

*Killeen  
Independent  
School  
District*

**Comprehensive  
Annual  
Financial  
Report**

*Fiscal Year Ended  
August 31, 2015*



*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, 2015*

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

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

KILLEEN INDEPENDENT SCHOOL DISTRICT  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE YEAR ENDED AUGUST 31, 2015

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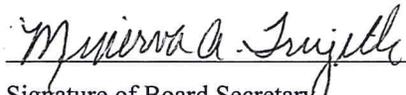
CERTIFICATE OF BOARD

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, 2015 at a meeting of the Board of Trustees of such school district on the 12th of January, 2016.

  
\_\_\_\_\_  
Signature of Board Secretary

  
\_\_\_\_\_  
Signature of Board President

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





## **KILLEEN INDEPENDENT SCHOOL DISTRICT**

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

John Craft, Ed.D.  
Superintendent

December 28, 2015

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, 2015, 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. New retail, medical service, and food service businesses continue to locate in the area. Jobs are created regularly which encourages people leaving the Army at Fort Hood to choose to stay in this area. The area continues to reap the benefits of having Ft. Hood as an economic neighbor directly through continued expansion and indirectly through associated professional business services.

Major metropolitan areas are easily accessible - 150 miles to San Antonio, 162 miles to Dallas-Fort Worth, and 190 miles to Houston. Killeen is located on the main line of the Santa Fe Railroad and straddles U.S. Highway 190/Central Texas Expressway, a four-lane divided highway 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 remained constant throughout 2015. Diversification of the Killeen economic base has stayed steady in the current year as more industries and industrial site consultants discover that Killeen has an abundant labor force, excellent climate, good schools and overall excellence in quality of life. Restaurant and retail shopping establishments continue to open throughout the area, but at a slower pace. The area vigorously seeks new opportunities and is fortunate to be situated near the I-35 trade corridor with Mexico, and recently experienced a significant expansion of the medical complex at Ft. Hood. The area recognizes that diversification is paramount to success and continues to provide a hospitable business environment tailored to expansion and relocation.

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

VALUATION OF BUILDING PERMITS

Calendar Year	Killeen	Harker Heights	Total	Change
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%
2010	271,644,287	47,906,060	319,550,347	25%
2011	204,486,630	146,171,009	350,657,639	9%
2012	230,451,385	61,222,209	291,673,594	-17%
2013	209,707,964	82,473,469	292,181,433	.2%
2014	280,424,868	93,981,892	374,406,760	28%

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

The Killeen-Temple-Fort Hood Metropolitan Statistical Area (MSA) experienced a 4.4% increase in gross sales during the 2014 calendar year. This increase is due to a growing local economy. The MSA is once again ranked as one of the best-performing cities (number 172) of the 200 largest metro areas in the United States by the Milken Institute for 2015. The Texas Comptroller of Public Accounts, Economic Analysis Center published the following information:

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

	2010	2011	2012	2013	2014
Motor Vehicle and Parts Dealers	\$929,229	\$1,008,214	\$1,443,382	\$1,123,363	\$1,216,936
Furniture and Home Furnishings Stores	115,039	104,766	111,573	105,416	116,740
Electronics and Appliance Stores	95,851	96,214	88,878	82,696	84,957
Building Material and Garden Equipment	302,053	298,479	357,814	393,415	422,249
Food and Beverage Stores	617,597	720,758	771,907	822,366	841,185
Health and Personal Care Stores	198,143	204,959	184,190	190,585	206,887
Gasoline Stations	582,699	638,622	641,607	610,295	613,737
Clothing and Accessories Stores	113,748	117,242	131,452	128,796	132,971
Sporting Goods, Hobby, Book & Movies	91,499	97,656	105,373	108,947	101,763
General Merchandise Stores	1,510,964	1,004,206	1,043,509	1,044,752	1,098,290
Miscellaneous Stores	135,484	117,383	120,215	118,112	116,706
Nonstore Retailers	29,049	35,836	36,446	37,777	41,571
Food Services and Drinking Places	<u>492,620</u>	<u>488,958</u>	<u>529,863</u>	<u>558,531</u>	<u>566,002</u>
Total	\$5,213,975	\$4,933,293	\$5,566,209	\$5,325,051	\$5,559,994

***FORT HOOD***

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

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

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

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

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

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

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

## ***HEALTH CARE***

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

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

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

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

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

## ***CULTURAL ACTIVITIES***

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

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

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

## **EDUCATION**

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

The Killeen Independent School District (KISD) has grown from an enrollment of 33,523 students in 2004-2005 to a peak enrollment of 42,929 in 2014-2015.

The largest school District between Austin and Dallas and the 26<sup>th</sup> largest in the state of Texas, KISD employs over 6,400 faculty and support personnel to educate and serve more than 42,500 students on 55 separate educational campuses. The district's footprint includes 1,280 acres of property and 6.4 million square feet of facilities across 157 square miles. Students from Killeen, Harker Heights, Fort Hood, Nolanville and rural West Bell County attend classes at thirty-two elementary schools (PK-5), eleven middle schools (6-8), four high schools (9-12), seven alternative schools, and the Career and Technology Education center. Additionally, the 219 portable buildings (equivalent to 259 potential classrooms) provide flexibility to meet the educational needs of a constantly changing population.

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

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

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

Central Texas College (CTC) is a public, two-year community college offering associate degrees, certificates of completion and continuing education courses for personal or professional development. Programs are available in traditional classroom settings, and by online and multimedia delivery methods for academic, professional and vocational/technical fields. In 2013-2014 CTC awarded 2,886 associate degrees and 599 certificates of completion at more than 140 sites around the world. Outside Texas, CTC offers classes on military installations, ships at sea and correctional institutions. CTC's central campus is situated on 543.9 acres between the cities of Killeen and Copperas Cove. Central Texas College has maintained its accredited status with the Southern Association of Colleges and Schools since first being awarded accreditation in 1969, and was reaffirmed most recently in June 2015.

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

Texas A&M University – Central Texas, is more commonly referred to as A&M Central Texas. A&M Central Texas 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 35 undergraduate degree and 15 graduate degree program areas with concentrations in numerous areas. A&M Central Texas provides course offerings at their main and north campuses, Fort Hood, and Temple College.

## **MAJOR INITIATIVES**

### *KISD DIRECTIONAL PLAN FOR SCHOOL YEAR 2015/2016*

#### **VISION STATEMENT**

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

#### **MISSION:**

Teach so that students learn to their maximum potential.

#### **OBJECTIVES:**

Achievement

Responsiveness

Classroom Support

Leadership Development

Financial Accountability

#### **VALUES:**

Teamwork

Quality

Integrity

Caring Attitude

Maximum Effort

Innovation

### **DISTRICT ACCOMPLISHMENTS**

- 1. Parent and Community Involvement** - The KISD Parent and Community Engagement Program offers a myriad of ways for parents to be involved in the education of their children. Opportunities are provided at the district and campus levels. There are currently thirty Title I school-wide campuses and one Title I targeted assistance campus at the elementary level. Local funds provide support and services for families at the district's non-Title I elementary school, eleven middle schools and eight high schools and special campuses. The special campuses include the Bell County Juvenile Detention Center, Gateway High, Gateway Middle, KISD Career Center and Pathways Academic Campus. The District Parent and Community Involvement Specialist coordinates events and activities at the district level, supports and provides monthly training for parent liaisons/parent program contacts at the campus level and coordinates the district's volunteer services program.

- 2. Parent Liaisons** – KISD had twenty parent liaisons in place at eighteen of our thirty-two elementary campuses during the 2014-2015 School year. Parenting Program contacts facilitate parent engagement activities at the remaining fourteen elementary schools. Five of the liaisons are bilingual. Parent liaisons and program contacts assist campus principals with various parental involvement activities and serve as one of the front-line links between the home and school. They facilitate distribution of parent education materials, offer informative workshop presentations, provide campus based orientation sessions for volunteers, and assist in coordinating, scheduling, and leading meetings among parents, teachers, and volunteers.

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

- 3. Parent-Teacher Conferences** – Parent-teacher conferences during the 2014-2015 school year were conducted based on schedules designed by each campus. These conferences gave parents the opportunity to meet with their child's teacher and discuss the progress and/or support that their child/children may need. Due to the KISD partnerships with Fort Hood, parents who are active duty military are able to attend their conference and know that their child's school is their expected place of duty during parent-teacher conference times. This philosophy fosters an overall increase of parent participation during scheduled parent-teacher conference times.
- 4. Parent /Adult Education & Literacy**- Parents within our community are able to complete their education or increase their English language ability as a result of a collaborative partnership between CTC Adult Education and KISD Special Programs Department. This partnership continues to be successful. During the 2014-2015 school year, English as a Second Language and GED classes were offered during the regular school year and during the summer.
- 5. Newsletters for Parents** - The Home-School Connection is the parent engagement newsletter printed in English and Spanish for families at the elementary school level. Twenty copies are provided to each campus and a copy is posted on the Special Programs Department website. This initiative was aligned during a prior school year and now includes Middle School Years and High School Years for our secondary campuses. Newsletters at this level are provided in English, Spanish, German, and Korean. Newsletters are distributed monthly through-out the school year beginning each September.
- 6. For Kids' Sake** - "For Kids' Sake" classes are offered for divorcing parents, potential foster parents or for people who are mandated by a court for other reasons. This four-hour seminar is offered once a month for a small fee of forty-dollars per person. KISD is the only service provider for non-military parents within an hour's drive in any direction. The focus of "For Kids' Sake" is to provide parents with effective tools to assist and guide them and their children through the process of divorce with as little trauma as possible. Two certified instructors, both with master's degrees, provide the instruction. All participants receive a curriculum workbook at the beginning of the seminar, and a certificate of completion at the end of the seminar. Participant feedback in the form of a post service survey indicates a positive view of the program.
- 7. Adopt-A-School Program** - Our Fort Hood/KISD Adopt-A-School Program is a partnership between the KISD Student, District and Community Relations Department, Special Programs Department, KISD schools, and Fort Hood. Our Volunteer Program tracks volunteers and hours of service. Working together, we are able to partner with an adopted military unit for each campus. Schools provide volunteer opportunities. The Parent & Community Engagement office tracks the volunteer service hours. This allows us to monitor the number of hours and types of service our military members and parent/community volunteers provide to the district. Each year during the annual volunteer luncheon the district is presented with a check reflecting the number of volunteers and hours of service for that year.
- 8. Recurring Activities and Events Serving Parents/Community** - The Special Programs Department offers a variety of district-level events and activities to encourage parent, family, and community involvement. Empowered Parents provides topic specific identified workshops for parents and community members. Early Literacy Clubs at elementary campuses meet throughout the year. During the summer, early literacy education continues at the district level as Summer Hot Tots. The KISD Parent Advisory Council provides parents with leadership opportunities. The KISD Volunteer program is active on all campuses in the district. The annual Family Fitness and Wellness Fair is a successful collaborative between the KISD School Nutrition Department, the School Health Advisory Council,

Student Services, Special Programs Department and the City of Killeen's Celebrate Killeen Committee. This event is a family affair focused on healthy eating and lifestyle choices.

9. **Computers for Parents** This program's intent is to provide consistent computer learning opportunities for parents/community members so that their computer literacy skills increase. Opportunities offered provide hands-on instruction extending access to technology that empowers parent use of tools to support student achievement and performance. This opens the door in areas such as the Home Access Center. Increases in computer skills - basic, intermediate, and proficient levels are also goals. A mobile unit containing 20 Dell laptops, a charging cart and two printers support this initiative.
10. **Professional Development** - Professional development opportunities provided for campus parent liaisons/parent program contacts, parents and community members allow for increased learning about research-based practices, requirements for Title I parent involvement, written parent involvement policy and home-school compacts as required by the No Child Left Behind Act of 2001- PL107-110, Section 1118. Best practices and other innovative ideas learned will be presented during scheduled monthly training sessions.
11. **Parenting Program Curriculum** – Practical Parent Education is the researched-based curriculum used for parent education workshops. Information provided supports families of the Killeen Independent School District. We will continue to refine and increase effectiveness of the implementation of the Practical Parent Education Curriculum. Sessions designed around identified needs, as disaggregated from parent survey input and training discussions completed by our team of parent educators, aid in determining topics presented. We continue to receive implementation support and updated online curriculum access for each participant. This curriculum comes with on-line access, quick-tip handouts for parents/community, continued consultation and evaluative support.
12. **Student Achievement** – Killeen ISD had several notable academic achievements for the 2014-2015 school year within the state's accountability system. Over half (26 out of 47) of Killeen ISD campuses earned one or more distinction designations. One campus earned a distinction in every possible area. Killeen ISD met or exceeded the state average in reading and math in grades 3-8, as well as in high school U.S. History. Improvement was made from the previous year in grades 5 and 8 science and grade 8 social studies. In addition to academic content, the state accountability system measures graduation rates. Killeen ISD exceeded the state average in four-year graduation rates.
13. **District-Wide Curriculum** - During the 2014-2015 school year, the district continued to work on ensuring a guaranteed and viable curriculum in every class, for every student, every day, through the implementation of the Killeen ISD LEARN Model. Our vision continues to be a deeper and clearer focus, along with increased rigor and relevance to both elementary and secondary classroom instruction through the implementation of the TEKS Resource System curriculum. TEKS Resource System not only aligns and clearly articulates student-learning expectations, but also provided teachers with research-based instructional strategies and model lessons. The implementation of TEKS Resource System is supported by ongoing professional development opportunities for teachers and campus leaders. The TEKS-focused professional learning included studies of unit mapping for effective instruction, effective questioning, Marzano's high yield instructional strategies, 9-week math, science, and language arts content study sessions, hands-on math and science activities, the use of interactive notebooks, effective use of TI-Inspire Handhelds, and the integration of technology.
14. **Response-to-Intervention** - The district continues to improve its Response-to-Intervention. In addition to use of a district-wide documentation folder, increased use of the online Student Success Plan, and a clearly defined flowchart of RtI actions is in use at all elementary campuses. In addition to implementing a student-centered, collaborative problem-solving continuum to ensure timely RtI actions, elementary and middle school campuses are provided reading and math universal screening tools to identify and monitor the progress of struggling learners. Both reading and math research-based intervention programs are implemented district-wide to address the needs of the targeted students.
  - Reading Universal Screens: 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 students. Comprehension at the Core is used in reading classrooms K-8 to provide effective intervention in reading

comprehension. 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. iStation, a computer-based application for grades 3-8, has also been provided by the State of Texas and implemented on campuses to help remediate reading skills for struggling students.

- Math Universal Screens: The mCLASS: Math assessment is the universal screening tool used to identify Kindergarten-2nd grade students who would benefit from math interventions. In grades 3-8, the Scholastic Math Inventory is used to evaluate students' math achievement and their level of math skills and concepts.
- 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. Think Through Math, a computer-based application, for grades 3-8, has also been provided by the state of Texas and implemented on campuses to help remediate reading skills for struggling students.

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

- 504 Updates
- ActivExpressions
- Adding Technology to Your Social Studies Class
- ASCD Capacity Building: Coaching and Mentoring for Understanding by Design and Differentiated Instruction
- Assessment on the Run with Running Records and MSV Analysis
- Augmented Reality
- Authentic Assessment in PreK and Kindergarten Classrooms
- AVID Critical Reading for Secondary ELA, Math, Science, Social Studies
- Balanced Literacy: Implementing the Components
- Balanced Literacy: Integrating Stations into your 1<sup>st</sup> and 2<sup>nd</sup> grade day
- Balanced Literacy: Structures to Support a Balanced Literacy Program
- Box Cars and One-Eyed Jacks – Radical Math
- Building Academic Vocabulary
- Classroom Strategies for Success
- Coding and Analyzing Reading Records
- Comprehending Math
- Comprehension at the Core: Toolkit Training
- Comprehension at the Core: Toolkit Integration
- CreAPptivity
- Creating a Learning Environment
- Creation Station Digital Storytelling
- Daily Five
- Decisions: Revising & Editing
- Differentiated Instruction
- Edgenuity Update Training
- Effective and Purposeful Stations
- Empowering Writers
- Engaging Presentation Skills
- Essential Physics Ergobots
- Expository Writing
- Fountas and Pinnell: Leveled Literacy Intervention and Benchmark Assessments
- Fountas and Pinnell: Continuum of Literacy Learning
- Framework for Understanding Poverty
- Green Light Classrooms
- GT: Identification and Assessment of Gifted Students
- GT: Identification and Assessment of Under Resourced Gifted Students

- GT: Managing TPSP in an Elementary Classroom
- GT: Meeting the Intellectual and Emotional Needs of Gifted Children in a School Setting
- GT: Nature and Needs of Gifted Students
- GT: Nature and Needs of the Under Resourced Gifted Student
- iLearn
- Impact Teaching
- Interactive Science, Math and Reading Notebooks
- Investigating the New Math Standards Through the Model Lessons
- Job Alike sessions
- Kagan Strategies
- Kidspiration
- Math: AP TIP Vertical Meetings
- Math Blended Instruction 101
- Math: Building Powerful Numeracy
- Math: Creating Choice with Meaningful Menus
- Math: Essential Understanding of Multiplication and Division
- Math: ESTAR
- Math: Fact Fluency
- Math: Fractions in the Classroom
- Math: Elementary Math Academy, grades K-5
- Math: Marvelous Math Models
- Math: Numerical Fluency
- Math: Out with the Old, In with the New
- Math: Personal Financial Literacy
- Math: Supporting Teachers in Differentiating Instruction
- Math: TI Nspire CX Training
- Math: Professional Toolbox for the Blended Classroom
- Math: Workstations
- Multisensory Word walls for Secondary Science
- Nonlinguistic Representations in Language Arts and Social Studies
- Nonlinguistic Representations in Math and Science
- Pixie Party
- Poetry – Don't Let it Scare You
- Progress Monitoring Made Easy
- Research Based Strategies for Under Resourced Learners
- Response to Intervention
- Rigor is NOT a 4-Letter Word
- Rock 'n Roll Classroom
- Running Records and Error Coding to Guide Reading Instruction
- Scholastic FASTT Math / Fraction Nation
- Science and Literacy
- Science: Differentiation Strategies Trainings
- Science: Teaching Science in an Early Childhood Classroom
- Science: PASCO in the Secondary Classroom
- Science: Science Starters
- Science: Uncovering Student Ideas
- Scienterrific Games Trainings
- Showcasing Mathematics for Young Children
- Small-Group Lessons for the Comprehension T and the Core Toolkit
- Spotlight on Reading Strategies
- STAAR Based STAAR Ready Writing
- STEM Apps
- ST Math-Implementation and Best Practices
- Strengthen Student Learning in Block Schedule Classes
- TEKS Resource System Study Sessions: Math
- TEKS Resource System Study Sessions: ELAR
- TEKS Resource System Study Sessions: Science
- TEKS Resource System Differentiating for Gifted Learners
- TEKS Resource System and Balance Literacy

- Think Through Math: Implementation and Best Practices
- Those Pertinent Principles by Law Related Education
- Under-Resourced and Struggling Learners
- Visual Literacy
- Vocabulary Acquisition Training
- Word Nerds
- Writing for STAAR
- Writing: How, What, Why of Designing Units of Study
- Writing: Narrative Writing
- Write Path Workshops in Critical Reading, ELA, Social Studies
  - [Inquiry-based English Instruction](#)
  - [What is Dyslexia? Lisa Plemons, Region 12 Consultant](#)
  - [10 Ways to Engage Students in ELA](#)
  - [How to Use Mentor Texts](#)
  - [Touring the Readiness Grade 7](#)
  - [High Impact Writing Clinics](#)
  - [Building Literacy - Bill McBride](#)
  - [Cooling the Hot Spots 6-8 - Lead4ward](#)
  - [Nonfiction Lesson Bank](#)
  - [Relevant Review 5 - EOC](#)
  - [Text Dependent Questions](#)
  - [Read Like a Writer](#)
  - [Touring the Readiness Grade 8](#)
  - [Brain Power - Strategies to use in Social Studies](#)
  - [MS STAAR Narrative](#)
  - [AM - At Risk Training for Campus Coordinators](#)
  - [PM - Section 504 Training for Campus Coordinators](#)
  - [MS STAAR Expository](#)
  - [MS Decisions](#)
  - [AM - At Risk Training for Campus Coordinators](#)
  - [PM - Section 504 Training for Campus Coordinators](#)
  - [Out with Old, In with the New HS - Lead4ward](#)
  - [Differentiation Instruction With Menus](#)
  - [GT Summer Institute](#)
  - [AM - At Risk Training for Campus Coordinators](#)
  - [PM - Section 504 Training for Campus Coordinators](#)
  - [Cooling the Hot Spots & Relevant Review](#)
  - [Touring the Readiness Algebra](#)
  - [Formative Probes Day 1 - Cheryl Tobey](#)
  - [Formative Probes Day 2 - Cheryl Tobey](#)
  - [Constructing Scientific Claims](#)
  - [Green Light Classrooms - Dr. Rich Allen](#)
  - [Relevant Review for Social Studies](#)
  - [Windows in History - Bill Perryman](#)

**16. Teacher Recruiting Program** – The District’s recruiting initiative with an annual budget of approximately \$86,600 continues to be effective in recruiting, hiring and retaining between 350 to 500 teachers each year. The efforts primarily focus inside Texas but extend throughout the nation, and include a KISD teacher job fair, multiple external job fairs, alternative teacher certification preparation programs, and numerous internet recruiting sites. KISD employment is profiled at [www.killeenisd.org](http://www.killeenisd.org). The KISD on-line application and the Gallup Teacher Insight Interview, also on-line, provide immediate information about prospective employees. Additionally, the KISD Board of Trustees fund a bonus of \$2,925 for every new middle school math teacher hired and a \$2,080 sign-on bonus for incoming teachers certified in critical shortage subject areas. Additionally, a recurring stipend of \$3,000 is provided for Bilingual, Spanish and Special Education teachers and a \$3,120 stipend is provided to High School Chemistry, Physics and Mathematics teachers.

