



Executive Summary *September 2013*

I. Year-to-date Financial Analysis

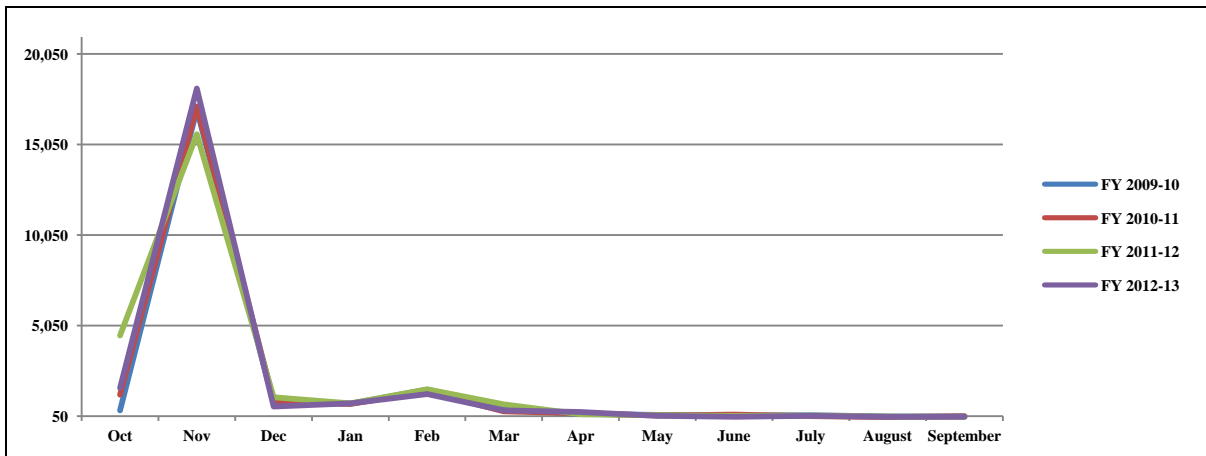
GENERAL FUND

General Fund Revenues:

Total general fund revenues for September are \$3,823,276, down 1.3% from September 2012 revenues of \$3,871,682. Year-to-date general fund revenues of \$68,309,905 are down 1.2% below last year's total of \$69,129,936. The decrease in general fund revenue for the year is attributable to additional debt service payments for two Pass Through Financing (PTF) Bonds for street projects. Partial reimbursements will be received from TXDOT upon completion of these projects.

