

CITY OF KELLER, TEXAS  
**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

Fiscal Year Ending Sept. 30, 2019

*Big-City Comforts, Small-Town Charm*



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**CITY OF KELLER, TEXAS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FISCAL YEAR ENDED  
SEPTEMBER 30, 2019**

**AS PREPARED BY THE  
FINANCE DEPARTMENT**

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**CITY OF KELLER, TEXAS  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

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## **INTRODUCTORY SECTION**

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March 25, 2020

Citizens of Keller, Honorable Mayor Pat McGrail,  
Members of the City Council and City Manager  
City of Keller, Texas:

The Comprehensive Annual Financial Report for the City of Keller, Texas (the City) for the fiscal year that ended September 30, 2019, is hereby submitted. Article VII, Section 8.15 of the Charter of the City of Keller requires an annual audit of all accounts of the City by an independent certified public accountant, selected by the City Council. This report is intended to meet that requirement, and the independent auditor's report has been included in this report. This report was prepared through the cooperative efforts of the City's Finance Department and independent auditors. The purpose of the report is to provide the City Council, management, staff, citizens, bondholders, and other interested parties with detailed information concerning the financial condition and activities of the City.

Responsibility for the accuracy and reliability of the presented data in this report, completeness and fairness of this report, and all disclosures, rests with City management. The City has established and maintains a system of internal accounting controls designed in part to provide a reasonable assurance that assets are safeguarded against loss, theft, or unauthorized use and that financial records can be relied upon to produce financial statements in accordance with generally accepted accounting principles (GAAP). The concept of reasonable assurance recognizes that the cost of maintaining the system of internal accounting controls should not exceed the benefits likely to be derived.

We believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Weaver, L.L.P., Certified Public Accountants, have issued an unqualified ("clean") opinion on the City's financial statements for the fiscal year ended September 30, 2019. The independent auditor's report is located at the front of the financial section of this report.

The comprehensive annual financial report (CAFR) is organized in three sections: *Introductory, Financial and Statistical*. Included in the *Financial* section is the Management's Discussion and Analysis (MD&A), which provides users a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

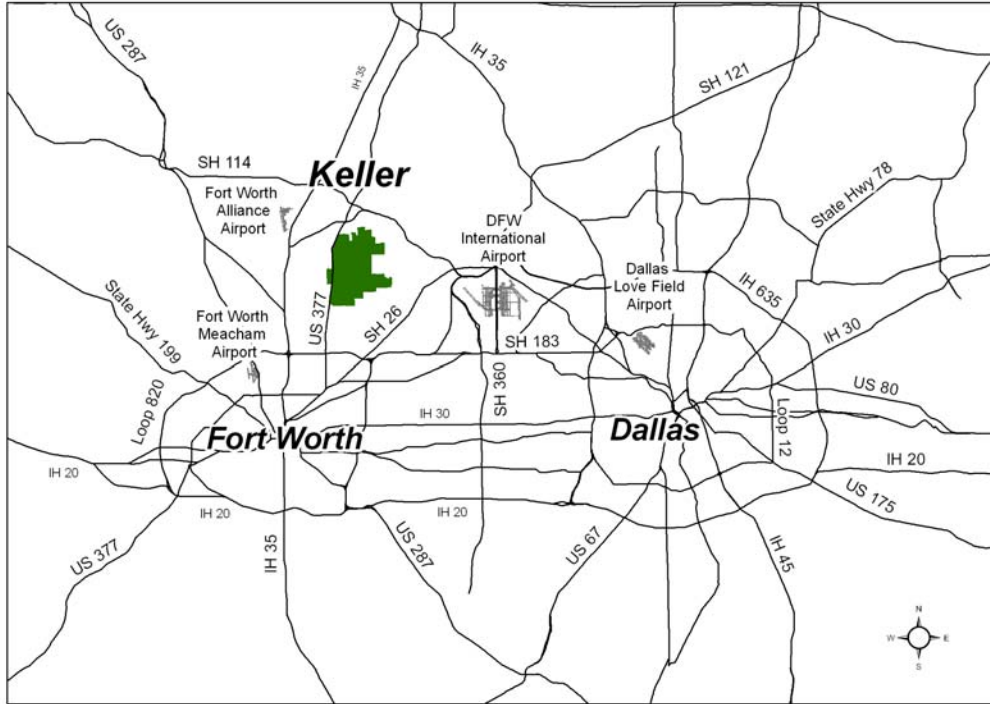
## City Profile

The City was incorporated on November 16, 1955, under the general laws of the State of Texas, and the current home-rule charter was approved by the voters in 1982 and most recently amended in 2010. The City operates under the Council-Manager form of government. The Keller City Council is composed of a Mayor and six Council members in places designated as 1 through 6, all elected at-large by registered voters within the city limits of Keller. The Mayor and all Council members are elected for staggered three-year terms. The Mayor and City Council members, places 5 and 6, were elected for the initial three-year term in 2017 (terms expire May 2020). City Council members, places 1 and 2, were elected in 2018 (terms expire May 2021), and Council places 3 and 4 were elected in 2019 (terms expire May 2022). Under the provisions of the City Charter, and subject only to the limitations imposed by the Texas Constitution, State law and the City Charter, the City Council enacts local legislation, adopts the annual operating budget and sets policy. The City Manager, appointed by the City Council, is responsible to the Council for proper administration of the City's daily affairs and appointment of heads of the various departments.

The City of Keller is renowned for being a good place to live and work, delivering big-city comforts with small-town charm. In addition to the numerous departmental awards and recognitions the City receives annually, Keller has also received the following community-wide awards and recognitions for 2018:

- Top 10 Affordable, Kid-Friendly Suburbs that City Parents Won't Hate, Realtor.com
- Top 100 Safest Cities in the U.S., Neighborhood Scout
- Top 10 Safest Cities in Texas, USA Today
- Top 10 Cities & Towns for New Families in the U.S.
- The 10 Best Places to Live in Texas, HomeSnacks
- The Safest Cities in Texas 2018, National Council for Home Safety and Security
- Texas' 50 Safest Cities of 2018, Safewise.com
- 10 Safest Places in Texas, HomeSnacks
- Best Suburbs to Raise a Family in Texas, Niche
- Safest Suburbs in Texas, Niche
- Best Suburbs to Buy a House in Texas, Niche
- Best Places to Raise a Family in Texas, Niche
- 7 Dallas-Fort Worth Suburbs with the Best Downtowns, Neighborhoods.com
- Mother-Friendly Worksite, Texas Department of State Health Service
- Excellence in Environmental Public Education & Outreach Program, State of Texas Alliance for Recycling
- Scenic City Gold Status, Scenic City Texas
- Tree City USA 25th Anniversary, Arbor Day Foundation

Some of the items that contributed to these rankings include our extremely low crime rate, an excellent park and trail system, diverse and affordable housing opportunities, and an overall high quality of life. This ranking is a reflection of the dynamic community that Keller is becoming and its premier location in the heart of the DFW Metroplex. Keller is approximately midway between the Dallas/Fort Worth International and Alliance airports, both major employers for our community. The city is traversed by several major traffic corridors, including US Highway 377 (US 377) and Farm-to-Market Road 1709 (FM 1709). The city's quality school system, high residential growth rate, business-friendly atmosphere and low taxes make Keller an inviting destination for new commercial development projects.



The City of Keller is located in Northeast Tarrant County, Texas, approximately 10 miles north of Fort Worth on US 377, and 25 miles northwest of downtown Dallas. It is part of the 12-county "Metroplex" of North Central Texas, which includes the cities of Fort Worth and Dallas as well as surrounding communities, with an estimated population in the 12 county MPA exceeding 7.26 million in January 2018. The city limits of Keller currently encompass approximately 19 square miles.

The City provides a full range of municipal services, including general government, public safety (police and fire), streets, parks and recreation, community development, planning and zoning, code enforcement, public library, and business-type activities such as water, sewer and drainage utilities. Sanitation collection services are provided through a private contractor; customers contract through the City, with collection fees added to their municipal water, sewer and drainage utility bills.

### **Local Economy**

Keller, part of the Dallas/Fort Worth Metroplex, maintains a strong economy and is consistently ranked among the best places to call home in Texas. A conservative personal and corporate tax climate, excellent schools, favorable right to work laws and an ongoing commitment to business make this community and the State of Texas attractive both to businesses looking to relocate and those starting new.

According to the Texas Workforce Commission, the City's civilian labor force was 25,215 in December 2018, compared to a total civilian labor force for Tarrant County of 1,092,836. Keller's unemployment rate in December 2018 was 2.5%, compared to the Tarrant County rate of 2.3%, a statewide rate of 3.5% and a nationwide rate of 3.4%. The unemployment rates are not seasonally adjusted.

The City continues to experience an increase in population. Official Census reported population figures of 27,345 for 2000 and 39,627 for 2010. The January 2019 population estimate was 45,090, representing an increase of 5,463 (13.8%) since the 2010 Census. The following table presents Keller's official Census population since 1970, as well as the current year estimated population.

	<b>Population</b>	<b>Increase (Decrease)</b>	<b>Percent Change</b>
1970 Census	1,474	NA	NA
1980 Census	4,156	2,682	182.0%
1990 Census	13,683	9,527	229.2%
2000 Census	27,345	13,662	99.8%
2010 Census	39,627	12,282	44.9%
2019 Estimate	45,090	5,463	13.8%

Since 1970, the total population increase has exceeded 43,616. This increasing population trend is anticipated to persist for several years, although at a slower pace. Tarrant County has experienced similar growth during the last 40 years, increasing from 715,587 in 1970 to 1,809,034 in 2010, and an increase of more than 167%. According to the North Central Texas Council of Governments' population projections, the population of Tarrant County in 2018 is anticipated to be 2,024,030, an increase of 214,996 or 111.9% since the 2010 Census.

Another factor in measuring the local economy is its overall appraised value. Since 2000, the appraised value of property within Keller has more than doubled. Most of the increase has been the result of new residential development. Overall appraised values provide a better indication of new development than do taxable values, since taxable values are derived after deducting the various allowable exemptions. For Keller, this growth trend moderated in recent years. The following table provides the total appraised values of the City of Keller since 2009.

<u>Fiscal Year Ended September 30</u>	<u>Total Appraised Value (000's)</u>	<u>Percent Change</u>
2009	4,049,165.3	3.7%
2010	3,975,497.0	-1.8%
2011	4,046,869.5	1.8%
2012	4,133,807.9	2.1%
2013	4,287,820.9	3.7%
2014	4,557,288.9	6.3%
2015	4,731,833.0	3.8%
2016	5,368,009.1	13.4%
2017	5,627,823.2	4.8%
2018	6,213,765.3	10.4%
2019	6,881,693.8	10.7%

As shown, the rates of change in the City's total appraised value are continually growing, including a 10.7 percent increase in 2019 over prior year. The rates of increase in taxable values can impact the City's general fund operations significantly, since property tax revenues comprise approximately 50% of the total revenues for the General Fund. City management continuously monitors local economic trends in order to maintain adequate fund balance reserve levels and to meet policy targets.

The City is approximately 85% developed and continues to grow primarily as a residential community. Most residents are employed by major companies located within a 15-mile radius of the City. Several manufacturing firms are located in the Keller area, as well as a variety of commercial establishments, medical facilities, restaurants, retail shops and grocery stores. The City continues to encourage quality commercial growth, which will benefit the entire community.

The value of new construction is included in both market and net taxable values. The net taxable value of new construction for calendar year 2018 (FY 2018-19) was \$129.9 million, compared to \$142.3 million for calendar year 2017 (FY 2017-18).

The net assessed taxable value for calendar year 2018 (FY 2018-19) increased by 10.6%, compared to an increase of 4.9% in calendar year 2017 (FY 2017-18), and the related levies grew by 6.1% and 4.3% respectfully. The City has been steady growth in property values over the past three years. As a result, the City was able to decrease the tax rate and increase the homestead while still meeting the FY 2018-19 goals of the City, maintain excellent services, and adhere to the financial/budget targets to ensure the fiscal stability of the City's operations.

The expansion of business, retail and commercial growth has also resulted in increases in sales tax collections. Total sales tax collections in FY 2018-19 represent the largest amount in the City's history, with collections totaling more than \$12.7 million; up from FY 2017-18 collections totaling \$12.2 million.

### **Long-term Financial Planning**

The City maintains a five-year Capital Improvement Program (CIP). The CIP has been used exclusively as a planning tool, and therefore does not commit the City to any project or project funding. The intent of the CIP is to identify and prioritize specific capital improvements needed during the subsequent five years. The CIP is not a capital budget, and as such, only recommends projects, project costs and the proposed means of financing improvements. Recommended improvements are not approved until official action has been taken by the City Council to authorize funding for the improvement.

The five-year capital improvements program (CIP) for fiscal years 2018-19 through 2022-23 was developed by City staff and reviewed and adopted by the City Council as a part of the fiscal year 2018-19 budget. The total five-year program for FY 2018-19 identified \$55.3 million of proposed improvements.

When considering future financial impacts on operations resulting from issuing debt obligations for capital improvements, the Finance Department prepares an internal five-year financial forecast for the General and Debt Service Funds. The forecast is also used as an informational planning tool for the City Council.

### **Relevant Financial Policies**

The City has strong financial management policies that provide the basis for the City's financial operations.

The unassigned fund balance in the General Fund is 70% of total General Fund expenditures which currently exceeds the requirements of the City's Financial Management Policies adopted by the City Council for budgetary and planning purposes (i.e., 70 days of General Fund expenditures). In addition to providing financial stability and sustainability during difficult economic times, the City may use available fund balance reserves as a means to fund one-time, non-recurring projects or expenditures.

In December 2008, the City Council adopted a Financial Management Contingency Plan. The primary purpose of the Plan is to guide planning efforts for City management and is intended to assist in budget balancing strategies during periods of economic uncertainty. During fiscal year 2018-19, no specific provisions of the Contingency Plan were enacted.

In May 2012, the City's financial management policies were amended to increase the required unassigned fund balance in the General Fund from 60 to 70 days of expenditures. In May 2013, the City Council adopted an official GASB 54 fund balance policy. In July 2016, the City Council adopted revisions to the financial management policies which included creating a General Fund minimum of 19.2% (70 days) and a maximum fund balance of 50% (182 days). In November 2019, the City Council adopted revisions to the financial management policies which included creating a General Fund minimum of 25.0% and a maximum fund balance of 50%.

### **Major Initiatives**

During FY 2018-19, the City focused on completing the Alta Vista pump station and transmission main projects funded by the 2017 Certificate of Obligations (CO) and using fund balance to fund other capital projects. During FY 2018-19, the city issued an additional CO for the water pump station replacement, and water transmission line replacement from the new pump station. The projects are funded thru the water rates and are scheduled to be completed in late calendar year 2019. The 2018-19 General Fund included funding of \$2,000,000 for a second phase of Johnson Road Reconstruction, \$1,229,000 for the Bear Creek and Whitley roundabout project, \$150,000 for North Tarrant Parkway & Lakeview road improvements, and \$150,000 for Union Pacific railroad pedestrian crossing improvements. In addition, the budget included one-time funding of \$376,417 for replacement finance software, \$370,000 for an Excavator, \$181,000 for replacement mowing equipment, \$151,694 for one-time additional sidewalk maintenance, and \$89,200 for engineering design updates.

### **Accounting System and Budgetary Control**

The annual budget of the City serves as the foundation for its financial planning and control. The budget is proposed by the City Manager and adopted by the City Council in accordance with policies and procedures established by the City Charter, Council ordinances and policies. The budget is prepared and presented by fund (e.g., general fund), department (e.g., police) or function (e.g., debt service), and major cost category (e.g., personnel services). The budgetary process begins each year with the preparation of revenue estimates and budget instructions by the City's Finance Department staff, and expenditure estimates and requests by each City department. Estimates and requests are reviewed by the City Manager and evaluated within the total financial framework of the City. The City Manager makes final decisions regarding the budget recommendations that are submitted to the City Council. The City Charter requires that the City Manager's proposed budget be filed with the City Secretary no later than August 15. The City Manager's proposed budget is reviewed by the City Council and followed by a final public review process, including a required public hearing prior to budget adoption. The City Charter requires adoption of the City budget no later than the twenty-seventh (27) day of the last month of the fiscal year.

Budgetary reporting is provided at the department level within the individual fund. The legal level of control for budgeted expenditures is at the fund level. Transfers of budget appropriations within funds may occur with the approval of the City Manager provided there is no increase in overall expenditures. Transfers of budget appropriations between funds, as well as any increase in total appropriations, require a formal budget amendment adopted by the City Council. Unless otherwise noted, except for capital projects funds, all appropriations lapse at year-end and excess funds become available for re-appropriation in the subsequent year. By policy, all encumbrances related to operating funds end at the end of the fiscal year, unless re-appropriated in the budget adoption. In addition, the financial policies placed capital projects and grants on a project life budget, rather than annual, and therefore encumbrances related to capital projects and grants are appropriated until related funds are spent or end of the project, which occurs first.

Budget amendments are presented to Council and adopted in accordance of the financial policies when budget adjustments are required. The amendments represent required budget adjustments determined either thru budget monitoring or required project funding changes. By Charter, budget amendments require a notice and public hearing similar to the adoption of the budget prior to approval by City Council.

Budget to actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented as required supplementary information. For governmental funds other than the general fund, with appropriated annual budgets, this comparison is presented in the major and non-major governmental fund sections of this report. All applicable financial targets were met or exceeded. Additional information regarding the annual budget is provided in the MD&A.

## **Finance Committee**

The City Council formed a Finance Committee as a sub-committee of the City Council. The committee is composed of the Mayor, two Council members (appointed by the Mayor), the City Manager, and the Director of Administrative Services/Finance. The committee functions as an audit committee and reviews all recommendations made by the independent auditors. The committee also serves as the City's investment committee, and reviews other periodic investment and financial reports.

## **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended that September 30, 2018; a reproduction of the certificate accompanies this report.

The City has received a Certificate of Achievement for thirty (30) consecutive fiscal years (FY1988-89 through FY 2017-18). In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR), the contents of which must conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for the period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition to the Certificate of Achievement, the City also received GFOA's Distinguished Budget Presentation Award for its FY 2018-19 annual budget document. In order to qualify for the award, the City's budget document was judged to be proficient in several categories, including policy documentation, financial planning and as an operations guide. The City has received the award for twenty-three (23) consecutive fiscal years (FY1996-97 through FY2018-19). Recognition by GFOA as evidenced by these two awards is verification of the Finance department's dedication to producing documents that effectively communicate the City's financial condition.

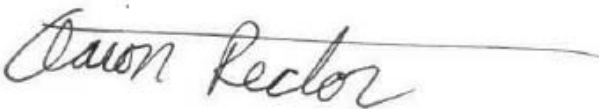
In 2015, the City received the Texas State Comptroller's Leadership Gold Circle Award for financial transparency for the fifth consecutive year. This award is presented to cities in Texas that meet certain criteria for providing financial reporting information to its citizens. These financial reports include annual budgets, comprehensive annual financial reports, and online check registers and payroll information.

The City's bonds are rated by both Moody's and Standard and Poor's. Moody's bond rating is Aaa, while Standard and Poor's bond rating is AAA. Both rating categories classify the City's debt obligations as high-quality investment grade. In June 2019, Moody's bond rating was upgraded to Aaa from Aa1 and Standard and Poor's confirmed their rating of AAA.

The preparation of this report could not be accomplished without the dedicated services of the entire staff of the Finance Department. Many individuals devoted extra hours and exhibited dedicated effort in ensuring the accuracy and timeliness of this report. Appreciation is expressed to City employees throughout the organization, especially those responsible for the maintenance of records upon which this report is based. Acknowledgment is also given to representatives of Weaver, Certified Public Accountants, for their dedicated assistance in producing this report.

Finally, our appreciation is extended to the Mayor, City Council, and City Manager Mark Hafner for their interest and support in planning and conducting the financial operations of the City of Keller in a responsible and progressive manner.