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

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

## ***TECHNOLOGY***

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

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

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

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

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

## **ACADEMIC SERVICES**

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

## **INDUCTION**

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

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

In August, the first day experience focuses on the district and campus culture for all district professionals new to KISD, their mentors and campus leadership teams. For the remainder of Induction, teachers learn concepts through focused conversations around topics such as under-resourced learners, the uniqueness of the military child, TEKS Resource System (District curriculum), relationship building and the tenets of effective classroom management. Appraisal training, a classroom observation day, and 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. Experienced who are new to KISD are assigned a buddy at the discretion of the building principal. The School Leadership Department provides mentor training for teachers who are selected by their principals to serve as mentors. First-Time mentors are required to complete two 2-hour mentor training sessions in order to qualify as a mentor, Initial Mentoring and Leadership for Mentors. Experiences mentors participate in Annual Mentor Networking in order to maintain their mentor status and deepen their capacity to support new teachers. Mentors Sign a KISD Mentor Commitment, agreeing to complete the required and fulfill the expectations of the mentoring program.

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

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

### **CLASSROOM MANAGEMENT**

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

### **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 the Leadership Development department.

### **ADMINISTRATOR TRAINING**

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

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

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

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

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

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

## ***FINANCIAL INFORMATION***

### ***SINGLE AUDIT***

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

As a part of the District's single audit, described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations. The results of the District's single audit for the fiscal year ended August 31, 2015, provided no instances of material weaknesses in the internal control structure.

### ***BUDGETARY CONTROLS***

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

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

## ***OTHER INFORMATION***

### ***INDEPENDENT AUDIT***

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

### ***AWARDS***

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Killeen Independent School District for its comprehensive annual financial report for the fiscal year ended August 31, 2014. This was the twenty-fourth 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, 2014. This award certifies that the comprehensive annual financial report substantially conforms to the principles and standards of financial reporting as recommended and adopted by ASBO. The award is granted only after an intensive review of the CAFR by an expert panel of certified public accountants and practicing school business officials.

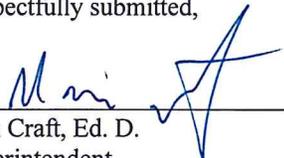
ASBO's Certificate of Excellence in Financial Reporting is valid for one year only. Killeen Independent School District has received a Certificate of Excellence in Financial Reporting for the past twenty-three consecutive years (fiscal years 1991-2014). We believe that our current CAFR continues to conform to the Certificate of Excellence program requirements, and we are submitting it to ASBO.

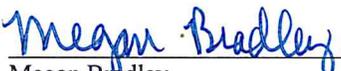
***ACKNOWLEDGMENTS***

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

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

Respectfully submitted,

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

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

# KILLEEN INDEPENDENT SCHOOL DISTRICT

## PRINCIPAL OFFICERS

### *BOARD OF TRUSTEES*

Terry Delano -- *President*

Corbett Lawler -- *Vice President*

Minerva Trujillo -- *Secretary*

Shelley Wells -- *Board Member*

Susan Jones -- *Board Member*

JoAnn Purser -- *Board Member*

Marvin Rainwater -- *Board Member*

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

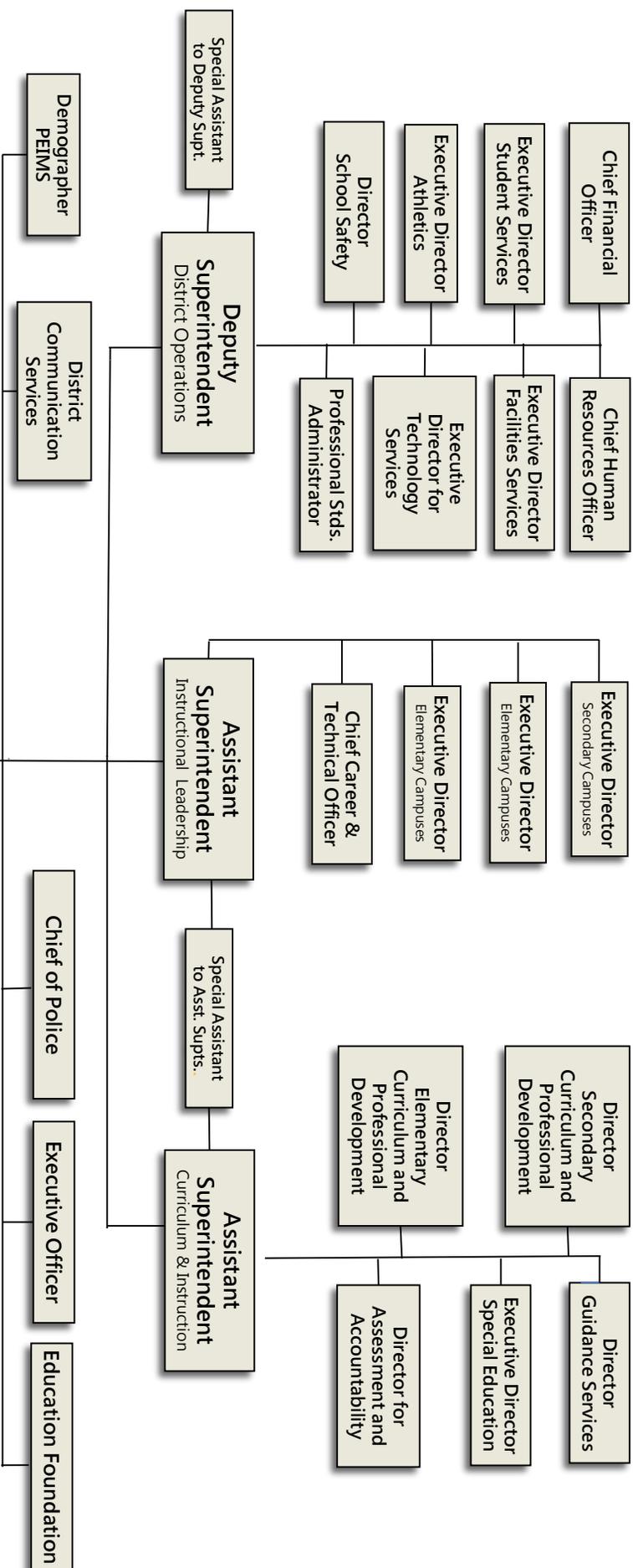
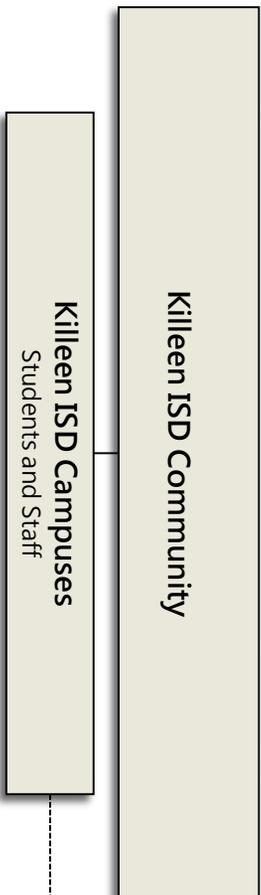
### *SCHOOL DISTRICT ADMINISTRATION*

John Craft, Ed. D.

*Superintendent*



# Killdeer ISD Organizational Leadership Support



# Association of School Business Officials International



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

## Killeen Independent School District

*For Its Comprehensive Annual Financial Report (CAFR)  
For the Fiscal Year Ended August 31, 2014*

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



A handwritten signature in black ink, appearing to read 'M. Pepera', written over a horizontal line.

Mark C. Pepera, MBA, RSBO, SFO  
President

A handwritten signature in black ink, appearing to read 'John D. Musso', written over a horizontal line.

John D. Musso, CAE, RSBA  
Executive Director



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
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Presented to

**Killeen Independent School District  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**August 31, 2014**

Executive Director/CEO





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

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

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Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Killeen Independent School District (the District), as of and for the year ended August 31, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Killeen Independent School District as of August 31, 2015, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, required TEA schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

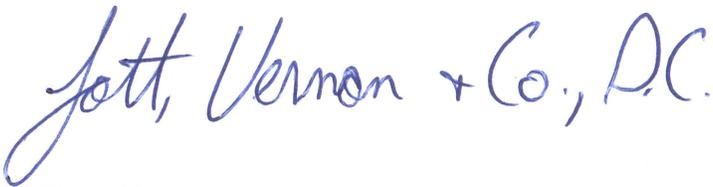
The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures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

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

The Introductory and Statistical sections, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2015, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial report and compliance.

A handwritten signature in blue ink that reads "Jett, Vernon + Co., P.C." The signature is written in a cursive, flowing style.

Killeen, Texas

December 28, 2015



## 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, 2015. Please read it in conjunction with the transmittal letter at the front of this report and the District’s financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

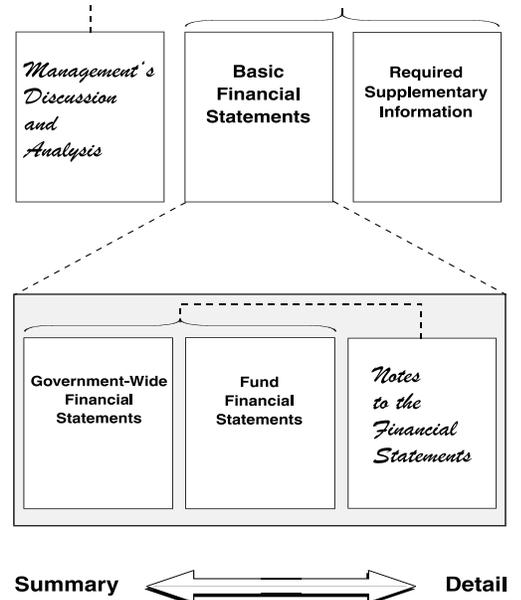
- The District’s total combined net position was \$499.4 million at August 31, 2015, compared to \$523.6 million at August 31, 2014 (see Table A-1).
- The adjusted allotment for State Foundation funding increased from \$5,019 to \$5,110 resulting in a \$9.4 million revenue increase from the previous year. Federal revenues increased \$12.7 million from additional 2012 impact aid funding.
- On January 14, 2015 the District issued \$10,255,000 in Unlimited Tax Refunding Bonds to refund \$10,620,000 of the 2005 Unlimited Tax Refunding Bonds. (See footnote F)
- The District transferred an additional \$17.1 million from the General fund to the School Building Projects fund to bring the General fund unassigned balance down to two and a half month’s operating expenditures in accordance with board policy.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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



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

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

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

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

### Government-Wide Statements

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

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

- Over time, increases or decreases in the District's net position are indicators of whether its financial health is improving or deteriorating, respectively.

- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District’s tax base and the condition of school buildings and other facilities.

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

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

## **Fund Financial Statements**

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

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

The District has two kinds of funds:

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

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

**Net position** – The District’s net position decreased by \$24,199,085 from the previous fiscal year. A \$44,268,428 liability, \$13,541,843 deferred inflow of resources, and a \$10,653,175 deferred outflow of resources is reported in the current year for the District’s proportionate share of the Teacher Retirement System’s net pension liability. The recognition of the liability results in a \$50,156,314 prior period adjustment since this is the first year of implementation of GASB Statement 68. (See note H) This prior period adjustment netted with a \$25,957,229 change in net position reduces the District’s *combined* net position to \$499.4 million on August 31, 2015 (See Table A-1). The \$19.9 million of the District’s restricted net position represents fund balance that is restricted for federal and state programs (\$14.7

million), retirement of Long-Term Debt (\$1.3 million), scholarships and federal non-grant funding (\$2 million), and construction projects at year end (\$1.9 million). The \$158.3 million of General and Capital Projects Funds unrestricted net position represents resources available to fund the programs of the District in future years. Current and Other Assets increased \$18.1 million due to increased revenue funds held in cash and investments. Additionally, long term liabilities increased by \$34 million as a result of current year payments on outstanding long term debt, a bond refunding and the net pension liability noted above.

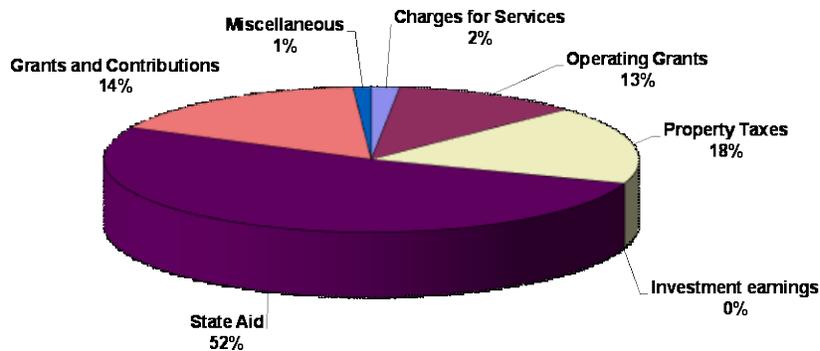
**Table A-1**

**The District's Net Position**  
*(in millions of dollars)*

	<b>Governmental Activities</b>		<b>Percentage Change</b>
	<b>2015</b>	<b>2014</b>	
Current and Other Assets	254.3	236.2	7.7%
Capital Assets	383.3	391.2	-2.0%
<b>Total Assets</b>	<b>637.6</b>	<b>627.4</b>	1.6%
<b>Deferred Outflows of Resources</b>	10.7	1.1	
Current Liabilities	13.8	17.2	-19.8%
Long Term Liabilities	121.6	87.6	38.8%
<b>Total Liabilities</b>	<b>135.4</b>	<b>104.8</b>	29.2%
<b>Deferred Inflows of Resources</b>	13.5	0.0	
Net Position			
Net Investment in Capital Assets	321.2	321.8	-0.2%
Restricted	19.9	18.6	7.0%
Unrestricted	158.3	183.2	-13.6%
<b>Total Net Position</b>	<b>499.4</b>	<b>523.6</b>	-4.6%

A significant portion, approximately 52 percent, of the District's revenue comes from state aid. (See Figure A-3.) 18 percent comes from property taxes, while only 2 percent relates to charges for services. The total cost of all programs and services was approximately \$392.5 million; 86% of these costs are for instructional and student services.

**Figure A-3 District Revenue for Fiscal Year 2015**



**Governmental Activities**

- The District continues to build new instructional facilities.
- Property values grew by approximately \$121.8 million.
- Student enrollment exceeded projections for the 2015 school year.

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

	<b>Governmental Activities</b>		<b>Total % Change</b>
	<b><u>2015</u></b>	<b><u>2014</u></b>	
<b>Revenues</b>			
<u>Program Revenues</u>			
Charges for Services	7.1	8.2	-13.4%
Operating Grants and Contributions	47.0	46.7	0.6%
<u>General Revenues</u>			
Property Taxes	72.9	71.5	2.0%
State Aid - Formula Grants	216.9	207.5	4.5%
Grants and Contributions Not Restricted	69.7	55.6	25.4%
Investment Earnings	0.3	0.3	0.0%
Other	4.6	2.1	119.0%
<b>Total Revenues</b>	<b>418.5</b>	<b>391.9</b>	<b>6.8%</b>
<b>Expenses</b>			
Instruction and instructional related	250.0	241.9	3.3%
Instructional leadership/school administration	24.9	23.8	4.6%
Guidance, social work, health, transportation	31.4	30.2	4.0%
Food services	20.3	20.9	-2.9%
Extracurricular activities	9.3	8.3	12.0%
General administration	7.4	6.9	7.2%
Plant maintenance and security	39.8	35.9	10.9%
Data processing services	4.7	4.8	-2.1%
Community services	1.1	1.2	-8.3%
Debt service	2.8	3.0	-6.7%
Other intergovernmental charges	0.8	0.8	0.0%
<b>Total Expenses</b>	<b>392.5</b>	<b>377.7</b>	<b>3.9%</b>
<b>Increase in Net Position</b>	<b>26.0</b>	<b>14.2</b>	
<b>Beginning Net Position</b>	<b>523.6</b>	<b>509.4</b>	
<b>Restatement of Beginning Net Position -per GASB #68</b>	<b>-50.2</b>	<b>0.0</b>	
<b>Ending Net Position</b>	<b>499.4</b>	<b>523.6</b>	

Program Revenues – Charges for services decreased \$1.1 million as a result of E-rate revenues being accounted for through discounted billing. As mentioned above, General Revenues – property taxes increased by \$1.4 million due to a 2% increase in property values. The State foundation adjusted allotment increased \$91 per weighted average daily attendance. This netted with the previous year’s final summary of finance adjustments increased State aid formula grants by \$9.4 million. The \$14.1 million

increase in Grants & Contributions not Restricted is primarily the increased funding in federal impact aid funding mentioned previously on page 5. Lastly, other general revenues experienced a \$2.5 million increase largely due to insurance proceeds from hail damages.

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

- (a) Instruction and instruction related expenses increased by \$8.1 million due to salary and health insurance premium increases of approximately \$5.2 million, \$1.9 million in increased TRS non-OASDI contributions, \$1 million textbook purchases.
- (b) Instructional leadership and school administration increased by \$1.1 million due to salary, health insurance premiums and TRS increases of \$.5 million, \$.3 million in special education contracted services, and \$.3 million in furniture and equipment purchases.
- (c) Guidance, social work, health and transportation increased \$1.2 million due to salary, health insurance premiums and TRS increases
- (d) Plant maintenance and security expenses increased by \$3.9 million due to \$1.4 million in track resurfacing, \$2.1 million in hail damage repairs, \$.4 million in projector life cycle replacements and Stadium press box painting repairs.

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 \$392.5 million.
- However, the amount that our taxpayers paid for these activities through property taxes was only \$72.9 million (which is approximately 18.5%).
- 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 (\$7.1 million).

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

	Total Cost of Services		% Change	Net Cost of Services		% Change
	2015	2014		2015	2014	
Instruction	\$ 228.1	\$ 219.7	3.8%	\$ 207.4	\$ 197.6	5.0%
Extracurricular	9.3	8.3	12.0%	7.3	6.6	10.6%
Food Services	20.3	20.9	-2.9%	(0.5)	0.8	-162.5%
Plant Maintenance & Operations	36.8	32.7	12.5%	36.1	32.0	12.8%

### Fiduciary Funds

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

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

General fund revenue increased \$22.5 million from the prior year due to the state foundation funding allotment, per weighted average daily attendance, increasing \$91 a student. (\$9.4 million) Property tax values increased 2%. (\$1.4 million) TRS on behalf increased \$1 million. Hail damage insurance proceeds equated to \$2.2 million. Lastly, the district received an additional \$8.5 in impact aid funding from the previous year. General fund expenditures increased by \$18.4 million due to a 2% pay increase, increased health benefit costs, TRS contributions, athletic field maintenance, athletic and fine arts equipment, and bus purchases.

School building projects fund experienced a \$2.8 million increase in revenues as a result of additional impact aid construction funding. Construction expenditures, on the other hand, decreased \$13 million. The warehouse, elementary school, and elementary school addition construction projects were completed in the previous year. The District is currently in the planning phases of a new middle school.

As mentioned below, the large transfer from general fund to school building projects fund resulted in an \$8.6 million surplus to general fund and a \$10.7 million surplus to the building projects fund.

### General Fund Budgetary Highlights

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

- Accrued expenditures for outstanding purchase orders, and approved capital improvement and construction projects not yet completed at year end.
- \$17.1 million was transferred to the capital projects funds to decrease the general fund balance to 2.5 months of operating expenditures and fund future construction needs and 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	\$ 207.6	\$ 205.4	\$ (2.2)	\$ 202.6	\$ (2.8)	1
199-13-6XXX	6.1	7.1	1.0	6.5	(0.6)	2
199-23-6XXX	20.5	21.5	1.0	21.2	(0.3)	3
199-51-6XXX	34.0	36.1	2.1	33.7	(2.4)	4
199-00-8911	3.4	17.1	13.7	17.1	0	5

1. The amended decrease is the result of \$2.2 million in costs originally planned in function 11 and moved to other functions after campuses finalized their campus improvement plans.
2. The amended increase in expenditures is for increased travel and contracted services costs originally planned in function 11 and moved to function 13.
3. The amended increase in expenditures is for summer school salaries, life cycle replacement, and furniture copier replacement costs originally planned in function 11 and moved to function 23.
4. The amended increase in expenditures is for athletic field maintenance projects and hail damage repairs performed during the year.
5. A transfer was made to school building projects fund in an attempt to lower general fund unassigned balance to two and half months operating expenditures in accordance with board policy. Additional impact aid monies were also transferred.

### **Fund Balances**

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

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

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

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

Fund balance in the General Fund at year-end was \$109,186,473. This is an \$8,569,384 increase from the prior year. The increase is the net result of a \$25,478,145 excess of revenues over expenditures and a reduction for other financing sources and uses of \$16,908,761. Transfers to capital projects funds were the majority of the other financing sources and uses.

The General Fund unassigned fund balance of \$91,411,595 is equivalent to approximately three months of expenditures. The unassigned fund balance minimizes the likelihood that the District would be required to enter the short-term debt market to pay for current operating expenditures. In addition,

\$9,496,601 of restricted fund balance is the amount remaining from state & federal grants. \$4,451,711 of fund balance is set aside to pay for financial software and two natatorium contracts and is reported as assigned.

The School Building Projects fund accounts for funds transferred from the general fund to use in constructing future building needs due to student growth. Fund balance in the School Building Projects fund increased by \$10,692,882. This increase is the net result of \$6,144,110 in revenue, \$8,344,311 in facilities construction expenditures, \$13,722,063 transfer from the general fund, and a \$828,980 transfer to the New School Furniture & Equipment fund to furnish and equip new campuses. Fund balance at year end is \$118,520,339 and is comprised of \$2,773,041 committed by the board of trustees to pay for approved projects on the strategic facilities plan and fulfill uncompleted construction contracts currently in progress, and \$115,747,298 assigned for future facilities needs identified by the board in the strategic facilities plan.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2015, the District had invested approximately \$383.3 million in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-5.) This amount represents a net decrease (including additions and deductions) of \$7.8 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)*

	Governmental Activities		Total % Change
	2015	2014	
Land	12.9	11.4	13.2%
Buildings and Improvements	576.6	546.5	5.5%
Furniture and Equipment	76.8	73.7	4.2%
Construction in Progress	0.8	24.9	-96.8%
Totals at historical cost	<b>667.1</b>	<b>656.5</b>	1.6%
Total accumulated depreciation	<b>(283.8)</b>	<b>(265.4)</b>	6.9%
Net capital assets	<b>383.3</b>	<b>391.1</b>	-2.0%

### Long-Term Debt

Debt Service requirements for the general obligation bonds outstanding on August 31, 2015 totaled \$69,295,000. The ratios of the District's net bonded debt to assessed valuation and the amount of net bonded debt per capita are disclosed in schedule 12 of the Statistical Section. The outstanding general obligation bonds are for school construction purposes.

