

City of Killeen
Financial Report
September 2008
Executive Summary



Finance
Department

Prepared by:
Barbara Gonzales
Director of Finance

Prepared 11/7/08

**FINANCE DIRECTOR'S REPORT
FISCAL YEAR ENDED – SEPTEMBER 2008**

November 18, 2008

Mayor and City Council Members:

We are pleased to submit the City Council Financial Report and Executive Summary for the fiscal year ended September 2008. September and October were busy periods for Finance staff. The FY 2008-09 budget was finalized and adopted by the City Council on September 9th. Finance staff is preparing the *Fiscal Year 2008-2009 Annual Budget and Plan of Municipal Services* that will be published and distributed to City Council during the month of January. Finance staff has closed the FY 2007-08 books and are busy working with the external auditors on the annual audit for FY 2007-08. The audit should be completed by early February.

At fiscal year end, revenues in most major funds exceeded last year's results and are higher than the original staff projections in many areas. In the General Fund, sales tax revenue exceeded the prior year by \$923,557 and property tax revenue was up by \$1,711,363. Permits and inspection revenues, court fines and fees, fire department service fees, recreation revenues, and golf course revenue were also exceptionally strong and exceeded 100% of their budget this fiscal year. Drainage Utility Fund revenues continued to grow over the past fiscal year and exceeded 100% of their budget this fiscal year. Expenditures in all major funds ended the year on target with staff projections with no funds exceeding their annual budget appropriations.

Finance staff monitor key economic indicators each month to evaluate the condition off the local economy. Five of the seven economic indicators monitored in this monthly report are positive with Water and Sewer Tap Fees and Unemployment Rate being negative. These indicators are discussed in detail in the attached Economic Indicators Summary Report.

We appreciate the City Council's continued support as we strive to implement sound fiscal management of the adopted budget and to provide you with the information that you need to make prudent policy decisions.

Respectfully submitted,



Barbara Gonzales
Director of Finance

**CITY OF KILLEEN
FINANCIAL REPORT- SEPTEMBER 2008
EXECUTIVE SUMMARY
MAJOR OPERATING FUNDS**

GENERAL FUND

- Revenues total \$2,551,017 for the month, down from last year's revenues of \$2,983,866 by 14.5%. Year-to-date general fund revenues of \$58,169,264 are up 1.9% over last year's total of \$57,107,435. The year-to-date variance increase is primarily attributable to property tax revenues, sales tax collections, and court fines and fees.
- Sales Tax Collections for the month were \$1,483,557, an increase of 3.0% over last September collections of \$1,440,276. Year-to-date sales tax collections of \$19,504,657 exceed last year's total of \$18,581,100 by 5.0%.
- Property Tax Collections during the month were \$49,118, down 12.4% from last year's collections of \$56,102. Year-to-date property tax receipts of \$18,135,343 exceed last year's total of \$16,423,980 by 10.4%. Year-to-date collections are at 103% of the budget for the fiscal year.
- Franchise Fees collected during September were \$47 compared to \$70 last September. Year-to-date franchise revenues of \$4,859,783 are below last year's total of \$4,960,867 by 2.0%. Year-to-date collections are at 95% of the budget for the fiscal year.
- Permits & Inspections fees collected during September totaled \$81,008, down 21.9% from last year's revenue of \$103,767. Year-to-date revenues of \$1,406,346 are 11.8% above last year's total of \$1,257,833. The variance is primarily attributable to Building Permits and Inspections fees coming in at a significantly higher rate than the prior year. Year-to-date collections are at 124.3% of the budget for the fiscal year.
- Court fines and fees were \$185,016 during September, up 45.0% above the prior year collections of \$127,641. Year-to-date revenues total \$2,087,985, 20.3% above last year's total of \$1,735,530. Year-to-date collections are at 114% of the budget for the fiscal year.
- Interest Earned during September totaled \$33,183, a decrease of 70.9% under last September's interest earnings of \$113,872. Year-to-date interest earnings total \$1,056,640, 33.3% below last year's total of \$1,584,375. Year-to-date earnings are at 70% of the budget for the fiscal year.
- Total expenditures for September are \$7,032,755, 7.8% below \$7,624,777 last year. Year-to-date expenditures of \$59,242,166 are up 3.7% when compared to last year's expenditures of \$57,116,147. This variance is primarily attributable to Police and Fire Department expenditures related to additional positions being filled this fiscal year.
- The ending fund balance for the month was \$18.2 million, down 5.6% from last year.

KILLEEN – FORT HOOD REGIONAL AIRPORT FUND (KFHRA)

- KFHRA operating revenues (non-grants) for September was \$343,367 down 1.5% under \$348,748 last year. Year-to-date revenues total \$2,890,928, up 7.1% from \$2,699,091 in the prior year.
- Other revenues in September include FAA grant funds of \$322,433. The year-to-date total is \$3,103,963 compared to \$3,046,661 last year.
- KFHRA operating expenses (non-construction) of \$509,095 are up 62.6% for the month as compared to \$313,096 last year. Year-to-date expenses of \$3,336,613 are up 13.0% from last year's total of \$2,951,520.
- KFHRA construction project budget is \$4,738,314 with \$196,894 expended in September and 63.8% or \$3,024,855 expended year-to-date.
- The ending fund balance for the month was \$938,707 down 28.1% from last year.

SKYLARK AIRFIELD FUND

- Skylark operating revenues (non-grants) for the month were \$83,796, up 58.2% from \$48,807 last year. Year-to-date revenues of \$740,586 are up 3.8% from last year's total of \$713,400.
- Skylark operating expenses (non-improvements/construction) were \$62,506 for the month, up 0.1% from last year's total of \$62,449. Year-to-date expenses of \$742,880 are up 8.5% from last year's total of \$684,677. This variance is primarily attributable to fuel (cost of goods sold) purchases.
- The ending fund balance for the month was \$428,169, down 5.2% from last year.

SOLID WASTE FUND

- Solid Waste operating revenues were \$1,045,695 for the month, up 5.0% when compared to last September's revenues of \$995,614. Year-to-date revenues of \$11,979,630 are up 0.5% compared to last year's total of \$11,920,813.

- Expenses totaled \$2,568,756 for the month, up 4.9% as compared to \$2,449,084 last year. Year-to-date expenses are \$13,117,095, up 3.2% from last year's total of \$12,707,063. This increase is primarily related to an increase in the Residential and Mowing Operations programs expenses over the prior year. Vehicle operating and repair expenses comprise a large amount of this increase.
- The ending fund balance for the month was \$3.0 million, down 27.4% over last year.