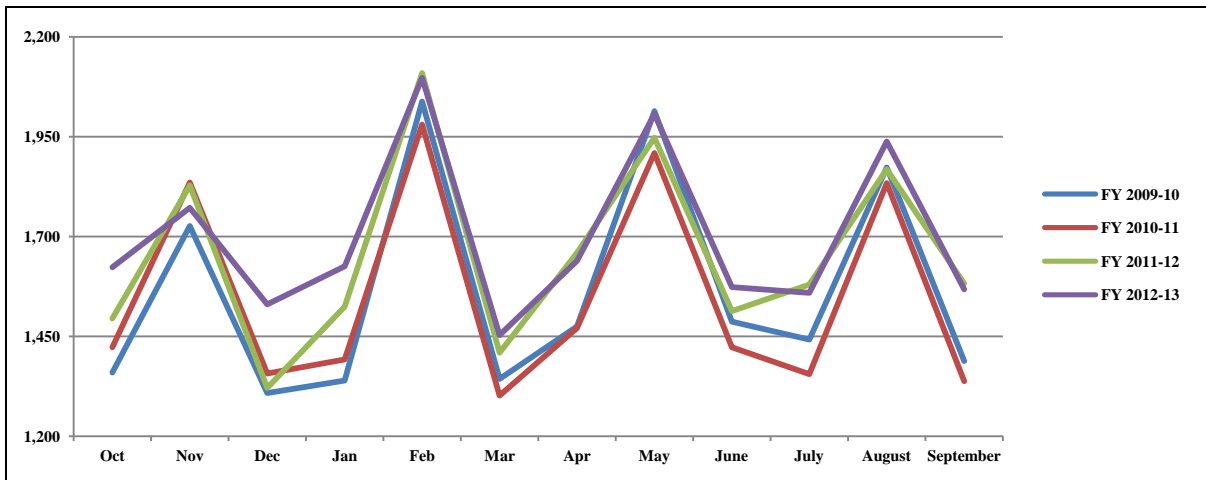
PROPERTY TAX

The majority of property tax revenues is typically received during the first quarter of the fiscal year as a result of early payment discounts. Payments are then received sporadically throughout the remainder of the year. Total property tax collections for the city for September are \$65,282, up 15.4% from last September collections of \$56,590. Year-to-date property tax collections through September of \$23,774,586 allocated to the general fund are down 6.3% from last year-to-date of \$25,376,293. Property tax collections for the city as a whole through September were \$593,613 higher than the previous year.



SALES TAX

Sales tax revenues for the month of September are \$1,567,985, a decrease of .9% from last September's total of \$1,581,960. Year-to-date sales tax collections are \$20,384,016, 2.8% above last year's total of \$19,834,207. Killeen's increase is reflective of the overall economic upswing that is being experienced throughout the region.



FRANCHISE FEES

The City collects a 4.5% franchise fee on electrical, natural gas, cable, and non-cellular telephone revenues provided by entities other than the City. Franchise fees collected during September are \$745,069, down 6.3% from last September revenues of \$794,766. Year-to-date franchise revenues are \$5,040,941, down 6.2% from last year’s total of \$5,376,813. Electrical and gas franchise fees were impacted by milder temperatures in the first quarter of FY 2012-13.

PERMITS

Dollar value of permits issued for the month was \$12,212,802, a 10.5% decrease from last September dollar value of \$13,360,189. For the month of September, 46 single family permits and no duplex permits were issued.

General Fund Expenditures:

Total expenses for September are \$6,560,295, 21.4% above last September expenses of \$5,404,709. This is mainly attributed to transfers from the General Fund to the Internal Service Fleet fund for purchases of public safety vehicles and expenses relating to the Trimmier widening project that were charged in the month of September. Year-to-date expenditures of \$69,299,113 are up 3.6% from last year’s expenses of \$66,888,112. The fiscal year is 100% complete; however, the general fund has spent a total of 94.73% of projected expenditures, 5.27% below projected expenditures for the year.

General Fund Balance:

Council has approved several budget amendments in the 2012-2013 budget year for a total of \$1,606,393. These amendments are as follows: (1) \$774,000 for the architectural and engineering costs for the widening of Trimmier road, (2) \$390,000 additional funding for police vehicles, (3) \$294,880 for the carryover of funds owed but not spent in the 2011-2012 fiscal year, (4) \$44,094 for a new vehicle for the court, (5) \$54,956 for fire department uniforms, and (6) \$48,463 for support services and municipal court..

The ending fund balance for September was \$22,335,868, up .63% when compared to last year’s fund balance of \$22,195,036.

AVIATION FUNDS

Aviation Funds Revenues:

KFHRA (Killeen Fort Hood Regional Airport) operating revenues (non-grants) for September are \$309,331, up .6% from \$307,278 last year. Year-to-date revenues total \$3,191,879, up 3.1% from \$3,096,160 last year.

Skylark operating revenues (non-grants) for September are \$58,711, down 16.6% from \$70,382 last year. Year-to-date revenues of \$810,165 are up 18.1% from \$686,238 last year.

Aviation Funds Expenditures:

KFHRA operating expenses (non-construction) for September of \$323,974 are up 20.4% for the month as compared to \$269,031 last September. Year-to-date expenses of \$2,943,146 are down 2.8% from last year's total of \$3,028,367.

Skylark operating expenses (non-improvements/construction) for September are \$61,868, up 10.2% from last year's September total of \$56,148.