#### Bond Ratings

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

As of the end of the fiscal year, the District requires \$86,451,550 (including principal, interest due and accrued interest) through 2028 to retire its outstanding general long-term bonds. The debt service fund has \$1,313,597 restricted in fund balance for retirement of funded indebtedness.

The District levied a debt service tax rate of \$0.088 during the 2014-2015 fiscal year to fund a portion of the principal and interest payments on our bonded indebtedness. Due to legislation to assist school Districts with school construction, a significant share (approximately 50%) of the District's debt service is paid by the state. The District's local share of debt service is covered by Interest & Sinking taxes or local revenue as outlined above. More detailed information about the District's debt is presented in Note F of the Notes to the Financial Statements.

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

The District expects student enrollment to increase in the 2016 fiscal year.

While there is uncertainty in the area of school finance at both the local, state and federal levels, the district maintains a healthy fund balance both for operational purposes and for funding future facilities. Additionally, the district's debt service fund is generated through the interest and sinking rate. The district has taken steps to decrease the amount of debt service owed for future years by refunding higher interest bonds. This allows the District's interest and sinking rate to remain stable regardless of future changes in assessed values. Currently, with the budget discussions at the federal level contemplating reductions to expenditures, the district's federal revenues are subject to reductions. However, in many ways the outcome of these discussions will have a broader impact than simply school funding. Therefore, the district could be affected both directly and indirectly if federal revenues are reduced.

The district is contemplating a new bond issuance within the next couple of years to fund an additional high school, middle school and elementary school by 2019. In addition, the district has identified additional facility needs in the next seven years that includes an elementary school and middle school.

The Board approved the maintenance and operations tax rate for the 2015-2016 fiscal year of \$1.04 and a debt service rate of \$0.088 for a total of \$1.128.

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

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

KILLEEN INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
AUGUST 31, 2015

EXHIBIT A-1

Data Control Codes	Primary Government
	Governmental Activities
<b>ASSETS</b>	
1110 Cash and Cash Equivalents	\$ 8,108,451
1120 Current Investments	236,317,489
1220 Property Taxes Receivable (Delinquent)	2,106,386
1230 Allowance for Uncollectible Taxes	(315,958)
1240 Due from Other Governments	2,681,678
1290 Other Receivables, net	567,022
1300 Inventories	1,734,866
1410 Prepayments	2,902,590
Capital Assets:	
1510 Land	12,930,009
1520 Buildings, Net	353,235,897
1530 Furniture and Equipment, Net	16,365,508
1580 Construction in Progress	830,333
1990 Other Assets	211,729
1000 Total Assets	637,676,000
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
1701 Deferred Charge for Refunding	47,709
1705 Deferred Outflow Related to TRS	10,653,175
1700 Total Deferred Outflows of Resources	10,700,884
<b>LIABILITIES</b>	
2110 Accounts Payable	7,190,395
2120 Short Term Debt Payable	2,692,741
2160 Accrued Wages Payable	1,509,950
2180 Due to Other Governments	2,369,070
2300 Unearned Revenue	26,154
Noncurrent Liabilities	
2501 Due Within One Year	9,944,835
2502 Due in More Than One Year	67,396,395
2540 Net Pension Liability (District's Share)	44,268,428
2000 Total Liabilities	135,397,968
<b>DEFERRED INFLOWS OF RESOURCES</b>	
2605 Deferred Inflow Related to TRS	13,541,843
2600 Total Deferred Inflows of Resources	13,541,843
<b>NET POSITION</b>	
3200 Net Investment in Capital Assets	321,215,852
3820 Restricted for Federal and State Programs	14,741,255
3850 Restricted for Debt Service	1,313,597
3860 Restricted for Capital Projects	1,899,468
3890 Restricted for Other Purposes	1,943,951
3900 Unrestricted	158,322,950
3000 Total Net Position	\$ 499,437,073

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, 2015

EXHIBIT B-1

Data Control Codes	1	Program Revenues		6
Codes	Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities

**Primary Government:**

GOVERNMENTAL ACTIVITIES:

11 Instruction	\$ 228,071,692	\$ 427,396	\$ 20,214,528	\$ (207,429,768)
12 Instructional Resources and Media Services	10,268,629	-	435,395	(9,833,234)
13 Curriculum and Staff Development	11,614,326	-	4,035,659	(7,578,667)
21 Instructional Leadership	3,750,220	-	236,810	(3,513,410)
23 School Leadership	21,118,474	-	925,437	(20,193,037)
31 Guidance, Counseling and Evaluation Services	13,970,302	-	1,274,003	(12,696,299)
32 Social Work Services	1,454,180	-	235,380	(1,218,800)
33 Health Services	3,910,343	-	165,682	(3,744,661)
34 Student (Pupil) Transportation	12,005,357	-	1,511,148	(10,494,209)
35 Food Services	20,350,881	4,821,777	16,012,095	482,991
36 Extracurricular Activities	9,302,440	1,745,741	260,093	(7,296,606)
41 General Administration	7,356,181	41,357	242,238	(7,072,586)
51 Facilities Maintenance and Operations	36,860,862	41,357	729,019	(36,090,486)
52 Security and Monitoring Services	3,020,471	-	75,256	(2,945,215)
53 Data Processing Services	4,675,761	-	137,444	(4,538,317)
61 Community Services	1,152,262	41,357	539,060	(571,845)
72 Debt Service - Interest on Long Term Debt	2,690,706	-	-	(2,690,706)
73 Debt Service - Bond Issuance Cost and Fees	142,598	-	-	(142,598)
99 Other Intergovernmental Charges	773,730	-	-	(773,730)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 392,489,415	\$ 7,118,985	\$ 47,029,247	(338,341,183)

Data Control Codes	General Revenues:		
	Taxes:		
MT	Property Taxes, Levied for General Purposes		67,180,493
DT	Property Taxes, Levied for Debt Service		5,682,338
SF	State Aid - Formula Grants		216,884,667
GC	Grants and Contributions not Restricted		69,680,229
IE	Investment Earnings		261,972
MI	Miscellaneous Local and Intermediate Revenue		4,608,713
TR	Total General Revenues		364,298,412
CN	Change in Net Position		25,957,229
NB	Net Position - Beginning as Restated (Note R)		473,479,844
NE	Net Position--Ending		\$ 499,437,073

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



KILLEEN INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AUGUST 31, 2015

Data Control Codes	General Fund	School Building Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
1110 Cash and Cash Equivalents	\$ 2,112,494	\$ 138,700	\$ 5,857,257	\$ 8,108,451
1120 Investments - Current	116,307,571	115,694,697	4,315,221	236,317,489
1220 Property Taxes - Delinquent	1,929,991	-	176,395	2,106,386
1230 Allowance for Uncollectible Taxes (Credit)	(289,499)	-	(26,459)	(315,958)
1240 Receivables from Other Governments	247,762	-	2,433,916	2,681,678
1260 Due from Other Funds	1,843,372	4,084,067	891,418	6,818,857
1290 Other Receivables	551,584	562	14,876	567,022
1300 Inventories	1,076,372	-	658,494	1,734,866
1410 Prepayments	2,750,194	-	152,396	2,902,590
1900 Other Assets	-	-	211,729	211,729
1000 Total Assets	<u>\$ 126,529,841</u>	<u>\$ 119,918,026</u>	<u>\$ 14,685,243</u>	<u>\$ 261,133,110</u>
<b>LIABILITIES</b>				
2110 Accounts Payable	\$ 5,728,428	\$ 568,573	\$ 893,394	\$ 7,190,395
2120 Short Term Debt Payable - Current	2,444,142	-	248,599	2,692,741
2160 Accrued Wages Payable	1,402,373	-	107,577	1,509,950
2170 Due to Other Funds	4,142,587	829,114	1,847,156	6,818,857
2180 Due to Other Governments	1,974,255	-	394,815	2,369,070
2300 Unearned Revenues	11,090	-	15,064	26,154
2000 Total Liabilities	<u>15,702,875</u>	<u>1,397,687</u>	<u>3,506,605</u>	<u>20,607,167</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
2601 Unavailable Revenue - Property Taxes	1,640,493	-	149,936	1,790,429
2600 Total Deferred Inflows of Resources	<u>1,640,493</u>	<u>-</u>	<u>149,936</u>	<u>1,790,429</u>
<b>FUND BALANCES</b>				
Nonspendable Fund Balance:				
3410 Inventories	1,076,372	-	658,493	1,734,865
3425 Endowment Principal	-	-	189,715	189,715
3430 Prepaid Items	2,750,194	-	32,549	2,782,743
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	7,776,486	-	6,964,769	14,741,255
3480 Retirement of Long-Term Debt	-	-	1,313,597	1,313,597
3490 Other Restricted Fund Balance	1,720,115	-	34,121	1,754,236
Committed Fund Balance:				
3510 Construction	-	2,773,041	-	2,773,041
3545 Other Committed Fund Balance	-	-	681,270	681,270
Assigned Fund Balance:				
3550 Construction	-	115,747,298	1,154,188	116,901,486
3590 Other Assigned Fund Balance	4,451,711	-	-	4,451,711
3600 Unassigned Fund Balance	91,411,595	-	-	91,411,595
3000 Total Fund Balances	<u>109,186,473</u>	<u>118,520,339</u>	<u>11,028,702</u>	<u>238,735,514</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 126,529,841</u>	<u>\$ 119,918,026</u>	<u>\$ 14,685,243</u>	<u>\$ 261,133,110</u>

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

KILLEEN INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
AUGUST 31, 2015

<b>Total Fund Balances - Governmental Funds</b>	\$	238,735,514
<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 \$656,529,742 and the accumulated depreciation was (\$265,377,462). In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.		305,678,067
<b>2</b> Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2015 capital outlays and debt principal payments is to increase net position.		20,063,744
<b>3</b> Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68 in the amount of \$44,268,428, a Deferred Resource Inflow related to TRS in the amount of \$13,541,843 and a Deferred Resource Outflow related to TRS in the amount of \$10,653,175. This amounted to a decrease in Net Position in the amount of \$47,157,096.		(47,157,096)
<b>4</b> The 2015 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(19,142,099)
<b>5</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 unavailable revenue from property taxes as revenue, reclassifying the proceeds of bond sales as an increase in bonds payable, 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 position.		1,258,943
<b>19 Net Position of Governmental Activities</b>	<u>\$</u>	<u>499,437,073</u>

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

KILLEEN INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2015

EXHIBIT C-3

Data Control Codes	General Fund	School Building Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 72,711,075	\$ 131,926	\$ 11,808,637	\$ 84,651,638
5800 State Program Revenues	225,459,210	-	6,848,899	232,308,109
5900 Federal Program Revenues	60,456,275	6,012,184	34,817,575	101,286,034
5020 Total Revenues	<u>358,626,560</u>	<u>6,144,110</u>	<u>53,475,111</u>	<u>418,245,781</u>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
0011 Instruction	202,644,600	-	12,654,768	215,299,368
0012 Instructional Resources and Media Services	10,139,057	-	304,463	10,443,520
0013 Curriculum and Instructional Staff Development	6,476,595	-	3,812,651	10,289,246
0021 Instructional Leadership	3,678,582	-	102,390	3,780,972
0023 School Leadership	21,187,867	-	169,626	21,357,493
0031 Guidance, Counseling and Evaluation Services	13,377,511	-	710,178	14,087,689
0032 Social Work Services	1,278,143	-	189,110	1,467,253
0033 Health Services	3,936,820	-	4,451	3,941,271
0034 Student (Pupil) Transportation	11,171,014	-	1,230,309	12,401,323
0035 Food Services	332,913	-	19,946,171	20,279,084
0036 Extracurricular Activities	9,060,162	-	275,465	9,335,627
0041 General Administration	7,323,451	60,328	13,430	7,397,209
0051 Facilities Maintenance and Operations	33,666,478	430,053	1,685,218	35,781,749
0052 Security and Monitoring Services	2,711,276	261,847	46,087	3,019,210
0053 Data Processing Services	4,668,144	-	13,720	4,681,864
0061 Community Services	657,653	-	506,016	1,163,669
<b>Debt Service:</b>				
0071 Principal on Long Term Debt	-	-	8,845,000	8,845,000
0072 Interest on Long Term Debt	-	-	3,133,742	3,133,742
0073 Bond Issuance Cost and Fees	-	-	142,598	142,598
<b>Capital Outlay:</b>				
0081 Facilities Acquisition and Construction	64,419	7,592,083	1,745,756	9,402,258
<b>Intergovernmental:</b>				
0099 Other Intergovernmental Charges	773,730	-	-	773,730
6030 Total Expenditures	<u>333,148,415</u>	<u>8,344,311</u>	<u>55,531,149</u>	<u>397,023,875</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>25,478,145</u>	<u>(2,200,201)</u>	<u>(2,056,038)</u>	<u>21,221,906</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
7911 Capital Related Debt Issued (Regular Bonds)	-	-	10,255,000	10,255,000
7912 Sale of Real and Personal Property	191,079	-	345	191,424
7915 Transfers In	-	13,722,063	4,312,435	18,034,498
7916 Premium or Discount on Issuance of Bonds	-	-	773,775	773,775
8911 Transfers Out (Use)	(17,099,840)	(828,980)	(105,678)	(18,034,498)
8949 Other (Uses)	-	-	(10,885,500)	(10,885,500)
7080 Total Other Financing Sources (Uses)	<u>(16,908,761)</u>	<u>12,893,083</u>	<u>4,350,377</u>	<u>334,699</u>
1200 Net Change in Fund Balances	8,569,384	10,692,882	2,294,339	21,556,605
0100 Fund Balance - September 1 (Beginning)	<u>100,617,089</u>	<u>107,827,457</u>	<u>8,734,363</u>	<u>217,178,909</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 109,186,473</u>	<u>\$ 118,520,339</u>	<u>\$ 11,028,702</u>	<u>\$ 238,735,514</u>

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

KILLEEN INDEPENDENT SCHOOL DISTRICT  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED AUGUST 31, 2015

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	21,556,605
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2015 capital outlays and debt principal payments is to increase net position.		20,063,744
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.		(19,142,099)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, reclassifying the proceeds of bond sales, 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 position.		479,761
The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of 8/31/2014 caused the change in the ending net position to increase in the amount of \$7,091,052. The District recorded their proportionate share of the pension expense during the measurement period as part of the net pension liability. The amounts expensed for FY2015 were \$6,876,724 for pension expense columns 6 - 12 from TRS data and the amounts de-expended for the net deferred resource inflow recognized by TRS in the measurement period were \$2,784,890. This caused a net decrease in the change in net position of \$4,091,834. The impact of all of these is to increase the change in net position by \$2,999,218.		2,999,218
<b>Change in Net Position of Governmental Activities</b>	<u>\$</u>	<u>25,957,229</u>

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

KILLEEN INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED AUGUST 31, 2015

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ 70,076,011	\$ 72,572,881	\$ 72,711,075	\$ 138,194
5800	State Program Revenues	219,463,603	224,753,778	225,459,210	705,432
5900	Federal Program Revenues	51,048,067	59,585,798	60,456,275	870,477
5020	Total Revenues	340,587,681	356,912,457	358,626,560	1,714,103
<b>EXPENDITURES:</b>					
Current:					
0011	Instruction	207,557,194	205,372,543	202,644,600	2,727,943
0012	Instructional Resources and Media Services	9,764,590	10,139,707	10,139,057	650
0013	Curriculum and Instructional Staff Development	6,072,717	7,111,314	6,476,595	634,719
0021	Instructional Leadership	3,417,659	3,865,571	3,678,582	186,989
0023	School Leadership	20,536,191	21,481,794	21,187,867	293,927
0031	Guidance, Counseling and Evaluation Services	13,624,745	14,017,355	13,377,511	639,844
0032	Social Work Services	1,283,115	1,292,851	1,278,143	14,708
0033	Health Services	3,928,265	4,042,682	3,936,820	105,862
0034	Student (Pupil) Transportation	11,460,686	11,293,436	11,171,014	122,422
0035	Food Services	320,772	333,039	332,913	126
0036	Extracurricular Activities	8,619,479	9,348,632	9,060,162	288,470
0041	General Administration	7,806,394	7,805,248	7,323,451	481,797
0051	Facilities Maintenance and Operations	34,044,437	36,092,910	33,666,478	2,426,432
0052	Security and Monitoring Services	2,901,163	3,010,419	2,711,276	299,143
0053	Data Processing Services	4,383,447	4,986,002	4,668,144	317,858
0061	Community Services	742,681	804,610	657,653	146,957
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	79,403	64,419	14,984
Intergovernmental:					
0099	Other Intergovernmental Charges	791,595	791,595	773,730	17,865
6030	Total Expenditures	337,255,130	341,869,111	333,148,415	8,720,696
1100	Excess of Revenues Over Expenditures	3,332,551	15,043,346	25,478,145	10,434,799
<b>OTHER FINANCING SOURCES (USES):</b>					
7912	Sale of Real and Personal Property	40,000	189,942	191,079	1,137
8911	Transfers Out (Use)	(3,372,551)	(17,094,614)	(17,099,840)	(5,226)
7080	Total Other Financing Sources (Uses)	(3,332,551)	(16,904,672)	(16,908,761)	(4,089)
1200	Net Change in Fund Balances	-	(1,861,325)	8,569,384	10,430,709
0100	Fund Balance - September 1 (Beginning)	100,617,089	100,617,089	100,617,089	-
3000	Fund Balance - August 31 (Ending)	\$ 100,617,089	\$ 98,755,764	\$ 109,186,473	\$ 10,430,709

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

KILLEEN INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
AUGUST 31, 2015

	Private Purpose Trust Funds	Agency Funds
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 38,070	\$ 1,220,336
Investments - Current	7,222	144,226
Other Receivables	119	586
Long Term Investments	1,696,360	-
Total Assets	<u>1,741,771</u>	<u>\$ 1,365,148</u>
<b>LIABILITIES</b>		
Accounts Payable	8,000	\$ 3,533
Due to Student Groups	-	665,679
Payable from Restricted Assets	-	695,936
Total Liabilities	<u>8,000</u>	<u>\$ 1,365,148</u>
<b>NET POSITION</b>		
Held in Trust for Other Purposes	<u>1,733,771</u>	
Total Net Position	<u>\$ 1,733,771</u>	

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

KILLEEN INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2015

	Private Purpose Trust Funds
ADDITIONS:	
Local and Intermediate Sources	\$ 30,278
Total Additions	<u>30,278</u>
DEDUCTIONS:	
Other Operating Costs	<u>127,567</u>
Total Deductions	<u>127,567</u>
Change in Net Position	(97,289)
Total Net Position - September 1 (Beginning)	<u>1,831,060</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 1,733,771</u></u>

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

**I. Summary of Significant Accounting Policies**

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

**A. Reporting Entity**

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

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

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

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

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

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

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

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

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

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

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

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

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

The Proprietary Fund Types are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which

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

#### D. Fund Accounting

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

The District reports the following major governmental funds:

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

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

Additionally, the District reports the following fund types:

Governmental Fund Types:

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

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

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

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

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

IDEA B Discretionary – IDEA-B Discretionary (Deaf) funds are allocated to provide educational

services to eligible students in an RDSPD and to support statewide activities that are approved by TEA.

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

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

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

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

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

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

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

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

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

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

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

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

Instructional Materials Allotment Fund – Used to account, on a project basis, for funds awarded to

schools under the textbook allotment.

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

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

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

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

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

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

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

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

**Permanent Fund** accounts for a legally restricted endowment in the amount of \$189,715 to the extent that only earnings and not principal may be used by the District to supplement funding for programs for Shoemaker High School. The net amount of appreciation available for expenditure is \$34,121 and is reflected as restricted on the statement of net position on page 15. State law and District policies regarding the ability to spend net appreciation is addressed below under private purpose trust funds.

Fiduciary Fund Types:

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

The Haynes, Wood, Pratt, Cross, Alt and Ware scholarship funds are accounted for in fund 823

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

Scholarship account:	Endowment	Current Balance	Net Appreciation Available for Expenditure
Cross	\$ 724,896	\$ 1,018,736	\$ 293,840
Haynes	\$ 100,000	125,374	25,374
Wood	\$ 209,530	301,066	91,536
Pratt	\$ 83,195	119,532	36,337
Ware	\$ 100,000	131,652	31,652
		<u>\$ 1,696,360</u>	<u>\$ 478,739</u>

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

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

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

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

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

## E. Other Accounting Policies

### Encumbrances

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

### Inventories and prepaid items

Inventories include school nutrition, plant maintenance, administrative supplies, and instructional supplies. Such inventories are valued at cost, determined on a weighted average method, and are offset with a corresponding fund equity reserve. These inventories are accounted for on the consumption method whereby expenditures are recorded when inventories are consumed. Since title

to USDA donated commodities does not pass to the District until consumed, donated commodities inventory at the balance sheet date is reported as deferred revenue. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount.

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

#### Investments

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

#### Bonds Payable

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the term of the bonds using the effective interest method. Bonds payable, net of the applicable bond premium or discount, are disclosed in exhibit J-4 at page 90.

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

#### Inter-fund Receivables and Payables

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

#### Capital Assets

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

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

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

#### Deferred Outflows/Inflows of Resources

In addition to assets, the financial statements will report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources until then. The District has two items that qualify for reporting in this category. The first item is the deferred amount on refunding of debt. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is a combination of de-expended contributions made to TRS after the measurement date of August 31, 2014 and the district's share of the unrecognized deferred resource outflows used by TRS to calculate net pension liability in the Statement of Net Position.

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

#### Fund Balance Classifications

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

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

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

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

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

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

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

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

#### Minimum Fund Balance

According to the District's policy, CE (Local), the unassigned fund balance of the general fund shall not be less than three months audited expenditures. The District's general fund unassigned balance of \$91,411,595 exceeds the required minimum fund balance of \$83,287,104.

#### Data Control Codes

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

#### Cash and Cash Equivalents

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

#### Compensated Absences

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

Governmental Accounting Standards Board Statement No. 16 requires the District to accrue compensated absences as a liability to the extent it is earned but not used during the current period or prior periods for which employees can receive compensation in a future period. The District does not reimburse employees for unused sick days or personal days remaining upon termination of

employment. Therefore, no liability for compensated absences is reported at the balance sheet date in the fund financial statements. However, all vacation and flex pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements.