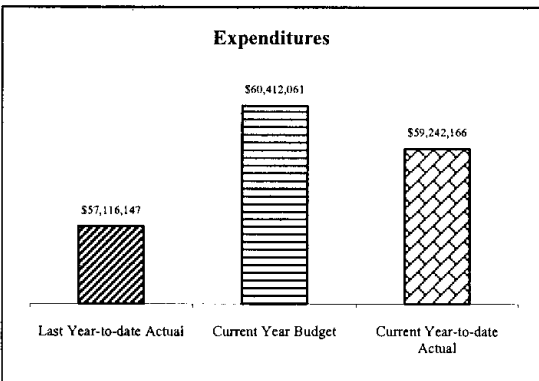
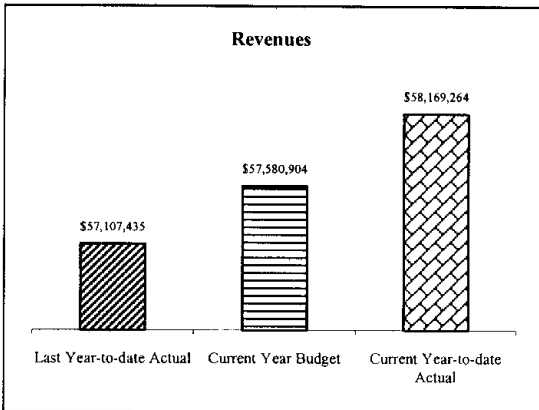
WATER AND SEWER FUND

- Water and Sewer operating revenues total \$2,881,810, up 4.6% over last year's revenues of \$2,755,284. The increase is in the Sale of Water revenue and the Sewer fees collected accounts most likely due to the lack of rain in the summer months this year compared to the abnormal excess rain that the area encountered last year. Year-to-date revenues total \$31,083,301, exceeding last year's revenues of \$28,301,309 by 9.8%.
- Tap Fees total \$62,777 for the month, down 22.8% as compared to last year's fees of \$81,281. Year-to-date fees of \$1,360,255 are below last year's total of \$1,469,180 by 7.4%. Tap Fees are exceeding projections with a collection rate at 160% of the current budget.
- Expenses total \$3,505,324 for the month, up 32.1% as compared to \$2,653,767 last year. Year-to-date expenses are \$31,974,260, up 12.2% from last year's total of \$28,491,252. The variance is largely attributable to project expenditures for the purchase of property from the West Bell County Water Supply Corporation.
- The ending fund balance for the month was \$19.3 million, down 4.4% below last year.

DRAINAGE UTILITY FUND

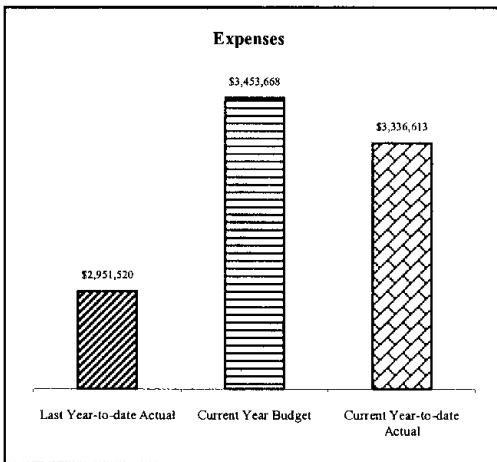
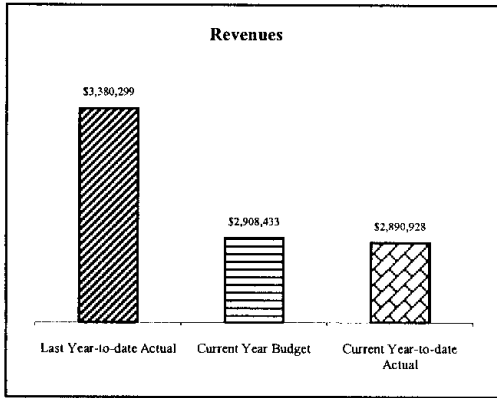
- Drainage Utility operating revenues total \$262,121 for the month, up 18.2% over last September's revenues of \$221,757. Year-to-date revenues of \$3,165,331 exceed last year's revenues of \$2,619,037 by 20.9%. The increase represents the implementation of the rate increase in the drainage utility fee structure approved during the budget process and citywide growth increases.
- Residential fees were \$196,911, up 33.5%, and Commercial fees were \$41,130, up 26.7% for the month. For the year, Residential fees are up 35.5% and Commercial fees are up 24.4%.
- Operating expenses for the month were \$573,080, up from \$497,927 last year. Year-to-date expenses are \$2,800,745, up 22.0% from last year's total of \$2,296,224. The increase in expenses is primarily due to the Drainage Maintenance Program being in full operations as compared to last year.
- Major drainage capital improvement project budget is \$7,190,083 with \$626,649 expended in September and \$874,826 expended year-to-date. These projects are funded with the proceeds from the \$8 million Certificate of Obligation issued in June 2006.
- The ending fund balance for the month was \$8.2 million, down 5.9% from last year.

CITY OF KILLEEN
 GENERAL FUND
 FINANCIAL REPORT
 September 30, 2008



	Adopted	Y-T-D	% of Budget
REVENUES:			
Property Taxes	17,538,969	18,135,343	103.40%
Sales & Occupancy Tax	19,758,000	20,037,429	101.41%
Franchise Tax	5,094,000	4,859,783	95.40%
Miscellaneous Revenues	3,063,500	3,121,874	101.91%
Permits & Inspections	1,131,300	1,406,346	124.31%
Court Fines & Fees	1,838,947	2,087,985	113.54%
Recreation Revenues	235,334	277,930	118.10%
Golf Course	1,250,703	1,267,778	101.37%
Interest Earned	1,500,000	1,056,640	70.44%
Intergovernmental Revenue	1,010,027	758,031	75.05%
Transfers In	5,160,124	5,160,124	100.00%
TOTAL REVENUES:	57,580,904	58,169,263	101.02%
EXPENDITURES:			
Administration	12,414,547	12,236,494	98.57%
Community Services	9,058,713	8,421,785	92.97%
Public Works	5,204,570	5,089,512	97.79%
Public Safety	33,434,231	33,494,374	100.18%
Transfers Out	300,000	-	0.00%
TOTAL EXPENDITURES:	60,412,061	59,242,165	98.06%

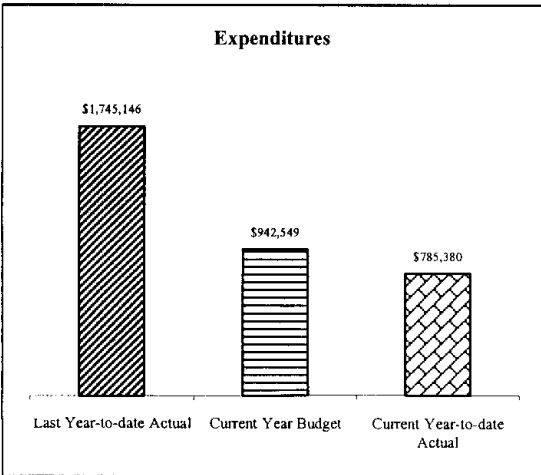
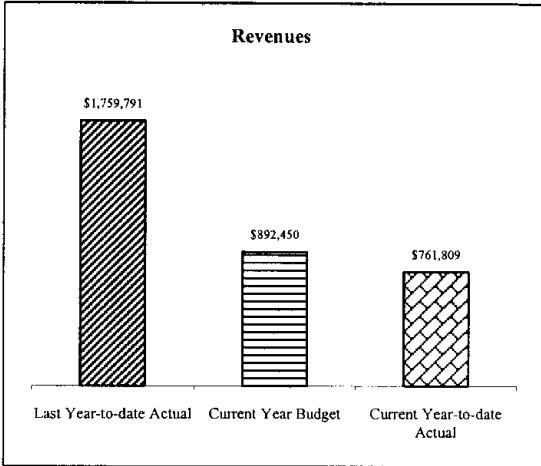
CITY OF KILLEEN
 KILLEEN-FORT HOOD REGIONAL AIRPORT FUND
 FINANCIAL REPORT
 September 30, 2008



Note: For comparison purposes, the charts above exclude the Revenue from FAA Grants and the KFHR Construction Expenses.

