,539)	-	(47,759,040)
-	-	-	268,157	-	6,323,727
1,930,419	208,406	138,521	54,249	98,833	50,885
-	-	-	3,690,983	-	-
-	-	725,000	-	-	-
11,933,483	10,076,999	43,305,792	32,355,216	28,759,099	54,253,644
<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>(54,253,644)</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>510,572</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>	<u>\$ 10,107,667</u>



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

Fiscal Year	Assessed Value		Less: Tax-Exempt Property	Total Taxable Assessed <sup>a</sup> Value
	Real Property	Personal Property		
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
2010	4,524,247,977	520,539,862	1,044,651,090	6,089,438,929

**Source:** Bell County Tax Appraisal District

**Notes:**

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

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

<sup>c</sup>Assessed value

Total Direct Tax Rate <sup>b</sup>	Estimated Actual Taxable <sup>c</sup> Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
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%
1.1412	7,134,090,019	85.36%

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

(rate per \$100 of assessed value)

Fiscal Year	District Direct Rates			Overlapping Rates <sup>a</sup>				
	Operating	Debt Service	Total	Bell County	Central Texas College	City of Killeen	City of Harker Heights	City of Nolanville
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
2010	1.0312	0.1100	1.1412	0.4054	0.1410	0.6950	0.6770	0.5077

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

**Note:**

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

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

Taxpayer	2010			2001		
	Taxable Assessed Value	Rank	Percentage of Taxable Value	Taxable Assessed Value	Rank	Percentage of Taxable Value
ONCOR Electric Delivery Company	\$ 65,667,627	1	1.08%	\$ 49,410,923	1	1.96%
Wal-Mart Real Estate Business	36,248,311	2	0.60%	7,772,616	9	0.31%
Central Telephone Company	30,281,310	3	0.50%	42,329,833	2	1.68%
Market Heights Ltd	22,622,251	4	0.37%			
HEB Grocery Company	18,095,237	5	0.30%			
TWE Advance/Newhouse "Waco"	17,916,290	6	0.29%			
Killeen Mall LLC	16,973,485	7	0.28%			
Watercrest Place LP	14,114,812	8	0.23%			
AEGIS Communications Group Inc.	11,326,849	9	0.19%			
Feiga/Sierra Creek LP	11,321,315	10	0.19%	8,448,943	7	0.33%
Sallie Mae Inc				19,564,706	3	0.77%
Time Warner Advance New House				12,857,018	4	0.51%
WXI/Z Southwest Malls Real Estate				12,370,899	5	0.49%
Wal-Mart Stores Inc.				9,307,173	6	0.37%
Oakwood Homes				7,777,855	8	0.31%
R W Associates				6,632,825	10	0.26%
Subtotal	\$ 244,567,487		4.02%	\$ 176,472,791		6.99%
All other taxpayers	5,844,871,442		95.98%	2,348,590,801		93.01%
	<u>\$ 6,089,438,929</u>		<u>100.00%</u>	<u>\$ 2,525,063,592</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**

<b>Fiscal Year</b>	<b>Taxes Levied for the Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy<sup>a</sup></b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
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	65,102,970	98.69%	512,867	65,615,837	99.47%
2010	68,295,492	67,412,328	98.71%		67,412,328	98.71%

**Source:** Bell County Tax Appraisal District

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

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

<b>Fiscal Year</b>	<b>Unlimited Tax School Building and/or Refunding Bonds</b>	<b>Percentage of Personal Income<sup>a</sup></b>	<b>Per Capita<sup>a</sup></b>	<b>Unlimited Tax School Building and/or Refunding Bonds (Net)<sup>b</sup></b>	<b>Percentage of Estimated Actual Taxable Value<sup>c</sup> of Property</b>	<b>Per Capita<sup>a</sup></b>
2001	89,857,982	12.05%	3,770	89,325,258	2.89%	3,748
2002	84,869,177	10.91%	3,438	84,219,990	2.58%	3,412
2003	179,795,938	21.90%	6,995	176,546,303	5.04%	6,868
2004	172,941,739	19.79%	6,424	170,886,227	4.46%	6,348
2005	167,140,974	17.93%	5,835	166,309,867	4.05%	5,806
2006	158,793,664	15.63%	5,341	157,367,863	3.41%	5,293
2007	149,735,978	13.44%	4,722	147,775,272	2.73%	4,660
2008	140,090,582	10.91%	4,035	138,299,537	2.25%	3,984
2009	131,717,421	9.68%	3,670	129,980,247	1.92%	3,621
2010	125,196,765	8.52%	3,230	123,339,213	1.73%	3,182

**Notes:**

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

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

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



**Schedule 13  
 Killeen Independent School District  
 Direct and Overlapping Governmental Activities Debt  
 As of August 31, 2010**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable<sup>b</sup></u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Bell County	\$ 130,835,000	44.01%	\$ 57,580,484
Central Texas College	\$ -	92.38%	-
Coryell County <sup>a</sup>	\$ 1,178,129	0.00%	-
City of Killeen	\$ 112,804,599	100.00%	112,804,599
City of Harker Heights	\$ 44,635,000	100.00%	44,635,000
City of Nolanville	\$ 1,590,000	100.00%	1,590,000
Subtotal, overlapping debt			\$ 216,610,083
<b>District direct debt</b>			<u>125,196,765</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 341,806,848</u></u>