### Pensions

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

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

### **A. Explanation of Certain Differences Between The Governmental Fund Balance Sheet And The Government-Wide Statement Of Net Position**

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

<u>Capital Assets at the Beginning of the Year</u>	<u>Historic Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Value at the Beginning of the Year</u>	<u>Change in Net Position</u>
Land	\$ 11,391,317	\$ -	\$ 11,391,317	
Buildings & Improvements	546,477,390	208,593,130	337,884,260	
Furniture & Equipment	73,716,786	56,784,332	16,932,454	
Construction in Progress	24,944,249	-	24,944,249	
Change in Net Position				<u>\$ 391,152,280</u>
<u>Long-term Liabilities at the Beginning of the Year</u>			<u>Payable at the Beginning of the Year</u>	
Bonds Payable			\$ (77,406,000)	
Less Unamortized Premiums			(8,068,213)	
Change in Net Position				<u>(85,474,213)</u>
Net Adjustment to Net Position				<u>\$ 305,678,067</u>

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

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

	<u>Amount</u>	<u>Adjustments to Changes in Net Position</u>	<u>Adjustments to Net Position</u>
<u>Current Year Capital Outlay</u>			
Land	\$ 1,538,692		
Buildings & Improvements	655,254		
Furniture & Equipment	3,747,741		
Construction in Progress	5,420,332		
Total Capital Outlay	<u>\$ 11,362,019</u>	<u>\$ 11,362,019</u>	<u>\$ 11,362,019</u>
<u>Debt Principal Payments</u>			
Bond Principal	\$ 8,845,000		
Total Principal Payments	<u>\$ 8,845,000</u>	<u>\$ 8,845,000</u>	<u>\$ 8,845,000</u>
<u>Current Year Issuance and Refunding of Debt</u>			
Amount Deferred on Refunding	\$ (589,906)		
Newly Issued Debt	(10,255,000)		
Refunded Principal of Old Debt	10,620,000		
Refunded Premium of Old Debt	855,406		
Premium on Newly Issued Debt	(773,775)		
Total Issuance and Refunding	<u>\$ (143,275)</u>	<u>\$ (143,275)</u>	<u>\$ (143,275)</u>
Total Adjustment to Net Position		<u>\$ 20,063,744</u>	<u>\$ 20,063,744</u>

**KILLEEN INDEPENDENT SCHOOL DISTRICT***Notes To The Financial Statements (Continued)**Year Ended August 31, 2015*

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

	<u>Amount</u>	<u>Adjustments to Change In Net Position</u>
<u>Adjustments to Revenue and Deferred Revenue</u>		
Adjustments required for tax revenues for prior and current years collections adjusted for full accrual.	\$ 19,892	\$ 19,892
<u>Reclassifications related to Bonds</u>		
Discount (Premium) on Issuance of Bonds	885,187	885,187
Amount Deferred on Refunding	(461,385)	(461,385)
<u>Reclassify Liabilities Incurred but not Liquidated this Year</u>		
Unused Vacation Pay	27,286	27,286
<u>Adjustments to Expenditures and Accrued Liabilities</u>		
Bond Interest Accrual Adjustment	19,234	19,234
<u>Adjustments to Other Sources and Revenues for Loss on Sale of Assets</u>	<u>(10,453)</u>	<u>(10,453)</u>
Total		<u>\$ 479,761</u>

**III. Stewardship, Compliance, and Accountability****A. Budgetary Data**

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

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

1. Prior to August 20 the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.

**KILLEEN INDEPENDENT SCHOOL DISTRICT**

*Notes To The Financial Statements (Continued)*

*Year Ended August 31, 2015*

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	\$ 207,557,194	\$ 205,372,543	\$ (2,184,651)	1
199-13-6XXX	\$ 6,072,717	\$ 7,111,314	\$ 1,038,597	2
199-23-6XXX	\$ 20,536,191	\$ 21,481,794	\$ 945,603	3
199-36-6XXX	\$ 8,619,479	\$ 9,348,632	\$ 729,153	4
199-51-6XXX	\$ 34,044,437	\$ 36,092,910	\$ 2,048,473	5
199-53-6XXX	\$ 4,383,447	\$ 4,986,002	\$ 602,555	6
199-00-8911	\$ 3,372,551	\$ 17,094,614	\$ 13,722,063	7

- (1.) The amended decrease is the result of \$4.4 million in costs originally planned in function 11 and moved to other functions after campuses finalized their campus improvement plans, and a \$2.2 million increase in textbook adoption and dual credit tuition costs.
- (2.) The amended increase in expenditures is due to a \$.3 million increase in supplemental pay and a \$.7 million increase in travel and reading material costs that were originally planned in function 11 and moved to function 13.
- (3.) The amended increase in expenditures is due to a \$.9 million increase in supplemental pay, temporary salaries for principal vacancies, technology lifecycle replacements and capital outlay costs that were originally planned in function 11 and moved to function 23.
- (4.) The amended increase in expenditures is \$.7 million in supplemental pay for fine arts and strength and conditioning camps, four band trailers, weight training equipment and football helmets.

**KILLEEN INDEPENDENT SCHOOL DISTRICT**

*Notes To The Financial Statements (Continued)*

*Year Ended August 31, 2015*

- (5.) The amended increase in expenditures is \$1.4 million in track resurfacing, \$2.1 million in hail damage repairs, \$.5 million in an intercom system and other capital outlay items reduced by \$2 million in utility costs.
  - (6.) The amended increase in expenditures is \$.5 million to pay for the district's management information system and \$.1 million in projector and bulb replacements in classrooms.
  - (7.) A \$5.8 million transfer was made to the school building projects fund in an attempt to lower general fund unassigned balance to two and half months operating expenditures in accordance with board policy. An additional \$7.9 million of unanticipated Impact Aid funding was subsequently transferred also.
4. Each budget is controlled at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year-end. A reconciliation of fund balances for both appropriated budget and nonappropriated budget special revenue funds is as follows:

Budgeted Fund - School Nutrition	\$	4,029,346
Unbudgeted Funds:		
Summer Feeding Program		181,033
Advanced Placement Incentives		101,366
Instructional Materials Allotment		55,884
Read to Succeed		519
Campus Activity Funds		681,270
	\$	<u>5,049,418</u>

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

The District's actual expenditures for all functions did not exceed budgeted expenditures for fiscal year ended August 31, 2015.

**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, 2015, the carrying amount of the District's deposits was \$9,366,857 and the bank

balance was \$9,558,684. The District's cash deposits were entirely covered by FDIC insurance and by pledged collateral held by the District's agent bank in the District's name.

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

- a) Name of bank: Extraco Bank
- b) The market value of bond and/or security pledged as of the date of the highest combined balance on deposit was \$28,038,242.
- c) Largest cash, savings and time deposit combined account balance amounted to \$27,741,333 and occurred on March 10, 2015.
- d) Total amount of FDIC coverage at the time of largest combined balance was \$250,000.

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

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (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, 2015

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, 2015, are shown below:

		Weighted- Average Maturity	Fair Value
<u>U.S. Agency Securities - short-term:</u>			
Federal Home Loan Mortgage Corporation	\$ 39,991,400	650	\$ 39,991,400
Federal Home Loan Bank	<u>9,995,000</u>	563	<u>9,995,000</u>
			49,986,400
<u>Investments in Investment Pools and Money Markets:</u>			
TexStar	67,063,426	48	
Texas CLASS	47,119,081	52	
Lone Star	72,254,374	37	
Invesco Short-Term Investments Trust	<u>45,549</u>	47	
Total Investments in Investment Pools and Money Markets:			<u>186,482,430</u>
<b>Total Current Investments</b>			<u>236,468,830</u>
<u>Long-term and Other Assets:</u>			
Vanguard Group	1,908,196		<u>1,908,196</u>
<b>Total Investments</b>			<u><u>\$238,377,026</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 AA+ by Standard & Poor’s.

External Investment Pools:

The District uses the following external investment pools:

*TexSTAR.* The Texas Short-Term Asset Reserve Program (TexSTAR) was organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public

Funds Investment Act, Chapter 2256 of the Texas Government Code. JPMorgan Fleming Asset Management (USA), Inc. and First Southwest Asset Management, Inc. serve as co-administrators for TexSTAR under an agreement with the TexSTAR Board.

TexSTAR will invest only in instruments authorized under both the Public Funds Investment Act and the current TexSTAR Investment Policy. The primary objectives of TexSTAR are, in order of priority, preservation and protection of principal, maintenance of sufficient liquidity to meet Participants' needs, diversification to avoid unreasonable or avoidable risks, and yield. In order to comply with the Public Funds Investment Act, TexSTAR maintains an AAAM rating from Standard & Poor's which monitors weekly the fund's compliance with its rating requirements. TexSTAR operates in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. The TexSTAR Cash Reserve Fund seeks to maintain a net asset value of \$1.00 per unit and provides participants with the investment of funds that require daily liquidity availability. All investments are stated at amortized cost, which closely approximates the market value of the securities. All TexSTAR securities are marked to market on a daily basis.

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

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

must be sold within one week.

Vanguard Group:

Most of the money available for endowed scholarships has been invested within Vanguard Group. Approximately 4.77% 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 16.18% 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 69.57% 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 9.48% of the endowed funds are invested in the Vanguard International Growth Fund Investor Shares. This fund seeks to provide long-term capital appreciation.

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

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

Property tax calendar information is as follows:

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

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

**KILLEEN INDEPENDENT SCHOOL DISTRICT**

Notes To The Financial Statements (Continued)

Year Ended August 31, 2015

**C. Receivables from Other Governments**

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

	General Fund	School Building Projects Fund	Nonmajor Governmental Funds	Total
Meal Reimbursement	\$ -	\$ -	\$ 429,932	\$ 429,932
Grant Programs	-	-	1,949,266	1,949,266
Miscellaneous	247,762	-	-	247,762
State Aid	-	-	54,718	54,718
Total Due from State Government	<u>\$ 247,762</u>	<u>\$ -</u>	<u>\$ 2,433,916</u>	<u>\$ 2,681,678</u>

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

The District uses a pooled cash account that is used by multiple funds. Inter-fund balances are created when there are transactions that span more than one fund and cash is not transferred between the funds at that time. Inter-fund balances are summarized in the governmental fund financial statements and labeled as due from/to other funds. Inter-fund balances at August 31, 2015 consisted of the following individual fund receivables and payables:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund:		
School Building Projects Fund	\$ -	\$ 4,084,067
Non-Major Governmental Funds	1,843,372	58,520
Total General Fund	<u>1,843,372</u>	<u>4,142,587</u>
School Building Projects Fund		
General Fund	4,084,067	-
Non-Major Governmental Funds	-	829,114
Total School Building Projects	<u>4,084,067</u>	<u>829,114</u>
Non-Major Governmental Funds		
General Fund	58,520	1,843,372
School Building Projects Fund	829,114	-
Non-Major Governmental Funds	3,784	3,784
Total Non-Major Governmental Funds	<u>891,418</u>	<u>1,847,156</u>
Totals	<u>\$ 6,818,857</u>	<u>\$ 6,818,857</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, 2015***E. Capital Asset Activity**

Capital asset activity for the year ended August 31, 2015 was as follows:

	<b>Primary Government</b>			<b>Ending Balance</b>
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements</b>	
<b>Governmental activities:</b>				
Capital assets, not being depreciated				
Land	\$ 11,391,317	\$ 1,538,692	\$ -	\$ 12,930,009
Construction in Progress	24,944,249	5,420,332	(29,534,248)	830,333
Total non-depreciable assets	<u>36,335,566</u>	<u>6,959,024</u>	<u>(29,534,248)</u>	<u>13,760,342</u>
Capital assets, being depreciated				
Buildings and Improvements	546,477,390	30,189,502	(34,560)	576,632,332
Furniture and Equipment	73,716,786	3,747,741	(699,889)	76,764,638
Total depreciable assets	<u>620,194,176</u>	<u>33,937,243</u>	<u>(734,449)</u>	<u>653,396,970</u>
Less accumulated depreciation for:				
Buildings and Improvements	(208,593,130)	(14,837,865)	34,560	(223,396,435)
Furniture and Equipment	(56,784,332)	(4,304,234)	689,436	(60,399,130)
Total accumulated depreciation	<u>(265,377,462)</u>	<u>(19,142,099)</u>	<u>723,996</u>	<u>(283,795,565)</u>
Governmental activities capital assets, net	<u>\$ 391,152,280</u>	<u>\$ 21,754,168</u>	<u>\$ (29,544,701)</u>	<u>\$ 383,361,747</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 15,081,203
Instructional Resources and Media	171,740
Curriculum Development	1,404,724
Instructional Administration	2,694
School Leadership	24,553
Guidance, Counseling & Evaluation	3,591
Student Transportation	376,305
Food Services	326,657
Extracurricular Activities	80,529
General Administrative	14,545
Plant Maintenance and Operations	1,509,678
Security and Monitoring Services	26,155
Data Processing Services	<u>119,725</u>
Total depreciation expense	<u>\$ 19,142,099</u>

**KILLEEN INDEPENDENT SCHOOL DISTRICT**

*Notes To The Financial Statements (Continued)*

*Year Ended August 31, 2015*

**F. Bonds Payable**

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

In addition, general obligation bonds have been issued to refund general obligation debt. These bonds are direct obligations and pledge the full faith and credit of the District. Long-term debt activity for the year ended August 31, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
<b>Governmental Activities</b>					
Bonds and notes payable:					
School Refunding Bond Series					
Series 2005	\$ 13,820,000	\$ -	\$ 13,820,000	\$ -	\$ -
School Refunding Bond Series					
Series 2008	3,420,000	-	1,000,000	2,420,000	1,045,000
School Refunding Bond Series					
Series 2010	37,270,000	-	4,020,000	33,250,000	4,200,000
School Refunding Bond Series					
Series 2012	23,995,000	-	320,000	23,675,000	325,000
School Refunding Bond Series					
Series 2015	-	10,255,000	305,000	9,950,000	3,430,000
Total Bonds and notes payable	<u>\$ 78,505,000</u>	<u>\$ 10,255,000</u>	<u>\$ 19,465,000</u>	<u>\$ 69,295,000</u>	<u>\$ 9,000,000</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>
2016	\$ 9,000,000	\$ 2,978,025	\$ 11,978,025
2017	9,405,000	2,575,800	11,980,800
2018	8,200,000	2,158,775	10,358,775
2019	3,965,000	1,872,550	5,837,550
2020	4,150,000	1,685,100	5,835,100
2021-2025	23,180,000	5,284,925	28,464,925
2026-2028	11,395,000	601,375	11,996,375
	<u>\$ 69,295,000</u>	<u>\$ 17,156,550</u>	<u>\$ 86,451,550</u>

On February 8, 2005, the District issued \$34,610,000 in Unlimited Tax Refunding Bonds with an average interest rate of 4.7% to refund \$36,040,000 of the Series 1998, Unlimited Tax School Building and Refunding Bonds. The net proceeds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded 1998 Series bonds. As a result, this portion of the 1998 Series bonds

are considered under Texas State law, Article 717K, V.A.T.C.S., as amended to be defeased in-substance and the liability for those bonds has been removed from the Statement of Net Position.

The difference between the principal amount of \$34,610,000 and the sales price of \$37,833,862 of the Series 2005 bonds represents the unamortized premium. The premium is being amortized over the life of the bonds using the interest method and is presented as an addition to the face value of the bonds. Amortization of this premium for the year ended August 31, 2015 was \$855,406.

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

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

The difference between the principal amount of \$8,960,000 and the sales price of \$9,288,538 of the Series 2008 bonds represents the unamortized premium. The premium is being amortized over the life of the bonds using the interest method and is presented as an addition to the face value of the bonds. Amortization of this premium for the year ended August 31, 2015 was \$27,610.

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

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

The difference between the principal amount of \$41,895,000 and the sales price of \$48,218,727 of the Series 2010 bonds represents the unamortized premium. The premium is being amortized over the life of the bonds using the interest method and is presented as an addition to the face value of the bonds. The amortization for the year ended August 31, 2015 was \$502,320.

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

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

The difference between the principal amount of \$28,290,000 and the sales price of \$31,690,383 of the Series 2012 bonds represents the unamortized premium. The premium is being amortized over the life of the bonds using the interest method and is presented as an addition to the face value of the bonds. The amortization for the year ended August 31, 2015 was \$213,035.

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

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

The difference between the principal amount of \$10,255,000 and the sales price of \$11,028,775 of the Series 2015 bonds represents the unamortized premium. The premium is being amortized over the life of the bonds using the interest method and is presented as an addition to the face value of the bonds. The amortization for the year ended August 31, 2015 was \$142,222.

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

**KILLEEN INDEPENDENT SCHOOL DISTRICT***Notes To The Financial Statements (Continued)**Year Ended August 31, 2015*

Changes in bonds payable for the year ended August 31, 2015 are as follows:

Description	Balance September 1, 2014	Additions	Reductions	Balance August 31, 2015
General Obligation Bonds	\$ 78,505,000	\$10,255,000	\$ 19,465,000	\$ 69,295,000
Unamortized (Discount)/Premium on Current Interest Term Bonds	<u>8,068,213</u>	<u>773,775</u>	<u>1,740,593</u>	<u>7,101,395</u>
Outstanding Bonds Payable	<u>\$ 86,573,213</u>	<u>\$11,028,775</u>	<u>\$ 21,205,593</u>	<u>\$ 76,396,395</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, 2015.

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

The defeased bonds outstanding at August 31, 2015 are as follows:

	Outstanding Balances
Unlimited Tax School Building and Refunding Bonds, Series 1998	\$ 14,285,000
Unlimited Tax School Building and Refunding Bonds, Series 2002	65,500,000
Unlimited Tax School Building and Refunding Bonds, Series 2005	<u>10,620,000</u>
Total Defeased	<u>\$ 90,405,000</u>

**G. Compensated Absences**

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

Balance September 1, 2014	\$ 842,797
Additions - New Entrants and Salary Increments	22,900
Deductions - Payments to and Uses by Participants	<u>(50,186)</u>
Balance August 31, 2015	<u>\$ 815,511</u>

**H. Employee Benefit Plan***Plan Description*

The Killeen Independent School District participates in a cost-sharing, multiple employer defined

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

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

#### *Pension Plan Fiduciary Net Position*

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX 78701-2698; or by calling (512) 542-6592. The information provided in the Notes to the Financial Statements in the 2014 Comprehensive Annual Financial Report for TRS provides the following information regarding the Pension Plan fiduciary net position as of August 31, 2014.

<u>Net Pension Liability</u>	<u>Total</u>
Total Pension Liability	\$ 159,496,075,886
Less: Plan Fiduciary Net Position	<u>(132,779,243,085)</u>
Net Pension Liability	<u>\$ 26,716,832,801</u>
Net Position as percentage of Total Pension Liability	83.25%

#### *Benefits Provided*

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

*Contributions*

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

Contribution Rates

	<u>2014</u>	<u>2015</u>
Member	6.4%	6.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
Killeen ISD 2014 Employer Contributions		\$ 4,201,682
Killeen ISD 2014 Member Contributions		\$ 14,906,488
Killeen ISD 2014 NECE On-Behalf Contributions		\$ 11,935,468

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

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

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

*Actuarial Assumptions*

The total pension liability in the August 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

**KILLEEN INDEPENDENT SCHOOL DISTRICT***Notes To The Financial Statements (Continued)**Year Ended August 31, 2015*

Valuation Date	August 31, 2014
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Open
Remaining Amortization Period	30 years
Asset Valuation Method	5 year Market
Discount Rate	8.00%
Long-term expected Investment Rate of Return*	8.00%
Salary Increases*	4.25% to 7.25%
Weighted-Average at Valuation Date	5.55%
Payroll Growth Rate	3.50%

*\*Includes Inflation of 3%*

The actuarial methods and assumptions are primarily based on a study of actual experience for the four year period ending August 31, 2010 and adopted on April 8, 2011. With the exception of the post-retirement mortality rates for healthy lives and a minor change to the expected retirement age for inactive vested members stemming from the actuarial audit performed in the Summer of 2014, the assumptions and methods are the same as used in the prior valuation. When the mortality assumptions were adopted in 2011 they contained a significant margin for possible future mortality improvement. As of the date of the valuation there has been significant erosion of this margin to the point that the margin has been eliminated. Therefore, the post-retirement mortality rates for current and future retirees was decreased to add additional margin for future improvement in mortality in accordance with the Actuarial Standards of Practice No. 35.

*Discount Rate*

The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projections of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2014 are summarized below:

**KILLEEN INDEPENDENT SCHOOL DISTRICT**

*Notes To The Financial Statements (Continued)*

*Year Ended August 31, 2015*

Asset Class	Target Allocation	Long-term Expected Real Return Geometric Basis	Long-term Expected Portfolio Real Rate of Return*
<b>Global Equity</b>			
U.S.	18%	7.0%	1.4%
Non-U.S. Developed	13%	7.3%	1.1%
Emerging Markets	9%	8.1%	0.9%
Directional Hedge Funds	4%	5.4%	0.2%
Private Equity	13%	9.2%	1.4%
<b>Stable Value</b>			
U.S. Treasuries	11%	2.9%	0.3%
Absolute Return	0%	4.0%	0.0%
Stable Value Hedge Funds	4%	5.2%	0.2%
Cash	1%	2.0%	0.0%
<b>Real Return</b>			
Global Inflation Linked Bonds	3%	3.1%	0.0%
Real Assets	16%	7.3%	1.5%
Energy and Natural Resources	3%	8.8%	0.3%
Commodities	0%	3.4%	0.0%
<b>Risk Parity</b>			
Risk Parity	5%	8.9%	0.4%
Alpha			1.0%
<b>Total</b>	<u>100%</u>		<u>8.7%</u>

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

*Discount Rate Sensitivity Analysis*

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 2014 Net Pension Liability.

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
Killeen ISD's proportionate share of the net pension liability	\$ 79,104,997	\$44,268,428	\$ 18,217,163

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

At August 31, 2015, Killeen Independent School district reported a liability of \$44,268,428 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

**KILLEEN INDEPENDENT SCHOOL DISTRICT**

*Notes To The Financial Statements (Continued)*

*Year Ended August 31, 2015*

District's proportionate share of the collective net pension liability	\$ 44,268,428
State's proportionate share that is associated with the District	<u>126,018,907</u>
Total	<u>\$ 170,287,335</u>

The net pension liability was measured as of August 31, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2013 thru August 31, 2014.

At August 31, 2014 the employer's proportion of the collective net pension liability was 0.1657287%. Since this is the first year of implementation, the District does not have the proportion measured as of August 31, 2013. The Notes to the Financial Statements for August 31, 2014 for TRS stated that the change in proportion was immaterial and therefore disregarded this year.