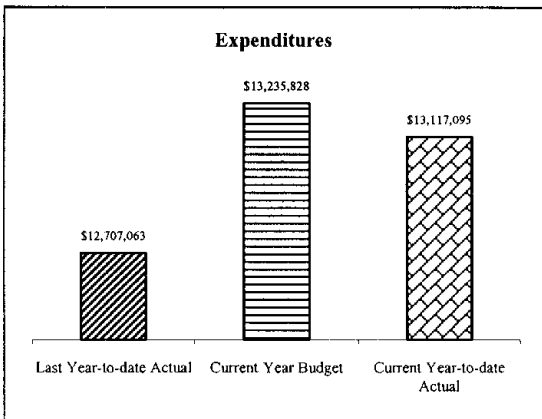
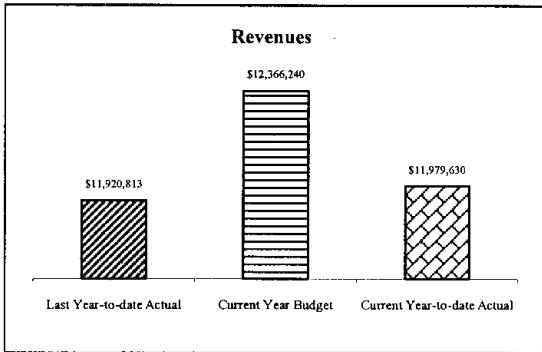
	Adopted	Y-T-D	% of Budget
REVENUES:			
Operating Revenues	2,854,433	2,874,223	100.69%
Interest Earned	54,000	16,705	30.94%
FAA Grants	2,008,143	1,147,441	57.14%
FAA Grants Prior Years	2,730,171	1,956,522	71.66%
TXDOT Grant	-	-	-
TXDOT Grant Match	-	-	-
Transfer from Bond Fund	-	-	-
TOTAL REVENUES:	7,646,747	5,994,891	78.40%
EXPENSES:			
Airport Operations	2,892,981	2,799,612	96.77%
Cost of Goods Sold	208,792	198,669	95.15%
KFHRA Construction	4,738,314	3,024,855	63.84%
Information Technology	171,018	162,601	95.08%
Non-Departmental	180,877	175,732	97.16%
TOTAL EXPENSES:	8,191,982	6,361,469	77.65%

CITY OF KILLEEN
 SKYLARK FIELD FUND
 FINANCIAL REPORT
 September 30, 2008



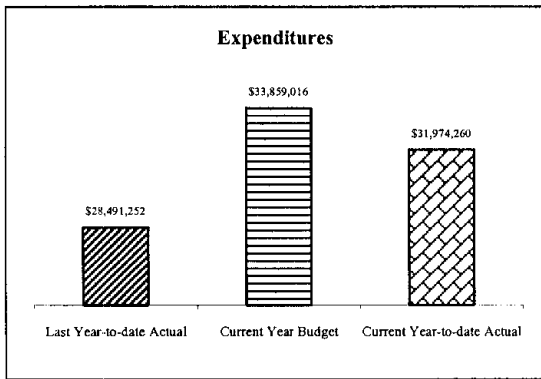
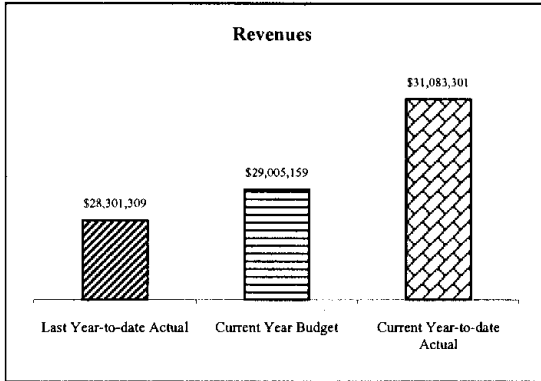
	Adopted	Y-T-D	% of Budget
REVENUES:			
Operating Revenues	852,450	722,951	84.81%
Interest Earned	10,000	17,635	176.35%
FAA Grants	-	-	-
FAA Grants - Prior Years	-	-	-
TXDOT Grants	30,000	21,223	70.74%
TOTAL REVENUES:	892,450	761,809	85.36%
EXPENDITURES:			
Airport Operations	270,360	207,319	76.68%
Cost of Goods Sold	600,012	526,287	87.71%
Skylark Improvements	60,000	42,500	70.83%
Skylark Construction	-	-	-
Non-Departmental	12,177	9,274	76.16%
TOTAL EXPENDITURES:	942,549	785,380	83.33%

CITY OF KILLEBEN
 SOLID WASTE FUND
 FINANCIAL REPORT
 September 30, 2008



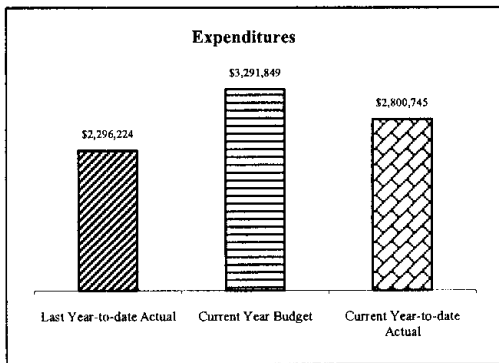
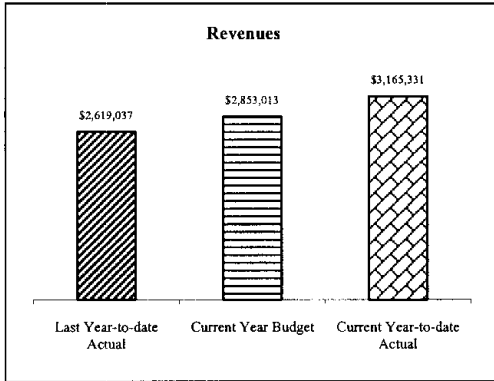
	Adopted	Y-T-D	% of Budget
REVENUES:			
Transfer Station Fees	330,000	338,195	102.48%
Dumpster Rentals	150,000	93,427	62.28%
Miscellaneous Revenues	40,100	37,590	93.74%
Recycling Revenues	161,000	200,713	124.67%
Commercial Sanitation Fees	5,334,942	4,860,543	91.11%
Residential Sanitation Fees	6,075,198	6,261,284	103.06%
Interest Earned	275,000	187,876	68.32%
TOTAL REVENUES:	12,366,240	11,979,628	96.87%
EXPENDITURES:			
Residential Operations	3,427,294	3,367,802	98.26%
Commercial Operations	1,813,617	1,786,549	98.51%
Recycling Program	304,698	290,842	95.45%
Transfer Station	3,787,397	3,754,631	99.13%
Mowing	943,984	911,847	96.60%
Debt Service	734,000	732,001	99.73%
Custodial Services	28,841	27,639	95.83%
Solid Waste Miscellaneous	382,387	432,175	113.02%
Transfer to General Fund	1,813,610	1,813,610	100.00%
TOTAL EXPENDITURES:	13,235,828	13,117,096	99.10%