Aviation Funds Balance:

KFHRA ending fund balance for September is \$1,861,769, down 14.9% from \$2,187,277 last year.

Skylark ending fund balance for September is \$610,366, up 29.1% from \$472,787 last year.

SOLID WASTE FUND

Solid Waste Fund Revenues:

Solid Waste operating revenues are \$1,320,424 for the month, up 6.1% when compared to last September revenues of \$1,244,198. Year-to-date revenues of \$15,217,175 are down 1.6% compared to last year's total of \$15,461,805. Revenues are down as a result of the TML reimbursement from the transfer station fire received in the prior year.

Solid Waste Fund Expenditures:

Expenses totaled \$1,731,742 for the month, down 13.9% as compared to \$2,011,118 last year. Year-to-date expenses are \$15,339,494, up 2.3% from last year's total of \$14,998,256.

Solid Waste Fund Balance:

The ending fund balance for September is \$3,451,519, down 3.4% from \$3,573,839 last year.

WATER AND SEWER FUND

Water and Sewer Fund Revenues:

Water and Sewer operating revenues total \$3,664,598, down 5.1% from last year's revenues of \$3,863,383. Year-to-date revenues total \$36,902,757, down 2.5% from last year's revenues of \$37,844,556.

Tap fees of \$40,129 for the month of September are up 378% as compared to last year's fees of \$8,400. Year-to-date fees of \$852,030 are down from last year's total of \$931,438 by 8.5%.

The decrease in tap fees is due to the decrease in the construction of new homes and buildings built during the 2013 fiscal year.

Water and Sewer Expenditures:

Expenses total \$3,409,462 for the month, down 8.2% as compared to \$3,715,498 last September. Year-to-date expenses are \$36,066,326, up .01% from last year's total of \$36,026,362.

Water and Sewer Fund Balance:

Fund balance for September is \$25,430,042, up 3.4% from \$24,593,612 last September.

DRAINAGE UTILITY FUND

Drainage Utility Fund Revenues:

Drainage Utility operating revenues total \$313,526 for the month, down 2.3% from last September revenues of \$320,907. Year-to-date revenues of \$3,827,175 are 1.1% above last year's revenues of \$3,786,078.

Residential fees for the month total \$264,352, down 1.8% from last September's fees of \$269,279. Residential fees year-to-date are \$3,209,572, up 1.8% from last year's fees of \$3,152,619.

Commercial fees for the month total \$48,258, down 1.1% from last September's fees of \$48,783. Commercial fees year-to-date are \$590,396, down 0.3% down from last year's fees of \$592,631.

Drainage Utility Fund Expenditures:

Operating expenses for the month are \$313,267, down 29.3% as compared to \$443,144 last September. Year-to-date expenses are \$3,213,421, down 10.3% from last year's total of \$3,582,438.

Major drainage capital improvement project budget is \$2,994,196 with \$479,319 expended year-to-date. These projects are funded with the proceeds from the \$8 million Certificate of Obligation issued in September, 2006.

Drainage Utility Fund Balance:

Ending fund balance for September is \$7,644,892, up 1.8% from \$7,510,457 last September.

Other Revenues:

Hotel Occupancy Tax Revenue for the month is \$140,295, 12.6% above last September's revenue of \$124,574. Year-to-date revenues of \$1,696,609 are above last year's total of \$1,652,409 by 2.7%.

The year-to-date increase is a result of two factors: additional hotels (Marriot and Travelodge) that opened this year, and the independent auditor hired by the city to audit hotels and educate hotel employees on collecting the appropriate hotel occupancy tax.

II. Investments

Compliance Statement:

The investment activity and strategies described in this report are in compliance with the Public Funds Investment Act, City's investment policy, and generally accepted accounting principles. This report includes the investment position of the City at the end of the second fiscal quarter 2013.

The City's investment strategy is to "ladder" or stagger maturities, thus minimizing interest rate fluctuations. The majority of the City's investments are in Certificates of Deposit, Money Markets, and TexPool.