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

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

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

For the year ended August 31, 2014, Killeen Independent School District recognized pension expense of \$11,650,214 and revenue of \$11,650,214 for support provided by the State.

At August 31, 2014, Killeen Independent School District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 684,626	\$ -
Changes in actuarial assumptions	\$ 2,877,497	\$ -
Differences between projected and actual investment earnings	\$ -	\$ 13,530,239
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	\$ -	\$ 11,604
Contributions paid to TRS subsequent to the measurement date	<u>\$ -</u>	<u>\$ -</u>
Total	<u>\$ 3,562,123</u>	<u>\$ 13,541,843</u>

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

**KILLEEN INDEPENDENT SCHOOL DISTRICT**

*Notes To The Financial Statements (Continued)*

*Year Ended August 31, 2015*

Year ended August 31,	Pension Expense Amount
2015	\$ (2,783,588)
2016	\$ (2,783,588)
2017	\$ (2,783,588)
2018	\$ (2,783,588)
2019	\$ 598,971
Thereafter	\$ 555,661

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Total net amounts as of August 31, 2014 Measurement Date	\$ 3,562,123	\$ 13,541,843
Contributions made subsequent to the Measurement Date	7,091,052	-
Total	<u>\$ 10,653,175</u>	<u>\$ 13,541,843</u>

*Funding Policy – Retirement Plan*

Contribution rates and contributions for fiscal years 2015-2013 are shown in the table below. These rates are set by the General Appropriations Act. In certain instances, the District is required to make all or a portion of the state’s and/or member’s contribution and on the portion of the employees’ salaries that exceed statutory minimum.

**Contribution Rates and Contribution Amounts**

Year	Member		State		Statutory Minimum
	Rate	Amount	Rate	Amount	Amount
2015	6.70%	\$ 15,975,578	6.80%	\$ 12,243,577	\$ 2,655,338
2014	6.40%	\$ 14,906,488	6.80%	\$ 11,584,167	\$ 2,518,369
2013	6.40%	\$ 14,385,077	6.40%	\$ 10,620,477	\$ 2,176,319

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

The total payroll for employees covered by TRS for the years ended August 31, 2013, 2014 and 2015 was \$224,765,849, \$233,634,443 and \$238,448,597 respectively, and total District payroll for these years was \$234,702,161, \$241,552,430 and \$247,617,829 respectively.

*Funding Policy – Retiree Health Plan*

The District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas. TRS-Care Retired Plan provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement

**KILLEEN INDEPENDENT SCHOOL DISTRICT***Notes To The Financial Statements (Continued)**Year Ended August 31, 2015*

System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS Web site at [www.trs.state.tx.us](http://www.trs.state.tx.us) or by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, TX 78701-2698, or by calling (800)-223-8778.

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. Contribution rates and amounts are shown in the table below for fiscal years 2015-2013.

**Contribution Rates**

Year	Active Member		State		School District	
	Rate	Amount	Rate	Amount	Rate	Amount
2015	0.65%	\$1,549,869	1.00%	\$2,476,178	0.55%	\$1,311,420
2014	0.65%	\$1,518,520	1.00%	\$2,415,524	0.55%	\$1,284,995
2013	0.65%	\$1,460,983	0.50%	\$2,347,022	0.55%	\$1,236,210

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 2013, 2014 and 2015, the subsidy payment received by TRS-Care on behalf of Killeen Independent School District was \$597,544, \$633,710 and \$978,211 respectively.

*Contributions Made*

Contributions made by the State, the District and its employees, and the District's covered payroll for the fiscal years 2015, 2014, and 2013 are as follows:

	2015	2014	2013
Covered payroll	\$ 238,448,597	\$ 233,634,443	\$ 224,765,849
Contributions made by the State	\$ 12,243,577	\$ 11,584,167	\$ 10,620,477
Retirement plan rate	6.80%	6.80%	6.40%
Retiree health care rate	1.00%	1.00%	0.50%
Medicare Part D	\$ 978,211	\$ 633,710	\$ 597,544
District required and actual contributions to TRS & TRS-Care	\$ 5,681,820	\$ 5,621,177	\$ 5,081,105
Employee contributions to TRS & TRS-Care	\$ 17,525,447	\$ 16,425,008	\$ 15,846,060

**I. Health Care Coverage**

During the year ended August 31, 2015, employees of the Killeen Independent School District were covered by a Cafeteria Plan (the Plan). The District contributes \$325 per month plus the state contributes an additional \$75 to the benefit spending account of each full time employee with health care coverage, and \$200 per month for full time employees without health care coverage. Employees can authorize payroll withholdings to pay for benefits for themselves and their dependents.

The employees of the Killeen Independent School District are able to use the benefit contribution to purchase various types of insurance coverage, such as health, dependent dental, life, or long-term disability, or use the money to cover unreimbursed medical/dental/vision expenses or dependent child care expenses under the Flexible Benefits Plan established under Section 125 of the Internal Revenue Code of 1986. All employer and employee contributions are paid to a third party administrator, acting on behalf of the District. The Benefits Plan currently includes Humana Health Plan of Texas Incorporated and United Concordia Dental Plan. Killeen Independent School District and Aetna entered into a new contract for benefit year 2016; the contract between the District and United Concordia expires December 31, 2016. The health plan and dental plan contracts include a renewal option for the District.

**J. Risk Management**

State law allows school districts to retain risk through its own risk management program (i.e., a self-insurance program), insure through a commercial carrier, or insure through a public entity risk pool. The District has insurable risks in various areas, including property, casualty, automobile, professional liability and workers' compensation. During 2015, the District obtained insurance against risks through commercial carriers, with some degree of self-insurance through the use of large deductibles. Management believes the amount and types of coverage are adequate to protect the District from losses that could reasonably be expected to occur. There have been no insurance settlements exceeding the District's insurance coverage for any of the past three years.

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

**K. Fund Equity**

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

**KILLEEN INDEPENDENT SCHOOL DISTRICT**

*Notes To The Financial Statements (Continued)*

*Year Ended August 31, 2015*

<u>Fund Balances</u>	School Building			<u>Total</u>
	<u>General</u>	<u>Projects</u>	<u>Other Funds</u>	
<u>Nonspendable:</u>				
Inventories	\$ 1,076,372	\$ -	\$ 658,493	\$ 1,734,865
Endowments	-	-	189,715	189,715
Prepaid Items	2,750,194	-	32,549	2,782,743
Total Nonspendable	3,826,566	-	880,757	4,707,323
<u>Restricted:</u>				
Federal or State Funds Grant Restriction	7,776,486	-	6,964,769	14,741,255
Retirement of Long-Term Debt	-	-	1,313,597	1,313,597
Other Restricted Fund Balance				-
Investment Earnings on Endowment	-	-	34,121	34,121
Army Youth Programs in Your Neighborhood	1,720,115	-	-	1,720,115
Total Restricted	9,496,601	-	8,312,487	17,809,088
<u>Committed:</u>				
Construction	-	2,773,041	-	2,773,041
Other Committed Fund Balance	-	-	681,270	681,270
Total Committed	-	2,773,041	681,270	3,454,311
<u>Assigned:</u>				
Construction	-	115,747,298	1,154,188	116,901,486
Other Assigned Fund Balance				
Boys & Girls Club Natatorium	150,000	-	-	150,000
ASYMCA Natatorium	2,000,000	-	-	2,000,000
Software Conversion	2,301,711	-	-	2,301,711
Total Assigned	4,451,711	115,747,298	1,154,188	121,353,197
Unassigned	91,411,595	-	-	91,411,595
Total Fund Balances	\$ 109,186,473	\$ 118,520,339	\$ 11,028,702	\$ 238,735,514

**KILLEEN INDEPENDENT SCHOOL DISTRICT***Notes To The Financial Statements (Continued)**Year Ended August 31, 2015***L. Federal Source Revenues**

For the year ended August 31, 2015, 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	\$ 55,655,611
ROTC Salaries	12.00	364,008
Academic Expansion Program	N/A	31,879
Army Youth Programs in Your Neighborhood	N/A	1,010,200
		57,061,698
Other State Distributed -- Federal Program		
Shars Reimbursement	N/A	2,910,208
Medicaid Reimbursement	N/A	72,384
Indirect Cost Revenue	N/A	411,985
		3,394,577
Total Federal Source Revenues		\$ 60,456,275

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

Federally Distributed	CFDA Number	Amount
PL 110-417 (Impact Aid) Section 551	84.041	\$ 1,928,117
PL 81.874 (Impact Aid)		4,084,067
Total Federal Sources Revenues		\$ 6,012,184

**M. Transfers**

During the year \$3,372,551 was transferred from the General fund to the Capital Improvement Projects fund for future capital improvement expenditures. In addition, \$5,813,284 was transferred to the School Building Projects Fund to lower the general fund unassigned fund balance to two and a half months operating expenditures in accordance with board policy. \$7,908,779 of additional Impact Aid funding was also transferred. Both transfers fund future building and capital outlay expenditures. Lastly, an additional transfer of \$5,226 was made from the General fund to the National Breakfast and Lunch Program fund to pay for unpaid lunch charges at year end.

Additionally, a transfer of \$828,980 was made from the School Building Projects fund to the New School Furniture and Equipment fund to cover the costs of furnishing the new Dr. Joseph A Fowler elementary school, Satellite Transportation Facility and Early College High School campuses.

Finally, \$105,678 was transferred from the Summer Feeding Program fund to the National Breakfast and Lunch Program fund.

**N. Significant Commitments and Contingencies**

The District participates in numerous State and Federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District

**KILLEEN INDEPENDENT SCHOOL DISTRICT***Notes To The Financial Statements (Continued)**Year Ended August 31, 2015*

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, 2015 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies. The assigned funds in the Capital Projects Funds will be used for future school construction and renovation.

At August 31, 2015, the District had the following uncompleted construction and architectural contracts in progress:

Project Description	Adjusted Contract Amount	Expended To Date	Committed
New Middle School #13	\$ 2,729,801	\$ 830,333	\$ 1,899,468
Total Construction in Progress	\$ 2,729,801	\$ 830,333	\$ 1,899,468

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

General Fund	\$ 897,701
School Building Projects	1,917,963
Nonmajor Governmental Funds	296,316
Total	\$ 3,111,980

**O. Short-Term Debt Payable**

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

Balance, September 1, 2014	\$ 4,642,126
Increases	28,596,031
Decreases	(30,545,416)
Balance, August 31, 2015	\$ 2,692,741

**KILLEEN INDEPENDENT SCHOOL DISTRICT**

Notes To The Financial Statements (Continued)

Year Ended August 31, 2015

**P. Unearned Revenue**

Unearned revenue for the Statement of Net Position at August 31, 2015 consisted of the following:

	General Fund	Special Revenue Fund	Capital Projects Fund	Total
Child Nutrition Receipts	\$ -	\$ 15,064	\$ -	\$ 15,064
Other Unearned Revenue	11,090	-	-	11,090
Total Unearned Revenue	<u>\$ 11,090</u>	<u>\$ 15,064</u>	<u>\$ -</u>	<u>\$ 26,154</u>

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

Long-term liability activity for the year ended August 31, 2015 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Bonds and Lease Payable:					
General Obligation Bonds	\$ 78,505,000	\$ 10,255,000	\$ 19,465,000	\$ 69,295,000	\$ 9,000,000
Unamortized Premiums on Bonds	8,068,213	773,775	1,740,593	7,101,395	-
Total Bonds and Lease Payable	<u>86,573,213</u>	<u>11,028,775</u>	<u>21,205,593</u>	<u>76,396,395</u>	<u>9,000,000</u>
Other Liabilities:					
Net Pension Liability	-	44,268,428	-	44,268,428	-
Accrued Interest	148,558	-	19,234	129,324	129,324
Compensated Absences	842,797	22,900	50,186	815,511	815,511
Total Other Liabilities	<u>991,355</u>	<u>44,291,328</u>	<u>69,420</u>	<u>45,213,263</u>	<u>944,835</u>
Total Governmental Activities	<u>\$ 87,564,568</u>	<u>\$ 55,320,103</u>	<u>\$ 21,275,013</u>	<u>\$ 121,609,658</u>	<u>\$ 9,944,835</u>

**R. Prior Period Adjustment**

During fiscal year 2015, the District adopted GASB Statement No. 68 for Accounting and Reporting for Pensions. With GASB 68, the District must assume their proportionate share of the Net Pension Liability of the Teacher Retirement System of Texas. Adoption of GASB 68 required a prior period adjustment to report the effect of GASB 68 retroactively. The amount of the prior period adjustment is \$(50,156,314). The prior period adjustment netted with a beginning net position of \$523,636,158 results in a restated beginning net position of \$473,479,844 as of August 31, 2014.

(Concluded)



KILLEEN INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 TEACHER RETIREMENT SYSTEM  
 FOR THE YEAR ENDED AUGUST 31, 2015

	2015
District's Proportion of the Net Pension Liability (Asset)	0.1657287%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 44,268,428
States Proportionate Share of the Net Pension Liability (Asset) associated with the District	126,018,907
Total	\$ 170,287,335
District's Covered Employee Payroll	\$ 233,634,443
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered Employee Payroll	18.95%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	83.25%

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

See accompanying notes to the required supplementary information

KILLEEN INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT CONTRIBUTIONS  
 TEACHER RETIREMENT SYSTEM  
 FOR FISCAL YEAR 2015

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	2015
Contractually Required Contribution	\$ 7,091,052
Contribution in Relation to the Contractually Required Contribution	(7,091,052)
Contribution Deficiency (Excess)	\$ -
District's Covered Employee Payroll	\$ 238,448,597
Contributions as a percentage of Covered Employee Payroll	2.97%

Note: GASB 68, Paragraph 81.2.b requires that the data in this schedule be presented as of the District's current fiscal year as opposed to the time period covered by the measurement date of September 1, 2013 - August 31, 2014.

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

See accompanying notes to the required supplementary information

KILLEEN INDEPENDENT SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED AUGUST 31, 2015

*Changes of benefit terms.*

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

*Changes of assumptions.*

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





KILLEEN INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 AUGUST 31, 2015

Data Control Codes	206 ESEA Title X, Pt.C Homeless	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula
<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	8,057	752,731	443,976
1260 Due from Other Funds	-	-	-
1290 Other Receivables	-	-	-
1300 Inventories	-	-	-
1410 Prepayments	1,159	53,720	57,687
1900 Other Assets	-	-	-
1000 Total Assets	<u>\$ 9,216</u>	<u>\$ 806,451</u>	<u>\$ 501,663</u>
<b>LIABILITIES</b>			
2110 Accounts Payable	\$ -	\$ 12,886	\$ -
2120 Short Term Debt Payable - Current	-	5,669	6,104
2160 Accrued Wages Payable	-	10,763	9,961
2170 Due to Other Funds	9,216	777,075	485,598
2180 Due to Other Governments	-	58	-
2300 Unearned Revenues	-	-	-
2000 Total Liabilities	<u>9,216</u>	<u>806,451</u>	<u>501,663</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2601 Unavailable Revenue - Property Taxes	-	-	-
2600 Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
Nonspendable Fund Balance:			
3410 Inventories	-	-	-
3425 Endowment Principal	-	-	-
3430 Prepaid Items	-	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3480 Retirement of Long-Term Debt	-	-	-
3490 Other Restricted Fund Balance	-	-	-
Committed Fund Balance:			
3545 Other Committed Fund Balance	-	-	-
Assigned Fund Balance:			
3550 Construction	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 9,216</u>	<u>\$ 806,451</u>	<u>\$ 501,663</u>

225 IDEA - Part B Preschool	226 IDEA - Part B Discretionary	227 IDEA - Part B Deaf	228 IDEA - Part B Preschool Deaf	240 National Breakfast and Lunch Program	242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting
\$ -	\$ -	\$ 565	\$ 185	\$ 22,616	\$ -	\$ -	\$ -
-	-	-	-	3,522,636	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
4,391	-	550	-	429,932	233,728	8,319	99,509
-	-	-	-	38,619	-	-	-
-	-	-	-	14,876	-	-	-
-	-	-	-	658,494	-	-	-
1,067	-	-	-	32,549	-	1,027	-
-	-	-	-	-	-	-	-
<u>\$ 5,458</u>	<u>\$ -</u>	<u>\$ 1,115</u>	<u>\$ 185</u>	<u>\$ 4,719,722</u>	<u>\$ 233,728</u>	<u>\$ 9,346</u>	<u>\$ 99,509</u>
\$ -	\$ -	\$ -	\$ -	\$ 324,787	\$ 24,374	\$ -	\$ -
69	-	-	-	233,818	879	41	1,272
-	-	-	-	29,255	17,628	4,725	16,079
5,389	-	1,115	185	87,452	9,814	4,580	82,158
-	-	-	-	-	-	-	-
-	-	-	-	15,064	-	-	-
<u>5,458</u>	<u>-</u>	<u>1,115</u>	<u>185</u>	<u>690,376</u>	<u>52,695</u>	<u>9,346</u>	<u>99,509</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	658,493	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	32,549	-	-	-
-	-	-	-	3,338,304	181,033	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,029,346</u>	<u>181,033</u>	<u>-</u>	<u>-</u>
<u>\$ 5,458</u>	<u>\$ -</u>	<u>\$ 1,115</u>	<u>\$ 185</u>	<u>\$ 4,719,722</u>	<u>\$ 233,728</u>	<u>\$ 9,346</u>	<u>\$ 99,509</u>

KILLEEN INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 AUGUST 31, 2015

Data Control Codes	263 Title III, A English Lang Acquisition	287 Support for Military Connected Sch	288 Achievement at Military Connected Sch	289 Mobilizing Nat'l Educator Talent
<b>ASSETS</b>				
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -
1120	Investments - Current	-	-	-
1220	Property Taxes - Delinquent	-	-	-
1230	Allowance for Uncollectible Taxes (Credit)	-	-	-
1240	Receivables from Other Governments	2,933	113,900	237,927
1260	Due from Other Funds	-	-	-
1290	Other Receivables	-	-	-
1300	Inventories	-	-	-
1410	Prepayments	-	-	-
1900	Other Assets	-	-	-
1000	<b>Total Assets</b>	<u>\$ 2,933</u>	<u>\$ 113,900</u>	<u>\$ 237,927</u>
<b>LIABILITIES</b>				
2110	Accounts Payable	\$ 756	\$ 4,750	\$ 59
2120	Short Term Debt Payable - Current	-	180	-
2160	Accrued Wages Payable	-	11,750	-
2170	Due to Other Funds	2,177	97,220	237,868
2180	Due to Other Governments	-	-	-
2300	Unearned Revenues	-	-	-
2000	<b>Total Liabilities</b>	<u>2,933</u>	<u>113,900</u>	<u>237,927</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
2601	Unavailable Revenue - Property Taxes	-	-	-
2600	<b>Total Deferred Inflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Nonspendable Fund Balance:				
3410	Inventories	-	-	-
3425	Endowment Principal	-	-	-
3430	Prepaid Items	-	-	-
Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	-	-	-
3480	Retirement of Long-Term Debt	-	-	-
3490	Other Restricted Fund Balance	-	-	-
Committed Fund Balance:				
3545	Other Committed Fund Balance	-	-	-
Assigned Fund Balance:				
3550	Construction	-	-	-
3000	<b>Total Fund Balances</b>	<u>-</u>	<u>-</u>	<u>-</u>
4000	<b>Total Liabilities, Deferred Inflows &amp; Fund Balances</b>	<u>\$ 2,933</u>	<u>\$ 113,900</u>	<u>\$ 237,927</u>

386 Regional Day School for the Deaf	397 Advanced Placement Incentives	410 Instructional Materials Allotment	429 Read to Succeed	461 Campus Activity Funds	499 GEAR UP	Total Nonmajor Special Revenue Funds	599 Debt Service
\$ -	\$ 101,366	\$ 304,409	\$ 519	\$ 669,225	\$ -	\$ 1,098,885	\$ 812,817
-	-	-	-	-	-	3,522,636	792,478
-	-	-	-	-	-	-	176,395
-	-	-	-	-	-	-	(26,459)
29,502	-	-	-	-	13,743	2,379,198	54,718
-	-	-	-	12,045	-	50,664	11,640
-	-	-	-	-	-	14,876	-
-	-	-	-	-	-	658,494	-
5,187	-	-	-	-	-	152,396	-
-	-	-	-	-	-	-	-
<u>\$ 34,689</u>	<u>\$ 101,366</u>	<u>\$ 304,409</u>	<u>\$ 519</u>	<u>\$ 681,270</u>	<u>\$ 13,743</u>	<u>\$ 7,877,149</u>	<u>\$ 1,821,589</u>
\$ -	\$ -	\$ 211,824	\$ -	\$ -	\$ 1,368	\$ 580,804	\$ -
559	-	-	-	-	-	248,591	-
-	-	-	-	-	-	100,161	-
34,130	-	-	-	-	12,375	1,846,352	-
-	-	36,701	-	-	-	36,759	358,056
-	-	-	-	-	-	15,064	-
<u>34,689</u>	<u>-</u>	<u>248,525</u>	<u>-</u>	<u>-</u>	<u>13,743</u>	<u>2,827,731</u>	<u>358,056</u>
-	-	-	-	-	-	-	149,936
-	-	-	-	-	-	-	149,936
-	-	-	-	-	-	658,493	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	32,549	-
-	101,366	55,884	519	-	-	3,677,106	-
-	-	-	-	-	-	-	1,313,597
-	-	-	-	-	-	-	-
-	-	-	-	681,270	-	681,270	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>101,366</u>	<u>55,884</u>	<u>519</u>	<u>681,270</u>	<u>-</u>	<u>5,049,418</u>	<u>1,313,597</u>
<u>\$ 34,689</u>	<u>\$ 101,366</u>	<u>\$ 304,409</u>	<u>\$ 519</u>	<u>\$ 681,270</u>	<u>\$ 13,743</u>	<u>\$ 7,877,149</u>	<u>\$ 1,821,589</u>