CITY OF KILLEEN
 WATER & SEWER FUND
 FINANCIAL REPORT
 September 30, 2008



	Adopted	Y-T-D	% of Budget
REVENUES:			
Sale of Water	13,756,803	14,690,483	106.79%
Water & Sewer Taps	850,000	1,360,255	160.03%
Sewer Fees Collected	12,345,856	13,037,040	105.60%
Miscellaneous Revenues	700,000	712,448	101.78%
Delinquent Penalty	450,000	560,904	124.65%
Interest Earned	900,000	702,411	78.05%
Miscellaneous Receipts	2,500	19,760	790.40%
Transfers-In	-	-	-
TOTAL REVENUES:	29,005,159	31,083,301	107.16%
EXPENDITURES:			
Fleet Services	1,160,320	1,004,546	86.57%
Utility Collections	1,610,744	1,588,750	98.63%
Water & Sewer Contracts	11,250,502	10,170,438	90.40%
Operations	8,102,809	7,541,001	93.07%
Debt Service	6,681,675	6,681,674	100.00%
Miscellaneous	1,724,147	1,659,033	96.22%
Transfer to General Fund	3,328,819	3,328,819	100.00%
TOTAL EXPENDITURES:	33,859,016	31,974,261	94.43%

CITY OF KILLEEN
DRAINAGE UTILITY FUND
FINANCIAL REPORT
September 30, 2008



Note: For comparison purposes, the charts above exclude the Revenue from Sale of Bonds and the Major Drainage Project Expenditures.

	Adopted	Y-T-D	% of Budget
REVENUES:			
Residential Storm Water Fees	2,151,732	2,330,898	108.33%
Commercial Storm Water Fees	501,281	489,322	97.61%
Interest Earned	200,000	291,558	145.78%
Sale of Bonds	-	-	-
TCEQ Grant Revenue	-	49,885	-
Miscellaneous Revenue	-	3,667	-
TOTAL REVENUES:	2,853,013	3,165,330	110.95%
EXPENDITURES:			
Engineering Division	295,397	282,541	95.65%
Street Division	300,000	242,089	80.70%
Drainage Maintenance	1,404,694	1,305,283	92.92%
Drainage Projects - Minor	656,066	304,726	46.45%
Drainage Projects - Major	7,190,083	874,826	12.17%
Debt Service	580,158	576,458	99.36%
Non-Departmental	37,839	71,954	190.16%
Transfer to General Fund	17,695	17,695	100.00%
TOTAL EXPENDITURES:	10,481,932	3,675,572	35.07%

**CITY OF KILLEEN
ECONOMIC INDICATORS
REPORT SUMMARY
SEPTEMBER 2008**

There are seven economic indicators monitored by this report. They are 1) Killeen Unemployment Rate, 2) Sales Tax Revenue, 3) Aviation Enplanements and Deplanements, 4) Building Permits, 5) Utility Customers, 6) Water and Sewer Tap Fees, and 7) Hotel Occupancy Tax Revenue. For the month of September five of the seven economic indicators are positive with Water & Sewer Tap Fees and the Unemployment Rate being negative.

UNEMPLOYMENT RATE

The unemployment rate for the month of September 2008 was 5.8 as compared to 5.2 during September 2007.

SALES TAX REVENUE

Sales Tax Collections for the month were \$1,483,557 an increase of 3.0% above last September's collections of \$1,440,276. Year-to-date sales tax collections of \$19,491,135 exceed last year's total of \$18,581,100 by 5.0%.

AVIATION ENPLANEMENTS & DEPLANEMENTS

Enplanements for the month total 13,479 a decrease of 4.9% as compared to 14,177 during September 2007. Year-to-date enplanements of 192,731 exceed last year's total of 191,596 by 0.6%.

Deplanements for the month total 13,423 a decrease of 6.1% as compared to 14,295 during September 2007. Year-to-date deplanements of 193,880 exceed last year's total of 189,262 by 2.4%.

BUILDING PERMITS

Total dollar value of permits issued for the month was \$15,976,527 a 15.2% decrease below September 2007 dollar value of \$18,840,222. For the month 87 single-family, 1 duplex and no multi-family home permits were issued.

UTILITY CUSTOMERS

For the month, the City had 39,551 active utility customers, an increase of 5.5% over the 37,496 active utility customers in September 2007. Finance staff will monitor this data as deployments and re-deployments of Fort Hood troops may have an impact on the City's active utility accounts.

WATER AND SEWER TAP FEES

Tap Fees total \$62,777 for the month, down 22.8% as compared to last year's fees of \$81,281. Year to date revenues of \$1,360,255 under last year's total of \$1,469,180 by 7.4%.

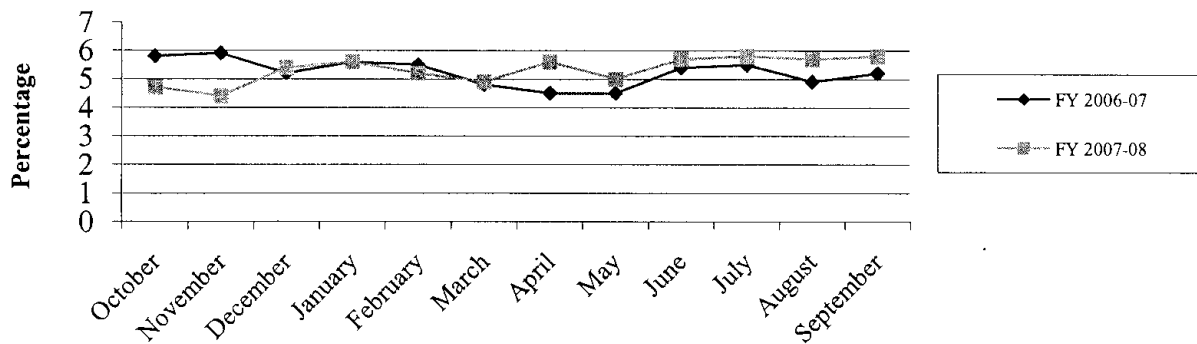
HOTEL OCCUPANCY TAX REVENUE

Hotel Occupancy Tax Revenue for the month was \$209,934, up 72.5% from last September's revenue of \$121,674. Year to date revenues of \$1,852,360 exceed last year's total of \$1,349,132 by 37.3%.