We successfully negotiated with our bank depositor to increase limits in the money market funds to maximize interest earnings.

III. Capital Projects

Capital Improvement Program:

The projects in the Capital Improvement Program (CIP) generally consist of infrastructure and related construction and do not include small capital items or maintenance. Approved capital improvement projects, including year-to-date budget status and project-to-date information, can be found in the Bond Construction Funds section of the unaudited Financial Report for September 2013.

The widening of State Highway 201 from the airport east to State Highway 195 was completed in December 2012.

The State Highway 195 overpass opened to traffic on September 30, 2013. Landscaping and aesthetics were completed in September.

The city broke ground on the construction of an interchange at US 190 and Rosewood Drive. As of September 30, 2013 this project was approximately 22% complete and is projected for completion in October 2015.

Financial Report Detail is located under Financial Reports and Executive Summaries on the City Website:

<http://www.killeentexas.gov/finance>

**CITY OF KILLEEN
ECONOMIC INDICATORS
REPORT SUMMARY
SEPTEMBER 2013**

There are seven economic indicators monitored by this report, summarized below. For the month of September 2013, three of the seven economic indicators were positive with Sales Tax, Aviation Enplanements and Deplanements, Building Permits, and Utility Customers being negative.

UNEMPLOYMENT RATE

The unemployment rate for September 2013 was 7.8 as compared to 7.6 during September 2012.

SALES TAX REVENUE

Sales Tax Collections for the month were \$1,567,985, a decrease of 0.9% above last September's collections of \$1,581,960. Year-to-date sales tax collections of \$20,384,016 are above last year's total of \$19,834,207 by 2.8%.

AVIATION ENPLANEMENTS AND DEPLANEMENTS

Enplanements for the month total 12,978, a decrease of 5.8% as compared to 13,770 during September 2012. Year-to-date enplanements of 175,353 are above last year's total of 168,501 by 4.1%.

Deplanements for the month total 12,372, a decrease of 8.1% as compared to 13,462 during September 2012. Year-to-date deplanements of 174,961 are above last year's total of 165,568 by 5.7%.

BUILDING PERMITS

Dollar value of permits issued for the month was \$12,212,802, a 10.5% decrease below last September's dollar value of \$13,649,527. The year-to-date dollar value of \$209,361,633 is below last year's total of \$226,832,823 by 7.7%. For the month, 46 single-family permits were issued. There were no duplex or multi-family home permits were issued.

UTILITY CUSTOMERS

For September 2013, the City had 44,510 active utility customers, a decrease of 1.2% over the 45,068 active utility customers in September 2012.