KILLEEN INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 AUGUST 31, 2015

Data Control Codes	645 Capital Improvement Projects	687 Impact Aid Section 8007	696 New School Furniture & Equipment	Total Nonmajor Capital Project Funds	
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ 584,855	\$ 3,287,663	\$ 61,037	\$ 3,933,555
1120	Investments - Current	-	-	-	-
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes (Credit)	-	-	-	-
1240	Receivables from Other Governments	-	-	-	-
1260	Due from Other Funds	829,114	-	-	829,114
1290	Other Receivables	-	-	-	-
1300	Inventories	-	-	-	-
1410	Prepayments	-	-	-	-
1900	Other Assets	-	-	-	-
1000	<b>Total Assets</b>	<u>\$ 1,413,969</u>	<u>\$ 3,287,663</u>	<u>\$ 61,037</u>	<u>\$ 4,762,669</u>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ 259,781	\$ -	\$ 52,809	\$ 312,590
2120	Short Term Debt Payable - Current	-	-	8	8
2160	Accrued Wages Payable	-	-	7,416	7,416
2170	Due to Other Funds	-	-	804	804
2180	Due to Other Governments	-	-	-	-
2300	Unearned Revenues	-	-	-	-
2000	<b>Total Liabilities</b>	<u>259,781</u>	<u>-</u>	<u>61,037</u>	<u>320,818</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
2601	Unavailable Revenue - Property Taxes	-	-	-	-
2600	<b>Total Deferred Inflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	-
3425	Endowment Principal	-	-	-	-
3430	Prepaid Items	-	-	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	3,287,663	-	3,287,663
3480	Retirement of Long-Term Debt	-	-	-	-
3490	Other Restricted Fund Balance	-	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
Assigned Fund Balance:					
3550	Construction	1,154,188	-	-	1,154,188
3000	<b>Total Fund Balances</b>	<u>1,154,188</u>	<u>3,287,663</u>	<u>-</u>	<u>4,441,851</u>
4000	<b>Total Liabilities, Deferred Inflows &amp; Fund Balances</b>	<u>\$ 1,413,969</u>	<u>\$ 3,287,663</u>	<u>\$ 61,037</u>	<u>\$ 4,762,669</u>

479 Permanent Fund	Total Nonmajor Governmental Funds
\$ 12,000	\$ 5,857,257
107	4,315,221
-	176,395
-	(26,459)
-	2,433,916
-	891,418
-	14,876
-	658,494
-	152,396
211,729	211,729
<u>\$ 223,836</u>	<u>\$ 14,685,243</u>
\$ -	\$ 893,394
-	248,599
-	107,577
-	1,847,156
-	394,815
-	15,064
<u>-</u>	<u>3,506,605</u>
-	149,936
<u>-</u>	<u>149,936</u>
-	658,493
189,715	189,715
-	32,549
-	6,964,769
-	1,313,597
34,121	34,121
-	681,270
-	1,154,188
<u>223,836</u>	<u>11,028,702</u>
<u>\$ 223,836</u>	<u>\$ 14,685,243</u>

KILLEEN INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2015

Data Control Codes		206 ESEA Title X, Pt.C Homeless	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula
<b>REVENUES:</b>				
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-
5900	Federal Program Revenues	111,200	8,404,570	5,580,141
5020	Total Revenues	<u>111,200</u>	<u>8,404,570</u>	<u>5,580,141</u>
<b>EXPENDITURES:</b>				
Current:				
0011	Instruction	106,776	5,831,240	3,906,442
0012	Instructional Resources and Media Services	-	36,845	-
0013	Curriculum and Instructional Staff Development	3,457	1,998,823	163,725
0021	Instructional Leadership	-	7,903	57,144
0023	School Leadership	-	16,791	-
0031	Guidance, Counseling and Evaluation Services	-	28,060	144,252
0032	Social Work Services	-	-	189,110
0033	Health Services	-	-	-
0034	Student (Pupil) Transportation	-	-	1,119,468
0035	Food Services	-	-	-
0036	Extracurricular Activities	-	-	-
0041	General Administration	-	-	-
0051	Facilities Maintenance and Operations	-	-	-
0052	Security and Monitoring Services	-	-	-
0053	Data Processing Services	-	-	-
0061	Community Services	967	484,908	-
Debt Service:				
0071	Principal on Long Term Debt	-	-	-
0072	Interest on Long Term Debt	-	-	-
0073	Bond Issuance Cost and Fees	-	-	-
Capital Outlay:				
0081	Facilities Acquisition and Construction	-	-	-
6030	Total Expenditures	<u>111,200</u>	<u>8,404,570</u>	<u>5,580,141</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-
<b>OTHER FINANCING SOURCES (USES):</b>				
7911	Capital Related Debt Issued (Regular Bonds)	-	-	-
7912	Sale of Real and Personal Property	-	-	-
7915	Transfers In	-	-	-
7916	Premium or Discount on Issuance of Bonds	-	-	-
8911	Transfers Out (Use)	-	-	-
8949	Other (Uses)	-	-	-
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net Change in Fund Balance	-	-	-
0100	Fund Balance - September 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund Balance - August 31 (Ending)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

225 IDEA - Part B Preschool	226 IDEA - Part B Discretionary	227 IDEA - Part B Deaf	228 IDEA - Part B Preschool Deaf	240 National Breakfast and Lunch Program	242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting
\$ -	\$ -	\$ -	\$ -	\$ 4,823,330	\$ 784	\$ -	\$ -
-	-	-	-	122,533	-	-	-
96,838	19,652	17,217	2,918	15,156,648	549,684	419,819	1,286,021
<u>96,838</u>	<u>19,652</u>	<u>17,217</u>	<u>2,918</u>	<u>20,102,511</u>	<u>550,468</u>	<u>419,819</u>	<u>1,286,021</u>
96,838	19,652	17,217	2,918	-	-	365,030	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	1,286,021
-	-	-	-	-	-	-	-
-	-	-	-	-	-	31,858	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	19,567,865	369,436	-	-
-	-	-	-	-	-	22,931	-
-	-	-	-	-	-	-	-
-	-	-	-	159,672	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>96,838</u>	<u>19,652</u>	<u>17,217</u>	<u>2,918</u>	<u>19,727,537</u>	<u>369,436</u>	<u>419,819</u>	<u>1,286,021</u>
-	-	-	-	374,974	181,032	-	-
-	-	-	-	-	-	-	-
-	-	-	-	345	-	-	-
-	-	-	-	110,904	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	(105,678)	-	-
-	-	-	-	-	-	-	-
-	-	-	-	111,249	(105,678)	-	-
-	-	-	-	486,223	75,354	-	-
-	-	-	-	3,543,123	105,679	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,029,346</u>	<u>\$ 181,033</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, 2015

Data Control Codes	263 Title III, A English Lang. Acquisition	287 Support for Military Connected Sch	288 Achievement at Military Connected Sch	289 Mobilizing Nat'l Educator Talent
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	283,073	118,243	582,429	131,910
5020 Total Revenues	<u>283,073</u>	<u>118,243</u>	<u>582,429</u>	<u>131,910</u>
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	242,213	-	-	130,000
0012 Instructional Resources and Media Services	-	-	8,574	-
0013 Curriculum and Instructional Staff Development	33,010	107,150	13,395	-
0021 Instructional Leadership	-	9,093	28,250	-
0023 School Leadership	-	2,000	-	-
0031 Guidance, Counseling and Evaluation Services	-	-	495,084	-
0032 Social Work Services	-	-	-	-
0033 Health Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	11,115	1,910
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0053 Data Processing Services	-	-	13,720	-
0061 Community Services	7,850	-	12,291	-
Debt Service:				
0071 Principal on Long Term Debt	-	-	-	-
0072 Interest on Long Term Debt	-	-	-	-
0073 Bond Issuance Cost and Fees	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	<u>283,073</u>	<u>118,243</u>	<u>582,429</u>	<u>131,910</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
<b>OTHER FINANCING SOURCES (USES):</b>				
7911 Capital Related Debt Issued (Regular Bonds)	-	-	-	-
7912 Sale of Real and Personal Property	-	-	-	-
7915 Transfers In	-	-	-	-
7916 Premium or Discount on Issuance of Bonds	-	-	-	-
8911 Transfers Out (Use)	-	-	-	-
8949 Other (Uses)	-	-	-	-
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>

386 Regional Day School for the Deaf	397 Advanced Placement Incentives	410 Instructional Materials Allotment	429 Read to Succeed	461 Campus Activity Funds	499 GEAR UP	Total Nonmajor Special Revenue Funds	599 Debt Service
\$ -	\$ -	\$ -	\$ -	\$ 1,154,371	\$ -	\$ 5,978,485	\$ 5,830,044
207,725	2,730	690,553	26	-	23,529	1,047,096	5,801,803
-	-	-	-	-	-	32,760,363	-
<u>207,725</u>	<u>2,730</u>	<u>690,553</u>	<u>26</u>	<u>1,154,371</u>	<u>23,529</u>	<u>39,785,944</u>	<u>11,631,847</u>
207,725	-	643,152	-	729,657	13,529	12,312,389	-
-	-	-	26	-	-	45,445	-
-	-	189,555	-	-	10,000	3,805,136	-
-	-	-	-	-	-	102,390	-
-	-	-	-	120,523	-	139,314	-
-	-	-	-	-	-	699,254	-
-	-	-	-	-	-	189,110	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	1,119,468	-
-	-	-	-	-	-	19,937,301	-
-	-	-	-	252,534	-	275,465	-
-	-	-	-	-	-	13,025	-
-	-	-	-	-	-	159,672	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	13,720	-
-	-	-	-	-	-	506,016	-
-	-	-	-	-	-	-	8,845,000
-	-	-	-	-	-	-	3,133,742
-	-	-	-	-	-	-	142,598
-	-	-	-	-	-	-	-
<u>207,725</u>	<u>-</u>	<u>832,707</u>	<u>26</u>	<u>1,102,714</u>	<u>23,529</u>	<u>39,317,705</u>	<u>12,121,340</u>
-	2,730	(142,154)	-	51,657	-	468,239	(489,493)
-	-	-	-	-	-	-	10,255,000
-	-	-	-	-	-	345	-
-	-	-	-	-	-	110,904	-
-	-	-	-	-	-	-	773,775
-	-	-	-	-	-	(105,678)	-
-	-	-	-	-	-	-	(10,885,500)
-	-	-	-	-	-	5,571	143,275
-	2,730	(142,154)	-	51,657	-	473,810	(346,218)
-	98,636	198,038	519	629,613	-	4,575,608	1,659,815
<u>\$ -</u>	<u>\$ 101,366</u>	<u>\$ 55,884</u>	<u>\$ 519</u>	<u>\$ 681,270</u>	<u>\$ -</u>	<u>\$ 5,049,418</u>	<u>\$ 1,313,597</u>

KILLEEN INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2015

Data Control Codes	645 Capital Improvement Projects	687 Impact Aid Section 8007	696 New School Furniture & Equipment	Total Nonmajor Capital Project Funds
<b>REVENUES:</b>				
5700	\$ -	\$ -	\$ -	\$ -
5800	-	-	-	-
5900	-	2,057,212	-	2,057,212
5020	<u>-</u>	<u>2,057,212</u>	<u>-</u>	<u>2,057,212</u>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
0011	-	-	342,379	342,379
0012	-	-	259,018	259,018
0013	-	-	7,515	7,515
0021	-	-	-	-
0023	-	-	30,312	30,312
0031	-	-	10,924	10,924
0032	-	-	-	-
0033	-	-	4,451	4,451
0034	-	-	110,841	110,841
0035	-	-	8,870	8,870
0036	-	-	-	-
0041	-	-	-	-
0051	1,516,963	-	8,583	1,525,546
0052	-	-	46,087	46,087
0053	-	-	-	-
0061	-	-	-	-
<b>Debt Service:</b>				
0071	-	-	-	-
0072	-	-	-	-
0073	-	-	-	-
<b>Capital Outlay:</b>				
0081	1,745,756	-	-	1,745,756
6030	<u>3,262,719</u>	<u>-</u>	<u>828,980</u>	<u>4,091,699</u>
1100	<u>(3,262,719)</u>	<u>2,057,212</u>	<u>(828,980)</u>	<u>(2,034,487)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
7911	-	-	-	-
7912	-	-	-	-
7915	3,372,551	-	828,980	4,201,531
7916	-	-	-	-
8911	-	-	-	-
8949	-	-	-	-
7080	<u>3,372,551</u>	<u>-</u>	<u>828,980</u>	<u>4,201,531</u>
1200	109,832	2,057,212	-	2,167,044
0100	<u>1,044,356</u>	<u>1,230,451</u>	<u>-</u>	<u>2,274,807</u>
3000	<u>\$ 1,154,188</u>	<u>\$ 3,287,663</u>	<u>\$ -</u>	<u>\$ 4,441,851</u>

479 Permanent Fund	Total Nonmajor Governmental Funds
\$ 108	\$ 11,808,637
-	6,848,899
-	34,817,575
108	53,475,111
-	12,654,768
-	304,463
-	3,812,651
-	102,390
-	169,626
-	710,178
-	189,110
-	4,451
-	1,230,309
-	19,946,171
-	275,465
405	13,430
-	1,685,218
-	46,087
-	13,720
-	506,016
-	8,845,000
-	3,133,742
-	142,598
-	1,745,756
405	55,531,149
(297)	(2,056,038)
-	10,255,000
-	345
-	4,312,435
-	773,775
-	(105,678)
-	(10,885,500)
-	4,350,377
(297)	2,294,339
224,133	8,734,363
\$ 223,836	\$ 11,028,702



KILLEEN INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2015

	BALANCE SEPTEMBER 1 2014	ADDITIONS	DEDUCTIONS	BALANCE AUGUST 31 2015
<b>EMPLOYEE FLEXIBLE BENEFITS</b>				
Assets:				
Cash and Cash Equivalents	\$ 1,058,120	\$ 4,581,566	\$ 5,088,562	\$ 551,124
Investments - Current	144,143	83	-	144,226
Other Receivables	602	3,405	3,421	586
Total Assets	<u>\$ 1,202,865</u>	<u>\$ 4,585,054</u>	<u>\$ 5,091,983</u>	<u>\$ 695,936</u>
Liabilities:				
Payable from Restricted Assets	<u>\$ 1,202,865</u>	<u>\$ 4,578,696</u>	<u>\$ 5,085,625</u>	<u>\$ 695,936</u>
<b>STUDENT ACTIVITY ACCOUNT</b>				
Assets:				
Cash and Cash Equivalents	<u>\$ 653,622</u>	<u>\$ 579,598</u>	<u>\$ 564,008</u>	<u>\$ 669,212</u>
Liabilities:				
Accounts Payable	\$ 4,618	\$ 28,083	\$ 29,168	\$ 3,533
Due to Student Groups	649,004	1,313,626	1,296,951	665,679
Total Liabilities	<u>\$ 653,622</u>	<u>\$ 1,341,709</u>	<u>\$ 1,326,119</u>	<u>\$ 669,212</u>
<b>TOTAL AGENCY FUNDS</b>				
Assets:				
Cash and Cash Equivalents	\$ 1,711,742	\$ 5,161,164	\$ 5,652,570	\$ 1,220,336
Investments - Current	144,143	83	-	144,226
Other Receivables	602	3,405	3,421	586
Total Assets	<u>\$ 1,856,487</u>	<u>\$ 5,164,652</u>	<u>\$ 5,655,991</u>	<u>\$ 1,365,148</u>
Liabilities:				
Accounts Payable	\$ 4,618	\$ 28,083	\$ 29,168	\$ 3,533
Due to Student Groups	649,004	1,313,626	1,296,951	665,679
Payable from Restricted Assets	1,202,865	4,578,696	5,085,625	695,936
Total Liabilities	<u>\$ 1,856,487</u>	<u>\$ 5,920,405</u>	<u>\$ 6,411,744</u>	<u>\$ 1,365,148</u>

KILLEEN INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF NET POSITION  
 PRIVATE PURPOSE TRUST FUNDS  
 AUGUST 31, 2015

	816 Local Memorial Fund	820 Donor Designated Scholarships	821 Local Scholarship Funds	823 Endowed Scholarships	Total Private Purpose Trust Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 4,000	\$ 10,633	\$ 4,356	\$ 19,081	\$ 38,070
Investments - Current	-	-	7,222	-	7,222
Other Receivables	-	-	-	119	119
Long Term Investments	-	-	-	1,696,360	1,696,360
Total Assets	<u>4,000</u>	<u>10,633</u>	<u>11,578</u>	<u>1,715,560</u>	<u>1,741,771</u>
<b>LIABILITIES</b>					
Accounts Payable	-	-	-	8,000	8,000
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,000</u>	<u>8,000</u>
<b>NET POSITION</b>					
Held in Trust for Other Purposes	\$ 4,000	\$ 10,633	\$ 11,578	\$ 1,707,560	\$ 1,733,771
Total Net Position	<u>\$ 4,000</u>	<u>\$ 10,633</u>	<u>\$ 11,578</u>	<u>\$ 1,707,560</u>	<u>\$ 1,733,771</u>

KILLEEN INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
 PRIVATE PURPOSE TRUST FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2015

	816 Local Memorial Fund	820 Donor Designated Scholarships	821 Local Scholarship Funds	823 Endowed Scholarships	Total Private Purpose Trust Funds
ADDITIONS:					
Local and Intermediate Sources	\$ -	\$ -	\$ 4	\$ 30,274	\$ 30,278
Total Additions	<u>-</u>	<u>-</u>	<u>4</u>	<u>30,274</u>	<u>30,278</u>
DEDUCTIONS:					
Other Operating Costs	-	660	150	126,757	127,567
Total Deductions	<u>-</u>	<u>660</u>	<u>150</u>	<u>126,757</u>	<u>127,567</u>
Change in Net Position	-	(660)	(146)	(96,483)	(97,289)
Net Position - September 1 (Beginning)	<u>4,000</u>	<u>11,293</u>	<u>11,724</u>	<u>1,804,043</u>	<u>1,831,060</u>
Net Position - August 31 (Ending)	<u>\$ 4,000</u>	<u>\$ 10,633</u>	<u>\$ 11,578</u>	<u>\$ 1,707,560</u>	<u>\$ 1,733,771</u>





KILLEEN INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
 FISCAL YEAR ENDED AUGUST 31, 2015

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2006 and prior years	\$ 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	1.031190	0.110000	6,089,438,929
2011	1.031190	0.110000	6,141,950,251
2012	1.031190	0.110000	6,308,031,607
2013	1.040000	0.091000	6,425,421,436
2014	1.040000	0.088000	6,752,661,759
2015 (School year under audit)	1.040000	0.088000	6,874,498,077
1000 TOTALS			

(10) Beginning Balance 9/1/2014	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2015
\$ 324,159	\$ -	\$ 10,276	\$ 1,000	\$ (10,423)	\$ 302,460
110,783	-	6,958	643	(2,194)	100,988
99,469	-	8,124	867	(2,879)	87,599
115,871	-	8,771	936	(4,217)	101,947
130,694	-	19,284	2,057	(3,253)	106,100
161,779	-	26,730	2,851	(1,406)	130,792
190,822	-	34,985	3,732	(3,377)	148,728
277,545	-	68,019	5,952	(11,279)	192,295
671,862	-	239,306	20,249	(108,045)	304,262
-	76,828,096	69,730,723	5,900,292	(565,866)	631,215
<u>\$ 2,082,984</u>	<u>\$ 76,828,096</u>	<u>\$ 70,153,176</u>	<u>\$ 5,938,579</u>	<u>\$ (712,939)</u>	<u>\$ 2,106,386</u>

KILLEEN INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - NATIONAL BREAKFAST AND LUNCH PROGRAM  
 FOR THE YEAR ENDED AUGUST 31, 2015

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	\$ 5,316,691	\$ 5,310,266	\$ 4,823,330	\$ (486,936)
5800 State Program Revenues	133,635	122,887	122,533	(354)
5900 Federal Program Revenues	14,954,964	14,649,823	15,156,648	506,825
5020 Total Revenues	20,405,290	20,082,976	20,102,511	19,535
<b>EXPENDITURES:</b>				
0035 Food Services	20,175,711	20,203,589	19,567,865	635,724
0051 Facilities Maintenance and Operations	229,579	223,689	159,672	64,017
6030 Total Expenditures	20,405,290	20,427,278	19,727,537	699,741
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(344,302)	374,974	719,276
<b>OTHER FINANCING SOURCES (USES):</b>				
7912 Sale of Real and Personal Property	-	-	345	345
7915 Transfers In	-	-	110,904	110,904
7080 Total Other Financing Sources (Uses)	-	-	111,249	111,249
1200 Net Change in Fund Balances	-	(344,302)	486,223	830,525
0100 Fund Balance - September 1 (Beginning)	3,543,123	3,543,123	3,543,123	-
3000 Fund Balance - August 31 (Ending)	\$ 3,543,123	\$ 3,198,821	\$ 4,029,346	\$ 830,525

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, 2015

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 5,839,566	\$ 5,839,566	\$ 5,830,044	\$ (9,522)
5800	State Program Revenues	5,732,807	5,856,155	5,801,803	(54,352)
5020	Total Revenues	11,572,373	11,695,721	11,631,847	(63,874)
EXPENDITURES:					
Debt Service:					
0071	Principal on Long Term Debt	11,984,200	8,845,000	8,845,000	-
0072	Interest on Long Term Debt	-	3,133,742	3,133,742	-
0073	Bond Issuance Cost and Fees	-	144,098	142,598	1,500
6030	Total Expenditures	11,984,200	12,122,840	12,121,340	1,500
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(411,827)	(427,119)	(489,493)	(62,374)
OTHER FINANCING SOURCES (USES):					
7911	Capital Related Debt Issued (Regular Bonds)	-	10,255,000	10,255,000	-
7916	Premium or Discount on Issuance of Bonds	-	773,775	773,775	-
8949	Other (Uses)	-	(10,885,500)	(10,885,500)	-
7080	Total Other Financing Sources (Uses)	-	143,275	143,275	-
1200	Net Change in Fund Balances	(411,827)	(283,844)	(346,218)	(62,374)
0100	Fund Balance - September 1 (Beginning)	1,659,815	1,659,815	1,659,815	-
3000	Fund Balance - August 31 (Ending)	\$ 1,247,988	\$ 1,375,971	\$ 1,313,597	\$ (62,374)