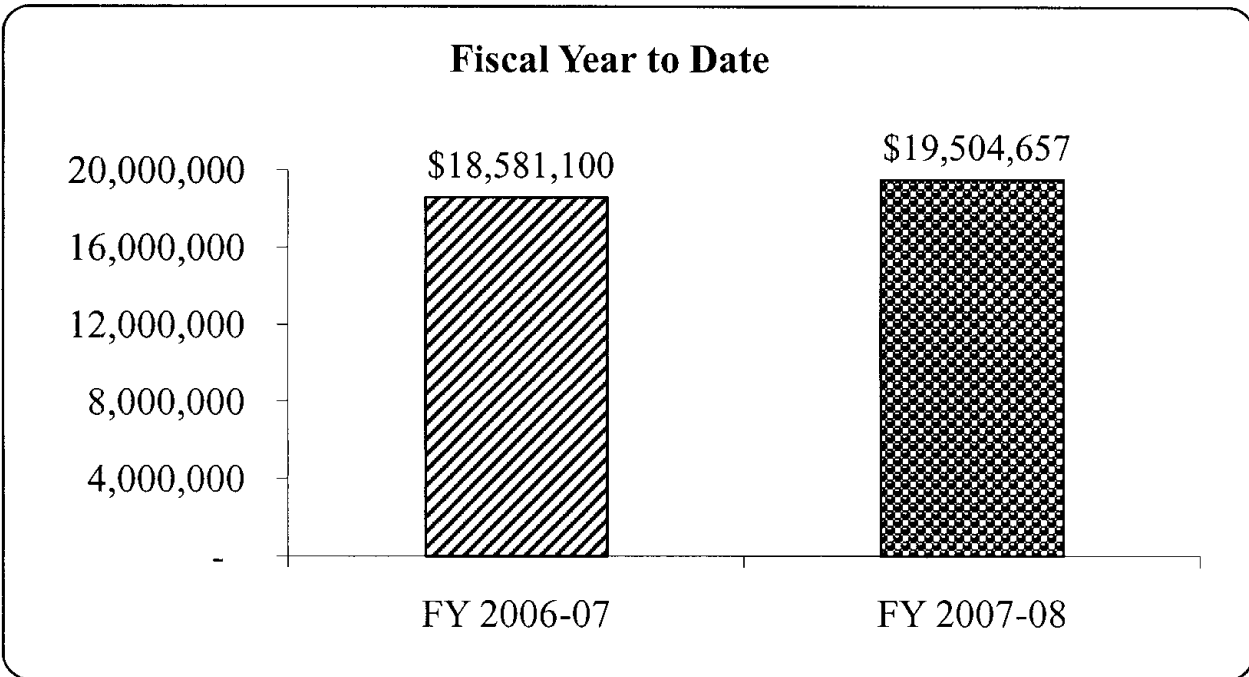
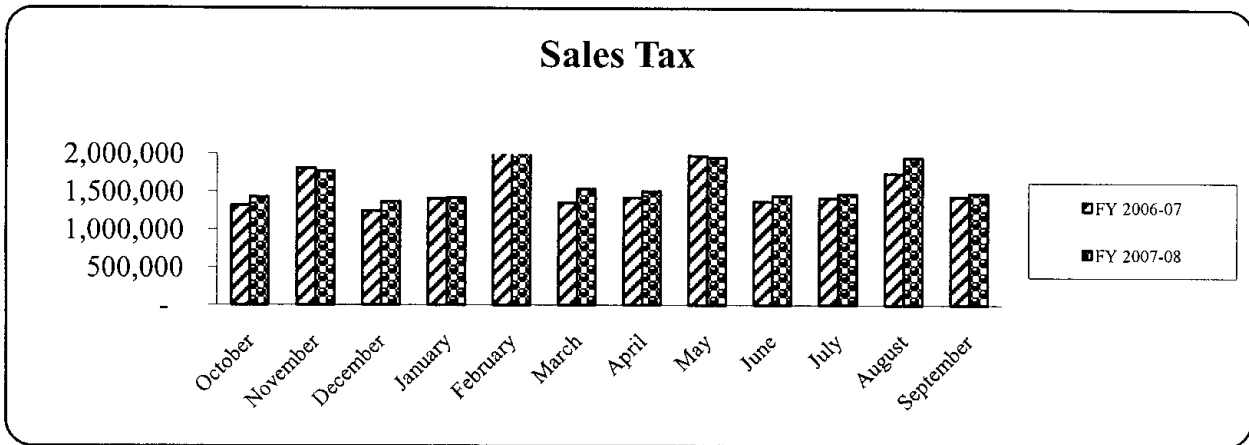
City of Killeen Economic Indicators Report

Economic Indicator	Positive	Neutral	Negative
Killeen Unemployment Rate			X
Sales Tax Revenue	X		
Aviation Enplanements/Deplanements	X		
Building Permits	X		
Utility Customers	X		
Water & Sewer Tap Fees			X
Hotel Occupancy Tax Revenues	X		
Totals	5	0	2

Unemployment Rate

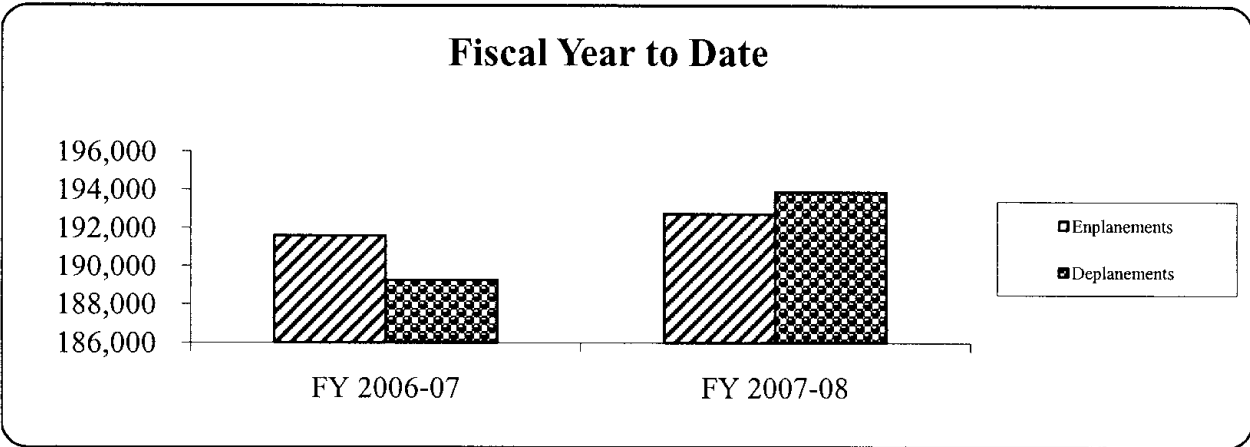
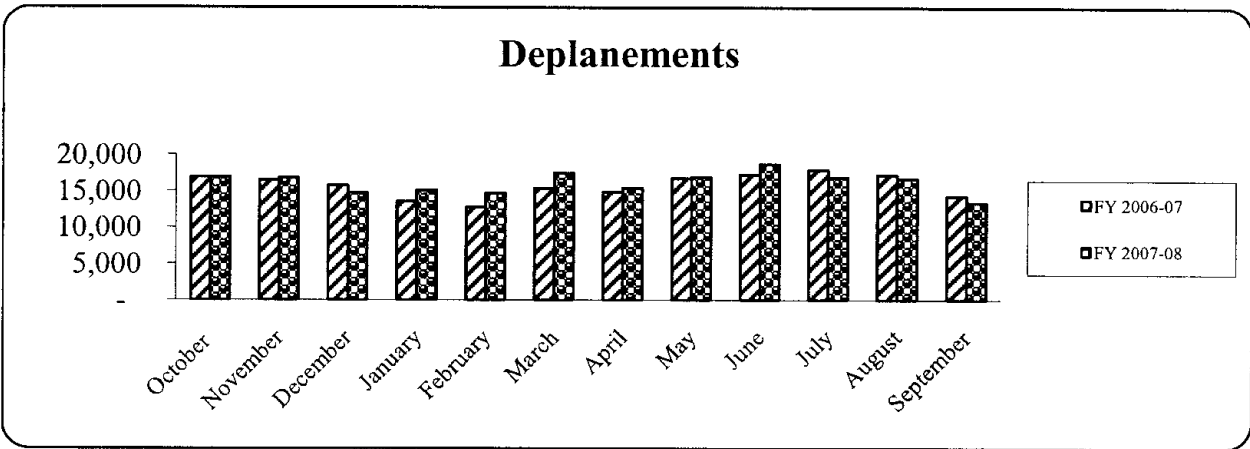
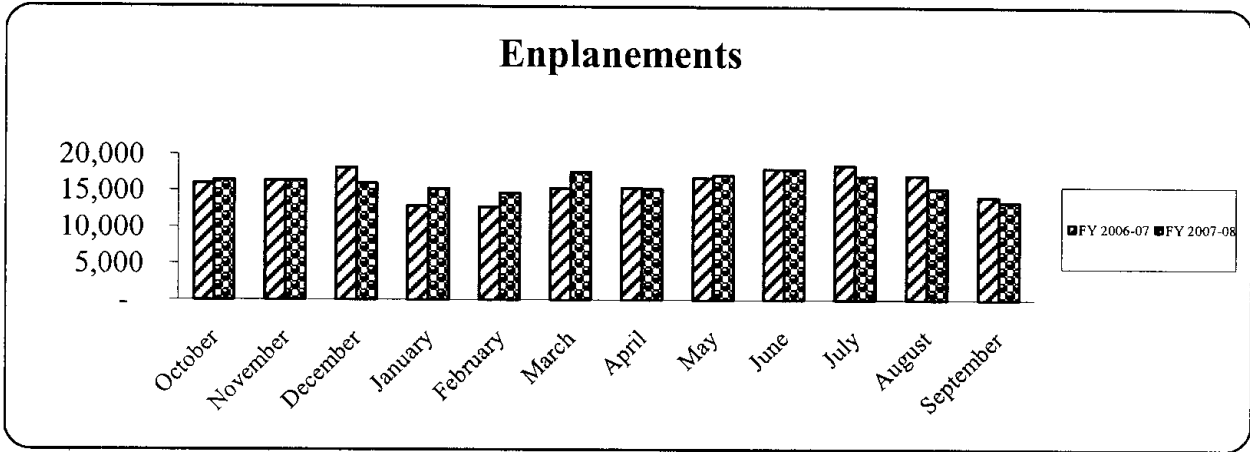