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

**Notes:**

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

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



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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Assessed value <sup>a</sup>	\$ 2,525,063,592	\$ 2,675,006,773	\$ 2,865,010,666	\$ 3,146,053,284
Debt Limit <sup>b</sup>	252,506,359	267,500,677	286,501,067	314,605,328
Amount of debt applicable to debt limit:				
Total bonded debt	89,857,982	84,869,177	179,795,938	172,941,739
Less: Net assets available in debt service fund	<u>532,724</u>	<u>649,187</u>	<u>3,249,635</u>	<u>2,055,512</u>
Total net debt applicable to limit	<u>89,325,258</u>	<u>84,219,990</u>	<u>176,546,303</u>	<u>170,886,227</u>
Legal debt margin	<u>\$ 163,181,101</u>	<u>\$ 183,280,687</u>	<u>\$ 109,954,764</u>	<u>\$ 143,719,101</u>
Total net debt applicable to the limit as a percentage of debt limit.	35.38%	31.48%	61.62%	54.32%

**Notes:**

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

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

<b>Fiscal Year</b>					
<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>
\$ 3,394,090,351	\$ 3,864,218,855	\$ 4,611,170,393	\$ 5,299,887,356	\$ 5,897,396,511	\$6,089,438,929
339,409,035	386,421,886	461,117,039	529,988,736	589,739,651	608,943,893
167,140,974	158,793,664	149,735,978	140,090,582	131,717,421	125,196,765
831,107	1,425,801	1,960,706	1,791,045	1,737,174	1,857,552
<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>123,339,213</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>	<u>\$ 485,604,680</u>
49.00%	40.72%	32.05%	26.09%	22.04%	20.25%

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

<b>Calendar Year</b>	<b>Population<sup>a</sup></b>	<b>Personal Income<sup>b</sup></b> <i>(thousands of dollars)</i>	<b>Per Capita Personal Income</b>	<b>Unemployment Rate<sup>c</sup></b>
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
2009	379,231	14,697,693	38,757	7.90

**Notes:**

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

**Sources:**

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

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

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

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

<u>Employer</u>	<u>2010</u>			<u>2001</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
III Corps & Fort Hood	52,000	1	71.65%	52,400	1	82.48%
Killeen ISD	6,088	2	8.39%	4,200	2	6.61%
Civilian Personnel Office	5,580	3	7.69%			
Central Texas College	1,500	4	2.07%	1,439	3	2.27%
Metroplex Hospital	1,200	5	1.65%	900	5	1.42%
City of Killeen	1,100	6	1.52%	680	9	1.07%
Westar Aerospace & Defense Group Inc	1,050	7	1.45%			
L-3 Communications Vertex Aerospace	600	8	0.83%			
ESP Incorporated	510	9	0.70%			
Aegis Communications	600	10	0.83%			
Convergys Corporation			0.00%	1,200	4	1.89%
DynCorp				805	6	1.27%
Sallie Mae				705	7	1.11%
First National Bank, Texas				700	8	1.10%
Killeen Mall				500	10	0.79%
Subtotal	70,228		96.77%	63,529		100.00%
All other employers	<u>2,347</u>		<u>3.23%</u>	<u>N/A</u>		<u>N/A</u>
Total employment	<u>72,575</u>		<u>100.00%</u>	<u>63,529</u>		<u>100.00%</u>

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

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

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>Supervisory</b>						
Instructional administrators	22	23	24	24	24	29
Noninstructional administrators	39	40	43	43	44	44
Consultants/supervisors of instruction	51	51	55	56	58	59
Principals	37	38	40	40	43	44
Assistant Principals	62	66	72	74	84	87
Total supervisory	<u>211</u>	<u>218</u>	<u>234</u>	<u>237</u>	<u>253</u>	<u>263</u>
<b>Instruction</b>						
Elementary classroom teachers	1,102	1,153	1,194	1,248	1,319	1,352
Secondary classroom teachers	990	1,014	1,068	1,122	1,179	1,195
ESL teachers	28	22	19	16	16	18
Other professionals (instructional)	91	93	100	99	103	102
Aides	662	676	724	781	834	873
Total Instruction	<u>2,873</u>	<u>2,958</u>	<u>3,105</u>	<u>3,266</u>	<u>3,451</u>	<u>3,540</u>
<b>Student Services</b>						
Guidance counselors	66	70	74	76	80	82
Visiting teacher/social workers	4	3	2	4	5	5
Librarians	38	39	40	40	44	45
Other professionals (noninstructional)	96	98	99	100	104	105
Technicians	2	7	8	8	15	16
Total student services	<u>206</u>	<u>217</u>	<u>223</u>	<u>228</u>	<u>248</u>	<u>253</u>
<b>Support and Administration</b>						
Clerical/secretarial	252	254	264	267	271	284
Service workers	542	556	582	601	630	640
Skilled crafts	120	122	123	126	120	119
Unskilled Laborers	251	258	262	273	272	291
Total support and administration	<u>1,165</u>	<u>1,190</u>	<u>1,231</u>	<u>1,267</u>	<u>1,293</u>	<u>1,334</u>
<b>Total</b>	<u>4,455</u>	<u>4,583</u>	<u>4,793</u>	<u>4,998</u>	<u>5,245</u>	<u>5,390</u>