Respectfully submitted,



Aaron Rector  
Director of Administrative Services/Finance



Pamela McGee  
Assistant Director of Finance





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Keller  
Texas**

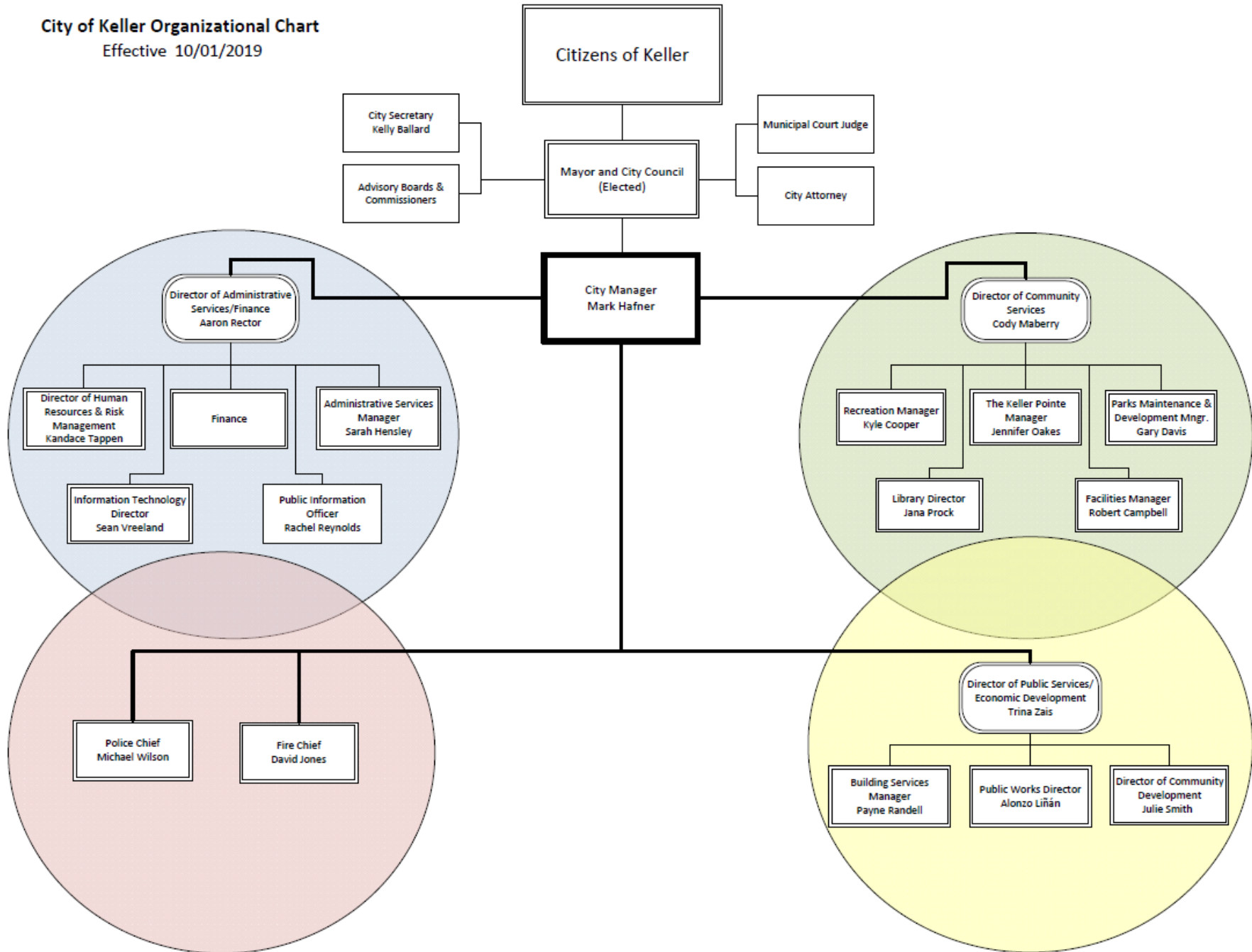
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2018**

*Christopher P. Morill*

Executive Director/CEO

**City of Keller Organizational Chart**  
Effective 10/01/2019





## PRINCIPAL OFFICIALS

October 2019

### ELECTED OFFICIALS

<i>Position</i>	<i>Incumbent</i>	<i>Elected</i>	<i>Term Expires</i>
Mayor	Pat McGrail	May 2017	2020
Council, Place 1	Mitch Holmes	May 2018	2021
Council, Place 2	Sean Hicks	Jun 2018	2021
Council, Place 3	Sheri Almond	May 2019	2022
Council, Place 4	Beckie Paquin	May 2019	2022
Council, Place 5	Chris Whatley	May 2017	2020
Council, Place 6	Tag Green	May 2017	2020

### APPOINTED OFFICIALS

City Manager .....	Mark Hafner
City Secretary .....	Kelly Ballard
Director of Community Services .....	Cody Maberry
Director of Administrative Services/Finance.....	Aaron Rector
Director of Public Services/Economic Development.....	Trina Zais
Fire Chief.....	David Jones
Police Chief.....	Michael Wilson
Public Works Director.....	Alonzo Liñan
Community Development Director.....	Julie Smith
Library Director .....	Jana Prock
Director of Human Resources and Risk Management.....	Kandace Tappen
Information Technology Director.....	Sean Vreeland

### FINANCE DEPARTMENT

Director of Administrative Services/Finance.....	Aaron Rector
Assistant Director of Finance.....	Pamela McGee
Budget Analyst.....	Guadalupe Orozco
Purchasing Agent.....	Karla Parker
Senior Accountant.....	Violet Wangila
Accountant.....	Camie Orth
Sr. Accounting Technician.....	Geneva Dunn
Accounts Receivable Technician.....	Kristina Hataway
Accounts Payable Technician .....	Jeannie Homer

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## **FINANCIAL SECTION**

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## Independent Auditor's Report

Members of the City Council  
City of Keller, Texas

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Keller, Texas (the City) as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

City 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 of 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, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity 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, budgetary comparison information, pension schedules, and other post-employment benefits schedules on pages 5 through 11, 64 through 66, 67 through 68, and 69 through 71, respectively, 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 City's basic financial statements. The introductory section, combining and budgetary fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund statements and schedules 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 budgetary fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



Members of the City Council  
City of Keller, Texas

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2020, on our consideration of the City'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 solely 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* the City's internal control over financial reporting and compliance.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas  
March 25, 2020

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**City of Keller, Texas  
Management's Discussion and Analysis  
September 30, 2019**

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As management of the City of Keller, Texas (the "City") we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

**Financial Highlights**

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the fiscal year ended September 30, 2019, by \$259,853,447 (net position). Of this amount, \$31,367,617 (unrestricted portion of net position) may be used to meet the government's ongoing obligations to citizens and creditors. Included in the unrestricted portion of net position are monies from all the City's various funds which are not restricted for other purposes.
- The City's total net position increased by \$14,820,427. The increase is attributable to increases in capital grants and contributions, increases in investment revenues, and charges for services in business-type activities being greater than operational expenses.
- Net position increased in the Enterprise Funds by \$3,906,227 and increased for the business-type activities by \$4,221,776 in comparison to the previous year. Business-type activities include an internal allocation for their portion of the internal service fund activity of \$470,488. Increases in water revenues, investment earnings and developer contributions were the primary reasons for increases.
- The City's governmental funds reported combined ending fund balances of \$66,564,036, an increase of \$7,218,902 in comparison to the previous year.
- The unassigned portion of the General Fund fund balance at the end of the year was \$22,563,145 or 70% of total General Fund expenditures. This includes the 70 days of General Fund expenditures which is required to be held in General Fund fund balance per the City Council approved Financial Management Policies. That amount is \$8,054,121. The remainder represents funds which may be used for one-time expenditures or unforeseen needs which the Council allocates for a specific purpose. The unassigned General Fund fund balance can be seen on page 18 of this report on the Balance Sheet-Governmental Funds. It is part of the total General Fund fund balances, September 30, 2019, shown on page 22 of this report on the Statement of Revenues, Expenditures, and Changes in Fund Balance.
- Total debt of the City decreased by \$356,002 during the fiscal year due the net effect of payments on bonded debt and the issuance of debt.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City's finances. This is done in a manner similar to a private-sector business. Two statements, the Statement of Net Position and the Statement of Activities, are utilized to provide this financial overview.

**City of Keller, Texas  
Management's Discussion and Analysis  
September 30, 2019**

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The Statement of Net Position presents information on all of the City's assets and liabilities deferred inflows and outflows of resources with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flow. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide statements distinguish between governmental activities and business-type activities. Governmental activities basically account for those activities supported by taxes and intergovernmental revenues. On the other hand, business-type activities are basically supported by user fees and charges. Most City services are reported in governmental activities while business-type activities are reported in the Enterprise Funds.

The City's internal service fund assets and liabilities are reported within Governmental activities. A portion of the City's internal service fund activities is allocated to business-type activities. This allocation is based on the services that the internal service fund provides to the Enterprise Funds.

**Fund financial statements.** The City, like other state and local governments, utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

*Governmental funds.* Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 15 individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, the General Obligation Debt Service Fund, Crime Control Prevention District, and Capital Projects Fund. Data from the other non-major funds are also combined and reported in a single column. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

*Proprietary funds.* The City maintains two types of proprietary funds, enterprise and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and wastewater operations, drainage utility operations, and aquatics center activity. The City uses internal service funds to account for maintenance and replacement costs of information technology, and vehicles, and equipment and health services. These services benefit both the governmental and business-type activity functions and therefore, the internal service fund allocates a portion of its activities to the business-type activities.

**City of Keller, Texas  
Management's Discussion and Analysis  
September 30, 2019**

Proprietary funds financial statements provide the same type of information as the government-wide financial statements, only in more detail.

**Notes to the financial statements.** The notes provide additional information that is essential to gain a full understanding of the data provided in the government-wide and fund financial statements

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information can be found after the notes to the financial statements.

**Government-Wide Financial Analysis**

At the end of fiscal year 2019, the City's net position totaled \$259,853,447. This analysis focuses on the net position (Table 1) and changes in net position (Table 2).

**Net Position.** The largest portion of the City's net position, \$183,272,036, or 71%, reflects its investment in capital assets (land, buildings, improvements other than buildings, machinery and equipment, construction in progress), less any related debt used to acquire those assets that is still outstanding. The City uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City reports its capital assets net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$45,213,794, or 17% represents resources that are subject to external restrictions on how they may be used. The unrestricted portion of net position which is \$31,367,617 (12%) may be used to meet the government's ongoing obligations to citizens and creditors.

**Table 1  
Condensed Statement of Net Position**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 77,827,124	\$ 67,996,058	\$ 34,925,798	\$ 36,561,819	\$ 112,752,922	\$ 104,557,877
Capital assets	131,411,175	133,296,389	105,148,918	89,995,719	236,560,093	223,292,108
Total Assets	209,238,299	201,292,447	140,074,716	126,557,538	349,313,015	327,849,985
Deferred outflows of resources	7,003,108	3,394,479	1,192,993	589,024	8,196,101	3,983,503
Long term liabilities	54,188,449	52,378,227	31,030,878	24,827,820	85,219,327	77,206,047
Other liabilities	4,328,637	3,103,917	7,514,260	3,435,014	11,842,897	6,538,931
Total liabilities	58,517,086	55,482,144	38,545,138	28,262,834	97,062,224	83,744,978
Deferred inflows of resources	548,184	2,627,296	45,261	428,194	593,445	3,055,490
Net Position:						
Net investment in capital assets	101,125,405	97,675,021	82,146,631	75,824,228	183,272,036	173,499,249
Restricted for debt service	2,699,936	2,749,561	-	-	2,699,936	2,749,561
Restricted for capital projects	26,163,602	26,800,022	6,652,768	17,601,201	32,816,370	44,401,223
Restricted for other	9,697,488	6,693,642	-	-	9,697,488	6,693,642
Unrestricted	17,489,706	12,659,240	13,877,911	5,030,105	31,367,617	17,689,345
Total Net Position	\$ 157,176,137	\$ 146,577,486	\$ 102,677,310	\$ 98,455,534	\$ 259,853,447	\$ 245,033,020

**City of Keller, Texas  
Management's Discussion and Analysis  
September 30, 2019**

*Changes in Net Position.* The net position of the City increased by \$14,820,427 for the fiscal year ended September 30, 2019.

*Governmental Activities.* Governmental activities increased the City's net position by \$10,598,651 from the prior year. This was primarily due to a decrease in net pension liability and decrease in interest on long term debt.

*Business-type Activities.* Business-type activities net position increased by \$4,221,776 from the prior year. This increase is primarily due to higher revenues for charges for services than in the prior year.

**Table 2  
Changes in Net Position**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 5,499,265	\$ 5,351,963	\$ 30,482,974	\$ 32,072,020	\$ 35,982,239	\$ 37,423,983
Operating grants and contributions	4,363,634	4,209,216	-	-	4,363,634	4,209,216
Capital grants and contributions	2,023,535	20,227	2,460,465	987,138	4,484,000	1,007,365
General revenues:						
Ad valorem taxes	23,534,184	27,517,501	-	-	23,534,184	27,517,501
Sales taxes	12,681,216	12,210,696	-	-	12,681,216	12,210,696
Other taxes and fees	4,773,885	4,516,219	-	-	4,773,885	4,516,219
Interest	1,726,322	1,070,649	820,151	532,012	2,546,473	1,602,661
Gain (loss) disposal of capital assets	-	-	-	-	-	-
Miscellaneous	183,918	278,852	162,674	143,700	346,592	422,552
Total revenues	54,785,959	55,175,323	33,926,264	33,734,870	88,712,223	88,910,193
Expenses:						
General government	5,366,338	7,921,283	-	-	5,366,338	7,921,283
Public safety	20,083,209	19,093,622	-	-	20,083,209	19,093,622
Public works	10,340,308	6,722,250	-	-	10,340,308	6,722,250
Community development	2,365,621	2,004,708	-	-	2,365,621	2,004,708
Recreation and Leisure	6,047,587	7,115,961	-	-	6,047,587	7,115,961
Interest on long-term debt	1,016,877	1,299,198	-	-	1,016,877	1,299,198
Water and wastewater operations	-	-	23,129,976	24,203,826	23,129,976	24,203,826
Drainage utility	-	-	2,348,274	2,750,456	2,348,274	2,750,456
Recreation aquatics center	-	-	3,193,606	3,315,120	3,193,606	3,315,120
Total expenses	45,219,940	44,157,022	28,671,856	30,269,402	73,891,796	74,426,424
Increase (decrease) in net position						
before transfers	9,566,019	11,018,301	5,254,408	3,465,468	14,820,427	14,483,769
Transfers	1,032,632	9,908	(1,032,632)	(9,908)	-	-
Increase (decrease) in net position	10,598,651	11,028,209	4,221,776	3,455,560	14,820,427	14,483,769
Net position - October 1	146,577,486	136,406,279	98,455,534	95,267,753	245,033,020	231,674,032
Change in accounting principle	-	(857,002)	-	(267,779)	-	(1,124,781)
Net position - September 30	\$ 157,176,137	\$ 146,577,486	\$ 102,677,310	\$ 98,455,534	\$ 259,853,447	\$ 245,033,020

**Government-Wide Financial Analysis**

**Governmental funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

**City of Keller, Texas  
Management's Discussion and Analysis  
September 30, 2019**

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As of year-end of the current fiscal year, the City's governmental funds reported combined fund balances of \$66,564,036.

The General Fund is the main operating fund of the City. At the end of the current fiscal year, unassigned fund balance was \$22,563,145. There was an increase in General Fund balance of \$1,671,978 during the current fiscal year. This increase is primarily due to less operational costs than revenues.

The General Obligation Debt Service Fund had a decrease of \$92,453 in fund balance. This was primarily due to a transfer to the capital projects fund of \$178,662. These funds are specifically restricted for the payment of debt service. The Crime Control Prevention District Fund increased \$412,114 due to more sales tax revenue than expenditures. The Capital Projects Fund had an increase of \$4,800,452 due primarily to transfers from other funds assigned to capital projects. Other governmental funds' combined fund balances increased \$426,811.

**Proprietary funds.** The City's proprietary funds provide the same type of information found in the government-wide statements, but in more detail.

The net position of the Water and Wastewater Utilities Fund at the end of the year was \$75,468,747. This represents an increase of \$4,108,198 which was the result of an increase in water revenues. This year's operating income was \$3,064,716. This income is attributable to significant increases in water and sewer charges for service revenue.

The net position of the Drainage Utility Fund at the end of the year was \$14,517,752. This represents an increase of \$349,871 due primarily to developers contributions of \$1,104,066. This year's operating loss was \$881,497. This decrease is attributable to an increase in operational costs.

The proprietary funds also included decrease in net position from the Recreation/Aquatic Center and increase in internal service funds. The Recreation/Aquatic Center fund had a decrease of \$551,842 primarily due to transfers out to capital projects fund. The internal service fund had an increase of \$2,422,062 due to more revenues from the other funds for equipment replacement and information technology and \$1,400,000 transferred from the General Fund for equipment replacement and funding of health insurance.

**General Fund Budgetary Highlights.** In FY2019, the General Fund expenditure budget was decreased by \$1,000,000 from the 2019 original budget. Each year the City performs a mid-year review of the budget. If the City Manager determines that funds are available, certain amendments are proposed to the City Council for their review and approval. Expenditures were amended throughout the year with the majority occurring during mid-year reviews. These amendments decreased General Fund appropriations by 3.10%.

In the General Fund, the actual revenue received in comparison to the final budget was over by \$462,120. This positive variance is most noticeable in intergovernmental and interest income from investments which was a combined \$743,858 over budget. General Fund expenditures had a final budget to actual positive variance of \$1,971,584 prior to other financing sources/uses. This amount is attributable to intentional savings made by all departments.

**Capital Assets and Debt Administration**

**Capital Assets.** The City's investment in capital assets for its governmental and business-type activities as of September 30, 2019, amounts to \$236,560,093 (net of accumulated depreciation). The investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, and construction in progress. The total increase in the City's investment in capital assets for the current year was 5.94%.

**City of Keller, Texas  
Management's Discussion and Analysis  
September 30, 2019**

**Table 3  
Capital Assets at Year-end  
Net of Accumulated Depreciation (000's)**

Asset	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 34,271	\$ 34,146	\$ 2,004	\$ 1,506	\$ 36,275	\$ 35,652
Capacity rights	-	-	1,243	1,970	1,243	1,970
Buildings	26,968	29,201	10,595	10,130	37,563	39,331
Improvements	55,799	57,639	70,239	69,247	126,038	126,886
Machinery and equipment	4,840	3,969	333	371	5,173	4,340
Construction in progress	9,535	8,339	20,733	6,772	30,268	15,111
	<u>\$ 131,411</u>	<u>\$ 133,296</u>	<u>\$ 105,149</u>	<u>\$ 89,996</u>	<u>\$ 236,560</u>	<u>\$ 223,291</u>

Additional information on the City's capital assets can be found in the notes to the financial statements on pages 43-44.

Debt Administration. At the end of the current fiscal year, the City had total debt outstanding of \$60,647,193 which was backed by the full faith and credit of the City in addition to unamortized premiums.

**Table 4  
Outstanding Debt at Year End (000's)**

Type of Debt	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
General Obligation	\$ 16,713	\$ 19,832	\$ 6,827	\$ 8,373	\$ 23,540	\$ 28,205
Certificates/Contractual Obligations	14,760	16,665	19,470	13,120	34,230	29,785
Unamortized bond premium	1,886	2,178	991	835	2,877	3,013
Total	<u>\$ 33,359</u>	<u>\$ 38,675</u>	<u>\$ 27,288</u>	<u>\$ 22,328</u>	<u>\$ 60,647</u>	<u>\$ 61,003</u>

The City continues to maintain favorable ratings from bond rating agencies. The current General Obligation, Combination Tax and Revenue Certificates of Obligation, and Revenue Bonds ratings are as follows.

	Moody's Investors Service	Standard & Poor's
General obligation bonds	Aaa	AAA
Certificates of obligation	Aaa	AAA

Additional information on the City's long-term debt can be found in the notes to the financial statements on pages 46-48.



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

In the next year's adopted fiscal year (FY) 2019-20 budget, total General Fund revenues (including transfers-in) are budgeted to increase by \$693,855 (1.8%) from the final FY 2018-19 Budget and by \$1,015,701 (2.6%) from the FY 2018-19 year-end projection, with general property taxes comprising about 50.5% of General Fund budgeted revenues and transfers-in. Certified taxable assessed valuations (after adjustments) increased 5.2% over the prior year, compared to an increase of 10.6% in the prior year. Conservative budgeting and use of fund balance for one-time projects helped the city reduce the FY 2019-20 tax rate to \$0.3999 per \$100 of valuation from \$0.41325 per \$100 of valuation and increased the homestead exemption from 10% to 12%. The tax rate is the lowest rate in over twenty years, and the homestead exemption is the highest ever.