Sales Tax Revenues



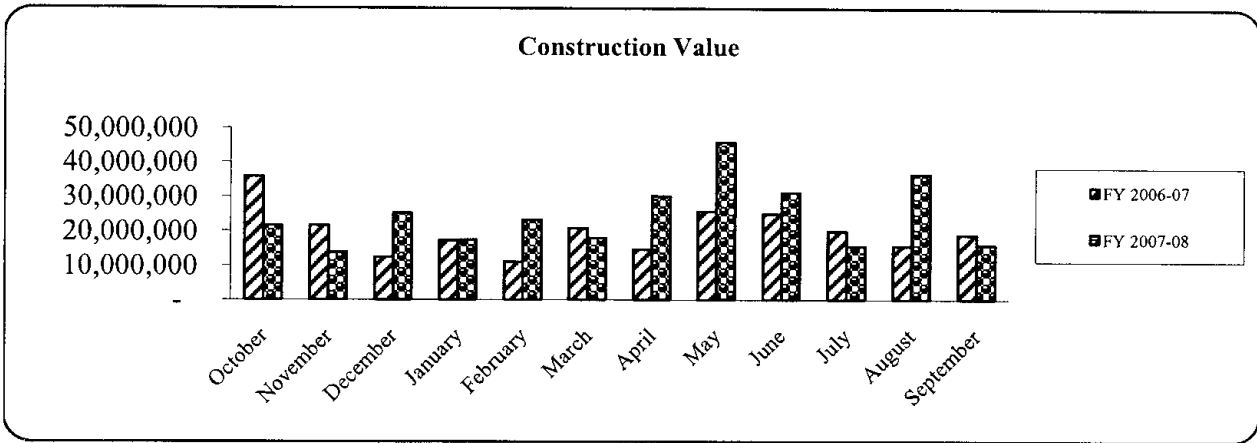
Economic Indicator	Positive	Neutral	Negative
Sales Tax Revenue	X		

Killeen Municipal Airport Total Passenger Count



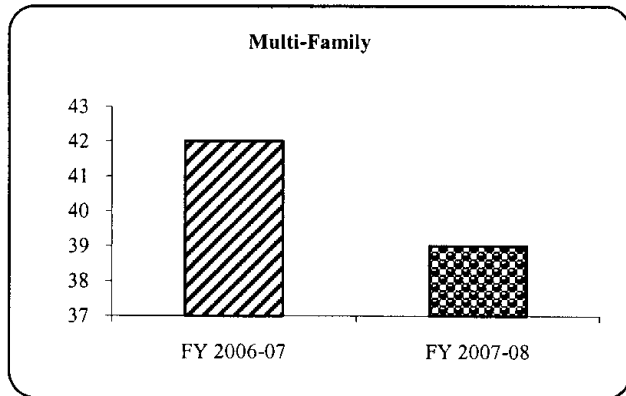
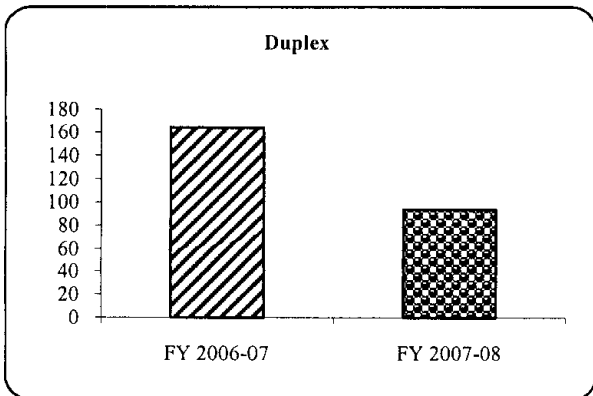
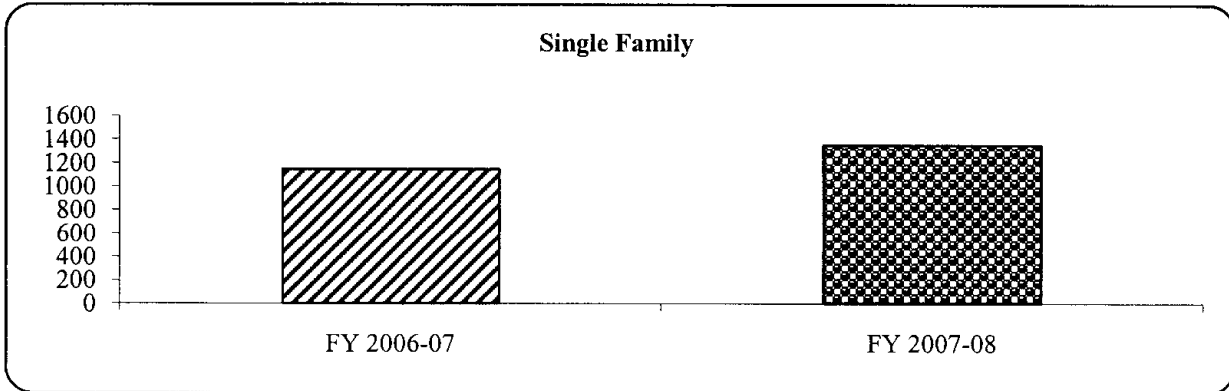
Economic Indicator	Positive	Neutral	Negative
Enplanements/Deplanements	X		