**KILLEEN INDEPENDENT SCHOOL DISTRICT**

*Bond Schedule*

*Fiscal Year Ended August 31, 2015*

Date of Issue	Description	Interest Rate Payable	Amounts Original Issue	10 Amounts Outstanding 9/1/14	20 Issued Current Year
2/8/2005	Unlimited Tax Refunding Bond, Series 2005	3.0 to 5.0%	*** \$ 34,610,000	\$ 13,820,000	-
6/1/2008	Unlimited Tax Refunding Bond, Series 2008	4.00%	**** 8,960,000	3,420,000	-
7/1/2010	Unlimited Tax Refunding Bond, Series 2010	2.0 to 5.0%	***** 41,895,000	37,270,000	-
2/15/2012	Unlimited Tax Refunding Bond, Series 2012	2.0 to 5.0%	***** 28,290,000	23,995,000	-
1/14/2015	Unlimited Tax Refunding Bond, Series 2015	2.0 to 5.0%	***** 10,255,000	-	10,255,000
	Sub-total:		124,010,000	78,505,000	10,255,000
	Unamortized Premiums (discount)		-	8,068,213	773,775
1000	TOTAL		<u>\$ 124,010,000</u>	<u>\$ 86,573,213</u>	<u>\$ 11,028,775</u>

\*\*\*Bonds payable Series 2005  
Principal amount of Capital Interest Bonds

\$ 34,610,000

\*\*\*\*Bonds payable Series 2008  
Principal amount of Capital Interest Bonds

\$ 8,960,000

\*\*\*\*\*Bonds payable Series 2010  
Principal amount of Capital Interest Bonds

\$ 41,895,000

\*\*\*\*\*Bonds payable Series 2012  
Principal amount of Capital Interest Bonds

\$ 28,290,000

\*\*\*\*\*Bonds payable Series 2015  
Principal amount of Capital Interest Bonds

\$ 10,255,000

30 Retired Current Year	40 Amounts Outstanding 8/31/15	50 Interest Current Year	Requirements				90 To Maturity Interest	
			60		70			I 9/1/17
			Year Ending - 8/31/16		Year Ending - 8/31/17			
			Principal	Interest	Principal	Interest		
\$ 13,820,000	\$ -	\$ 80,000	\$ -	\$ -	\$ -	\$ -	\$ -	
1,000,000	2,420,000	116,800	1,045,000	75,900	1,085,000	33,300	5,800	
4,020,000	33,250,000	1,714,150	4,200,000	1,531,875	4,415,000	1,319,625	3,683,375	
320,000	23,675,000	999,250	325,000	992,800	330,000	986,250	7,839,925	
305,000	9,950,000	270,667	3,430,000	377,450	3,575,000	236,625	73,625	
19,465,000	69,295,000	3,180,867	9,000,000	2,978,025	9,405,000	2,575,800	11,602,725	
1,740,593	7,101,395	-	-	-	-	-	-	
<u>\$ 21,205,593</u>	<u>\$ 76,396,395</u>	<u>\$ 3,180,867</u>	<u>\$ 9,000,000</u>	<u>\$ 2,978,025</u>	<u>\$ 9,405,000</u>	<u>\$ 2,575,800</u>	<u>\$ 11,602,725</u>	

Other debt service expenditures:

6599 - Fees:

2008	750
2010	750
2012	500
2015	140,598
	<u>\$ 142,598</u>

**KILLEEN INDEPENDENT SCHOOL DISTRICT**

Mandated Programs Schedule  
General Fund

Fiscal Year Ended August 31, 2015

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	\$ 135,792,121	\$ 411,878	\$ 3,141,260	\$ 21,174,450	\$ 5,383,528	\$ 270,759	\$ 1,236,923	\$ 1,683,733
6200 Contract services	3,428,189	5,110	200,806	1,343,849	19,818	52,172	1,254	275
6300 Supplies and materials	8,149,808	94,163	799,972	8,650	450,969	275,208	39,270	13,351
6400 Other operating	517,642	40,602	41,034	42,595	8,646	5,851	5,462	-
6500 Debt service	-	-	-	-	-	-	-	-
6600 Capital outlay	572,063	-	101,524	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total Instruction	148,459,823	551,753	4,284,596	22,569,544	5,862,961	603,990	1,282,909	1,697,359
12-99 ALL OTHER FUNCTIONS-								
6100 Payroll costs	-	30,108	416,250	4,000,270	89,435	98	532,779	453,462
6200 Contract services	-	20,325	11,084	624,279	383,718	57,170	1,800	-
6300 Supplies and materials	-	1,213	16,822	27,331	4,047	15,804	8,337	9,732
6400 Other operating	791	144,023	192,344	52,940	172,329	46,240	15,350	4,709
6500 Debt service	-	-	-	-	-	-	-	-
6600 Capital outlay	-	-	-	-	-	-	-	-
6900 Facilities Acquisition & Construction	-	-	-	-	-	-	-	-
Total Other Functions	791	195,669	636,500	4,704,820	649,529	119,312	558,266	467,903
Total Expenditures	\$ 148,460,614	\$ 747,422	\$ 4,921,096	\$ 27,274,364	\$ 6,512,490	\$ 723,302	\$ 1,841,175	\$ 2,165,262

29	30	31	32	33	35	91	99	TOTALS
Disciplinary Alternative Education	Title I, Part A School Wide Campuses	High School Allotment	Prekindergarten	Prekindergarten Special Education	Pre-K Bilingual	Athletics	Other Expenditures	August 31, 2015
\$ -	\$ 1,296,209	\$ 940,481	\$ 10,976,354	\$ 1,466,806	\$ 340,109	\$ -	\$ -	\$ 184,114,611
-	127,911	870,692	-	-	-	-	-	6,050,076
-	492,265	759,798	-	-	-	-	-	11,083,454
-	29,208	31,832	-	-	-	-	-	722,872
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	673,587
-	-	-	-	-	-	-	-	-
-	1,945,593	2,602,803	10,976,354	1,466,806	340,109	-	-	202,644,600
-	34,430	20,984	-	-	-	4,018,813	81,308,907	90,905,536
-	19,770	82,839	-	300	-	2,328,034	18,884,743	22,414,062
-	4,170	61,330	-	-	-	1,242,645	8,338,615	9,730,046
-	53,619	127,117	-	-	-	987,704	2,295,210	4,092,376
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	328,605	3,033,190	3,361,795
-	-	-	-	-	-	-	-	-
-	111,989	292,270	-	300	-	8,905,801	113,860,665	130,503,815
\$ -	\$ 2,057,582	\$ 2,895,073	10,976,354	\$ 1,467,106	\$ 340,109	\$ 8,905,801	\$ 113,860,665	\$ 333,148,415



# STATISTICAL SECTION

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

## Contents

### Financial Trends

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

### Revenue Capacity

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

### Debt Capacity

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

### Demographic and Economic Information

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

### Operating Information

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

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

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental activities				
Net Investment in Capital Assets	\$ 173,696,399	\$ 184,173,068	\$ 201,012,191	\$ 225,696,488
Restricted	59,836,137	6,946,620	28,890,816	7,029,108
Unrestricted	<u>107,498,825</u>	<u>190,426,394</u>	<u>182,779,898</u>	<u>195,151,510</u>
Total primary government net position	<u>\$ 341,031,361</u>	<u>\$ 381,546,082</u>	<u>\$ 412,682,905</u>	<u>\$ 427,877,106</u>

Fiscal Year

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 239,842,774	\$ 270,059,372	\$ 296,593,114	\$ 306,200,701	\$ 321,814,494	\$ 321,215,852
17,372,878	15,184,153	13,943,286	22,819,760	18,618,614	19,898,271
<u>196,397,818</u>	<u>195,791,730</u>	<u>188,997,779</u>	<u>180,349,773</u>	<u>183,203,050</u>	<u>158,322,950</u>
<u>\$ 453,613,470</u>	<u>\$ 481,035,255</u>	<u>\$ 499,534,179</u>	<u>\$ 509,370,234</u>	<u>\$ 523,636,158</u>	<u>\$ 499,437,073</u>

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Expenses</b>				
Governmental activities:				
Instruction	\$ 163,138,498	\$ 180,754,743	\$ 197,779,993	\$ 205,517,330
Instructional resources and media services	9,687,868	8,732,038	9,740,123	8,218,128
Curriculum development/instructional staff development	8,251,928	8,169,592	8,739,196	8,035,658
Instructional leadership	2,980,768	2,951,054	3,046,864	3,172,009
School leadership	15,097,530	15,871,229	16,711,693	18,251,621
Guidance, counseling and evaluation services	9,150,184	10,763,166	12,125,826	12,862,413
Social work services	1,263,118	1,279,205	1,439,844	1,508,820
Health services	2,260,796	2,512,156	2,654,147	3,006,361
Student (pupil) transportation	6,328,478	7,245,984	8,708,500	9,300,363
Food services	15,532,070	15,616,023	17,421,240	17,860,193
Extracurricular activities	7,921,723	7,220,543	7,789,348	7,432,759
General administration	6,454,480	6,762,635	6,808,811	6,958,795
Plant maintenance and operations	27,644,939	31,121,948	31,789,806	33,594,466
Security and monitoring services	1,988,176	2,096,822	2,512,659	2,718,538
Data processing services	2,739,098	4,075,847	6,424,144	4,761,535
Community services	1,004,696	1,160,805	1,261,207	1,171,155
Debt service	7,374,733	6,944,420	6,461,892	6,081,023
Bond issuance cost and fees	12,226	12,527	52,894	20,120
Facilities acquisition and construction	-	-	-	-
Payments to fiscal agent/member districts of SSA	94,610	-	-	-
Payments to JJAEP	406,602	229,574	258,505	398,515
Other Intergovernmental Charges	-	-	-	498,391
Total primary government expenses	<u>289,332,521</u>	<u>313,520,311</u>	<u>341,726,692</u>	<u>351,368,193</u>
<b>Program Revenues</b>				
Charges for services				
Instruction	457,581	4,096,256	655,784	517,465
Curriculum development/instructional staff development	-	-	8,842	-
Instructional leadership	-	-	9,879	11,719
School leadership	-	42,150	-	-
Food services	4,844,421	5,005,922	5,373,829	5,763,505
Extracurricular activities	1,624,008	1,594,876	1,749,417	1,696,923
General administration	-	-	-	-
Plant maintenance and operations	1,226,893	42,150	298,786	64,455
Security and monitoring services	-	42,150	5,550	5,860
Community services	44,075	79,236	52,750	33,639
Capital Outlay	-	-	-	-
Juvenile justice alternative education program	949,138	735,546	711,607	1,070,372
Operating grants and contributions	40,679,449	42,366,728	43,475,142	44,810,981
Total primary government program revenues	<u>49,825,565</u>	<u>54,005,014</u>	<u>52,341,586</u>	<u>53,974,919</u>
<b>Net (Expense)/Revenue</b>				
Total primary government net expense	<u>\$ (239,506,956)</u>	<u>\$ (259,515,297)</u>	<u>\$ (289,385,106)</u>	<u>\$ (297,393,274)</u>

Fiscal Year

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$	214,709,865	\$ 216,292,883	\$ 206,705,132	\$ 212,883,076	\$ 219,653,770	\$ 228,071,692
	9,041,084	9,554,349	8,699,637	8,843,440	9,830,820	10,268,629
	11,318,271	11,459,567	10,149,414	10,657,196	12,384,948	11,614,326
	4,175,727	3,601,090	2,609,858	2,733,025	3,334,539	3,750,220
	19,001,724	19,749,158	19,623,731	20,308,569	20,489,121	21,118,474
	13,567,081	13,787,485	12,306,051	12,435,594	13,481,571	13,970,302
	1,667,300	1,579,518	1,219,964	1,309,873	1,343,423	1,454,180
	3,043,647	3,280,158	3,338,749	3,591,656	3,680,693	3,910,343
	10,113,200	10,926,652	10,413,483	12,221,430	11,710,173	12,005,357
	18,095,490	18,621,362	19,134,181	20,604,127	20,865,230	20,350,881
	7,513,834	7,689,267	7,269,839	7,601,665	8,316,108	9,302,440
	6,556,997	6,619,935	6,830,014	6,648,991	6,868,667	7,356,181
	33,569,957	34,136,285	30,739,183	28,192,049	32,747,412	36,860,862
	3,418,640	2,883,182	2,762,881	3,182,865	3,104,059	3,020,471
	5,361,789	6,209,988	4,829,066	4,787,836	4,838,653	4,675,761
	1,081,761	1,224,852	1,196,690	1,114,516	1,238,953	1,152,262
	5,891,516	4,718,231	2,983,682	4,262,432	3,040,300	2,690,706
	123,195	48,114	51,169	1,800	2,050	142,598
	-	-	394,953	-	-	-
	-	-	-	-	-	-
	469,194	129,830	378,193	-	-	-
	538,491	550,794	550,450	739,937	754,102	773,730
	<u>369,258,763</u>	<u>373,062,700</u>	<u>352,186,320</u>	<u>362,120,077</u>	<u>377,684,592</u>	<u>392,489,415</u>
	992,659	864,707	1,781,493	1,437,176	1,568,456	427,396
	-	-	11,264	-	-	-
	-	-	-	-	-	-
	-	-	148,198	-	-	-
	5,794,035	5,653,082	5,484,268	5,096,832	5,030,240	4,821,777
	1,629,589	1,648,734	716,203	1,518,143	1,539,570	1,745,741
	-	98,212	11,264	48,326	46,319	41,357
	-	87,299	45,057	954,844	30,880	41,357
	-	10,912	11,264	4,957	-	-
	64,100	71,585	141,009	148,868	30,880	41,357
	-	-	22,528	-	-	-
	1,082,151	306,331	823,154	-	-	-
	<u>61,261,124</u>	<u>57,662,938</u>	<u>48,141,320</u>	<u>45,840,845</u>	<u>46,734,614</u>	<u>47,029,247</u>
	<u>70,823,658</u>	<u>66,403,800</u>	<u>57,337,022</u>	<u>55,049,991</u>	<u>54,980,959</u>	<u>54,148,232</u>
\$	<u>(298,435,105)</u>	<u>(306,658,900)</u>	<u>(294,849,298)</u>	<u>(307,070,086)</u>	<u>(322,703,633)</u>	<u>(338,341,183)</u>

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Net (Expense)/Revenue</b>				
Total primary government net expense	\$ (239,506,956)	\$ (259,515,297)	\$ (289,385,106)	\$ (297,393,274)
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Taxes				
Property taxes levied for general purposes	51,770,447	56,813,288	51,520,833	57,410,120
Property taxes levied for debt service	5,042,907	5,254,474	5,512,064	6,127,255
State Aid - formula grants	129,412,608	178,129,505	200,699,397	195,686,511
Grants and contributions not restricted	68,402,059	47,611,235	53,292,369	49,070,114
Investment earnings	8,449,600	11,072,348	8,606,366	3,136,843
Miscellaneous	1,249,725	1,149,168	890,900	1,156,632
Total primary government	<u>264,327,346</u>	<u>300,030,018</u>	<u>320,521,929</u>	<u>312,587,475</u>
<b>Change in Net Position</b>				
Total primary government	<u>\$ 24,820,390</u>	<u>\$ 40,514,721</u>	<u>\$ 31,136,823</u>	<u>\$ 15,194,201</u>

Fiscal Year

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ (298,435,105)	\$ (306,658,900)	\$ (294,849,298)	\$ (307,070,086)	\$ (322,703,633)	\$ (338,341,183)
59,296,399	60,011,527	61,048,573	62,872,968	65,963,530	67,180,493
6,334,808	6,407,804	6,518,522	5,492,532	5,575,030	5,682,338
191,470,512	195,922,441	192,717,006	192,837,128	207,448,819	216,884,667
65,181,243	70,036,517	50,508,209	54,388,504	55,592,180	69,680,229
629,293	432,508	377,267	549,981	336,491	261,972
1,259,214	1,269,888	2,178,645	1,609,962	2,053,507	4,608,713
<u>324,171,469</u>	<u>334,080,685</u>	<u>313,348,222</u>	<u>317,751,075</u>	<u>336,969,557</u>	<u>364,298,412</u>
<u>\$ 25,736,364</u>	<u>\$ 27,421,785</u>	<u>\$ 18,498,924</u>	<u>\$ 10,680,989</u>	<u>\$ 14,265,924</u>	<u>\$ 25,957,229</u>

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Fund				
Reserved	\$ 7,921,179	\$ 5,821,599	\$ 7,865,995	\$ 7,850,443
Unreserved	87,599,314	87,367,069	92,041,863	95,612,167
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>\$ 95,520,493</u>	<u>\$ 93,188,668</u>	<u>\$ 99,907,858</u>	<u>\$ 103,462,610</u>
All Other Governmental Funds				
Reserved	\$ 1,001,182	\$ 1,147,218	\$ 2,277,517	\$ 2,505,435
Unreserved, reported in:				
Special revenue funds	4,344,450	4,192,265	3,675,503	10,080,428
Capital projects funds	61,397,548	93,116,739	105,371,240	85,922,197
Permanent funds	-	197,902	178,529	138,615
Debt service funds	838,728	1,373,633	-	-
Nonspendable, reported in:				
Special revenue funds	-	-	-	-
Permanent funds	-	-	-	-
Restricted, reported in:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Permanent funds	-	-	-	-
Debt service funds	-	-	-	-
Committed, reported in:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Assigned, reported in:				
Capital projects funds	-	-	-	-
Total all other governmental funds	<u>\$ 67,581,908</u>	<u>\$ 100,027,757</u>	<u>\$ 111,502,789</u>	<u>\$ 98,646,675</u>

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

Fiscal Year					
<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 7,913,640	\$ -	\$ -	\$ -	\$ -	\$ -
72,121,597	-	-	-	-	-
-	1,911,172	4,348,666	4,866,605	4,575,275	3,826,566
-	3,757,127	4,558,481	6,281,016	6,553,517	9,496,601
-	-	-	-	-	-
-	4,236,364	3,456,194	3,270,965	4,984,664	4,451,711
-	83,281,649	90,466,078	94,710,097	84,503,633	91,411,595
<u>\$ 80,035,237</u>	<u>\$ 93,186,312</u>	<u>\$ 102,829,419</u>	<u>\$ 109,128,683</u>	<u>\$ 100,617,089</u>	<u>\$ 109,186,473</u>
\$ 2,534,634	\$ -	\$ -	\$ -	\$ -	\$ -
9,337,613	-	-	-	-	-
120,157,566	-	-	-	-	-
151,902	-	-	-	-	-
-	-	-	-	-	-
-	530,399	1,122,149	634,897	977,403	691,042
-	189,715	189,715	189,715	189,715	189,715
-	4,481,545	4,752,235	3,142,256	2,968,592	3,677,106
-	6,661,891	5,206,412	1,561,734	1,230,451	3,287,663
-	24,807	36,698	29,980	34,418	34,121
-	2,288,897	1,760,992	1,707,213	1,659,815	1,313,597
-	4,630,979	1,099,220	2,827,789	629,613	681,270
-	15,506,349	14,714,826	20,598,281	6,226,068	2,773,041
-	85,741,539	87,795,673	80,753,750	102,645,745	116,901,486
<u>\$ 132,181,715</u>	<u>\$ 120,056,121</u>	<u>\$ 116,677,920</u>	<u>\$ 111,445,615</u>	<u>\$ 116,561,820</u>	<u>\$ 129,549,041</u>

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Federal sources:				
Distributed through governmental entities	\$ -	\$ -	\$ -	\$ -
Distributed by TEA	24,812,478	24,552,777	25,238,801	25,514,384
Distributed by other State of Texas Government Agencies	499,867	340,599	693,713	1,366,628
Distributed directly from the Federal Government	46,843,419	50,125,961	54,225,037	52,074,576
Shared services arrangements	48,615	-	-	-
Total federal sources	<u>72,204,379</u>	<u>75,019,337</u>	<u>80,157,551</u>	<u>78,955,588</u>
State sources:				
Per capital and foundation school program act revenues	141,708,578	169,255,565	193,650,641	188,120,939
Program revenues distributed by TEA	13,000,006	13,026,874	12,527,621	10,352,622
Revenues from State of Texas Government Agencies	11,401,987	10,045,974	11,096,768	12,105,118
Shared services arrangements	179,166	34,718	34,327	33,339
Total state sources	<u>166,289,737</u>	<u>192,363,131</u>	<u>217,309,357</u>	<u>210,612,018</u>
Local and intermediate sources:				
Real and personal property taxes	57,929,761	62,913,673	58,281,227	64,499,507
Services rendered to other school districts	984,781	780,159	756,146	1,070,372
Tuition and fees	47,217	51,531	67,576	78,001
Other revenues	10,119,246	15,460,786	9,516,934	3,750,702
Cocurricular, enterprising services or activities	6,418,690	6,558,648	7,067,751	7,401,832
Intermediate sources	-	-	-	-
Total local and intermediate sources	<u>75,499,695</u>	<u>85,764,797</u>	<u>75,689,634</u>	<u>76,800,414</u>
Total revenues	<u>\$ 313,993,811</u>	<u>\$ 353,147,265</u>	<u>\$ 373,156,542</u>	<u>\$ 366,368,020</u>

**Fiscal Year**

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
47,296,387	44,259,775	35,770,592	32,896,927	33,359,786	30,361,069
2,915,094	2,321,198	1,418,060	2,630,062	3,886,513	4,961,289
64,256,932	64,060,240	50,922,491	53,084,329	51,292,229	65,963,676
-	-	-	-	-	-
<u>114,468,413</u>	<u>110,641,213</u>	<u>88,111,143</u>	<u>88,611,318</u>	<u>88,538,528</u>	<u>101,286,034</u>
181,223,026	185,679,439	183,773,170	185,078,088	201,671,615	211,910,115
10,054,304	15,627,792	7,856,203	8,159,049	7,144,870	7,152,677
12,078,845	11,583,264	11,571,514	11,218,021	12,420,600	13,245,317
88,291	90,188	54,505	-	-	-
<u>203,444,466</u>	<u>212,980,683</u>	<u>203,255,392</u>	<u>204,455,158</u>	<u>221,237,085</u>	<u>232,308,109</u>
66,709,002	67,419,249	69,761,855	70,000,019	73,398,051	74,692,255
1,082,151	306,331	823,155	-	-	-
14,510	2,625	31,744	960	2,000	1,880
1,828,016	1,686,203	1,982,422	3,171,495	2,338,126	3,421,943
7,382,438	7,279,991	7,032,660	6,590,813	6,521,491	6,535,560
59,542	55,064	-	-	-	-
<u>77,075,659</u>	<u>76,749,463</u>	<u>79,631,836</u>	<u>79,763,287</u>	<u>82,259,668</u>	<u>84,651,638</u>
<u>\$ 394,988,538</u>	<u>\$ 400,371,359</u>	<u>\$ 370,998,371</u>	<u>\$ 372,829,763</u>	<u>\$ 392,035,281</u>	<u>\$ 418,245,781</u>