An increase of 6.25% from the FY 2018-19 budget and an increase of 1.5% from year-end projection was budgeted for sales tax receipts in FY 2019-20 as overall monthly sales tax receipts have showed continued positive increases during FY 2018-19. While retail sales tax activity has continued annually grow, utility pricing has resulted in a slight decrease in utility-based sales tax. FY 2019-20 sales tax projections assumed the retail would have modest growth and utility prices would remain the same.

Expenditures for the FY 2019-20 adopted budget represents an increase of \$1,168,545, or 3.0% from the FY 2018-19 budget. Similar to the prior year, the FY 2019-20 budget includes one-time expenditures of \$4,874,298 of which \$3,704,694 relates to cash-funding capital improvements rather than issuing debt. With the one-time expenditures removed from the budgets, the FY 2019-20 adopted budget represents an increase of \$432,553 or 1.2%. The budget includes one-time funding for Johnson Road Reconstruction, Bear Creek & Whitley Roundabout, an Excavator, North Tarrant Parkway and Lakeview improvements, and Union Pacific Railroad Pedestrian Crossing improvements.

Conservative revenue and expenditure budgeting resulted in a balanced budget that meets the City Council goals and directions, continues to provide excellent service levels, and maintains ending fund balances as required by the city's financial policies. The FY 2019-20 estimated ending unassigned fund balance at September 30, 2020 is \$22,164,078 which equals 61.9% of on-going expenditures. Approximately \$2.28M of the fund balance growth is related to the TIRZ ending and the fund balance being reallocated to the General Fund. The estimated fund balance is above the policy required minimum balance of 19.2% (70 days of on-going expenditures) and the policy maximum of 50.0% (182 days of on-going expenditures). The City will be looking to further cash fund capital projects as a way to reduce the fund balance below the policy maximum.

The City is able to maintain its financial position because of having a stable tax and retail base, as well as a competitive tax rate. The City's property tax rate for FY 2019-20 ranks as one of the lowest among neighboring Tarrant County area cities.

### **Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, P.O. Box 770, Keller, Texas 76244-0770, call (817) 743-4025, or email at [finance@CityofKeller.com](mailto:finance@CityofKeller.com).

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## **BASIC FINANCIAL STATEMENTS**

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**CITY OF KELLER, TEXAS  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2019**

**EXHIBIT A-1**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and equivalents	\$ 30,448,697	\$ 13,381,155	\$ 43,829,852
Investments	43,183,750	4,370,711	47,554,461
Receivables (net of allowance for uncollectibles)	4,507,204	5,244,274	9,751,478
Inventories	101,184	276,515	377,699
Prepaid items	56,777	324,739	381,516
Internal balances	(470,488)	470,488	-
Restricted assets:			
Investments	-	10,857,916	10,857,916
Capital assets (net of accumulated depreciation):			
Land	34,270,888	2,004,255	36,275,143
Construction in progress	9,534,564	20,733,117	30,267,681
Buildings	26,968,232	10,595,216	37,563,448
Improvement other than buildings	55,797,854	70,239,394	126,037,248
Capacity rights	-	1,243,438	1,243,438
Machinery and equipment	4,839,637	333,498	5,173,135
<b>Total Assets</b>	<b>209,238,299</b>	<b>140,074,716</b>	<b>349,313,015</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred loss on refunding	849,399	116,793	966,192
Deferred outflows related to pensions	6,033,172	1,055,271	7,088,443
Deferred outflows related to OPEB - SDBF	41,014	7,126	48,140
Deferred outflows related to OPEB Health Benefits	79,523	13,803	93,326
<b>Total deferred outflows of resources</b>	<b>7,003,108</b>	<b>1,192,993</b>	<b>8,196,101</b>
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	3,121,434	5,450,374	8,571,808
Accrued interest payable	117,048	121,192	238,240
Customer deposits	285,719	1,373,969	1,659,688
Escrow payables	441,960	-	441,960
Unearned revenue	362,476	568,725	931,201
Non-current liabilities:			
Due within one year	6,575,663	2,696,242	9,271,905
Due in more than one year:	47,612,786	28,334,636	75,947,422
<b>Total Liabilities</b>	<b>58,517,086</b>	<b>38,545,138</b>	<b>97,062,224</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	461,493	30,310	491,803
Deferred inflows related to OPEB - SDBF	41,593	7,173	48,766
Deferred inflows related to OPEB Health Benefits	45,098	7,778	52,876
<b>Total deferred inflows of resources</b>	<b>548,184</b>	<b>45,261</b>	<b>593,445</b>
<b>NET POSITION</b>			
Net investment in capital assets	101,125,405	82,146,631	183,272,036
Restricted for:			
Debt service	2,699,936	-	2,699,936
Capital projects	26,163,602	6,652,768	32,816,370
Other	9,697,488	-	9,697,488
Unrestricted	17,489,706	13,877,911	31,367,617
<b>Total Net Position</b>	<b>\$ 157,176,137</b>	<b>\$ 102,677,310</b>	<b>\$ 259,853,447</b>

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

**CITY OF KELLER, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

<u>Function/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary Government</b>				
Governmental activities:				
General government	\$ 5,366,338	\$ 1,314,424	\$ 84,328	\$ -
Public safety	20,083,209	1,850,654	3,595,516	-
Public works	10,340,308	118,938	635,248	2,023,535
Community development	2,365,621	1,758,963	48,542	-
Recreation and cultural	6,047,587	456,286	-	-
Interest on long-term debt	1,016,877	-	-	-
<b>Total governmental activities</b>	<u>45,219,940</u>	<u>5,499,265</u>	<u>4,363,634</u>	<u>2,023,535</u>
Business-type activities:				
Water and wastewater utility	23,129,976	25,720,620	-	1,356,399
Drainage utility	2,348,274	1,466,777	-	1,104,066
Recreation/Aquatic Center	3,193,606	3,295,577	-	-
<b>Total business-type activities</b>	<u>28,671,856</u>	<u>30,482,974</u>	<u>-</u>	<u>2,460,465</u>
<b>Total primary government</b>	<u>\$ 73,891,796</u>	<u>\$ 35,982,239</u>	<u>\$ 4,363,634</u>	<u>\$ 4,484,000</u>
General revenues:				
Ad valorem taxes				
Sales taxes				
Franchise taxes				
Mixed drink taxes				
Investment earnings				
Miscellaneous income				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - Beginning of year				
<b>Net position - Ending</b>				

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

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**Net (Expense) Revenue and Changes in Net Position**


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<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (3,967,586)	\$ -	\$ (3,967,586)
(14,637,039)	-	(14,637,039)
(7,562,587)	-	(7,562,587)
(558,116)	-	(558,116)
(5,591,301)	-	(5,591,301)
(1,016,877)	-	(1,016,877)
<u>(33,333,506)</u>	<u>-</u>	<u>(33,333,506)</u>
-	3,947,043	3,947,043
-	222,569	222,569
-	101,971	101,971
-	<u>4,271,583</u>	<u>4,271,583</u>
<u>(33,333,506)</u>	<u>4,271,583</u>	<u>(29,061,923)</u>
23,534,184	-	23,534,184
12,681,216	-	12,681,216
4,626,857	-	4,626,857
147,028	-	147,028
1,726,322	820,151	2,546,473
183,918	162,674	346,592
1,032,632	(1,032,632)	-
<u>43,932,157</u>	<u>(49,807)</u>	<u>43,882,350</u>
10,598,651	4,221,776	14,820,427
<u>146,577,486</u>	<u>98,455,534</u>	<u>245,033,020</u>
<u>\$ 157,176,137</u>	<u>\$ 102,677,310</u>	<u>\$ 259,853,447</u>

**CITY OF KELLER, TEXAS  
BALANCE SHEET-GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2019**

	<u>General Fund</u>	<u>General Obligation Debt Service</u>	<u>Crime Control Prevention District</u>	<u>Capital Projects Fund</u>
<b>ASSETS</b>				
Cash and equivalents	\$ -	\$ -	\$ 3,157,162	\$ 16,359,717
Investments	22,614,064	2,726,025	2,000,000	4,366,711
Receivables (net of allowance for uncollectibles):				
Ad valorem taxes	251,303	80,082	-	-
Franchise taxes	638,107	-	-	-
Sales taxes	1,117,285	-	258,941	-
Accounts	525,292	2,809	-	-
Interest and Other	96,412	8,068	13,384	38,942
Due from other governments	503,072	-	-	-
Due from other funds	-	-	32,704	-
Inventories, at cost	101,184	-	-	-
Prepaid items	53,932	-	640	-
<b>Total assets</b>	<b>\$ 25,900,651</b>	<b>\$ 2,816,984</b>	<b>\$ 5,462,831</b>	<b>\$ 20,765,370</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
LIABILITIES:				
Accounts payable	\$ 841,790	\$ -	\$ 168,248	\$ 464,396
Other payables and accruals	665,824	-	2,844	-
Due to other funds	32,704	-	-	-
Customer deposits	281,297	-	-	-
Escrow payables	-	-	-	-
Unearned revenue	165,507	-	-	-
<b>Total liabilities</b>	<b>1,987,122</b>	<b>-</b>	<b>171,092</b>	<b>464,396</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable resources	598,520	80,082	-	-
<b>Total deferred inflows of resources</b>	<b>598,520</b>	<b>80,082</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES:</b>				
Nonspendable				
Inventory and prepaids	155,116	-	640	-
Restricted				
Debt service	-	2,736,902	-	-
Capital projects	-	-	-	17,276,293
Park Development	-	-	-	-
Municipal court	-	-	-	-
Law Enforcement	-	-	5,291,099	-
Recreation and Cultural	208,957	-	-	-
Public information and broadcasting	-	-	-	-
Community clean up	278,548	-	-	-
Public safety and public works grants	109,243	-	-	-
Assigned				
Capital projects	-	-	-	3,024,681
Unassigned	22,563,145	-	-	-
<b>Total fund balances</b>	<b>23,315,009</b>	<b>2,736,902</b>	<b>5,291,739</b>	<b>20,300,974</b>
<b>Total liabilities, deferred inflows of resources,         and fund balances</b>	<b>\$ 25,900,651</b>	<b>\$ 2,816,984</b>	<b>\$ 5,462,831</b>	<b>\$ 20,765,370</b>

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



Non major Governmental Funds	Total Governmental Funds
\$ 4,488,947	\$ 24,005,826
10,256,934	41,963,734
-	331,385
-	638,107
876,239	2,252,465
11,207	539,308
32,068	188,874
44,153	547,225
-	32,704
-	101,184
1,228	55,800
<u>\$ 15,710,776</u>	<u>\$ 70,656,612</u>
\$ 140,338	\$ 1,614,772
6,569	675,237
-	32,704
4,422	285,719
441,960	441,960
196,969	362,476
<u>790,258</u>	<u>3,412,868</u>
1,106	679,708
<u>1,106</u>	<u>679,708</u>
1,228	156,984
-	2,736,902
11,111,517	28,387,810
2,551,313	2,551,313
220,718	220,718
98,981	5,390,080
399,952	608,909
535,703	535,703
-	278,548
	109,243
-	3,024,681
-	22,563,145
<u>14,919,412</u>	<u>66,564,036</u>
<u>\$ 15,710,776</u>	<u>\$ 70,656,612</u>

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**CITY OF KELLER, TEXAS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE  
SHEET TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2019**

**EXHIBIT A-4**

Total fund balance-governmental funds balance sheet	\$ 66,564,036
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet. Excludes governmental portion of the internal service funds of \$3,574,780.	127,836,395
Deferred losses on refunding are reported as deferred outflows of resources in the government-wide statement of net position.	849,399
Revenues earned but not available within sixty days of the fiscal year-end are not recognized as revenue in the fund financial statements.	679,708
Deferred outflows, \$6,153,709, and inflows, (\$548,184), of resources related to the City's net pension and other post employment benefit liabilities results in an increase in net position in the government-wide financial statements (including internal service fund activity). This amount excludes the internal service funds' deferred outflows of \$209,271 and inflows of (\$17,870).	5,414,124
Interest payable on long-term debt does not require current financial resources, therefore interest payable is not reported as a liability in the governmental funds balance sheet.	(117,048)
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported in the fund financial statements.	(33,359,377)
Net pension liability, \$17,266,431, compensated absences, \$1,759,591, and total other post employment benefit obligation (OPEB), \$1,803,050, are not due and payable in the current period, and therefore are not reported in the fund financial statements. This amount excludes governmental portion of the internal service fund net pension liability of \$577,577 and OPEB liability \$59,291.	(20,192,204)
Internal service funds are used by management to charge the costs of capital assets to individual funds. This amount represents the net position of the internal service fund, excluding \$470,488 allocated to the business-type activities.	<u>9,501,104</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES - statement of net position</b>	<u><u>\$ 157,176,137</u></u>

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

**CITY OF KELLER, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**EXHIBIT A-5**

	General Fund	General Obligation Debt Service	Crime Control Prevention District	Capital Projects Fund	Non major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Ad valorem taxes	\$ 19,376,613	\$ 4,078,378	\$ -	\$ -	\$ -	\$ 23,454,991
Sales taxes	6,390,217	-	1,498,336	-	4,792,663	12,681,216
Franchise fees	4,498,902	-	-	-	127,955	4,626,857
Mixed drink tax	147,028	-	-	-	-	147,028
Licenses and permits	1,225,453	-	-	-	116,000	1,341,453
Intergovernmental	3,518,179	-	101,285	-	112,140	3,731,604
Charges for services	3,096,873	-	-	-	111,675	3,208,548
Fines and forfeitures	732,740	-	-	-	77,435	810,175
Special assessments and impact fees	-	-	-	-	635,248	635,248
Donations	63,725	-	-	-	34,342	98,067
Interest income	509,995	72,287	257,288	492,660	297,076	1,629,306
Miscellaneous income	106,890	13,904	-	-	18,177	138,971
<b>Total revenues</b>	<b>39,666,615</b>	<b>4,164,569</b>	<b>1,856,909</b>	<b>492,660</b>	<b>6,322,711</b>	<b>52,503,464</b>
<b>EXPENDITURES</b>						
Current:						
General government	4,665,969	-	-	-	159,079	4,825,048
Public safety	17,353,028	-	723,123	-	129,847	18,205,998
Public works	2,729,907	-	-	-	-	2,729,907
Community development	2,389,745	-	-	-	162,387	2,552,132
Recreation and cultural	4,909,442	-	-	-	8,336	4,917,778
Capital outlay	168,391	-	238,137	4,934,979	1,418,158	6,759,665
Debt service:						
Principal	-	3,324,046	370,000	-	1,330,000	5,024,046
Interest and fiscal charges	-	754,314	153,950	-	257,684	1,165,948
<b>Total expenditures</b>	<b>32,216,482</b>	<b>4,078,360</b>	<b>1,485,210</b>	<b>4,934,979</b>	<b>3,465,491</b>	<b>46,180,522</b>
<b>Excess (deficiency) of revenues under expenditures</b>	<b>7,450,133</b>	<b>86,209</b>	<b>371,699</b>	<b>(4,442,319)</b>	<b>2,857,220</b>	<b>6,322,942</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	9,242,771	3,264,626	12,507,397
Transfers out	(5,784,023)	(178,662)	-	-	(5,714,212)	(11,676,897)
Proceeds from sale of property	5,868	-	40,415	-	19,177	65,460
<b>Total other financing sources (uses)</b>	<b>(5,778,155)</b>	<b>(178,662)</b>	<b>40,415</b>	<b>9,242,771</b>	<b>(2,430,409)</b>	<b>895,960</b>
<b>Net change in fund balances</b>	<b>1,671,978</b>	<b>(92,453)</b>	<b>412,114</b>	<b>4,800,452</b>	<b>426,811</b>	<b>7,218,902</b>
Fund balances, October 1, 2018	21,643,031	2,829,355	4,879,625	15,500,522	14,492,601	59,345,134
<b>Fund balances, September 30, 2019</b>	<b>\$ 23,315,009</b>	<b>\$ 2,736,902</b>	<b>\$ 5,291,739</b>	<b>\$ 20,300,974</b>	<b>\$ 14,919,412</b>	<b>\$ 66,564,036</b>

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

**CITY OF KELLER, TEXAS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO  
THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**EXHIBIT A-6**

Net change in fund balances- total governmental funds.	\$ 7,218,902
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Excludes capital asset changes in the internal service fund of \$1,417,440.	6,721,583
Developers contributions are not reported in governmental funds.	2,023,535
Depreciation expense on capital assets is reported in the statement of activities but does not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds. Excludes depreciation expense of \$372,581 from internal service fund.	(10,334,055)
The transfer of capital assets between governmental activities and business-type activities is not recorded recorded in the governmental funds financial statements. This amount is the net of capital assets transferred out of governmental activities.	(1,197,868)
The repayment of the principal of long term debt consumes the current financial resources of governmental funds, but has no effect on net position. The amortization of bond premiums and deferred gain/loss on refunding of long term debt is reported in statement of activities but does not require the use of current financial resources. Therefore the effect of the amortization of these various items are not reported in the statement of revenues, expenses, and changes in fund balance.	
This amount represents the net effect of the following items:	
o Repayments of principal	5,024,046
o Amortization/refunding of premium on bonds	291,700
o Amortization of deferred loss on refunding	(163,686)
Implementation of GASB 68 requires certain expenditures to be de-expended and recorded as deferred The following is the net effect of current year pension expense and contributions made after the measurement date. Excludes changes in pension activity of \$40,170 that are from the internal service funds.	(1,139,163)
Implementation of GASB 75 requires certain expenditures to be de-expended and recorded as deferred The following is the net effect of current year Other Post Employment Benefits (OPEB) expense and contributions made after the measurement date. Excludes changes in OPEB activity of \$2,690 that are from the internal service funds.	(121,659)
Current year changes in accrued interest payable does not require the use of current financial resources; and therefore, are not reported as expenditures in governmental funds.	21,057
Current year changes in the long-term liability for compensated absences do not require the use of current financial resources; and therefore, are not reported as expenditures in governmental funds.	30,749
Certain revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.	116,997
Internal service funds are used by management to share the costs of capital assets to individual funds. This is the amount of change in net position allocated to governmental activities.	2,106,513
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES - statement of activities</b>	<u>\$ 10,598,651</u>

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

**CITY OF KELLER, TEXAS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2019**

	<b>Water and Wastewater Utilities</b>	<b>Drainage Utility</b>	<b>Recreation/ Aquatic Center</b>	<b>Total Enterprise Funds</b>	<b>Non-Major Total Internal Service Funds</b>
<b>ASSETS</b>					
Current assets					
Cash and equivalents	\$ 10,034,007	\$ 1,361,597	\$ 1,985,551	\$ 13,381,155	\$ 6,442,871
Investments	2,294,810	1,862,529	213,372	4,370,711	1,220,016
Accounts receivables (net of allowances for uncollectibles)	5,044,852	62,112	41,499	5,148,463	1,094
Interest receivable	67,916	19,438	8,457	95,811	8,746
Due from other funds	-	-	-	-	-
Inventories, at cost	270,888	-	5,627	276,515	-
Prepaid items	324,739	-	-	324,739	977
Restricted assets					
Investments	10,857,916	-	-	10,857,916	-
<b>Total current assets</b>	<b>28,895,128</b>	<b>3,305,676</b>	<b>2,254,506</b>	<b>34,455,310</b>	<b>7,673,704</b>
Non-current assets					
Capital assets:					
Land	1,942,983	61,272	-	2,004,255	-
Water and sewer system	106,507,136	33,266,467	-	139,773,603	-
Aquatics Building	-	-	18,019,337	18,019,337	-
Machinery and equipment	2,342,972	373,289	1,238,481	3,954,742	11,709,964
Capacity rights	6,281,781	-	-	6,281,781	-
Construction in progress	20,019,580	713,537	-	20,733,117	-
Accumulated depreciation	(54,716,956)	(22,787,460)	(8,113,501)	(85,617,917)	(8,135,184)
<b>Total capital assets     (net of accumulated depreciation)</b>	<b>82,377,496</b>	<b>11,627,105</b>	<b>11,144,317</b>	<b>105,148,918</b>	<b>3,574,780</b>
<b>Total non-current assets</b>	<b>82,377,496</b>	<b>11,627,105</b>	<b>11,144,317</b>	<b>105,148,918</b>	<b>3,574,780</b>
<b>Total assets</b>	<b>111,272,624</b>	<b>14,932,781</b>	<b>13,398,823</b>	<b>139,604,228</b>	<b>11,248,484</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred loss on refunding	116,793	-	-	116,793	-
Deferred outflows related to pensions	742,402	149,114	163,755	1,055,271	205,317
Deferred outflows related to SDBF	5,033	967	1,126	7,126	1,340
Deferred outflows related to OPEB Health Benefits	9,753	1,885	2,165	13,803	2,614
<b>Total deferred outflows of resources</b>	<b>873,981</b>	<b>151,966</b>	<b>167,046</b>	<b>1,192,993</b>	<b>209,271</b>