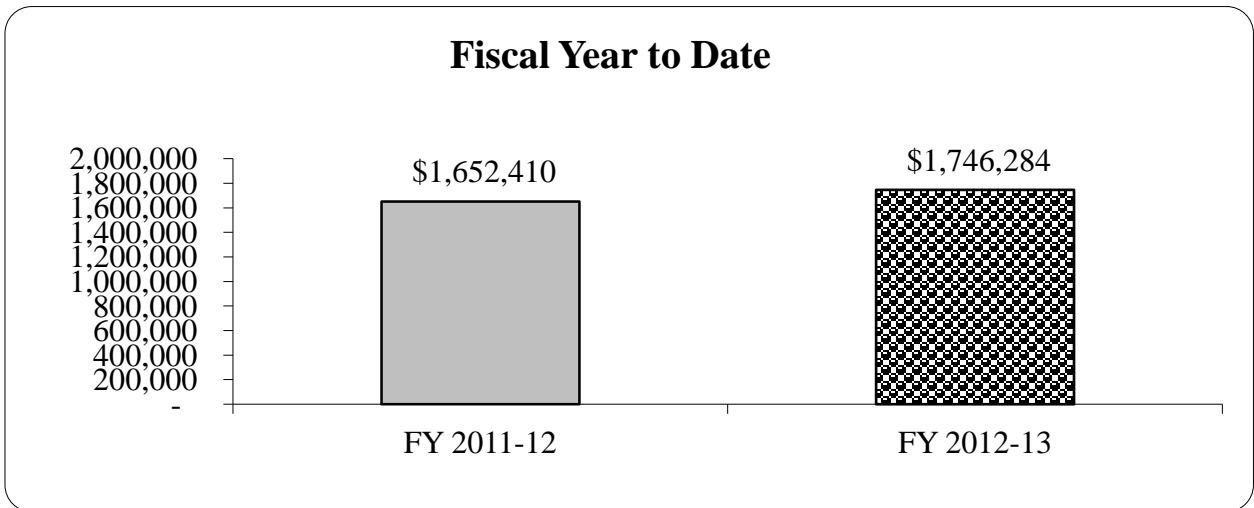
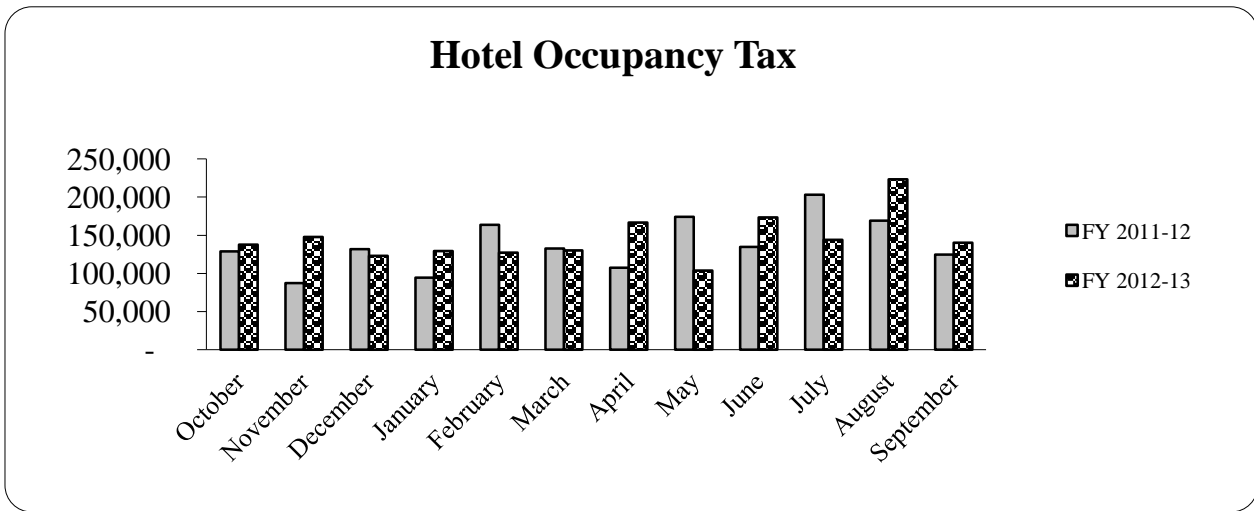
WATER AND SEWER TAP FEES

Tap Fees total \$40,129 for the month, up 377.7% as compared to last year's fees of \$8,400. Year-to-date revenues of \$852,030 are below last year's total of \$931,438 by 8.5%.

HOTEL OCCUPANCY TAX REVENUE

Hotel Occupancy Tax Revenue for the month was \$140,295, 12.6% above last September's revenue of \$124,574. Year-to-date revenues of \$1,746,284 are above last year's total of \$1,652,410 by 5.7%.