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Instruction	\$ 154,457,420	\$ 173,779,206	\$ 188,520,576	\$ 195,504,878
Instructional resources and media services	9,356,227	9,247,298	9,356,417	8,517,651
Curriculum development/instructional staff development	7,474,201	7,508,328	7,632,289	6,786,896
Instructional leadership	2,980,768	2,970,423	3,093,458	3,296,669
School leadership	14,545,543	15,281,680	16,103,694	17,656,954
Guidance, counseling and evaluation services	9,160,991	10,763,166	12,126,212	12,862,555
Social work services	1,263,118	1,279,205	1,439,844	1,508,492
Health services	2,260,796	2,512,156	2,657,229	3,005,402
Student (pupil) transportation	6,434,363	7,611,115	7,889,340	11,759,227
Food services	14,361,276	14,375,521	16,225,981	16,657,428
Extracurricular activities	6,869,761	6,884,765	7,458,119	7,095,062
General administration	6,448,416	6,775,179	6,788,760	6,968,981
Facilities maintenance and operations	27,461,555	32,619,542	31,687,544	33,240,917
Security and monitoring services	1,979,416	2,278,364	2,578,375	2,719,181
Data processing services	2,750,292	4,330,220	6,958,427	4,899,755
Community services	1,004,696	1,160,805	1,261,325	1,171,905
Debt service:				
Principal	8,015,000	8,705,000	10,689,295	9,169,295
Interest	7,602,018	7,228,418	6,665,667	6,379,268
Bond issuance cost and fees	299	600	110,119	1,100
Facilities acquisition and construction	22,985,848	8,356,197	19,145,994	27,163,533
Payments to fiscal agent/member districts of SSA	94,610	-	-	-
Payments to JJAEP	406,602	229,574	258,505	398,515
Other Intergovernmental Charges	-	-	-	498,391
Total expenditures	<u>\$ 307,913,216</u>	<u>\$ 323,896,762</u>	<u>\$ 358,647,170</u>	<u>\$ 377,262,055</u>
Debt service as a percentage of noncapital expenditures	5.49%	5.19%	5.07%	4.31%

Fiscal Year

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 205,200,017	\$ 204,972,902	\$ 196,689,116	\$ 201,626,059	\$ 204,760,286	\$ 215,299,368
8,733,528	8,812,481	8,269,075	8,159,885	9,900,213	10,443,520
9,008,294	8,743,744	7,713,184	8,220,125	10,044,774	10,289,246
4,455,430	3,595,405	2,614,074	2,729,858	3,334,971	3,780,972
18,382,033	19,044,822	18,914,539	19,525,190	20,477,342	21,357,493
13,570,470	13,789,608	12,308,098	12,437,747	13,477,688	14,087,689
1,666,969	1,580,314	1,220,046	1,309,625	1,346,852	1,467,253
3,045,169	3,280,123	3,337,830	3,591,864	3,680,296	3,941,271
9,573,704	9,932,901	9,735,768	11,354,655	12,582,534	12,401,323
16,752,954	17,098,161	17,929,048	19,188,346	20,848,980	20,279,084
7,149,402	7,328,739	7,058,935	7,370,227	8,340,390	9,335,627
6,584,346	6,612,441	6,831,647	6,644,716	6,882,657	7,397,209
36,721,660	33,809,532	30,896,266	27,683,922	33,783,186	35,781,749
3,441,367	2,873,286	2,763,303	3,161,865	3,095,529	3,019,210
6,294,647	6,190,297	4,939,332	4,753,874	4,955,560	4,681,864
1,073,692	1,234,929	1,195,950	1,116,242	1,237,944	1,163,669
9,484,295	8,725,000	9,685,000	7,850,000	8,180,000	8,845,000
6,246,474	5,353,062	4,569,660	4,125,875	3,800,525	3,133,742
453,172	1,900	323,668	1,800	2,050	142,598
16,546,135	35,747,287	17,200,939	20,195,403	23,964,398	9,402,258
-	-	-	-	-	-
469,194	129,830	378,193	-	-	-
538,491	550,794	551,494	739,937	754,102	773,730
<u>\$ 385,391,443</u>	<u>\$ 399,407,558</u>	<u>\$ 365,125,165</u>	<u>\$ 371,787,215</u>	<u>\$ 395,450,277</u>	<u>\$ 397,023,875</u>
4.27%	3.87%	4.09%	3.41%	3.28%	3.12%

**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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Excess of revenues over (under) expenditures</b>	\$ 6,080,595	\$ 29,250,503	\$ 14,509,372	\$ (10,894,035)
<b>Other Financing Sources (Uses)</b>				
General long-term debt issued	-	-	8,960,000	-
Bond Refunding Escrow Agent	-	-	(9,288,539)	-
Premium on Bond Issue	-	-	268,157	-
Sale of capital assets	208,406	138,521	54,249	98,833
Capital Leases	-	-	3,690,983	-
Contributed capital	-	725,000	-	-
Transfers in	10,076,999	43,305,792	32,355,216	28,759,099
Transfers out	(10,076,999)	(43,305,792)	(32,355,216)	(27,265,259)
Total other financing sources (uses)	<u>208,406</u>	<u>863,521</u>	<u>3,684,850</u>	<u>1,592,673</u>
<b>Net change in fund balances</b>	<u>\$ 6,289,001</u>	<u>\$ 30,114,024</u>	<u>\$ 18,194,222</u>	<u>\$ (9,301,362)</u>

Fiscal Year					
<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 9,597,095	\$ 963,801	\$ 5,873,206	\$ 1,042,548	\$ (3,414,996)	\$ 21,221,906
41,895,000	-	28,290,000	-	-	10,255,000
(47,759,040)	-	(31,357,014)	-	-	(10,885,500)
6,323,727	-	3,400,383	-	-	773,775
50,885	61,680	58,331	24,411	19,607	191,424
-	-	-	-	-	-
-	-	-	-	-	-
54,253,644	19,712,546	23,244,492	11,819,889	31,605,046	18,034,498
(54,253,644)	(19,712,546)	(23,244,492)	(11,819,889)	(31,605,046)	(18,034,498)
<u>510,572</u>	<u>61,680</u>	<u>391,700</u>	<u>24,411</u>	<u>19,607</u>	<u>334,699</u>
<u>\$ 10,107,667</u>	<u>\$ 1,025,481</u>	<u>\$ 6,264,906</u>	<u>\$ 1,066,959</u>	<u>\$ (3,395,389)</u>	<u>\$ 21,556,605</u>

**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		
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	6,266,679,790	511,276,693	880,559,972	5,897,396,511
2010	6,613,550,157	520,539,862	1,044,651,090	6,089,438,929
2011	6,739,445,518	514,563,260	1,112,058,527	6,141,950,251
2012	6,944,217,120	511,992,486	1,148,177,999	6,308,031,607
2013	7,125,103,190	512,350,466	1,212,032,220	6,425,421,436
2014	7,457,079,389	576,774,352	1,281,191,982	6,752,661,759
2015	7,674,451,745	605,574,568	1,405,528,236	6,874,498,077

**Source:** Bell County Tax Appraisal District

**Notes:**

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

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

<sup>c</sup>Assessed value

Total Direct Tax Rate <sup>b</sup>	Estimated Actual Taxable <sup>c</sup> Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
1.5583	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%
1.1412	7,254,008,778	84.67%
1.1412	7,456,209,606	84.60%
1.1310	7,637,453,656	84.13%
1.1280	8,033,853,741	84.05%
1.1280	8,280,023,313	83.03%

**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
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
2011	1.0312	0.1100	1.1412	0.4119	0.1409	0.7428	0.6770	0.4460
2012	1.0312	0.1100	1.1412	0.4395	0.1409	0.7428	0.6770	0.4694
2013	1.0400	0.0910	1.1310	0.4511	0.1400	0.7428	0.6770	0.5195
2014	1.0400	0.0880	1.1280	0.4212	0.1370	0.7428	0.6770	0.5118
2015	1.0400	0.0880	1.1280	0.4212	0.1348	0.7498	0.6770	0.5054

**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**

<u>Taxpayer</u>	2015			2006		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Taxable Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Taxable Value</u>
ONCOR Electric Delivery Company	\$ 101,088,446	1	1.47%	\$ 60,237,157	1	1.56%
HH/Killeen Health System LLC - Seton Medical Center	51,271,721	2	0.75%			
Wal-Mart Real Estate Business	36,663,055	3	0.53%	9,369,886	8	0.24%
Market Heights Ltd	28,718,373	4	0.42%			
HH/Killeen Health System LLC	27,500,000	5	0.40%			
Central Telephone Company	26,582,071	6	0.39%	40,184,160	2	1.04%
HEB Grocery Company	18,618,943	7	0.27%			
Killeen Mall LLC	16,388,819	8	0.24%			
Stone Creek Investment LLC	12,874,850	9	0.19%			
Watercrest Place LP	11,464,836	10	0.17%			
Texas Cable Partners LP				18,581,620	3	0.48%
CG&A Killeen Partners LP				16,977,085	4	0.44%
Sallie Mae Inc				12,809,117	5	0.33%
Wal Mart Store #0407				10,150,023	6	0.26%
Feiga/Sierra Creek LP				9,534,929	7	0.25%
Wal Mart Store #3319				8,834,532	9	0.23%
Arbors 2003 LP				8,751,560	10	0.23%
Subtotal	\$ 331,171,114		4.82%	\$ 195,430,069		5.06%
All other taxpayers	6,543,326,963		95.18%	3,668,788,786		94.94%
	<u>\$ 6,874,498,077</u>		<u>100.00%</u>	<u>\$ 3,864,218,855</u>		<u>100.00%</u>

Source: Bell County Tax Appraisal District

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

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2006	59,240,023	58,363,508	98.52%	574,054	58,937,562	99.49%
2007	64,444,634	63,482,453	98.51%	861,193	64,343,646	99.84%
2008	59,365,027	58,291,853	98.19%	985,575	59,277,428	99.85%
2009	65,968,263	65,102,970	98.69%	763,346	65,866,316	99.85%
2010	68,295,492	67,412,328	98.71%	777,064	68,189,392	99.84%
2011	68,995,097	67,992,566	98.55%	871,739	68,864,305	99.81%
2012	70,938,241	70,279,728	99.07%	509,785	70,789,513	99.79%
2013	71,741,042	71,076,277	99.07%	472,470	71,548,747	99.73%
2014	75,361,893	74,690,031	99.11%	367,600	75,057,631	99.60%
2015	76,828,096	76,196,881	99.18%		76,196,881	99.18%

**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>
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
2011	115,585,010	7.62%	3,112	113,296,113	1.56%	3,050
2012	103,691,068	6.29%	2,590	101,930,076	1.37%	2,546
2013	95,743,386	5.77%	2,426	94,036,173	1.23%	2,382
2014	86,573,213	5.18%	2,191	84,913,398	1.06%	2,149
2015	76,396,395	4.61%	1,958	75,082,798	0.91%	1,924

**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, 2015**

<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	\$ 136,375,000	43.95%	\$ 59,936,813
Central Texas College	\$ -	0.00%	-
Coryell County <sup>a</sup>	\$ -	0.00%	-
City of Killeen	\$ 211,515,000	100.00%	211,515,000
City of Harker Heights	\$ 48,890,000	100.00%	48,890,000
City of Nolanville	\$ 2,195,000	100.00%	2,195,000
Subtotal, overlapping debt			\$ 322,536,813
<b>District direct debt</b>			<b>76,396,395</b>
<b>Total direct and overlapping debt</b>			<b>\$ 398,933,208</b>

**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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Assessed value <sup>a</sup>	\$ 3,864,218,855	\$ 4,611,170,393	\$ 5,299,887,356	\$ 5,897,396,511
Debt Limit <sup>b</sup>	386,421,886	461,117,039	529,988,736	589,739,651
Amount of debt applicable to debt limit:				
Total bonded debt	158,793,664	149,735,978	140,090,582	131,717,421
Less: Net assets available in debt service fund	1,425,801	1,960,706	1,791,045	1,737,174
Total net debt applicable to limit	<u>157,367,863</u>	<u>147,775,272</u>	<u>138,299,537</u>	<u>129,980,247</u>
Legal debt margin	<u>\$ 229,054,023</u>	<u>\$ 313,341,767</u>	<u>\$ 391,689,199</u>	<u>\$ 459,759,404</u>
Total net debt applicable to the limit as a percentage of debt limit.	40.72%	32.05%	26.09%	22.04%

**Notes:**

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

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

Fiscal Year					
<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 6,089,438,929	\$ 6,141,950,251	\$ 6,308,031,607	\$ 6,425,421,436	\$ 6,752,661,759	\$ 6,874,498,077
608,943,893	614,195,025	630,803,161	642,542,144	675,266,176	687,449,808
125,196,765	115,585,010	103,691,068	95,743,386	86,573,213	76,396,395
1,857,552	2,288,897	1,760,992	1,707,213	1,659,815	1,313,597
<u>123,339,213</u>	<u>113,296,113</u>	<u>101,930,076</u>	<u>94,036,173</u>	<u>84,913,398</u>	<u>75,082,798</u>
<u>\$ 485,604,680</u>	<u>\$ 500,898,912</u>	<u>\$ 528,873,085</u>	<u>\$ 548,505,971</u>	<u>\$ 590,352,778</u>	<u>\$ 612,367,010</u>
20.25%	18.45%	16.16%	14.64%	12.57%	10.92%

**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>
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
2010	408,366	15,167,523	37,142	8.60
2011	411,595	16,475,894	40,029	7.70
2012	420,375	16,592,415	39,471	7.10
2013	423,257	16,727,204	39,520	7.20
2014	424,858	16,576,889	39,017	5.40

**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>2015</u>			<u>2006</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>
Ill Corps & Fort Hood	40,820	1	57.10%	42,322	1	58.56%
Civilian Personnel Office	17,757	2	24.84%	3,187	4	4.41%
Killeen ISD	6,292	3	8.80%	5,145	3	7.12%
Teleperformance	1,700	4	2.38%			
Central Texas College	1,487	5	2.08%	1,100	6	1.52%
Metroplex Hospital	1,200	6	1.68%	935	7	1.29%
City of Killeen	1,100	7	1.54%	891	8	1.23%
ESP Inc.	420	8	0.59%			
Scott & White Clinic	361	9	0.50%	7,100	2	9.82%
Seton Medical Center	350	10	0.49%			
Walmart				700	10	0.97%
Sallie Mae						
Fort Hood Exchange				1,218	5	1.69%
Killeen Mall				800	9	1.11%
First National Bank						
Subtotal	71,487		100.00%	63,398		87.72%
All other employers	N/A		N/A	8,879		12.28%
Total employment	<u>71,487</u>		<u>100.00%</u>	<u>72,277</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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Supervisory</b>					
Instructional administrators	29	42	41	39	40
Noninstructional administrators	44	34	38	39	39
Consultants/supervisors of instruction	59	58	64	69	68
Principals	44	45	45	46	49
Assistant Principals	87	95	101	101	105
Total supervisory	<u>263</u>	<u>274</u>	<u>289</u>	<u>294</u>	<u>301</u>
<b>Instruction</b>					
Elementary classroom teachers	1,352	1,450	1,539	1,567	1,531
Secondary classroom teachers	1,195	1,212	1,307	1,266	1,198
ESL teachers	18	16	30	21	24
Other professionals (instructional)	102	109	153	58	59
Aides	873	856	899	864	932
Total Instruction	<u>3,540</u>	<u>3,643</u>	<u>3,928</u>	<u>3,776</u>	<u>3,744</u>
<b>Student Services</b>					
Guidance counselors	82	84	102	116	127
Visiting teacher/social workers	5	16	16	13	13
Librarians	45	47	49	43	48
Other professionals (noninstructional)	105	101	120	165	171
Technicians	16	16	17	19	20
Total student services	<u>253</u>	<u>264</u>	<u>304</u>	<u>356</u>	<u>379</u>
<b>Support and Administration</b>					
Clerical/secretarial	284	309	347	303	319
Service workers	640	663	888	327	335
Skilled crafts	119	114	114	107	108
Unskilled Laborers	291	297	339	655	681
Total support and administration	<u>1,334</u>	<u>1,383</u>	<u>1,688</u>	<u>1,392</u>	<u>1,443</u>
<b>Total</b>	<u><u>5,390</u></u>	<u><u>5,564</u></u>	<u><u>6,209</u></u>	<u><u>5,818</u></u>	<u><u>5,867</u></u>

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

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

<u>2011</u>	<u>2012*</u>	<u>2013*</u>	<u>2014*</u>	<u>2015*</u>	<b>Percentage Change 2006-2015</b>
38	41	42	41	42	45%
35	35	37	36	37	-16%
62	58	59	58	60	2%
48	51	53	50	51	16%
<u>103</u>	<u>113</u>	<u>120</u>	<u>117</u>	<u>120</u>	<u>38%</u>
<u>286</u>	<u>298</u>	<u>311</u>	<u>302</u>	<u>310</u>	<u>18%</u>
1,538	1,525	1,425	1,381	1,425	5%
1,170	1,173	1,471	1,358	1,388	16%
16	49	68	56	59	228%
54	56	75	71	70	-31%
<u>878</u>	<u>953</u>	<u>1,055</u>	<u>976</u>	<u>996</u>	<u>14%</u>
<u>3,656</u>	<u>3,756</u>	<u>4,094</u>	<u>3,842</u>	<u>3,938</u>	<u>11%</u>
107	105	115	113	116	41%
4	4	4	4	4	-20%
46	48	49	47	46	2%
168	196	217	207	203	93%
<u>18</u>	<u>15</u>	<u>13</u>	<u>13</u>	<u>13</u>	<u>-19%</u>
<u>343</u>	<u>368</u>	<u>398</u>	<u>384</u>	<u>382</u>	<u>51%</u>
284	300	311	304	309	9%
339	503	512	526	533	-17%
107	104	115	116	119	0%
<u>624</u>	<u>680</u>	<u>671</u>	<u>671</u>	<u>701</u>	<u>141%</u>
<u>1,354</u>	<u>1,587</u>	<u>1,609</u>	<u>1,617</u>	<u>1,662</u>	<u>25%</u>
<u><u>5,639</u></u>	<u><u>6,009</u></u>	<u><u>6,412</u></u>	<u><u>6,145</u></u>	<u><u>6,292</u></u>	<u><u>17%</u></u>



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

<b>Fiscal Year</b>	<b>Peak Enrollment</b>	<b>Operating Expenditures</b>	<b>Cost per Pupil</b>	<b>Teaching Staff</b>	<b>Pupil-Teacher Ratio</b>	<b>Percentage of Students Receiving Free or Reduced-Price Meals</b>
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%
2011	40,609	\$ 399,407,558	\$ 9,835	2,839	14.3	55%
2012	41,172	\$ 365,125,165	\$ 8,868	2,776	14.8	53%
2013	41,969	\$ 371,787,215	\$ 8,859	2,805	15.0	58%
2014	41,414	\$ 395,450,277	\$ 9,549	2,824	14.7	57%
2015	42,929	\$ 397,023,875	\$ 9,248	2,872	14.9	61%

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

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b><u>Schools</u></b>				
<b>Elementary</b>				
Buildings	29	30	30	31
Square feet	2,217,069	2,447,465	2,453,417	2,700,972
Capacity	18,964	20,912	21,134	25,022
Enrollment	18,841	20,635	21,753	22,450
<b>Middle</b>				
Buildings	11	11	11	12
Square feet	1,207,806	1,286,013	1,293,693	1,417,629
Capacity	8,586	8,586	8,950	9,079
Enrollment	7,262	7,558	7,746	7,974
<b>High</b>				
Buildings	4	4	4	4
Square feet	1,277,501	1,303,653	1,315,901	1,314,597
Capacity	7,356	7,356	7,356	8,898
Enrollment	8,180	8,225	8,785	9,127
<b>9th Grade Center</b>				
Buildings	-	-	-	-
Square feet	-	-	-	-
Capacity	-	-	-	-
Enrollment	-	-	-	-
<b>Other</b>				
<b>CATE, Pathways</b>				
<b>Gateway School,</b>				
Buildings	2	2	2	2
Square feet	95,569	95,569	95,569	148,696
Enrollment	460	477	477	413
<b><u>Administrative</u></b>				
Buildings	6	6	6	6
Square feet	242,795	242,795	242,795	242,795
<b><u>Transportation</u></b>				
Garages	1	1	1	1
Buses	247	236	235	261
<b><u>Athletics</u></b>				
Warehouse	1	1	1	1
Square feet	31,608	31,608	31,608	31,608
Stadium	1	1	1	1
Football/soccer fields	40	40	40	40
Running tracks	4	4	4	4
Baseball/softball	8	8	8	8
Swimming pools	-	-	-	-

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

Fiscal Year

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
31	32	32	32	32	32
2,723,077	2,749,377	2,783,044	2,783,044	2,874,837	2,884,299
22,317	23,543	23,568	23,568	25,051	25,051
22,680	23,391	23,814	23,579	24,210	24,284
11	11	11	11	11	11
1,312,257	1,320,705	1,323,777	1,323,777	1,329,153	1,336,065
9,300	9,300	9,300	9,300	9,300	9,300
8,019	8,525	8,445	8,409	8,660	8,653
4	4	4	4	4	4
1,324,632	1,325,400	1,358,040	1,358,040	1,366,680	1,369,752
8,476	8,476	8,476	8,476	8,476	8,476
9,063	9,002	9,093	9,269	9,482	9,768
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2	3	4	3	3	3
154,072	185,159	332,509	266,720	266,720	266,720
672	658	617	494	577	723
6	7	8	9	9	10
256,706	296,706	309,476	424,266	424,266	531,359
1	1	1	1	1	2
269	269	266	278	294	309
1	1	1	1	1	1
31,608	31,608	31,608	31,608	31,608	31,608
1	1	1	1	1	1
40	40	46	46	47	47
4	4	4	4	4	4
8	8	8	8	8	8
-	-	-	-	-	-



SCHOOLS FIRST QUESTIONNAIRE

KISD

Fiscal Year 2015

SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF4	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
SF8	Did the school district not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?	Yes
SF10	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end.	\$0
SF11	Net Pension Assets (1920) at fiscal year-end.	\$0
SF12	Net Pension Liabilities (2540) at fiscal year-end.	\$44,268,428
SF13	Pension Expense (6147) at fiscal year-end.	\$4,091,834