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

	Water and Wastewater Utilities	Drainage Utility	Recreation/ Aquatic Center	Total Enterprise Funds	Non-Major Total Internal Service Funds
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	\$ 5,068,456	\$ 24,901	\$ 217,831	\$ 5,311,188	\$ 796,667
Other payables and accruals	90,588	17,276	31,322	139,186	34,758
Unearned revenue	73,840	-	494,885	568,725	-
Compensated absences payable - current	170,740	46,709	-	217,449	-
General obligation bonds payable - current	1,623,793	-	-	1,623,793	-
Certificates of obligations - current	855,000	-	-	855,000	-
Accrued interest payable	121,192	-	-	121,192	-
Customer deposits	1,343,437	-	30,532	1,373,969	-
<b>Total current liabilities</b>	<b>9,347,046</b>	<b>88,886</b>	<b>774,570</b>	<b>10,210,502</b>	<b>831,425</b>
Non-current liabilities:					
General obligation bonds payable	6,194,023	-	-	6,194,023	-
Certificate of obligations	18,615,000	-	-	18,615,000	-
Net pension liability	2,270,295	428,149	514,249	3,212,693	577,577
Total OPEB Liability (SDBF)	70,049	13,541	15,551	99,141	18,769
Total OPEB Liability (Health Benefits)	151,062	29,233	33,484	213,779	40,522
<b>Total noncurrent liabilities</b>	<b>27,300,429</b>	<b>470,923</b>	<b>563,284</b>	<b>28,334,636</b>	<b>636,868</b>
<b>Total liabilities</b>	<b>36,647,475</b>	<b>559,809</b>	<b>1,337,854</b>	<b>38,545,138</b>	<b>1,468,293</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows related to pensions	19,782	5,052	5,476	30,310	14,912
Deferred inflows related to SDBF	5,086	1,024	1,063	7,173	1,419
Deferred inflows related to OPEB Health Benefits	5,515	1,110	1,153	7,778	1,539
<b>Total deferred inflows of resources</b>	<b>30,383</b>	<b>7,186</b>	<b>7,692</b>	<b>45,261</b>	<b>17,870</b>
<b>NET POSITION</b>					
Net investment in capital assets	59,375,209	11,627,105	11,144,317	82,146,631	3,574,780
Restricted for construction	6,652,768	-	-	6,652,768	-
Unrestricted	9,440,770	2,890,647	1,076,006	13,407,423	6,396,812
<b>Total net position</b>	<b>\$ 75,468,747</b>	<b>\$ 14,517,752</b>	<b>\$ 12,220,323</b>	<b>102,206,822</b>	<b>\$ 9,971,592</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				470,488	
Total Net Position per Government-Wide Financial Statements				<b>\$ 102,677,310</b>	

**CITY OF KELLER, TEXAS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND  
NET POSITION – PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**EXHIBIT A-8**

	<b>Water and Wastewater Utilities</b>	<b>Drainage Utility</b>	<b>Recreation/ Aquatic Center</b>	<b>Total Enterprise Funds</b>	<b>Non-Major Total Internal Service Funds</b>
<b>OPERATING REVENUES</b>					
Water	\$ 17,619,657	\$ -	\$ -	\$ 17,619,657	\$ -
Sewer	8,043,750	-	-	8,043,750	-
Drainage revenue	-	1,466,777	-	1,466,777	-
Recreation/Aquatic center revenue	-	-	3,295,577	3,295,577	-
Tap and connection fees	57,213	-	-	57,213	-
Miscellaneous	142,705	-	12,982	155,687	3,286,084
<b>Total operating revenues</b>	<b>25,863,325</b>	<b>1,466,777</b>	<b>3,308,559</b>	<b>30,638,661</b>	<b>3,286,084</b>
<b>OPERATING EXPENSES</b>					
Personnel services	3,151,896	613,012	1,434,809	5,199,717	846,501
Supplies and maintenance	423,995	26,054	129,502	579,551	143,031
Services and other	5,429,495	566,448	1,100,575	7,096,518	978,412
Wholesale water purchases	8,457,766	-	-	8,457,766	-
Wastewater services contracted	3,356,157	-	-	3,356,157	-
Depreciation	1,979,300	1,142,760	528,720	3,650,780	372,581
<b>Total operating expenses</b>	<b>22,798,609</b>	<b>2,348,274</b>	<b>3,193,606</b>	<b>28,340,489</b>	<b>2,340,525</b>
<b>Operating income (loss)</b>	<b>3,064,716</b>	<b>(881,497)</b>	<b>114,953</b>	<b>2,298,172</b>	<b>945,559</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Investment revenue	687,946	65,382	66,823	820,151	97,016
Gain or (loss) on sale of property	-	507	6,480	6,987	(20,513)
Interest expense	(646,916)	-	-	(646,916)	-
<b>Total non-operating revenues (expenses)</b>	<b>41,030</b>	<b>65,889</b>	<b>73,303</b>	<b>180,222</b>	<b>76,503</b>
<b>Net income (loss) before transfers and contributions</b>	<b>3,105,746</b>	<b>(815,608)</b>	<b>188,256</b>	<b>2,478,394</b>	<b>1,022,062</b>
<b>TRANSFERS AND CONTRIBUTIONS</b>					
Developer contributions	1,356,399	1,104,066	-	2,460,465	-
Contribution of capital assets	482,466	-	715,402	1,197,868	-
Transfers in	-	61,413	-	61,413	1,400,000
Transfers out	(836,413)	-	(1,455,500)	(2,291,913)	-
<b>Total transfers and contributions</b>	<b>1,002,452</b>	<b>1,165,479</b>	<b>(740,098)</b>	<b>1,427,833</b>	<b>1,400,000</b>
Change in net position	4,108,198	349,871	(551,842)	3,906,227	2,422,062
<b>Net position, October 1</b>	<b>71,360,549</b>	<b>14,167,881</b>	<b>12,772,165</b>		<b>7,549,530</b>
<b>Net position, September 30</b>	<b>\$ 75,468,747</b>	<b>\$ 14,517,752</b>	<b>\$ 12,220,323</b>		<b>\$ 9,971,592</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				315,549	
Change in Net Position Business-type Activities				\$ 4,221,776	

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



**CITY OF KELLER, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**EXHIBIT A-9**

	<b>Water and Wastewater Utilities</b>	<b>Drainage Utility</b>	<b>Recreation/ Aquatic Center</b>	<b>Total Enterprise Funds</b>	<b>Non-Major Total Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers	\$ 24,393,678	\$ 1,467,898	\$ 3,202,566	\$ 29,064,142	\$ 3,282,100
Cash payments to employees for services	(2,977,174)	(575,105)	(1,398,696)	(4,950,975)	(797,520)
Cash payments to other suppliers for goods and services	(13,877,852)	(614,556)	(1,086,283)	(15,578,691)	(489,979)
<b>Net cash provided by operating activities</b>	<b>7,538,652</b>	<b>278,237</b>	<b>717,587</b>	<b>8,534,476</b>	<b>1,994,601</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>					
Transfers from other funds	-	61,413	-	61,413	1,400,000
Transfers to other funds	(836,413)	-	(1,455,500)	(2,291,913)	-
<b>Net cash provided by (used in) non-capital financing activities</b>	<b>(836,413)</b>	<b>61,413</b>	<b>(1,455,500)</b>	<b>(2,230,500)</b>	<b>1,400,000</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Principal and interest paid	(2,969,763)	-	-	(2,969,763)	-
Bond proceeds	7,324,184	-	-	7,324,184	-
Acquisition or construction of capital assets net of contributions	(14,726,697)	(177,638)	(260,692)	(15,165,027)	(1,417,440)
Proceeds from sale of capital assets	-	19,888	6,480	26,368	122,755
<b>Net cash used in capital and related financing activities</b>	<b>(10,372,276)</b>	<b>(157,750)</b>	<b>(254,212)</b>	<b>(10,784,238)</b>	<b>(1,294,685)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase or sale of investments	6,085,452	6,928	302,862	6,395,242	(156,869)
Interest and dividends on investments	687,946	65,382	66,823	820,151	97,016
<b>Net cash provided by (used in) investing activities</b>	<b>6,773,398</b>	<b>72,310</b>	<b>369,685</b>	<b>7,215,393</b>	<b>(59,853)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>3,103,361</b>	<b>254,210</b>	<b>(622,440)</b>	<b>2,735,131</b>	<b>2,040,063</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>6,930,646</b>	<b>1,107,387</b>	<b>2,607,991</b>	<b>10,646,024</b>	<b>4,402,808</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 10,034,007</b>	<b>\$ 1,361,597</b>	<b>\$ 1,985,551</b>	<b>\$ 13,381,155</b>	<b>\$ 6,442,871</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ 3,064,716	\$ (881,497)	\$ 114,953	\$ 2,298,172	\$ 945,559
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	1,979,300	1,142,760	528,720	3,650,780	372,581
Effects of changes in assets and liabilities:					
Decrease (increase) in receivables	(1,551,726)	3,252	(6,823)	(1,555,297)	(1,094)
Decrease (increase) in inventories and prepaid items	(143,387)	224	(1,464)	(144,627)	(432)
Decrease (increase) in interest receivables	(3,493)	(2,131)	(2,993)	(8,617)	(2,890)
Decrease (increase) in due from other funds	-	-	-	-	-
Decrease (increase) in deferred outflows	(441,129)	(92,211)	(92,883)	(626,223)	(130,859)
Increase (decrease) in accounts payable	3,932,948	(22,278)	145,258	4,055,928	631,896
Increase (decrease) in other payables and accruals	8,589	3,273	2,722	14,584	4,513
Increase (decrease) in compensated absences	6,579	2,454	-	9,033	-
Increase (decrease) in customer deposits	92,084	-	(7,142)	84,942	-
Increase (decrease) in unearned revenue	(6,512)	-	(89,035)	(95,547)	-
Increase (decrease) in pension and OPEB liability	874,747	176,450	183,084	1,234,281	243,771
Increase (decrease) in deferred inflows	(274,064)	(52,059)	(56,810)	(382,933)	(68,444)
<b>Total adjustments</b>	<b>4,473,936</b>	<b>1,159,734</b>	<b>602,634</b>	<b>6,236,304</b>	<b>1,049,042</b>
<b>Net cash provided by operating activities</b>	<b>\$ 7,538,652</b>	<b>\$ 278,237</b>	<b>\$ 717,587</b>	<b>\$ 8,534,476</b>	<b>\$ 1,994,601</b>
<b>NONCASH ITEMS</b>					
Contributions of capital assets	\$ 482,466	\$ -	\$ 715,402	\$ 1,197,868	\$ -
Developer contributions of capital assets	\$ 1,356,399	\$ 1,104,066	\$ -	\$ 2,460,465	\$ -

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

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**CITY OF KELLER, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2019**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Keller (the City) was incorporated in 1955. The City operates under a Council-Manager form of government as a duly incorporated home rule charter approved in 1982. The City provides the following services: public safety (police and fire), streets, water, sewer and storm water drainage, public improvements, culture, planning and zoning, parks and recreation, and general administrative services.

The City reports in accordance with accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB). The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this Note. The remainder of the notes are organized to provide concise explanations, including required disclosures of budgetary matters, assets, liabilities, fund equity, revenues, expenditures/expenses, and other information considered important to gaining a clear picture of the City's financial activities for the fiscal year ended September 30, 2019.

**A. Financial Statement Presentation**

The basic financial statements are prepared in conformity with GASB Statement No. 34, which requires the government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities, business-type activities and activities of its discretely presented component unit on the statement of net position and statement of activities. Significantly, the City's statement of net position includes both noncurrent assets and noncurrent liabilities of the City. In addition, the government-wide statement of activities reflects depreciation expenses on the City's capital assets, including infrastructure.

In addition to the government-wide financial statements, the City has prepared fund financial statements, which use the modified accrual basis of accounting and the current financial resources measurement focus for the governmental funds. The accrual basis of accounting is utilized by proprietary funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The City also presents Management's Discussion and Analysis, which includes an analytical overview of the City's financial activities. In addition, a budgetary comparison schedule is presented that compares the original adopted and final amended General Fund budget with actual results.

**B. Financial Reporting Entity**

The City's basic financial statements include the accounts of all City operations. In evaluating how to define the government for financial reporting purposes, management has considered all entities for which the City is considered to be financially accountable. The City is a home-rule municipality governed by an elected Mayor and six-member City Council, who appoint a City Manager. As required by GAAP, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. All of the City's component units are presented as a blended component unit.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**B. Financial Reporting Entity – Continued**

**Blended Component Unit**

**Keller Development Corporation (KDC)** – The City created the Keller Development Corporation for the purpose of implementing its Parks Master Plan and appointed a seven-member Board of Directors, four of whom are required to be members of the City Council. The remaining three members are residents of the City. All Board members are appointed by the City Council. KDC is authorized to sell bonds or other forms of indebtedness. In the event of dissolution of KDC, the assets of KDC will be distributed to the City.

Since the KDC Board of Directors act primarily in an advisory role to the Keller City Council, who exercise the ultimate financial control over the recommendations of the KDC Board and there is either a financial benefit or burden relationship between the City and KDC, the financial information of KDC is blended as a governmental fund into the primary government.

**Keller Crime Control Prevention District (KCCPD)** – In accordance with Section 363 of the Texas Local Government Code, the City Council appointed a temporary KCCPD Board, who then developed and proposed a two-year financial plan to the residents of the City for a public vote. In November 2001, the residents of the City, by referendum, approved an additional three-eighths of one percent (0.375%) sales and use tax to be used for public safety crime control and prevention programs, including public safety equipment, and improvements to public safety facilities. Following voter approval of KCCPD, a Board of Directors was officially appointed by the City Council, and the two-year budget was then adopted by the Board and City Council. By statute, the life of KCCPD cannot exceed five years without re-authorization by another referendum. The additional sales tax became effective in April 2002. The tax was authorized for an initial period of five years. In May 2006, voters re-authorized the tax for an additional period of 15 years. In November 2007, voters authorized a reduction in the rate from three-eighths of one percent (0.375%) to one-quarter of one percent (0.25%).

Since the KCCPD Board acts primarily in an advisory role to the Keller City Council, who exercises the ultimate financial control over the recommendations of the KCCPD Board and the KCCPD provides services entirely, or almost entirely, to the City or otherwise exclusively, or almost exclusively, benefits the City even though it does not provide services directly to it, the financial information for KCCPD is blended as a governmental fund into the primary government. Separate financial statements for the component units are not prepared.

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

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for support. Additionally, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (Public Safety, Public Works, etc.) or program are offset by program revenues. Direct expenses are those that are clearly identifiable with specific function or program. Program revenues include: a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program, b) grants and contributions that are restricted to meeting the operational requirements of a particular function or program, or c) grants and contributions that are restricted to meeting the capital requirements of a particular function or program. Taxes and other items not properly included among program revenues are reported instead as general revenues. Internally dedicated resources are also reported as general revenues rather than as program revenues.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**C. Government-Wide and Fund Financial Statements - Continued**

Separate fund financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The major governmental funds are the general fund, the general obligation debt service fund, the Crime Control Prevention District, and the capital projects fund. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements. The non-major funds are detailed in the combining section of the financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Interfund services provided and used are not eliminated in the process of consolidation.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of 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. The government-wide and proprietary fund financial statements follow the accounting set forth by the Governmental Accounting Standards Board.

Governmental fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. The governmental fund financial statements follow the accounting set forth by the Governmental Accounting Standards Board.

Property taxes, franchise fees, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales taxes collected and held by the State and merchants at year-end on behalf of the City are also recognized as revenue. All other revenue items are considered to be measurable and available only when cash is received by the government.

**CITY OF KELLER, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2019**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation – Continued**

**Fund Accounting**

The following major funds are used by the City:

**1. Governmental Funds:**

Governmental Funds are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is on determination of changes in financial position, rather than on net income determination. The following is a description of the major Governmental Funds of the City:

- a. The **General Fund** is the operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.
- b. The **General Obligation Debt Service Fund** accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.
- c. The **Crime Control Prevention District Special Revenue Fund** is used to account for collection of sales and use taxes, in accordance with Section 363 of the Texas Local Government Code, to be used for public safety crime control and prevention programs.
- d. The **Capital Projects Fund** is used to account for construction and progress capital outlay or long-term repair contract expenditures.

In addition, the City reports the following non-major governmental funds.

**Non-major Special Revenue Funds** are used to account for the specific revenues that are legally restricted to expenditure for particular purposes.

**Library Fund** – This fund accounts for public donations and revenues restricted for Library improvements

**Municipal Court Fund** – This fund accounts for technology and building security fees collected from Municipal Court citations. Expenditures from these fees are specifically restricted by state law for court technology and security.

**Public Safety Fund** – This fund accounts for revenues derived from forfeiture and seizure of assets resulting from illegal narcotic activity. Expenditures are restricted for the Police Department to be used in illegal narcotic enforcement.

**Public Art Fund** – This fund is to account for contributions, donations, and other resources that are restricted for specific uses or purposes.

**Public Information and Broadcasting** – This fund is used to account for collection of franchise taxes from cable fees. Expenditures are restricted for the use of communications throughout the City.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation – Continued**

**Tree Restoration Fund** – This fund accounts for charges for services restricted for the use of restoring trees around the City.

**Keller Development Corporation Fund** – This fund is used to account for collection of sales and use taxes for the payment of bonds or other forms of indebtedness to finance the cost of Keller parks.

The **Nonmajor Capital Projects Funds** account for all resources used for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

**Roadway Impact Fees Fund** – This fund is used to account for revenues that are restricted for roadway improvements. Authorized expenditures include improvements and engineering.

**Park Development Fee Fund** – This fund is used to account for resources received primarily from park development fees and expenditures for specific park improvements

**Street/Sidewalk Improvement Fund** – This fund is used to account for revenues that are restricted for street and sidewalk improvements. Authorized expenditures include improvements and related engineering.

**Parks Capital Improvement Fund** – This fund is to account for acquisition or construction of capital assets.

Governmental funds with legally adopted annual budgets include the General Fund, the General Obligation Debt Service Fund, Crime Control Prevention District, Keller Development Corporation, Municipal Court fund, and the Street/Sidewalk Improvement fund. The legal level of control is at the funds department level.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation – Continued**

**2. Proprietary Funds:**

Proprietary Funds are accounted for using an economic resources measurement focus. The accounting objectives are a determination of net income, financial position, and changes in cash flows. All assets and liabilities associated with a proprietary fund's activities are included on its statement of net position.

The proprietary funds are financed and operated in a manner similar to private business enterprise. The costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges. Periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The City reports proprietary funds that are considered to be enterprise and internal service funds.

The following proprietary funds are reported as enterprise funds:

***Water and Wastewater Utilities Fund*** – This fund is used to account for the operations of the water distribution system, wastewater pumping stations and collection systems. The City reports the water and wastewater utilities fund as a major fund.

***Drainage Utility Fund*** – This fund is used to account for the operations of the City's drainage system for storm water control. The City reports the drainage utility fund as a major fund.

***Recreation/Aquatic Center Fund*** – This fund is considered a non-major fund for reporting purposes and is used to account for customer activity at the City's recreation and pool facilities.

The City's enterprise funds are reported in the business-type activities on the governmental-wide financial statements.

The City reports the following non-major internal service funds:

***Information Technology Fund*** – This fund is used to account for replacements of computers and software for the City's departments.

***Equipment Replacement Fund*** – This fund is used to account for replacement of vehicles and other equipment that are City owned.

***Health Insurance Fund*** – This fund is used to pay for the City's current employee's health insurance.

The City's internal service funds account for the financing of goods and services provided by one department to other City departments or to other governmental units on a cost-reimbursement basis. The City's internal service funds are reported with the governmental activities with an allocation to the business-type activities on the government-wide financial statements.



**CITY OF KELLER, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2019**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**E. Cash and Cash Equivalents**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Substantially all operating cash and cash equivalents are maintained in consolidated cash accounts or individual fund investment accounts.

State statutes authorize the City to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligation, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States; (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (5) certificates of deposit by state and national banks domiciled in this state that are (A) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or (B) secured by obligations that are described by (1), pledged with third party selected or approved by the City, and placed through a primary government securities dealer.