Hotel Occupancy Tax Revenues



Economic Indicator	Positive	Neutral	Negative
Hotel Occupancy Tax Revenues	x		

City of Killeen
Data Summaries

Killeen Unemployment Rate	October	November	December	January	February	March	April	May	June	July	August	September
FY 2011-12	8.9	8.5	8.5	9.2	8.6	8.1	7.9	8.4	9.3	8.9	8.3	7.6
FY 2012-13	7.5	7.1	7.1	8.1	7.6	7.3	7.4	7.9	8.2	8.0	7.5	7.8

Sales Tax Receipts	October	November	December	January	February	March	April	May	June	July	August	September	YTD Total
FY 2011-12	1,495,989	1,827,683	1,320,403	1,524,044	2,109,235	1,409,166	1,659,305	1,946,550	1,512,511	1,579,593	1,867,768	1,581,960	19,834,207
FY 2012-13	1,622,552	1,772,056	1,529,758	1,624,593	2,097,165	1,453,451	1,639,478	2,007,456	1,573,055	1,558,865	1,937,602	1,567,985	20,384,016

Aviation-Total Passenger Count Enplanements	October	November	December	January	February	March	April	May	June	July	August	September	YTD Total
FY 2011-12	14,638	14,431	16,842	12,509	11,419	14,327	12,612	13,455	15,513	14,400	14,585	13,770	168,501
FY 2012-13	14,871	15,691	16,045	12,744	11,601	15,892	13,916	15,049	16,194	15,756	14,616	12,978	175,353

Deplanements	October	November	December	January	February	March	April	May	June	July	August	September	YTD Total
FY 2011-12	14,929	15,006	15,017	12,237	10,845	13,996	12,775	13,457	14,623	14,033	15,188	13,462	165,568
FY 2012-13	15,144	15,923	14,702	13,595	11,652	16,308	13,351	14,892	15,659	15,636	15,727	12,372	174,961

Building Permits Construction Value	October	November	December	January	February	March	April	May	June	July	August	September	YTD Total
FY 2011-12	11,349,446	13,174,922	10,416,025	23,042,548	16,727,871	13,687,789	18,374,441	25,478,174	39,638,429	20,980,458	20,313,193	13,649,527	226,832,823
FY 2012-13	24,710,819	11,669,217	6,253,471	15,583,833	15,918,819	17,937,302	31,519,248	19,423,254	17,434,695	17,248,405	19,449,768	12,212,802	209,361,633

Number of Permits Issued Single Family	October	November	December	January	February	March	April	May	June	July	August	September	YTD Total
FY 2011-12	62	69	55	107	97	62	102	87	125	90	108	59	1,023
FY 2012-13	73	67	30	85	68	112	89	105	90	85	88	46	938

Duplex	October	November	December	January	February	March	April	May	June	July	August	September	YTD Total
FY 2011-12	1	3	7	8	5	-	3	2	-	2	9	16	56
FY 2012-13	-	3	-	23	-	-	2	7	-	1	5	-	41

Multi-family	October	November	December	January	February	March	April	May	June	July	August	September	YTD Total
FY 2011-12	-	-	-	-	-	-	-	-	9	-	-	-	9
FY 2012-13	-	-	-	-	-	-	-	-	-	-	-	-	-

Utility Customers	October	November	December	January	February	March	April	May	June	July	August	September
FY 2011-12	42,134	42,514	42,459	42,450	42,881	43,544	43,554	43,601	44,120	43,777	44,507	45,068
FY 2012-13	43,446	44,313	44,147	43,761	43,846	44,412	44,187	44,567	44,870	44,519	44,658	44,510

Water & Sewer Tap Fees	October	November	December	January	February	March	April	May	June	July	August	September	YTD Total
FY 2011-12	40,727	24,541	87,216	79,100	84,913	77,203	82,690	67,524	233,233	67,141	78,750	8,400	931,438
FY 2012-13	124,732	50,212	22,350	65,800	53,079	99,091	73,825	112,867	65,100	60,556	84,289	40,129	852,030

Hotel Occupancy Tax Revenues	October	November	December	January	February	March	April	May	June	July	August	September	YTD Total
FY 2011-12	129,005	87,288	131,954	94,504	163,771	132,520	107,288	174,148	134,919	203,128	169,311	124,574	1,652,410
FY 2012-13	137,539	147,597	123,086	129,285	127,171	129,937	166,641	103,819	173,527	144,117	223,270	140,295	1,746,284