Building Permits



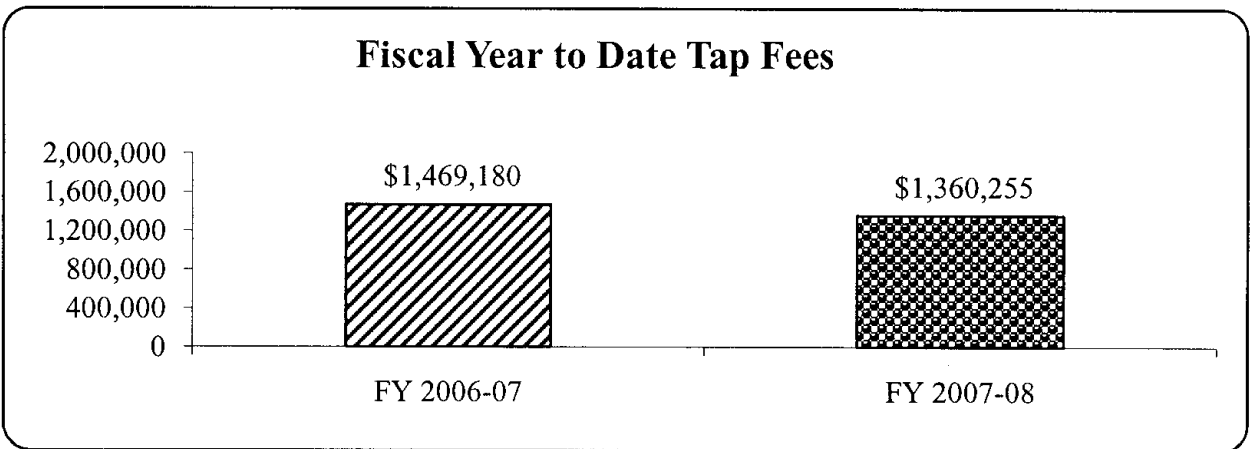
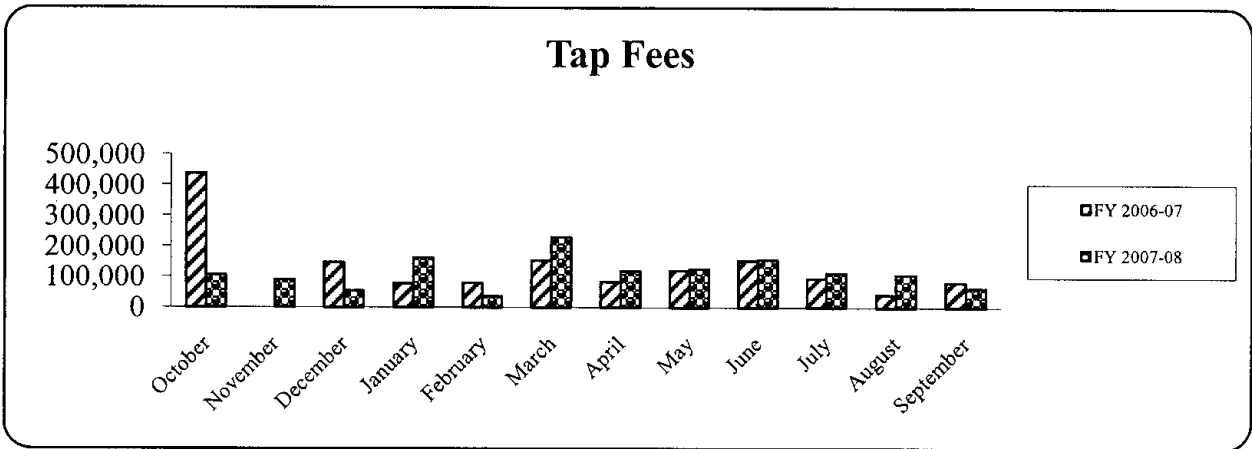
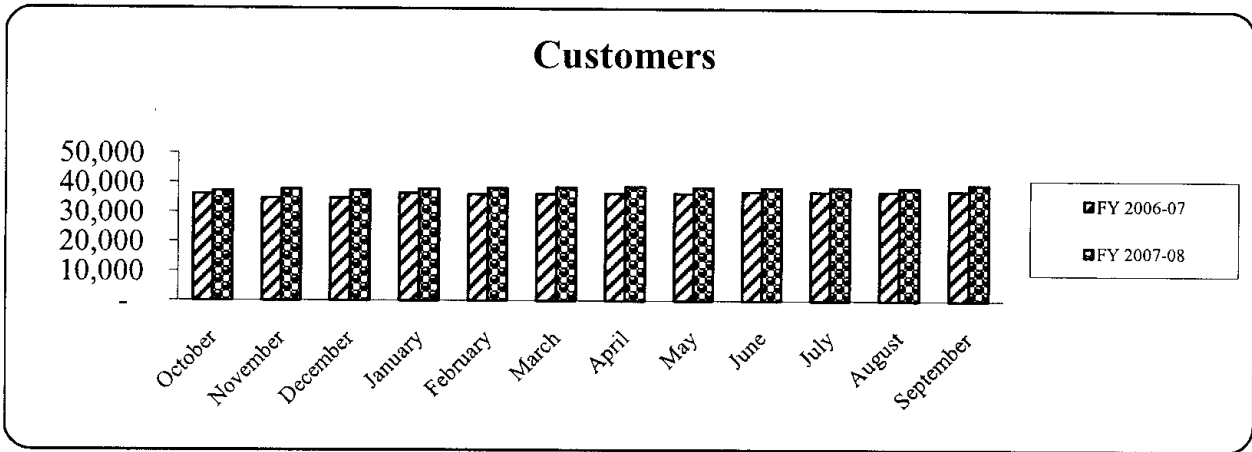
Number of Permits Issued