Investments, except for the investment pools and money market mutual funds are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost. Money market mutual funds are accessible at any time and therefore are also reported at amortized cost.

**F. Inventories and Prepaid Items**

Inventory is valued at cost (first-in, first-out). The cost of governmental fund type inventory is recorded as an expenditure when consumed rather than when purchased. Reported inventories are equally offset by non-spendable fund balance, which indicates that they do not constitute "available, spendable resources" even though they are a component of fund balance. The City is not required to maintain a minimum level of inventory. Inventories in the Proprietary Funds consist of supplies and are recorded at cost when consumed rather than when purchased.

Prepaid balances are for payments made by the City for which benefits extend beyond September 30, 2019, and the non-spendable fund balance has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures. The cost of prepaid services is recorded based on when prepaids was consumed rather than when purchased.

**G. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by non-spendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 60 days comprise the trade accounts receivable allowance for uncollectibles.

The governmental and proprietary funds report grant receivables as earned upon the time when eligible to receive reimbursement if collected within a year after fiscal year end.

**CITY OF KELLER, TEXAS  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED SEPTEMBER 30, 2019**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**H. Restricted Assets**

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants or contractual agreements.

Customer deposits received for water and wastewater service are, by law, considered to be restricted assets. These balances are included in the proprietary funds.

**I. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at acquisition 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 assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	20 - 40
Improvements other than buildings	20 - 40
Water, sewer, and drainage system	20 - 40
Capacity rights	40
Machinery, vehicle, and other equipment	3 - 20

**J. Compensated Absences**

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation is accrued depending on level of employment and years of service. Vacation can be accrued up to 240 to 400 hours depending on years of service with the City. Accrued vacation is paid upon retirement or termination. Sick leave is accrued at 8 hours per month with no limitations. Accrued sick leave expires and is not paid upon retirement or termination. Unused compensatory time for nonexempt employees is paid upon termination. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they are matured, for example, unused reimbursable leave payable as a result of employee resignations and retirements.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**K. Long-term Obligations**

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Losses on refunding are deferred and amortized over the life of the new issuance or the existing debt using the effective interest method.

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 issuances 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.

**L. Pensions and Other Post-Employment Benefits (OPEB)**

The City has Pension and OPEB for supplemental death benefits fund (SDBF) with the Texas Municipal Retirement System (TMRS) and has OPEB for health insurance. For purposes of measuring the net pension and total OPEB liability from TMRS, pension/OPEB related deferred outflows and inflows of resources, and pension/OPEB expense, City specific information about its Fiduciary Net Position in TMRS and additions to/deductions from the City's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions to TMRS are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's Total Pension and Total OPEB Liabilities is obtained from TMRS through reports prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statements No. 68 and 75. The OPEB for health benefits is an unfunded plan. The same actuaries used for pensions and OPEB from TMRS are used to provide the reporting information for the OPEB for health benefits.

**M. Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows and inflows of resources. This separate financial statement element, deferred outflows and inflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow or inflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category:

**Deferred Loss on Refunding** – these deferred outflows result 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.

**Pensions and OPEB** – these deferred outflows result from pension and OPEB contributions after the measurement date (deferred and recognized as a reduction of the pension/OPEB liability in the following fiscal year). There are also deferred outflows and inflows based on changes in actuarial assumptions and differences between expected and actual economic experience (deferred and amortized over the average remaining service life of participants) and differences between projected and actual investment earnings (deferred and amortized over a closed 5 year period).

**CITY OF KELLER, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2019**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**N. Fund Equity**

The City has adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*. The objective of the statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing government fund type definitions. The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, under GASB 54 are Nonspendable, Restricted, Committed, Assigned, and Unassigned.

These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of constraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance.

*In accordance with GASB 54, the City classifies governmental fund balances as follows:*

Nonspendable fund balance – includes amounts that are not in a spendable form or are required to be maintained intact. (i.e. inventories, prepaid items)

Restricted fund balance – includes amounts that can be spent only for the specific purposes stipulated by external resource providers either constitutionally or through enabling legislation. (i.e. debt service, capital projects, economic development, municipal court security, municipal court technology, tourism)

Committed fund balance – includes amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority (City Council). Commitments may be changed or lifted only by the government taking the same formal action (resolution) that imposed the constraint originally (i.e. park acquisition and improvement, recreation, fire training, fire development, public arts).

Assigned fund balance – comprises amounts intended to be used by the government for specific purposes. Per the fund balance policy, intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority. The City Council has authorized the City Manager as the official authorized to assign fund balance to a specific purpose as approved by the fund balance policy.

Unassigned fund balance – is the residual classification of the general fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose.

Order of Expenditure of Funds – When multiple categories of fund balance are available for expenditure, the City will start with the most restricted category and spend those funds first before moving down to the next category with available funds.

The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

**CITY OF KELLER, TEXAS  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED SEPTEMBER 30, 2019**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**O. Property Taxes**

Property taxes are levied for appropriation for the fiscal year beginning on October 1, are due October 1, attach as an enforceable lien on property as of January 1, and become delinquent on February 1. Property taxes are accrued based on the period for which they are levied and available. Delinquent taxes estimated not to be available are treated as deferred revenue in the governmental fund financial statements. Property taxes for cities, including those applicable to debt service, are limited by the Texas Constitution to \$2.50 per \$100 of assessed valuation. The City's current tax rate is \$0.41325 per \$100 of assessed valuation and assessed valuation is approximately 100% of estimated value.

**P. Use of Estimates**

The preparation of financial statements, in conformity with GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2. CASH, INVESTMENTS, AND DEPOSITS**

At year end, the carrying amount of the City's interest bearing bank deposits and money market funds was \$23,699,554 and the bank balance was \$23,782,133. All of the bank balances were covered by federal deposit insurance and collateralized by the pledging financial institution's City's safekeeping account at the Federal Reserve or held by a third party custodian. The custodian serves contractually as the City's agent. The City's cash and equivalents also included cash drawers of \$4,800.

Additionally, the City has an account under a safekeeping agreement with Frost Bank, TX. The U.S. Government Treasury and Agency investments clear via the Federal Reserve System through this account upon purchase, sale, or maturity. All assets in the account are held in the City's name.

The table below identifies the investment types that are authorized for the City by the Public Funds Investment Act. (Government Code Chapter 2256) The table also identifies certain provisions of the City's investment policy that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
U.S Treasury Obligations	3 years	100%	None
U.S. Agency Obligations	3 years	80%	None
State Agency Obligations	3 years	40%	None
Certificate of Deposits	3 years	80%	None
Investment Pools	3 years	80%	None
Repurchase Agreement	3 years	40%	None
Money Market Mutual Funds	3 years	40%	None
Money Market Accounts	3 years	80%	None

**CITY OF KELLER, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2019**

**NOTE 2. CASH, INVESTMENTS, AND DEPOSITS – CONTINUED**

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, Fair Value Measurement and Application, provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs—other than quoted prices included within Level 1—that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

*Investment Pools* are measured at amortized cost and are exempt for fair value reporting.

Certificates of Deposit classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

The City has recurring fair value measurements as presented in the table below. The City's investment balances and weighted average maturity of such investments are as follows:

	Fair Value	Level 1 Inputs	Level 2 Inputs	Percent of Total Investments	Weighted Average Maturity (Days)	Credit Risk	Rating Agency
Investments measured at amortized cost							
Investment Pools							
TexPool	\$ 20,125,498	\$ -	\$ -	25.63%	32	AAAm	S&P
Investments by fair value level							
Certificates of Deposit	58,412,377	58,412,377	-	74.37%	281	AA+/Aaa	S&P
Total	<u>\$ 78,537,875</u>	<u>\$ 58,412,377</u>	<u>\$ -</u>	<u>100.00%</u>			
Portfolio Weighted Average Maturity					<u>216</u>		

Weighted average maturity of the portfolio by investment type reflected in the table is stated in days. For investment pools, the recent weighted average maturity is presented based on the statewide investment pool. Interest bearing bank deposits is not included in the portfolio's weighted average maturity presented.

**Interest Rate Risk**

In compliance with the City's Investment Policy, as of September 30, 2019, the City minimized the interest rate risk, the risk relating to the decline in market value of securities in the portfolio, by: limiting the weighted average maturity to 365 days and the stated maturity to two years or less, with the exception of securities purchases related to reserve funds; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the secondary market prior to maturity; monitoring credit ratings of portfolio positions to assure compliance with rating requirements imposed by the PFIA; and investing funds primarily in money market mutual funds, government investment pools, and shorter-term securities with a weighted average maturity of less than 200 days.

**CITY OF KELLER, TEXAS  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED SEPTEMBER 30, 2019**

**NOTE 2. CASH, INVESTMENTS, AND DEPOSITS – CONTINUED**

**Interest Rate Risk – Continued**

The following table details the maturity schedule for the City’s investments as of September 30, 2019:

<u>Maturity Schedule</u>	<u>Book Value</u>	<u>Fair Value</u>	<u>% of Portfolio</u>
Less than 1 Month	\$ 2,068,856	\$ 2,068,856	3%
1 to 6 Months	37,026,182	37,026,182	47%
6 to 9 Months	15,613,258	15,613,258	20%
9 to 12 Months	7,642,809	7,642,809	9%
12 to 18 Months	16,186,770	16,186,770	21%
Total	<u>\$ 78,537,875</u>	<u>\$ 78,537,875</u>	<u>100%</u>

**Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. It is the City’s policy to limit its investment types with an investment quality rating not less than AAA or its equivalent by a national recognized statistical rating organization.

The City’s investment policy does not allow for an investment in any one issuer (other than investment pools) that is in excess of five percent of the fair value of the City’s total investments.

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

The Public Funds Investment Act does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits:

The Public Funds Investment Act requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least the bank balance less the FDIC insurance at all times.

The City requires all deposits to be covered by Federal Depository Insurance Corporation (FDIC) insurance and/or collateralized by qualified securities pledged by the City’s depository in the City’s name and held by the depository’s agent.

The State Comptroller of Public Accounts exercises responsibility over TexPool. This oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. TexPool operates in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized costs rather than market value to report net position to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares.

**CITY OF KELLER, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2019**

**NOTE 3. RECEIVABLES**

Year-end receivable balances for the government's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Governmental Funds	Governmental Funds					Total
	General	General Obligation Debt Service	Crime Control Prevention District	Capital Projects Fund	Non Major Governmental Funds	
Receivables						
Property taxes	\$ 287,204	\$ 91,522	\$ -	\$ -	\$ -	\$ 378,726
Franchise taxes	638,107	-	-	-	-	638,107
Sales taxes	1,117,285	-	258,941	-	876,239	2,252,465
Accounts	1,098,630	-	-	-	11,207	1,109,837
Other	96,412	8,068	13,384	38,942	32,068	188,874
Due from other Governments	503,072	-	-	-	44,153	547,225
Gross receivables	3,740,710	99,590	272,325	38,942	963,667	5,115,234
Less: allowance	(609,239)	(8,631)	-	-	-	(617,870)
Net total receivables	\$ 3,131,471	\$ 90,959	\$ 272,325	\$ 38,942	\$ 963,667	\$ 4,497,364

Year-end receivable balances for the government's individual proprietary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Proprietary Funds	Proprietary Funds				Non-Major Internal Service Fund
	Water and Wastewater Utilities	Drainage Utility	Non-Major Recreation Aquatic Center	Total Enterprise Funds	
Receivables					
Accounts	\$ 5,164,565	\$ 76,331	\$ 41,499	\$ 5,282,395	\$ 1,094
Interest	67,916	19,438	8,457	95,811	8,746
Gross receivables	5,232,481	95,769	49,956	5,378,206	9,840
Less: allowance	(119,713)	(14,219)	-	(133,932)	-
Net total receivables	\$ 5,112,768	\$ 81,550	\$ 49,956	\$ 5,244,274	\$ 9,840



**CITY OF KELLER, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2019**

**NOTE 4. CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2019 was as follows:

**Primary Government**

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 34,145,896	\$ 124,992	\$ -	\$ -	\$ 34,270,888
Construction in progress	8,339,387	1,677,643	-	(482,466)	9,534,564
Total capital assets, not being depreciated	<u>42,485,283</u>	<u>1,802,635</u>	<u>-</u>	<u>(482,466)</u>	<u>43,805,452</u>
Capital assets being depreciated:					
Buildings	48,856,765	82,156	-	(40,402)	48,898,519
Improvements other than buildings	193,531,660	5,794,793	-	-	199,326,453
Machinery and equipment	21,381,873	2,482,974	(617,452)	(675,000)	22,572,395
Total capital assets being depreciated	<u>263,770,298</u>	<u>8,359,923</u>	<u>(617,452)</u>	<u>(715,402)</u>	<u>270,797,367</u>
Less accumulated depreciation for:					
Buildings	(19,655,352)	(2,274,935)	-	-	(21,930,287)
Improvements other than buildings	(135,892,382)	(7,636,217)	-	-	(143,528,599)
Machinery and equipment	(17,411,458)	(795,484)	474,184	-	(17,732,758)
Total accumulated depreciation	<u>(172,959,192)</u>	<u>(10,706,636)</u>	<u>474,184</u>	<u>-</u>	<u>(183,191,644)</u>
Total capital assets being depreciated, net	<u>90,811,106</u>	<u>(2,346,713)</u>	<u>(143,268)</u>	<u>(715,402)</u>	<u>87,605,723</u>
Governmental activities capital assets, net	<u>\$ 133,296,389</u>	<u>\$ (544,078)</u>	<u>\$ (143,268)</u>	<u>\$ (1,197,868)</u>	<u>\$ 131,411,175</u>

Governmental activities include internal service fund machinery and equipment of \$11,709,964 with accumulated depreciation of \$8,135,184 as of September 30, 2019.

Depreciation expense was charged to governmental activity functions as follows:

Governmental Activities:	
General government	\$ 670,104
Public safety	1,177,350
Public works	7,668,172
Community development	1,166,152
Recreation and cultural	24,858
Total depreciation expense - governmental activities	<u>\$ 10,706,636</u>

Governmental activities portion of the internal service fund depreciation expense of \$372,581 is allocated within each function.

**CITY OF KELLER, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2019**

**NOTE 4. CAPITAL ASSETS – CONTINUED**

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 1,506,353	\$ 55,483	\$ -	\$ 442,419	\$ 2,004,255
Construction in progress	6,771,807	13,478,844	-	482,466	20,733,117
Total capital assets, not being depreciated	8,278,160	13,534,327	-	924,885	22,737,372
Capital assets being depreciated:					
Buildings	17,123,435	180,500	-	715,402	18,019,337
Utility facilities	136,446,962	3,830,473	(61,413)	(442,419)	139,773,603
Machinery and equipment	4,210,480	80,192	(335,930)	-	3,954,742
Capacity rights	6,281,781	-	-	-	6,281,781
Total capital assets being depreciated	164,062,658	4,091,165	(397,343)	272,983	168,029,463
Less accumulated depreciation for:					
Buildings	(6,993,855)	(430,266)	-	-	(7,424,121)
Utility facilities	(67,199,766)	(2,334,443)	42,032	(42,032)	(69,534,209)
Machinery and equipment	(3,839,503)	(159,703)	335,930	42,032	(3,621,244)
Capacity rights	(4,311,975)	(726,368)	-	-	(5,038,343)
Total accumulated depreciation	(82,345,099)	(3,650,780)	377,962	-	(85,617,917)
Total capital assets being depreciated, net	81,717,559	440,385	(19,381)	272,983	82,411,546
Business-type activities capital assets, net	\$ 89,995,719	\$ 13,974,712	\$ (19,381)	\$ 1,197,868	\$ 105,148,918

Business-type activities depreciation expense as follows:

Business-type activities:	
Water and wastewater utilities	\$ 1,979,300
Drainage utility	1,142,760
Recreation / aquatic center	528,720
Total depreciation expense - business-type activities	<u>\$ 3,650,780</u>

**Construction Commitments**

The City has active construction projects as of September 30, 2019. The projects include construction, park improvements, and drainage improvements.

Significant Commitments for construction in progress are composed of the following:

Project Name	Budget	Y-T-D	Remaining
Keller Hicks Intersection Improvements	\$ 2,195,000	\$ 311,486	\$ 1,883,514
Bear Creek/ Whitley Roundabout	925,000	160,784	764,216
Johnson Road/Keller-Smithfield Roundabout	925,000	125,186	799,814
Johnson Road Reconstruction	2,000,000	113,989	1,886,011
Overton Ridge Park	2,518,233	66,564	2,451,669
2017 SWIFT Project	4,000,000	876,065	3,123,935
US 377 SS Extension Project	1,450,000	218,957	1,231,043
	<u>\$ 14,013,233</u>	<u>\$ 1,873,031</u>	<u>\$ 12,140,202</u>

**CITY OF KELLER, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2019**

**NOTE 5. TRANSFERS AND INTERFUND RECEIVABLES AND PAYABLES**

Transfers are used to provide funds for debt service, contributions for capital construction or reimbursement for capital asset purchases, cost allocations and other operational costs as determined by the City’s annual budget. Transfers between funds during the year were as follows:

Transfers In	Transfers Out	Amount	Purpose
Capital Projects Fund	Debt Service Fund	\$ 178,662	Transfer to correct unspent bond proceeds for capital projects
Capital Projects Fund	Nonmajor Governmental Funds	2,651,609	Transfer for roadway and street and sidewalk capital projects
Capital Projects Fund	General Fund	4,182,000	Transfers for capital projects
Nonmajor Governmental Funds	General Fund	21,387	Transfer for municipal court restrictions
Nonmajor Governmental Funds	General Fund	180,636	Transfer for parks improvement
Nonmajor Governmental Funds	Nonmajor Governmental Funds	3,062,603	Keller Development Corporation transfer for park improvements
Internal Service Fund	General Fund	400,000	Transfer for future equipment replacement needs
Internal Service Fund	General Fund	1,000,000	Transfer for more funding for the City's health insurance fund
Capital Projects Fund	Recreation/Aquatics Center	1,455,500	Transfer for capital assets
Capital Projects Fund	Water and Wastewater Fund	775,000	Transfer for capital assets
Drainage	Water and Wastewater Fund	61,413	Transfer of funds for capital assets
	Total Transfers	<u>\$ 13,968,810</u>	

**NOTE 6. DEFERRED INFLOWS OF RESOURCES**

Governmental funds report *deferred inflows of resources* in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of deferred inflows of resources reported in the governmental funds were as follows:

	General Fund	General Obligation Debt Service	Nonmajor Governmental Funds	Total
Deferred inflows of resources:				
Property taxes	\$ 251,303	\$ 80,082	\$ -	\$ 331,385
Court fines	41,954	-	1,106	43,060
Emergency services	305,263	-	-	305,263
Total	<u>\$ 598,520</u>	<u>\$ 80,082</u>	<u>\$ 1,106</u>	<u>\$ 679,708</u>

**CITY OF KELLER, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2019**

**NOTE 7. LONG-TERM DEBT**

**General Obligation Bonds, Certificates of Obligation and Contractual Obligations**

The City issues general obligation bonds, certificates of obligation bonds, and contractual obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental which includes blended component units and business-type activities. These issues are direct obligations and pledge the full faith and credit of the City.

<u>General Obligation Bonds</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Component Unit Portion</u>	<u>City Portion</u>	<u>Total Governmental</u>	<u>Business-Type</u>
\$3,290,000 Series 2010A Refunding	2020	2.00 - 3.50%	\$ -	\$ 135,000	\$ 135,000	\$ 85,000
\$5,620,000 Series 2010B Refunding	2022	2.00 - 4.00%	-	1,043,230	1,043,230	796,770
\$9,860,000 Series 2011* Refunding	2023	0.55 - 5.00%	5,040,000	340,000	5,380,000	-
\$11,465,000 Series 2012 Refunding	2024	2.00 - 5.00%	-	2,275,000	2,275,000	3,680,000
\$10,475,000 Series 2015 Refunding	2026	2.00 - 4.00%	-	590,000	590,000	2,265,000
\$7,350,000 Series 2017 Refunding	2029	2.00 - 3.00%	-	7,290,000	7,290,000	-
Total General Obligation Bonds			<u>\$ 5,040,000</u>	<u>\$ 11,673,230</u>	<u>\$ 16,713,230</u>	<u>\$ 6,826,770</u>

\*Component Unit Portion is with Keller Development Corp.