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

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<b>Percentage Change 2001-2010</b>
42	41	39	40	82%
34	38	39	39	0%
58	64	69	68	33%
45	45	46	49	32%
95	101	101	105	69%
<u>274</u>	<u>289</u>	<u>294</u>	<u>301</u>	<u>43%</u>
1,450	1,539	1,567	1,531	39%
1,212	1,307	1,266	1,198	21%
16	30	21	24	-14%
109	153	58	59	-35%
856	899	864	932	41%
<u>3,643</u>	<u>3,928</u>	<u>3,776</u>	<u>3,744</u>	<u>30%</u>
84	102	116	127	92%
16	16	13	13	225%
47	49	43	48	26%
101	120	165	171	78%
16	17	19	20	900%
<u>264</u>	<u>304</u>	<u>356</u>	<u>379</u>	<u>84%</u>
309	347	303	319	27%
663	888	327	335	-38%
114	114	107	108	-10%
297	339	655	681	171%
<u>1,383</u>	<u>1,688</u>	<u>1,392</u>	<u>1,443</u>	<u>24%</u>
<u>5,564</u>	<u>6,209</u>	<u>5,818</u>	<u>5,867</u>	<u>32%</u>



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

<b>Fiscal Year</b>	<b>Peak Enrollment</b>	<b>Operating Expenditures</b>	<b>Cost per Pupil</b>	<b>Teaching Staff</b>	<b>Pupil-Teacher Ratio</b>	<b>Percentage of Students Receiving Free or Reduced-Price Meals</b>
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%
2010	40,463	385,391,443	9,525	2,762	14.6	52%

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



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

	<b>Fiscal Year</b>				
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
<b><u>Schools</u></b>					
<b>Elementary</b>					
Buildings	25	26	26	27	28
Square feet	1,770,375	1,888,331	2,002,235	2,035,917	2,121,069
Capacity	16,059	16,059	16,763	17,467	18,225
Enrollment	16,470	16,666	16,958	17,548	18,064
<b>Middle</b>					
Buildings	8	8	9	9	11
Square feet	843,397	861,532	980,542	1,069,118	1,207,806
Capacity	6,214	6,214	7,018	7,018	8,586
Enrollment	6,354	6,581	6,855	7,106	7,050
<b>High</b>					
Buildings	4	4	4	4	4
Square feet	1,277,501	1,277,501	1,277,501	1,277,501	1,277,501
Capacity	7,356	7,356	7,356	7,356	7,356
Enrollment	6,584	6,972	7,103	7,581	7,828
<b>9th Grade Center</b>					
Buildings	-	-	-	-	-
Square feet	-	-	-	-	-
Capacity	-	-	-	-	-
Enrollment	-	-	-	-	-
<b>Other</b>					
<b>CATE, Pathways</b>					
<b>Haynes School</b>					
Buildings	2	2	2	2	2
Square feet	95,569	95,569	95,569	95,569	95,569
Enrollment	334	389	435	408	466
<b><u>Administrative</u></b>					
Buildings	5	5	6	6	6
Square feet	197,861	197,861	242,795	242,795	242,795
<b><u>Transportation</u></b>					
Garages	1	1	1	1	1
Buses	222	221	227	240	248
<b><u>Athletics</u></b>					
Warehouse	-	-	-	-	-
Square feet	-	-	-	-	-
Stadium	1	1	1	1	1
Football/soccer fields	31	31	34	34	34
Running tracks	4	4	4	4	4
Baseball/softball	8	8	8	8	8
Swimming pools	-	-	-	-	-

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

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
29	30	30	31	31
2,217,069	2,447,465	2,453,417	2,700,972	2,723,077
18,964	20,912	21,134	25,022	22,317
18,841	20,635	21,753	22,450	22,680
11	11	11	12	11
1,207,806	1,286,013	1,293,693	1,417,629	1,312,257
8,586	8,586	8,950	9,079	9,300
7,262	7,558	7,746	7,974	8,019
4	4	4	4	4
1,277,501	1,303,653	1,315,901	1,314,597	1,324,632
7,356	7,356	7,356	8,898	8,476
8,180	8,225	8,785	9,127	9,063
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
2	2	2	2	2
95,569	95,569	95,569	148,696	154,072
460	477	477	413	672
6	6	6	6	6
242,795	242,795	242,795	242,795	256,706
1	1	1	1	1
247	236	235	261	269
1	1	1	1	1
31,608	31,608	31,608	31,608	31,608
1	1	1	1	1
40	40	40	40	40
4	4	4	4	4
8	8	8	8	8
-	-	-	-	-