	FY 2006-07	FY 2007-08
Single Family	1146	1351
Duplex	164	93
Multi-Family	42	39



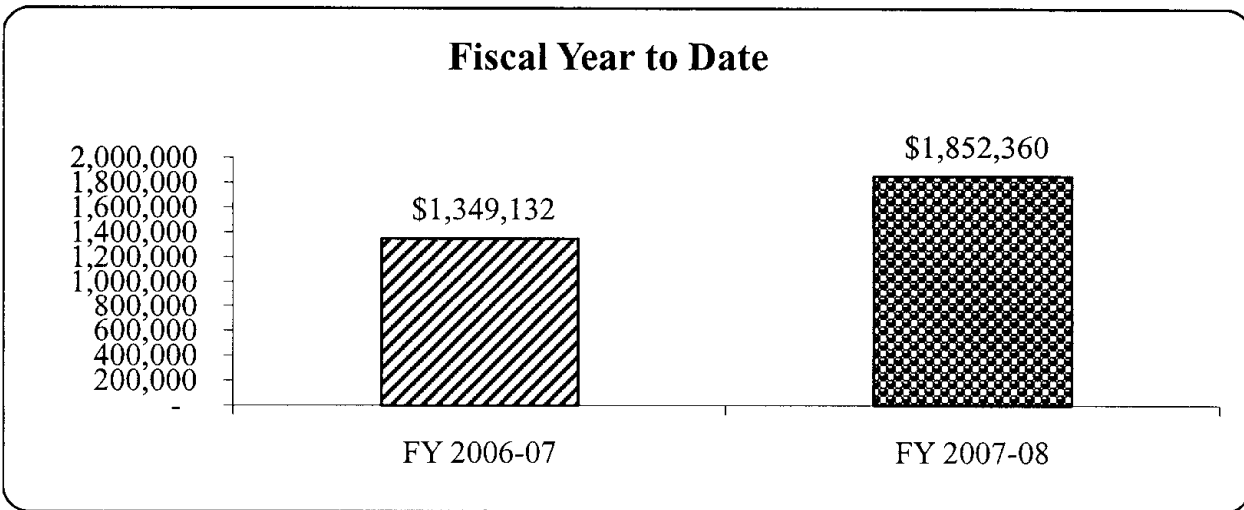
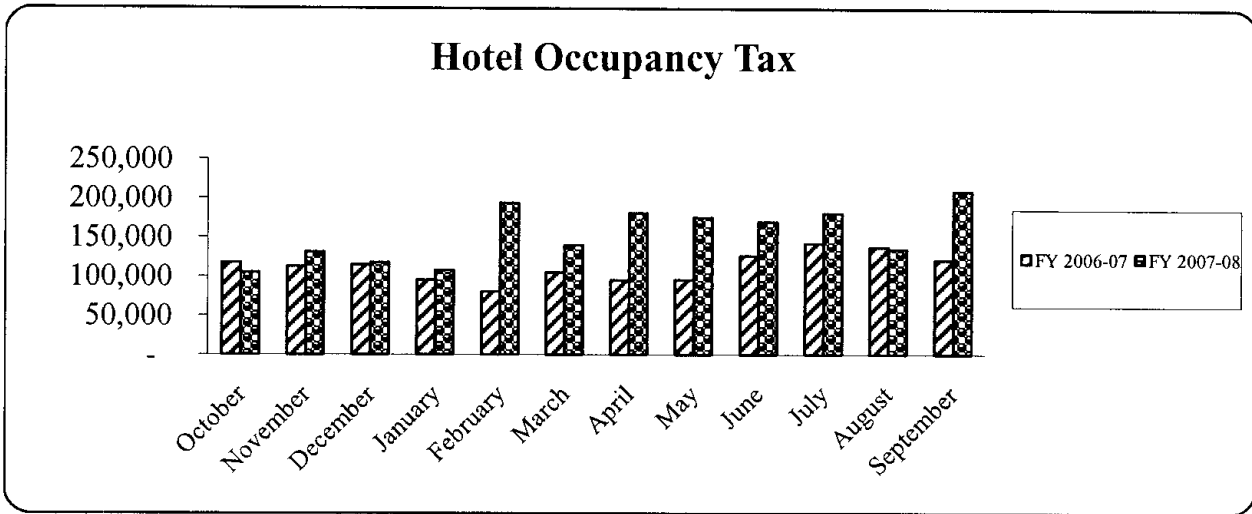
Economic Indicator	Positive	Neutral	Negative
Building Permits	X		

Utility Indicators



Economic Indicator	Positive	Neutral	Negative
Utility Customers	X		
Water & Sewer Tap Fees			X

Hotel Occupancy Tax Revenues



Economic Indicator	Positive	Neutral	Negative
Hotel Occupancy Tax Revenues	X		

City of Killen
Data Summaries

Killen Unemployment Rate												
	October	November	December	January	February	March	April	May	June	July	August	September
FY 2006-07	5.8	5.9	5.2	5.6	5.5	4.8	4.5	4.5	5.4	5.5	4.9	5.2
FY 2007-08	4.7	4.4	5.4	5.6	5.2	4.9	5.6	5.0	5.7	5.8	5.7	5.8

Sales Tax Receipts													
	October	November	December	January	February	March	April	May	June	July	August	September	YTD Total
FY 2006-07	1,321,576	1,807,843	1,248,644	1,412,608	2,061,817	1,355,487	1,425,179	1,973,357	1,370,936	1,419,855	1,743,502	1,440,276	18,581,100
FY 2007-08	1,429,671	1,769,638	1,372,391	1,419,480	2,158,773	1,535,437	1,507,146	1,953,800	1,449,612	1,470,897	1,954,255	1,483,557	19,504,657

Aviation-Total Passenger Count Enplanements													
	October	November	December	January	February	March	April	May	June	July	August	September	YTD Total
FY 2006-07	15,996	16,388	18,186	12,836	12,727	15,324	15,394	16,825	18,054	18,532	17,157	14,177	191,596
FY 2007-08	16,441	16,429	16,030	15,265	14,672	17,663	15,283	17,159	17,983	17,008	15,319	13,479	192,731

Deplanements													
	October	November	December	January	February	March	April	May	June	July	August	September	YTD Total
FY 2006-07	16,948	16,484	15,766	13,547	12,758	15,375	14,866	16,762	17,275	17,968	17,218	14,295	189,262
FY 2007-08	16,939	16,827	14,787	15,089	14,718	17,461	15,398	16,929	18,692	16,893	16,724	13,423	193,880

Building Permits Construction Value													
	October	November	December	January	February	March	April	May	June	July	August	September	YTD Total
FY 2006-07	35,781,180	21,635,300	12,440,336	17,224,944	11,137,374	20,834,731	14,603,629	25,760,087	25,099,584	19,915,108	15,678,953	18,840,222	238,951,448
FY 2007-08	21,611,797	13,853,474	25,263,344	17,443,824	23,285,832	18,004,983	30,152,383	45,945,732	31,243,481	15,607,632	36,506,517	15,976,527	294,895,526

Number of Permits Issued Single Family													
	October	November	December	January	February	March	April	May	June	July	August	September	YTD Total
FY 2006-07	124	81	41	104	70	129	72	128	154	81	100	62	1,146
FY 2007-08	139	73	166	96	68	98	143	170	103	79	129	87	1,351

Duplex													
	October	November	December	January	February	March	April	May	June	July	August	September	YTD Total
FY 2006-07	11	-	5	8	5	23	14	38	16	27	13	4	164
FY 2007-08	2	13	26	2	4	10	6	6	11	12	-	1	93

Multi-family													
	October	November	December	January	February	March	April	May	June	July	August	September	YTD Total
FY 2006-07	17	-	16	2	-	-	-	-	4	-	-	3	42
FY 2007-08	1	-	-	4	28	-	-	-	5	1	-	-	39

Utility Customers													
	October	November	December	January	February	March	April	May	June	July	August	September	YTD Total
FY 2006-07	36,117	34,703	34,887	36,527	36,208	36,261	36,468	36,530	37,156	37,068	37,110	37,496	437,694
FY 2007-08	37,220	37,765	37,531	37,953	38,262	38,576	38,797	38,571	38,440	38,736	38,503	39,551	437,694

Water & Sewer Tap Fees													
	October	November	December	January	February	March	April	May	June	July	August	September	YTD Total
FY 2006-07	437,694	-	146,556	77,635	80,500	152,950	83,528	119,802	152,682	94,552	42,000	81,281	1,469,180
FY 2007-08	106,477	89,216	54,008	161,802	36,400	230,625	118,188	126,102	156,152	112,766	105,742	62,777	1,360,255

Hotel Occupancy Tax Revenues													
	October	November	December	January	February	March	April	May	June	July	August	September	YTD Total
FY 2006-07	117,641	112,908	115,425	95,590	81,009	105,481	95,445	96,094	126,972	142,898	137,995	121,674	1,349,132
FY 2007-08	105,535	131,084	118,094	108,143	194,296	140,054	181,674	175,686	170,541	181,489	135,830	209,934	1,852,360