<u>Certificates of Obligation</u>	<u>Final Maturity</u>	<u>Interest</u>	<u>Component Unit Portion</u>	<u>City Portion</u>	<u>Total Governmental</u>	<u>Business-Type</u>
\$8,310,000 Series 2010 Improvements	2030	2.00 - 4.00%	\$ -	\$ 4,375,000	\$ 4,375,000	\$ 1,040,000
\$5,835,000 Series 2012 Improvements (CWSRF)	2032	0.05 - 2.20%	-	-	-	4,050,000
\$6,000,000 Series 2012 Improvement	2027	2.00 - 5.00%	-	3,675,000	3,675,000	-
\$3,870,000 Series 2015* Improvements	2034	2.00 - 3.13%	3,065,000	-	3,065,000	-
\$4,060,000 Series 2016 Improvements	2031	0.53 - 1.93%	-	-	-	3,285,000
\$9,250,000 Series 2017 Tax and Revenue	2037	2.00 - 4.00%	-	3,645,000	3,645,000	4,050,000
\$7,045,000 Series 2019 Tax and Revenue	2039	2.00 - 2.65%	-	-	-	7,045,000
Total Certificates of Obligation			<u>\$ 3,065,000</u>	<u>\$ 11,695,000</u>	<u>\$ 14,760,000</u>	<u>\$ 19,470,000</u>

\*Component Unit Portion is with Keller Development Corp.

In June 2019, the City issued \$7,045,000 in Certificates of Obligations, Series 2019, the proceeds of which were used for capital projects for business-type activities.

**CITY OF KELLER, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2019**

**NOTE 7. LONG-TERM DEBT – CONTINUED**

**Changes in Long-term Liabilities – Continued**

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2019, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due within One year
Governmental activities:					
General obligation bonds	\$ 19,832,276	\$ -	\$ (3,119,046)	\$ 16,713,230	\$ 3,381,207
Certificate of obligations	16,665,000	-	(1,905,000)	14,760,000	1,565,000
Unamortized bond premium (discount)	2,177,847	-	(291,700)	1,886,147	-
Total bonds payable	38,675,123	-	(5,315,746)	33,359,377	4,946,207
Compensated absences	1,790,340	1,588,764	(1,619,513)	1,759,591	1,629,456
Net pension liability*	10,143,222	7,123,209	-	17,266,431	-
Total OPEB liability - SDBF*	571,101	78	-	571,179	-
Total OPEB liability health benefits*	1,198,441	33,430	-	1,231,871	-
Total governmental activities	<u>\$ 52,378,227</u>	<u>\$ 8,745,481</u>	<u>\$ (6,935,259)</u>	<u>\$ 54,188,449</u>	<u>\$ 6,575,663</u>

\*Net pension and OPEB liabilities from the internal service fund are reported within governmental activities. Sources from the general fund is used to liquidate net pension/OPEB liabilities for governmental funds.

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due within One year
Business-type activities:					
General obligation bonds	\$ 8,372,724	\$ -	\$ (1,545,954)	\$ 6,826,770	\$ 1,623,793
Certificate of obligations	13,120,000	7,045,000	(695,000)	19,470,000	855,000
Unamortized bond premium (discount)	835,348	279,184	(123,486)	991,046	-
Total bonds payable	22,328,072	7,324,184	(2,364,440)	27,287,816	2,478,793
Compensated absences	208,416	212,846	(203,813)	217,449	217,449
Net pension liability	1,984,189	1,228,504	-	3,212,693	-
Total OPEB liabilities-SDBF	99,127	14	-	99,141	-
Total OPEB liabilities-health benefits	208,016	5,763	-	213,779	-
Total business-type activities	<u>\$ 24,827,820</u>	<u>\$ 8,771,311</u>	<u>\$ (2,568,253)</u>	<u>\$ 31,030,878</u>	<u>\$ 2,696,242</u>

**CITY OF KELLER, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2019**

**NOTE 7. LONG-TERM DEBT – CONTINUED**

General Obligation Bonds

Fiscal Year Ending September 30,	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 3,381,207	\$ 519,161	\$ 3,900,368	\$ 1,623,793	\$ 251,607	\$ 1,875,400
2021	2,743,564	416,966	3,160,530	1,211,436	190,815	1,402,251
2022	2,848,459	325,613	3,174,072	1,271,541	138,781	1,410,322
2023	2,570,000	238,231	2,808,231	1,040,000	89,325	1,129,325
2024	1,205,000	174,375	1,379,375	1,095,000	42,125	1,137,125
2025-2029	3,965,000	406,050	4,371,050	585,000	17,625	602,625
Total	<u>\$ 16,713,230</u>	<u>\$ 2,080,396</u>	<u>\$ 18,793,626</u>	<u>\$ 6,826,770</u>	<u>\$ 730,278</u>	<u>\$ 7,557,048</u>

Certificate of Obligations

Fiscal Year Ending September 30,	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 1,565,000	\$ 471,349	\$ 2,036,349	\$ 855,000	\$ 523,688	\$ 1,378,688
2021	1,620,000	418,742	2,038,742	1,070,000	493,384	1,563,384
2022	1,685,000	364,368	2,049,368	1,100,000	472,817	1,572,817
2023	1,740,000	307,774	2,047,774	1,115,000	450,969	1,565,969
2024	1,800,000	250,068	2,050,068	1,135,000	428,607	1,563,607
2025-2029	4,650,000	664,301	5,314,301	6,160,000	1,704,877	7,864,877
2030-2034	1,700,000	106,866	1,806,866	4,945,000	846,455	5,791,455
2035-2039	-	-	-	3,090,000	222,700	3,312,700
Total	<u>\$ 14,760,000</u>	<u>\$ 2,583,468</u>	<u>\$ 17,343,468</u>	<u>\$ 19,470,000</u>	<u>\$ 5,143,497</u>	<u>\$ 24,613,497</u>

**Conduit Debt**

Certain revenue bonds have been issued in the past to provide financial assistance to nonprofit and public entities for acquisition and construction of educational and student housing facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the entities served by the bonds. The City is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of September 30, 2019, there was one series of revenue bonds outstanding. The aggregate principal amount payable for the issues was \$24,400,000.

**Compensated Absences**

Compensated absences represent the estimated liability for employees' vacation leave for which employees are entitled to be paid upon termination. The retirement of this liability is typically paid from the General Fund and Enterprise Funds based on the assignment of an employee at termination. Business-type activities records all of the compensated absences balance as due within one year since the balance has typically been paid within the following year.

**CITY OF KELLER, TEXAS  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED SEPTEMBER 30, 2019**

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**NOTE 8. PENSION PLAN**

**Plan Description**

The City participates as one of 866 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.thrs.com](http://www.thrs.com).

All eligible employees of the City are required to participate in TMRS.

**Benefits Provided**

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount at least equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, or 200%) of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and city matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	161
Inactive employees entitled to but not yet receiving benefits	214
Activity employees	<u>285</u>
Total	<u><u>660</u></u>

**CITY OF KELLER, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2019**

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**NOTE 8. PENSION PLAN – CONTINUED**

**Contributions**

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 15.51% in calendar year 2018 and 15.45% in calendar year 2019, respectively. The City's contributions to TMRS for the year ended September 30, 2019 were \$2,984,650, and were equal to the required contributions.

**Net Pension Liability**

The City's Net Pension Liability (NPL) was measured as of December 31, 2018 and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

**Actuarial Assumptions:**

The Total Pension Liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Overall payroll growth	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation
Amortization method	Level percentage of payroll, closed
Remaining amortization period	27 years
Asset valuation method	10 year smooth market; 15% soft corridor

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2018, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2014 through December 31, 2014, first used in the December 31, 2015 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2016. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2015 valuation. After the Asset Allocation Study Analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.



**CITY OF KELLER, TEXAS  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED SEPTEMBER 30, 2019**

**NOTE 8. PENSION PLAN – CONTINUED**

**Net Pension Liability – Continued**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate 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. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

The target allocation and best estimates of real rates of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic equity	17.5%	4.30%
International equity	17.5%	6.10%
Core fixed income	10.0%	1.00%
Non-core fixed income	20.0%	3.39%
Real return	10.0%	3.78%
Real estate	10.0%	4.44%
Absolute return	10.0%	3.56%
Private equity	5.0%	7.75%
Total	<u>100.0%</u>	

**Discount Rate**

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan’s Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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.

**Allocations**

The City’s net pension liability, pension expense, and deferred outflows of resources related to TMRS have been allocated between governmental activities, business-type activities, and the internal service fund using a contribution-based method. The internal service fund portion of the pension activity is recorded within governmental activities at the governmental wide financial statements.

**CITY OF KELLER, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2019**

**NOTE 8. PENSION PLAN – CONTINUED**

**Changes in the Net Pension Liability**

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2017	\$ 97,999,863	\$ 85,872,450	\$ 12,127,413
Changes for the year:			
Service Cost	3,212,200	-	3,212,200
Interest	6,584,504	-	6,584,504
Change of benefit terms	-	-	-
Difference between expected and actual experience	134,966	-	134,966
Changes of assumptions	-	-	-
Contributions - employer	-	2,898,267	(2,898,267)
Contributions - employee	-	1,308,051	(1,308,051)
Net investment income	-	(2,574,087)	2,574,087
Changes in assumptions	-	-	-
Benefit payments, including refunds of employee contributions	(4,115,526)	(4,115,526)	-
Administrative expense	-	(49,714)	49,714
Other changes	-	(2,558)	2,558
Net Changes	<u>5,816,144</u>	<u>(2,535,567)</u>	<u>8,351,711</u>
Balance at 12/31/18	<u>\$ 103,816,007</u>	<u>\$ 83,336,883</u>	<u>\$ 20,479,124</u>

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following represents the net pension (asset) liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower (5.75%) or 1% higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Net pension liability	\$ 36,297,347	\$ 20,479,124	\$ 7,631,034

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained at [www.tmr.com](http://www.tmr.com).

**CITY OF KELLER, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2019**

**NOTE 8. PENSION PLAN – CONTINUED**

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – Continued**

For the year ended September 30, 2019, the City recognized pension expense of \$4,341,262.

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 106,492	\$ 491,803
Changes in actuarial assumptions	268,985	-
Difference between projected and actual investment earnings	4,437,824	-
Contributions subsequent to the measurement date	<u>2,275,142</u>	<u>-</u>
Total	<u>\$ 7,088,443</u>	<u>\$ 491,803</u>

The \$2,275,142 reported as deferred outflows of resources related to pensions result from contributions subsequent to the measurement date and will reduce the net pension liability during the fiscal year ended September 30, 2020. The other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended Sept. 30:	Net Deferred Outflows (Inflows)
2020	\$ 1,461,368
2021	589,541
2022	576,016
2023	<u>1,694,573</u>
Total	<u>\$ 4,321,498</u>

**NOTE 9. OTHER POST EMPLOYMENT BENEFITS (OPEB)**

The City provides for two other post-employment benefits (OPEB) plans; one provides for post-employment health insurance benefits through a single-employer defined benefit medical plan (City of Keller Retiree Health Care Plan), and the other is The Texas Municipal Retirement System Supplemental Death Benefits Fund, a single employer defined benefit OPEB plan. Both plans are described in detail below. Aggregate amounts for the two OPEB plans are as follows:

	Retiree Healthcare Plan	TMRS SDBF	Total
OPEB liability	\$ 1,445,650	\$ 670,320	\$ 2,115,970
Deferred outflows of resources	93,326	48,140	141,466
Deferred inflows of resources	52,876	48,766	101,642
OPEB expense	125,084	59,070	184,154

**CITY OF KELLER, TEXAS  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED SEPTEMBER 30, 2019**

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**NOTE 9. OTHER POST EMPLOYMENT BENEFITS (OPEB) – CONTINUED**

**CITY OF KELLER RETIREE HEALTH CARE PLAN**

**Plan Description and Benefits Provided**

The City provides other postemployment benefits (OPEB) in the form of health insurance benefits through a single-employer defined benefit medical plan. Regular full-time employees retiring from the City with 20 years of service or five years of service if over 60, have the option to continue medical insurance coverage for themselves and their families until the retiree becomes eligible for Medicare or is eligible to be covered under another medical plan. The retired employee pays 100% of the premium which was \$779 to \$2,131 depending on what plan the retiree chooses. A third-party administrator is utilized to provide claims administration and payment of claims.

The Plan does not issue a separate financial report.

**Employees Covered by Benefit Terms**

The following table provides a summary of the number of participants in the plan as of December 31, 2018:

Inactive employees or beneficiaries currently receiving benefits	2
Inactive employees entitled to but not yet receiving benefits	-
Activity employees	<u>276</u>
Total	<u><u>278</u></u>

**Contributions**

The City’s plan is a pay-as-you-go plan in which the City does not contribute to a trust to fund future benefits. The City’s contributions during the fiscal year ending September 30, 2019 of \$46,752 all of which were for the benefit payments and were paid by the City using its own assets. The benefit payments were determined in a manner similar to how the benefit payments for the measurement period were developed. The City through its budgeting process determines the annual contributions to the Plan based on the actuarially determined contribution and the availability of funds.

**Total OPEB Liability**

Total OPEB liability reported at September 30, 2018 was measured as of December 31, 2018, and based on actuarial valuation performed as of December 31, 2017. Update procedures were performed to roll-forward the OPEB liability to December 31, 2018.

**CITY OF KELLER, TEXAS  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED SEPTEMBER 30, 2019**

**NOTE 9. OTHER POST EMPLOYMENT BENEFITS (OPEB) – CONTINUED**

**CITY OF KELLER RETIREE HEALTH CARE PLAN – CONTINUED**

**Actuarial Assumptions**

The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Individual Entry-Age Normal
Discount rate	3.71% as of December 31, 2018
Inflation	2.50%
Salary increases	3.50% to 10.50%, including inflation
Demographic assumptions	Based on the experience study covering the four-year period ending December 31, 2014 as conducted for the Texas Municipal Retirement System.
Mortality	For healthy retirees, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements.
Healthcare cost trend rates	Initial rate of 7.50% declining to an ultimate rate of 4.25% after 15 years
Participation rates	17% for employees retiring on or after the age of 50 and 0 % for employees retiring before age 50

For plans that do not have formal assets, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purpose of this valuation, the municipal bond rate is 3.31% (based on the daily rate closest to but not later than the measurement date of the Fidelity “20-Year Municipal GO AA Index”). The discount rate was 3.31% as of the prior measurement date.

There are no plan assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

**Changes in the Total OPEB Liability**

	Total OPEB Liability
Balance at 12/31/2017	\$ 1,406,455
Changes for the year:	
Service Cost	75,886
Interest on the total OPEB liability	47,242
Difference between expected and actual experience	8,944
Changes of assumptions	(58,608)
Benefit payments	(34,269)
Net Changes	39,195
Balance at 12/31/18	\$ 1,445,650

**CITY OF KELLER, TEXAS  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED SEPTEMBER 30, 2019**

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**NOTE 9. OTHER POST EMPLOYMENT BENEFITS (OPEB) – CONTINUED**

**CITY OF KELLER RETIREE HEALTH CARE PLAN – CONTINUED**

The benefit payments during the measurement period were determined as follows:

Age-adjusted premiums (retiree contributions * 1.733)	\$ 81,021
Retiree contributions	<u>(46,752)</u>
Total benefit payments	<u>\$ 34,269</u>

The 1.733 factor equals the ratio of the expected retiree claims to the expected retiree contributions. The underlying retiree claims were estimated using age-adjusted premiums.

***Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates***

Regarding the sensitivity of the total OPEB liability to changes in the Single Discount Rate, the following presents the plan’s total OPEB liability, calculated using a discount rate of 3.71%, as well as what the plan’s total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

	<u>1% Decrease in Discount Rate (2.71%)</u>	<u>Discount Rate (3.71%)</u>	<u>1% Increase in Discount Rate (4.71%)</u>
Total OPEB liability	\$ 1,596,096	\$ 1,445,650	\$ 1,309,677

Regarding the sensitivity of the total OPEB liability to changes in the healthcare cost trend rates, the following presents the plan’s total OPEB liability, calculated using the assumed trend rates as well as what the plan’s total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate Assumption</u>	<u>1% Increase</u>
Total OPEB liability	\$ 1,254,608	\$ 1,445,650	\$ 1,675,280

**CITY OF KELLER, TEXAS  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED SEPTEMBER 30, 2019**

**NOTE 9. OTHER POST EMPLOYMENT BENEFITS (OPEB) – CONTINUED**

**CITY OF KELLER RETIREE HEALTH CARE PLAN – CONTINUED**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources**

For the year ended December 31, 2018, the City recognized OPEB expense of \$125,084. At September 30, 2019, the reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in actuarial assumptions	\$ 56,037	\$ 52,876
Difference between projected and actual investment earnings	8,069	-
Contributions subsequent to the measurement date	<u>29,220</u>	<u>-</u>
Total	<u>\$ 93,326</u>	<u>\$ 52,876</u>

The \$29,220 reported as deferred outflows of resources related to OPEB result from contributions subsequent to the measurement date and will reduce the total OPEB liability during the fiscal year ending September 30, 2020.

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Amortization Schedule**

The other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ended Sept. 30:</u>	<u>Net Deferred Outflows (Inflows)</u>
2020	\$ 1,957
2021	1,958
2022	1,959
2023	1,960
2024	1,961
Thereafter	<u>1,435</u>
Total	<u>\$ 11,230</u>

Differences between changes in assumptions are recognized in OPEB expense using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the OPEB plan (active employees and inactive employees) determined as of the beginning of the measurement period.

The expected remaining service lives of all active employees in the plan were approximately 2,843 years. Additionally, the total plan membership (active employees and inactive employees) was 278. As a result, the average of the expected remaining service lives for purposes of recognizing the applicable deferred outflows and inflows of resources established in the current measurement period is 10.2251 years.

**CITY OF KELLER, TEXAS  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED SEPTEMBER 30, 2019**

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**NOTE 9. OTHER POST EMPLOYMENT BENEFITS (OPEB) – CONTINUED**

**OTHER POST EMPLOYMENT BENEFITS – TMRS SUPPLEMENTAL DEATH BENEFIT FUND**

**Plan Description**

Texas Municipal Retirement System (“TMRS”) administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (“SDBF”). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. Employers may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1. The City has elected to participate in the SDBF for its active members including retirees. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded single-employer OPEB plan (i.e. no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75) for City reporting.

**Benefits Provided**

The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit (“OPEB”) and is a fixed amount of \$7,500.

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	105
Inactive employees entitled to but not yet receiving benefits	53
Active employees	<u>285</u>
Total	<u><u>443</u></u>

**Contributions**

The member city contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees’ entire careers.

Contributions are made monthly based on the covered payroll of employee members of the participating member city. The contractually required contribution rate is determined annually for each city. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the city. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The funding policy of this plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year.

The retiree portion of contribution rates to the SDBF for the City was 0.02% in calendar years 2018 and 2019. The City’s contributions to the SDBF for the year ended September 30, 2019 were \$3,825, and were equal to the required contributions.



**CITY OF KELLER, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2019**

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**NOTE 9. OTHER POST EMPLOYMENT BENEFITS (OPEB) – CONTINUED**

**OTHER POST EMPLOYMENT BENEFITS – TMRS SUPPLEMENTAL DEATH BENEFIT FUND – CONTINUED**

**Total OPEB Liability**

The City’s Total OPEB Liability (TOL) was measured as of December 31, 2018 and was determined by an actuarial valuation as of that date.

**Actuarial Assumptions**

The Total OPEB Liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Salary increases	3.50% to 10.50%, including inflation
Discount Rate	3.71%
Retiree's share of benefit-related costs	0.00%

Salary increases were based on a service-related table. Mortality rates for service retirees were based on the RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB. Mortality rates for disabled retirees were based on the RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions used in the December 31, 2018, valuation were developed primarily from an actuarial experience study of the four-year period from December 31, 2010 through December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, TMRS adopted the Entry Age Normal Actuarial Cost Method.

The discount rate used to measure the Total OPEB Liability was 3.71% and was based on the Fidelity Index’s “20-Year Municipal GO AA Index” rate as of December 31, 2018.

**CITY OF KELLER, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2019**

**NOTE 9. OTHER POST EMPLOYMENT BENEFITS (OPEB) – CONTINUED**

**OTHER POST EMPLOYMENT BENEFITS SUPPLEMENTAL DEATH BENEFIT FUND – CONTINUED**

**Changes in Total OPEB Liability**

Balance at 12/31/2017	\$	670,228
Changes for the year:		
Service Cost		35,504
Interest		22,710
Difference between expected and actual experience		2,550
Changes in assumptions or other inputs		(56,935)
Benefit payments		(3,737)
Net Changes		<u>92</u>
Balance at 12/31/18	\$	<u>670,320</u>

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following presents the total OPEB liability of the City, calculated using the discount rate of 3.71%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.71%) or 1 percentage-point higher (4.71%) than the current rate:

	1% Decrease in Discount Rate (2.71%)	Discount Rate (3.71%)	1% Increase in Discount Rate (4.71%)
Total OPEB liability	\$ 825,584	\$ 670,320	\$ 552,146

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended September 30, 2019, the City recognized OPEB expense of \$59,070. At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	\$ 43,036	\$ 48,766
Differences between expected and actual economic experience	2,185	-
Contributions subsequent to the measurement date	2,919	-
Total	<u>\$ 48,140</u>	<u>\$ 48,766</u>

**CITY OF KELLER, TEXAS  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED SEPTEMBER 30, 2019**

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**NOTE 9. OTHER POST EMPLOYMENT BENEFITS (OPEB) – CONTINUED**

**OTHER POST EMPLOYMENT BENEFITS – TMRS SUPPLEMENTAL DEATH BENEFIT FUND – CONTINUED**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – Continued**

The \$2,919 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will reduce the Total OPEB liability during the year ending September 30, 2020. The other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended Sept. 30:	Net Deferred Outflows (Inflows)
2020	\$ 856
2021	856
2022	856
2023	856
2024	597
Thereafter	<u>(7,566)</u>
Total	<u>\$ (3,545)</u>

**NOTE 10. OTHER INFORMATION**

**Contingent Liabilities**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such agencies. Any disallowed claims, including amounts already collected may constitute a liability of the applicable funds. The amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

The City periodically is a defendant in various lawsuits. At September 30, 2019, after consultation with the City’s attorney, the City is not aware of any pending litigation.

The City contracts for garbage disposal with a third party. Under the terms of the agreement the City bills and collects the residential billing and remits that amount to the contracting party. The contractor bills the commercial customers and remits a franchise fee to the City based on total revenues received from the contract.

**Risk Management**

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee health benefits; and other claims of various natures. The City purchases commercial insurance to indemnify it in event of loss. For the past three years, settlements did not exceed coverage.

**CITY OF KELLER, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2019**

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**NOTE 11. TAX ABATEMENT**

The City enters into economic development agreements authorized under Chapter 380 of the Texas Local Government Code. These agreements are planning tools designed to stimulate economic activity, redevelopment, community improvement, and provide a return on investment for the community. These programs abate or rebate property and/or sales taxes on investment for the incentive payments such as fee reductions or construction costs reimbursements. Economic development agreements are considered on a case-by-case basis by the City Council and generally contain recapture provisions, which may require repayment or termination if recipients do not meet the required provisions of the economic incentives.

Chapter 380 of the Texas Local Government Code allows the City to provide reimbursements to developers for building permits paid to the City after the developers building plans are approved. Based on City Council agreements with developers, the City reimbursed \$170,234 to developers for fiscal year ending September 30, 2019 for building permits paid to the City.

**NOTE 12. SUBSEQUENT EVENTS**

The City has evaluated all events or transactions that occurred after September 30, 2019 up through March 25, 2020, the date the financial statements were issued. During this period, there were no material subsequent events requiring recognition or additional disclosure in these financial statements, except as follows:

**COVID-19**

The extent of the operational and financial impact the COVID-19 pandemic may have on the City has yet to be determined and is dependent on its duration and spread, any related operational restrictions and the overall economy. Currently, the City is unable to accurately predict how COVID-19 will affect the results of its operations because the virus's severity and the duration of the pandemic are uncertain.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF KELLER, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL – GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**EXHIBIT A-10**

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amount</u>	
<b>REVENUES</b>				
Ad valorem taxes	\$ 19,794,205	\$ 19,794,205	\$ 19,376,613	\$ (417,592)
Sales taxes	6,106,437	6,106,437	6,390,217	283,780
Franchise fees	4,387,318	4,387,318	4,498,902	111,584
Mixed drink tax	185,650	185,650	147,028	(38,622)
Licenses and permits	1,128,315	1,128,315	1,225,453	97,138
Intergovernmental	3,140,974	3,140,974	3,518,179	377,205
Charges for services	3,080,547	3,080,547	3,096,873	16,326
Fines and forfeitures	1,102,347	1,102,347	732,740	(369,607)
Donations	59,250	59,250	63,725	4,475
Interest income	143,342	143,342	509,995	366,653
Miscellaneous income	76,110	76,110	106,890	30,780
<b>Total revenues</b>	<b>39,204,495</b>	<b>39,204,495</b>	<b>39,666,615</b>	<b>462,120</b>
<b>EXPENDITURES</b>				
Current				
Administration	2,200,236	2,189,008	1,931,457	257,551
Town Hall Operations	595,989	595,989	501,585	94,404
Mayor and Council	58,154	58,154	35,807	22,347
Finance and Municipal Court	1,606,724	1,528,798	1,462,144	66,654
Human Resources	862,362	804,084	734,976	69,108
Police Department	9,505,132	9,210,011	9,141,093	68,918
Fire Department	8,814,211	8,553,418	8,247,078	306,340
Street Maintenance	3,065,011	2,995,652	2,738,163	257,489
Library	1,683,525	1,638,515	1,602,988	35,527
Parks and Recreation	3,736,921	3,672,105	3,306,454	365,651
Economic Development	1,553,892	1,553,892	1,309,661	244,231
Community Development	1,505,909	1,388,440	1,205,076	183,364
<b>Total expenditures</b>	<b>35,188,066</b>	<b>34,188,066</b>	<b>32,216,482</b>	<b>1,971,584</b>
<b>Excess of revenues over expenditures</b>	<b>4,016,429</b>	<b>5,016,429</b>	<b>7,450,133</b>	<b>2,433,704</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(4,560,000)	(5,582,000)	(5,784,023)	(202,023)
Proceeds from sale of property	-	-	5,868	5,868
<b>Total other financing sources (uses)</b>	<b>(4,560,000)</b>	<b>(5,582,000)</b>	<b>(5,778,155)</b>	<b>(196,155)</b>
<b>Net change in fund balances</b>	<b>(543,571)</b>	<b>(565,571)</b>	<b>1,671,978</b>	<b>2,237,549</b>
<b>Fund balances, October 1</b>	<b>21,643,031</b>	<b>21,643,031</b>	<b>21,643,031</b>	<b>-</b>
<b>Fund balances, September 30</b>	<b>\$ 21,099,460</b>	<b>\$ 21,077,460</b>	<b>\$ 23,315,009</b>	<b>\$ 2,237,549</b>

**CITY OF KELLER, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – BUDGET (GAAP BASIS) AND ACTUAL  
CRIME CONTROL PREVENTION DISTRICT FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**EXHIBIT A-11**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES</b>				
Sales Taxes	\$ 1,403,598	\$ 1,403,598	\$ 1,498,336	\$ 94,738
Intergovernmental	20,000	20,000	101,285	81,285
Interest income	9,380	9,380	257,288	247,908
<b>Total revenues</b>	<u>1,432,978</u>	<u>1,432,978</u>	<u>1,856,909</u>	<u>423,931</u>
<b>EXPENDITURES</b>				
Current:				
Police Department	1,222,956	1,222,956	961,260	261,696
Debt service:				
Principal	395,000	377,050	370,000	7,050
Interest and other charges	136,000	153,950	153,950	-
<b>Total expenditures</b>	<u>1,753,956</u>	<u>1,753,956</u>	<u>1,485,210</u>	<u>268,746</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(320,978)</u>	<u>(320,978)</u>	<u>371,699</u>	<u>692,677</u>
<b>Other financing sources</b>				
Proceeds from sale of capital assets	12,777	12,777	40,415	27,638
<b>Total other financing sources</b>	<u>12,777</u>	<u>12,777</u>	<u>40,415</u>	<u>27,638</u>
<b>Net change in fund balances</b>	<u>(308,201)</u>	<u>(308,201)</u>	<u>412,114</u>	<u>720,315</u>
Fund balances, October 1	4,879,625	4,879,625	4,879,625	-
Fund balances, September 30	<u>\$ 4,571,424</u>	<u>\$ 4,571,424</u>	<u>\$ 5,291,739</u>	<u>\$ 720,315</u>

**CITY OF KELLER, TEXAS  
NOTES TO BUDGET COMPARISON SCHEDULES  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

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**STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Budgetary Information**

The City follows the following procedures in establishing the budgetary data reflected in the financial statements:

1. Public hearings are conducted to obtain taxpayer comments.
2. Prior to October 1, the budget is legally enacted through passage of an ordinance.
3. The City Council must authorize amendments to budgeted amounts between departments within any fund. Therefore the department level is the legal level of control and budget to actual expenditure comparisons is reported at the department level.
4. All transfers to and from budgeted funds must be approved by the City Council unless related to grant or bond activities.
5. Budgeted amounts are as originally adopted or as amended by the City Council. During 2019, individual amendments were not material in relation to the original appropriations for expenditures. All budget appropriations automatically lapse at year-end.
6. Formal budgetary integration is employed as a management control device during the year. The legally adopted budget is adopted on a basis consistent with generally accepted accounting principles.



**CITY OF KELLER, TEXAS  
TEXAS MUNICIPAL RETIREMENT SYSTEM  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
LAST FIVE MEASUREMENT YEARS  
(UNAUDITED)**

**EXHIBIT A-12**

	Measurement Year 2018*	Measurement Year 2017	Measurement Year 2016	Measurement Year 2015	Measurement Year 2014
Total pension liability:					
Service cost	\$ 3,212,200	\$ 3,157,398	\$ 3,108,994	\$ 2,979,303	\$ 2,982,697
Interest	6,584,504	6,208,840	5,809,689	5,555,939	5,216,622
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	134,966	(297,161)	(233,586)	(270,677)	(993,549)
Change in assumptions		-	-	1,065,970	-
Benefit payments, including refunds of employee contributions	(4,115,526)	(2,946,666)	(2,645,244)	(2,747,691)	(1,953,842)
Net change in total pension liability	5,816,144	6,122,411	6,039,853	6,582,844	5,251,928
Total pension liability - beginning	97,999,863	91,877,452	85,837,599	79,254,755	74,002,827
Total pension liability - ending (a)	103,816,007	97,999,863	91,877,452	85,837,599	79,254,755
Plan fiduciary net position:					
Contributions - employer	2,898,267	2,858,974	2,693,980	2,732,236	2,678,823
Contributions - employee	1,308,051	1,289,486	1,263,085	1,233,387	1,223,684
Net investment income	(2,574,087)	10,318,203	4,632,668	99,266	3,537,194
Benefit payments, including refunds of employee contributions	(4,115,526)	(2,946,666)	(2,645,244)	(2,747,691)	(1,953,842)
Administrative expense	(49,714)	(53,441)	(52,297)	(60,456)	(36,922)
Other	(2,558)	(2,711)	(2,818)	(2,987)	(3,036)
Net change in plan fiduciary net position	(2,535,567)	11,463,845	5,889,374	1,253,755	5,445,901
Plan fiduciary net position - beginning	85,872,450	74,408,605	68,519,231	67,265,476	61,819,575
Plan fiduciary net position - ending (b)	83,336,883	85,872,450	74,408,605	68,519,231	67,265,476
Net pension liability - ending (a) - (b)	\$ 20,479,124	\$ 12,127,413	\$ 17,468,847	\$ 17,318,368	\$ 11,989,279
Plan fiduciary net position as a percentage of total pension liability	80.27%	87.63%	80.99%	79.82%	84.87%
Covered payroll	\$ 18,686,443	\$ 18,421,226	\$ 18,044,073	\$ 17,556,292	\$ 17,462,991
Net pension liability as a percentage of covered payroll	109.59%	65.83%	96.81%	98.64%	68.66%

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

**CITY OF KELLER, TEXAS  
 TEXAS MUNICIPAL RETIREMENT SYSTEM  
 SCHEDULE OF PENSION CONTRIBUTIONS  
 LAST FIVE FISCAL YEARS  
 (UNAUDITED)**

**EXHIBIT A-13**

	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
Actuarially determined contribution	\$ 2,984,650	\$ 2,919,456	\$ 2,842,339	\$ 2,828,969	\$ 2,711,603
Contribution in relation of the actuarially determined contribution	2,984,650	2,919,456	2,842,339	2,828,969	2,711,603
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 19,127,201	\$ 18,656,792	\$ 18,325,278	\$ 18,575,332	\$ 17,520,409
Contributions as a percentage of covered payroll	15.60%	15.65%	15.51%	15.23%	15.48%

Note: GASB #68, paragraph 81.2.b requires that the data in this schedule be presented as of the City's fiscal year as opposed to the time period covered by the measurement date.

Note: Only five years 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 periods as are available. The schedules should not include information that is not measured in accordance with requirements of this statement. Additional years' information will be displayed as it becomes available."

**CITY OF KELLER, TEXAS  
TEXAS MUNICIPAL RETIREMENT SYSTEM  
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS  
LAST TWO MEASUREMENT YEARS  
(UNAUDITED)**

**EXHIBIT A-14**

	Measurement Year 2018*	Measurement Year 2017
Total OPEB liability:		
Service cost	\$ 35,504	\$ 29,474
Interest	22,710	21,710
Change in benefit terms	2,550	-
Change in assumptions	(56,935)	60,354
Benefit payments	(3,737)	(1,842)
Net change in total OPEB liability	92	109,696
Total OPEB liability - beginning	670,228	560,532
Total OPEB liability - ending (a)	<u>\$ 670,320</u>	<u>\$ 670,228</u>
Covered payroll	\$ 19,602,257	\$ 18,421,226
Total OPEB liability as a percentage of covered payroll	3.42%	3.64%

Note: Only two years of data is presented in accordance with GASB #75. Additional years' information will be displayed as it becomes available.

The TMRS Supplementary Death Benefit Fund (SDBF) is considered to be an unfunded OPEB plan; therefore, no plan fiduciary net position and related ratios are reported in the above schedule.

**CITY OF KELLER, TEXAS  
 TEXAS MUNICIPAL RETIREMENT SYSTEM FOR SDBF  
 SCHEDULE OF OPEB CONTRIBUTIONS  
 LAST TWO FISCAL YEARS  
 (UNAUDITED)**

**EXHIBIT A-15**

	Fiscal Year 2019	Fiscal Year 2018
Actuarially determined contribution	\$ 3,825	\$ 3,281
Contribution in relation of the actuarially determined contribution	<u>3,825</u>	<u>3,281</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 19,127,201	\$ 18,656,792
Contributions as a percentage of covered payroll	0.02%	0.02%

Note: GASB #75, paragraph 57 requires that the data in this schedule be presented as of the City's fiscal year as opposed to the time period covered by the measurement date.

Note: Only two years of data is presented in accordance with GASB #75. Additional years' information will be displayed as it becomes available.

The TMRS Supplementary Death Benefit Fund (SDBF) is considered to be an unfunded OPEB plan; therefore, no plan fiduciary net position and related ratios are reported in the above schedule.

**CITY OF KELLER, TEXAS  
 RETIREE HEALTH BENEFITS PLAN  
 SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS  
 LAST TWO MEASUREMENT YEARS  
 (UNAUDITED)**

**EXHIBIT A-16**

	Measurement Year 2018*	Measurement Year 2017
Total OPEB liability:		
Service cost	\$ 75,886	\$ 66,467
Interest	47,242	48,385
Difference between expected and actual experience	8,944	-
Change in assumptions	(58,608)	69,663
Benefit payments	(34,269)	(29,461)
Net change in total OPEB liability	39,195	155,054
Total OPEB liability - beginning	1,406,455	1,251,401
Total OPEB liability - ending (a)	<u>\$ 1,445,650</u>	<u>\$ 1,406,455</u>
Covered payroll	\$ 18,686,443	\$ 18,421,226
Total OPEB liability as a percentage of covered payroll	7.74%	7.63%

Note: Only two years of data is presented in accordance with GASB #75. Additional years' information will be displayed as it becomes available.

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**COMBINING AND BUDGETARY FUND  
FINANCIAL STATEMENTS AND SCHEDULES**

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**CITY OF KELLER, TEXAS  
 BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)  
 GENERAL OBLIGATION DEBT SERVICE FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**EXHIBIT A-18**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
<b>REVENUES</b>				
Ad valorem taxes	\$ 4,124,520	\$ 4,124,520	\$ 4,078,378	\$ (46,142)
Interest income	13,052	13,052	72,287	59,235
Miscellaneous income	-	-	13,904	13,904
<b>Total revenues</b>	<u>4,137,572</u>	<u>4,137,572</u>	<u>4,164,569</u>	<u>26,997</u>
<b>EXPENDITURES</b>				
Debt service				
Principal	3,324,046	3,324,046	3,324,046	-
Interest and fiscal charges	758,404	758,404	754,314	4,090
<b>Total debt service</b>	<u>4,082,450</u>	<u>4,082,450</u>	<u>4,078,360</u>	<u>4,090</u>
<b>Excess of revenue over expenditures</b>	<u>55,122</u>	<u>55,122</u>	<u>86,209</u>	<u>31,087</u>
Other financing sources (uses):				
Transfers out	-	-	(178,662)	(178,662)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>(178,662)</u>	<u>(178,662)</u>
<b>Net change in fund balances</b>	<u>55,122</u>	<u>55,122</u>	<u>(92,453)</u>	<u>(147,575)</u>
Fund balances, October 1	<u>2,829,355</u>	<u>2,829,355</u>	<u>2,829,355</u>	<u>-</u>
Fund balances, September 30	<u>\$ 2,884,477</u>	<u>\$ 2,884,477</u>	<u>\$ 2,736,902</u>	<u>\$ (147,575)</u>

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## **NON-MAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

#### **LIBRARY FUND**

This fund accounts for public donations and revenues designed for Library improvements.

#### **MUNICIPAL COURT FUND**

This fund accounts for technology and building security fees collected from Municipal Court citations. Expenditures from these fees are specifically designated by state law.

#### **PUBLIC SAFETY FUND**

This fund accounts for revenues derived from forfeiture and seizure of assets resulting from illegal narcotic activity. Expenditures are restricted for the Police Department to be used in illegal narcotic enforcement.

#### **PUBLIC ART FUND**

This fund is to account for contributions, donations, and other resources that are dedicated for specific uses or purposes.

#### **PUBLIC INFORMATION AND BROADCASTING**

This fund is used to account for revenue received from PEG fees and expenditures to enhance public communication.

#### **TREE RESTORATION FUND**

This fund accounts for public donations and charges for services designed for Library preservation of trees throughout the City.

#### **KELLER DEVELOPMENT CORPORATION FUND**

This fund is used to account for collection of sales and use taxes for the payment of bonds or other forms of indebtedness to finance the cost of Keller parks.

### **CAPITAL PROJECT FUNDS**

#### **ROADWAY IMPACT FEES FUND**

This fund is used to account for revenues that are restricted for roadway improvements. Authorized expenditures include improvements and engineering.

#### **PARK DEVELOPMENT FEE FUND**

This fund is used to account for resources received primarily from park development fees and expenditures to specific park improvements.

#### **STREET/SIDEWALK IMPROVEMENTS FUND**

This fund is used to account for revenues that are restricted for street and sidewalk improvements. Authorized expenditures include improvements and engineering.

#### **PARKS CAPITAL IMPROVEMENT FUND**

This fund is to account for acquisition or construction of capital assets.

**CITY OF KELLER, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2019**

	Special Revenue Funds					
	Library	Municipal Court	Public Safety	Public Art	Public Information and Broadcasting	Tree Restoration
<b>ASSETS</b>						
Cash and equivalents	\$ 103,067	\$ 156,809	\$ 69,234	\$ 169,591	\$ 129,185	\$ 564,062
Investments	6,833	65,062	189,970	22,606	382,605	-
Receivables: (net of allowances for uncollectibles)						
Ad valorem taxes	-	-	-	-	-	-
Sales taxes	-	-	-	-	30,997	-
Accounts	-	1,107	-	-	-	-
Interest and Other	178	462	499	253	1,523	-
Due from other governments	-	1,573	42,580	-	-	-
Prepaid items	-	-	1,228	-	-	-
<b>Total assets</b>	<b>\$ 110,078</b>	<b>\$ 225,013</b>	<b>\$ 303,511</b>	<b>\$ 192,450</b>	<b>\$ 544,310</b>	<b>\$ 564,062</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
Accounts payable	\$ 152	\$ 3,189	\$ 1,877	\$ 16,600	\$ 8,607	\$ 5,586
Other payables and accruals	-	-	2,374	-	-	-
Escrow payable	-	-	-	-	-	441,960
Customer deposits	-	-	4,422	-	-	-
Unearned revenue	-	-	194,629	2,340	-	-
<b>Total liabilities</b>	<b>152</b>	<b>3,189</b>	<b>203,302</b>	<b>18,940</b>	<b>8,607</b>	<b>447,546</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable resources	-	1,106	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>1,106</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>						
Nonspendable						
Prepaid items	-	-	1,228	-	-	-
Restricted						
Capital Projects	-	-	-	-	-	-
Park Development	-	-	-	-	-	-
Municipal court	-	220,718	-	-	-	-
Law Enforcement	-	-	98,981	-	-	-
Recreation and Cultural	109,926	-	-	173,510	-	116,516
Public information and broadcasting	-	-	-	-	535,703	-
<b>Total fund balances</b>	<b>109,926</b>	<b>220,718</b>	<b>100,209</b>	<b>173,510</b>	<b>535,703</b>	<b>116,516</b>
<b>Total liabilities and deferred inflows of resources and fund balances</b>	<b>\$ 110,078</b>	<b>\$ 225,013</b>	<b>\$ 303,511</b>	<b>\$ 192,450</b>	<b>\$ 544,310</b>	<b>\$ 564,062</b>

Special Revenue Fund		Capital Projects				Total Nonmajor Governmental Funds
Keller Development Corporation	Roadway Impact Fees	Park Development Fee	Street/Sidewalk Improvements	Parks Capital Improvements		
\$ -	\$ 1,031,544	\$ 179,455	\$ 6,706	\$ 2,079,294	\$ 4,488,947	
1,974,544	5,540,991	272,920	330,315	1,471,088	10,256,934	
-	-	-	-	-	-	-
563,495	-	-	281,747	-	876,239	
9,709	-	-	391	-	11,207	
8,543	19,432	596	582	-	32,068	
-	-	-	-	-	44,153	
-	-	-	-	-	1,228	
<b>\$ 2,556,291</b>	<b>\$ 6,591,967</b>	<b>\$ 452,971</b>	<b>\$ 619,741</b>	<b>\$ 3,550,382</b>	<b>\$ 15,710,776</b>	
\$ 783	\$ -	\$ -	\$ -	\$ 103,544	\$ 140,338	
4,195	-	-	-	-	6,569	
-	-	-	-	-	441,960	
-	-	-	-	-	4,422	
-	-	-	-	-	196,969	
<b>4,978</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>103,544</b>	<b>790,258</b>	
-	-	-	-	-	1,106	
-	-	-	-	-	1,106	
-	-	-	-	-	1,228	
-	6,591,967	452,971	619,741	3,446,838	11,111,517	
2,551,313	-	-	-	-	2,551,313	
-	-	-	-	-	220,718	
-	-	-	-	-	98,981	
-	-	-	-	-	399,952	
-	-	-	-	-	535,703	
<b>2,551,313</b>	<b>6,591,967</b>	<b>452,971</b>	<b>619,741</b>	<b>3,446,838</b>	<b>14,919,412</b>	
<b>\$ 2,556,291</b>	<b>\$ 6,591,967</b>	<b>\$ 452,971</b>	<b>\$ 619,741</b>	<b>\$ 3,550,382</b>	<b>\$ 15,710,776</b>	

**CITY OF KELLER, TEXAS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE- NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Special Revenue Funds					
	Library	Municipal Court	Public Safety	Public Art	Public Information and Broadcasting	Tree Restoration
<b>REVENUES</b>						
Sales taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise taxes	-	-	-	-	127,955	-
Permits, licenses, and fees	-	-	-	-	-	-
Intergovernmental	1,904	-	110,236	-	-	-
Charges for services	-	-	-	111,675	-	-
Fines and forfeitures	-	77,435	-	-	-	-
Special assessments and impact fees	-	-	-	-	-	-
Donations	25,281	-	9,061	-	-	-
Interest income	1,831	5,054	4,615	3,263	9,896	-
Miscellaneous income	-	-	1,577	582	-	-
<b>Total revenues</b>	<b>29,016</b>	<b>82,489</b>	<b>125,489</b>	<b>115,520</b>	<b>137,851</b>	<b>-</b>
<b>EXPENDITURES</b>						
Current:						
General government	-	84,990	-	10,250	63,839	-
Public safety	-	-	129,847	-	-	-
Community development	-	-	-	-	-	87,916
Recreation and cultural	8,336	-	-	-	-	-
Capital outlay	-	-	-	41,600	-	-
Debt service						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
<b>Total expenditures</b>	<b>8,336</b>	<b>84,990</b>	<b>129,847</b>	<b>51,850</b>	<b>63,839</b>	<b>87,916</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>20,680</b>	<b>(2,501)</b>	<b>(4,358)</b>	<b>63,670</b>	<b>74,012</b>	<b>(87,916)</b>
Other financing sources (uses)						
Transfers in	-	21,387	-	-	-	-
Transfers (out)	-	-	-	-	-	-
Proceeds from sale of property	-	-	19,177	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>21,387</b>	<b>19,177</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>20,680</b>	<b>18,886</b>	<b>14,819</b>	<b>63,670</b>	<b>74,012</b>	<b>(87,916)</b>
Fund balances, October 1	89,246	201,832	85,390	109,840	461,691	204,432
Fund balances, September 30	\$ 109,926	\$ 220,718	\$ 100,209	\$ 173,510	\$ 535,703	\$ 116,516

Special Revenue Fund		Capital Projects Funds				Total Nonmajor Governmental Funds
Keller Development Corporation	Roadway Impact Fees	Park Development Fee	Street/Sidewalk Improvements	Parks Capital Improvements		
\$ 3,195,109	\$ -	\$ -	\$ 1,597,554	\$ -	\$ 4,792,663	
-	-	-	-	-	127,955	
-	-	116,000	-	-	116,000	
-	-	-	-	-	112,140	
-	-	-	-	-	111,675	
-	-	-	-	-	77,435	
-	619,248	-	16,000	-	635,248	
-	-	-	-	-	34,342	
58,413	143,761	8,739	8,731	52,773	297,076	
16,000	-	-	-	18	18,177	
<u>3,269,522</u>	<u>763,009</u>	<u>124,739</u>	<u>1,622,285</u>	<u>52,791</u>	<u>6,322,711</u>	
-	-	-	-	-	159,079	
-	-	-	-	-	129,847	
74,471	-	-	-	-	162,387	
-	-	-	-	-	8,336	
-	-	-	-	1,376,558	1,418,158	
1,330,000	-	-	-	-	1,330,000	
257,684	-	-	-	-	257,684	
<u>1,662,155</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,376,558</u>	<u>3,465,491</u>	
<u>1,607,367</u>	<u>763,009</u>	<u>124,739</u>	<u>1,622,285</u>	<u>(1,323,767)</u>	<u>2,857,220</u>	
-	-	-	-	3,243,239	3,264,626	
(3,062,603)	(1,125,000)	-	(1,526,609)	-	(5,714,212)	
-	-	-	-	-	19,177	
<u>(3,062,603)</u>	<u>(1,125,000)</u>	<u>-</u>	<u>(1,526,609)</u>	<u>3,243,239</u>	<u>(2,430,409)</u>	
(1,455,236)	(361,991)	124,739	95,676	1,919,472	426,811	
<u>4,006,549</u>	<u>6,953,958</u>	<u>328,232</u>	<u>524,065</u>	<u>1,527,366</u>	<u>14,492,601</u>	
<u>\$ 2,551,313</u>	<u>\$ 6,591,967</u>	<u>\$ 452,971</u>	<u>\$ 619,741</u>	<u>\$ 3,446,838</u>	<u>\$ 14,919,412</u>	

**CITY OF KELLER, TEXAS  
 BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)  
 MUNICIPAL COURT FUND  
 SPECIAL REVENUE FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**EXHIBIT C-1**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Fines and forfeitures	\$ 132,383	\$ 132,383	\$ 77,435	\$ (54,948)
Interest income	2,440	2,440	5,054	2,614
<b>Total revenues</b>	<u>134,823</u>	<u>134,823</u>	<u>82,489</u>	<u>(52,334)</u>
<b>EXPENDITURES</b>				
Current				
Finance Department and Municipal Court	108,934	108,934	84,990	23,944
<b>Excess (deficiency) of revenues         over (under) expenditures</b>	<u>25,889</u>	<u>25,889</u>	<u>(2,501)</u>	<u>(28,390)</u>
Other financing sources				
Transfers in	-	-	21,387	21,387
<b>Net change in fund balances</b>	<u>25,889</u>	<u>25,889</u>	<u>18,886</u>	<u>(7,003)</u>
Fund balances, October 1	201,832	201,832	201,832	-
Fund balances, September 30	<u>\$ 227,721</u>	<u>\$ 227,721</u>	<u>\$ 220,718</u>	<u>\$ (7,003)</u>



**CITY OF KELLER, TEXAS  
 BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)  
 KELLER DEVELOPMENT CORPORATION  
 SPECIAL REVENUE FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**EXHIBIT C-2**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES</b>				
Sales taxes	\$ 3,053,219	\$ 3,053,219	\$ 3,195,109	\$ 141,890
Interest income	18,188	18,188	58,413	40,225
Miscellaneous income	16,000	16,000	16,000	-
<b>Total revenues</b>	<u>3,087,407</u>	<u>3,087,407</u>	<u>3,269,522</u>	<u>182,115</u>
<b>EXPENDITURES</b>				
Current				
Parks and Recreation	79,714	79,714	74,471	5,243
Debt service				
Principal	1,330,000	1,330,000	1,330,000	-
Interest and other charges	257,694	257,694	257,684	10
<b>Total expenditures</b>	<u>1,667,408</u>	<u>1,667,408</u>	<u>1,662,155</u>	<u>5,253</u>
<b>Excess of revenues over expenditures</b>	<u>1,419,999</u>	<u>1,419,999</u>	<u>1,607,367</u>	<u>187,368</u>
Other financing (uses)				
Transfers (out)	<u>(3,062,603)</u>	<u>(3,062,603)</u>	<u>(3,062,603)</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>(1,642,604)</u>	<u>(1,642,604)</u>	<u>(1,455,236)</u>	<u>187,368</u>
Fund balances, October 1	<u>4,006,549</u>	<u>4,006,549</u>	<u>4,006,549</u>	<u>-</u>
Fund balances, September 30	<u>\$ 2,363,945</u>	<u>\$ 2,363,945</u>	<u>\$ 2,551,313</u>	<u>\$ 187,368</u>

**CITY OF KELLER, TEXAS  
 BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)  
 STREET/SIDEWALK IMPROVEMENT FUND  
 CAPITAL PROJECTS FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**EXHIBIT C-3**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES</b>				
Sales taxes	\$ 1,526,609	\$ 1,526,609	\$ 1,597,554	\$ 70,945
Special assessments and impact fees	36,607	36,607	16,000	(20,607)
Interest income	18,382	18,382	8,731	(9,651)
<b>Total revenues</b>	<u>1,581,598</u>	<u>1,581,598</u>	<u>1,622,285</u>	<u>40,687</u>
Other financing (uses)				
Transfers (out)	<u>(1,526,609)</u>	<u>(1,526,609)</u>	<u>(1,526,609)</u>	<u>-</u>
<b>Total other financing (uses)</b>	<u>(1,526,609)</u>	<u>(1,526,609)</u>	<u>(1,526,609)</u>	<u>-</u>
<b>Net change in fund balances</b>	54,989	54,989	95,676	40,687
Fund balances, October 1	<u>524,065</u>	<u>524,065</u>	<u>524,065</u>	<u>-</u>
Fund balances, September 30	<u><u>\$ 579,054</u></u>	<u><u>\$ 579,054</u></u>	<u><u>\$ 619,741</u></u>	<u><u>\$ 40,687</u></u>

## **NONMAJOR INTERNAL SERVICE FUNDS**

### **INFORMATION TECHNOLOGY FUND**

This fund is used to account for replacement costs of City owned computer equipment/software.

### **EQUIPMENT REPLACEMENT FUND**

This fund is used to account for maintenance and replacement costs of City owned vehicles and heavy equipment.

### **HEALTH INSURANCE FUND**

This fund is used to account for the City's employee health insurance plan.

**CITY OF KELLER, TEXAS  
STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**EXHIBIT D-1**

	<u>Information Technology</u>	<u>Equipment Replacement</u>	<u>Health Insurance</u>	<u>Total Internal Service Funds</u>
<b>ASSETS</b>				
Current assets				
Cash and equivalents	\$ 1,453,880	\$ 2,788,991	\$ 2,200,000	\$ 6,442,871
Investments	30,034	1,189,982	-	1,220,016
Accounts receivables	1,094	-	-	1,094
Interest receivable	2,889	5,857	-	8,746
Prepaid items	977	-	-	977
<b>Total current assets</b>	<u>1,488,874</u>	<u>3,984,830</u>	<u>2,200,000</u>	<u>7,673,704</u>
Non-current assets				
Capital assets:				
Machinery and equipment	5,492,022	6,217,942	-	11,709,964
Accumulated depreciation	(5,060,057)	(3,075,127)	-	(8,135,184)
<b>Total capital assets</b>	<u>431,965</u>	<u>3,142,815</u>	<u>-</u>	<u>3,574,780</u>
(net of accumulated depreciation)				
<b>Total assets</b>	<u>1,920,839</u>	<u>7,127,645</u>	<u>2,200,000</u>	<u>11,248,484</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to pensions	205,317	-	-	205,317
Deferred outflows related to OPEB SDBF	1,340	-	-	1,340
Deferred outflows related to OPEB Health	2,614	-	-	2,614
<b>Total deferred outflows of resources</b>	<u>209,271</u>	<u>-</u>	<u>-</u>	<u>209,271</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	115,146	681,521	-	796,667
Other payables and accruals	34,758	-	-	34,758
<b>Total current liabilities</b>	<u>149,904</u>	<u>681,521</u>	<u>-</u>	<u>831,425</u>
Non-current liabilities:				
Net pension liability	577,577	-	-	577,577
Total OPEB liability (SDBF)	18,769	-	-	18,769
Total OPEB liability (Health)	40,522	-	-	40,522
<b>Total noncurrent liabilities</b>	<u>636,868</u>	<u>-</u>	<u>-</u>	<u>636,868</u>
<b>Total liabilities</b>	<u>786,772</u>	<u>681,521</u>	<u>-</u>	<u>1,468,293</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to pensions	14,912	-	-	14,912
Deferred inflows related to OPEB SDBF	1,419	-	-	1,419
Deferred inflows related to OPEB Health	1,539	-	-	1,539
<b>Total deferred inflows of resources</b>	<u>17,870</u>	<u>-</u>	<u>-</u>	<u>17,870</u>
<b>NET POSITION</b>				
Net investment in capital assets	431,965	3,142,815	-	3,574,780
Unrestricted	893,503	3,303,309	2,200,000	6,396,812
<b>Total net position</b>	<u>\$ 1,325,468</u>	<u>\$ 6,446,124</u>	<u>\$ 2,200,000</u>	<u>\$ 9,971,592</u>

**CITY OF KELLER, TEXAS  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET POSITION  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**EXHIBIT D-2**

	<u>Information Technology</u>	<u>Equipment Replacement</u>	<u>Health Insurance</u>	<u>Total Internal Service Funds</u>
<b>OPERATING REVENUES</b>				
Fees	\$ 2,189,458	\$ 1,096,626	\$ -	\$ 3,286,084
<b>Total operating revenues</b>	<u>2,189,458</u>	<u>1,096,626</u>	<u>-</u>	<u>3,286,084</u>
<b>OPERATING EXPENSES</b>				
Personnel	846,501	-	-	846,501
Supplies and maintenance	143,031	-	-	143,031
Services and other	967,653	10,759	-	978,412
Depreciation and amortization	166,270	206,311	-	372,581
<b>Total operating expenses</b>	<u>2,123,455</u>	<u>217,070</u>	<u>-</u>	<u>2,340,525</u>
<b>Operating income</b>	<u>66,003</u>	<u>879,556</u>	<u>-</u>	<u>945,559</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Investment revenue	26,190	70,826	-	97,016
Gain or (loss) on sale of property	4,996	(25,509)	-	(20,513)
<b>Total non-operating revenues (expenses)</b>	<u>31,186</u>	<u>45,317</u>	<u>-</u>	<u>76,503</u>
<b>Net income before transfers and contributions</b>	<u>97,189</u>	<u>924,873</u>	<u>-</u>	<u>1,022,062</u>
<b>TRANSFERS AND CONTRIBUTIONS</b>				
Transfers in	-	400,000	1,000,000	1,400,000
<b>Total transfers and contributions</b>	<u>-</u>	<u>400,000</u>	<u>1,000,000</u>	<u>1,400,000</u>
Change in net position	97,189	1,324,873	1,000,000	2,422,062
<b>Net position, October 1</b>	<u>1,228,279</u>	<u>5,121,251</u>	<u>1,200,000</u>	<u>7,549,530</u>
<b>Net position, September 30</b>	<u>\$ 1,325,468</u>	<u>\$ 6,446,124</u>	<u>\$ 2,200,000</u>	<u>\$ 9,971,592</u>

**CITY OF KELLER, TEXAS  
STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**EXHIBIT D-3**

	Information Technology	Equipment Replacement	Health Insurance	Total Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 2,187,682	\$ 1,094,418	\$ -	\$ 3,282,100
Cash payments to employees for services	(797,520)	-	-	(797,520)
Cash payments to other suppliers for goods and services	(1,160,741)	670,762	-	(489,979)
<b>Net cash provided by operating activities</b>	<u>229,421</u>	<u>1,765,180</u>	<u>-</u>	<u>1,994,601</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Transfers from other funds	-	400,000	1,000,000	1,400,000
<b>Net cash provided by non-capital financing activities</b>	<u>-</u>	<u>400,000</u>	<u>1,000,000</u>	<u>1,400,000</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition or construction of capital assets	(147,570)	(1,269,870)	-	(1,417,440)
Proceeds from sale of capital assets	4,996	117,759	-	122,755
<b>Net cash used in capital and related financing activities</b>	<u>(142,574)</u>	<u>(1,152,111)</u>	<u>-</u>	<u>(1,294,685)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase or sale of investments	156,305	(313,174)	-	(156,869)
Interest and dividends on investments	26,190	70,826	-	97,016
<b>Net cash provided by (used in) investing activities</b>	<u>182,495</u>	<u>(242,348)</u>	<u>-</u>	<u>(59,853)</u>
<b>Net increase in cash and cash equivalents</b>	269,342	770,721	1,000,000	2,040,063
<b>Cash and cash equivalents at beginning of year</b>	1,184,538	2,018,270	1,200,000	4,402,808
<b>Cash and cash equivalents at end of year</b>	<u>\$ 1,453,880</u>	<u>\$ 2,788,991</u>	<u>\$ 2,200,000</u>	<u>\$ 6,442,871</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income	\$ 66,003	\$ 879,556	\$ -	\$ 945,559
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	166,270	206,311	-	372,581
Effects of changes in assets and liabilities:				
Decrease (increase) in receivables	(1,094)	-	-	(1,094)
Decrease (increase) in inventories and prepaid items	(432)	-	-	(432)
Decrease (increase) in interest receivables	(682)	(2,208)	-	(2,890)
Decrease (increase) in deferred outflows	(130,859)	-	-	(130,859)
Increase (decrease) in accounts payable	(49,625)	681,521	-	631,896
Increase (decrease) in other payables and accruals	4,513	-	-	4,513
Increase (decrease) in pension and OPEB liability	243,771	-	-	243,771
Increase (decrease) in deferred inflows	(68,444)	-	-	(68,444)
<b>Total adjustments</b>	<u>163,418</u>	<u>885,624</u>	<u>-</u>	<u>1,049,042</u>
<b>Net cash provided by operating activities</b>	<u>\$ 229,421</u>	<u>\$ 1,765,180</u>	<u>\$ -</u>	<u>\$ 1,994,601</u>

## **STATISTICAL SECTION**

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**CITY OF KELLER, TEXAS  
STATISTICAL SECTION  
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*This part of the City of Keller's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures, and required supplementary information says about the City's overall financial health. This information has not been audited by the independent auditor.*

<b><u>Contents</u></b>	<b><u>Table #s</u></b>
<b>Financial Trends</b> These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	<b>1-5</b>
<b>Revenue Capacity</b> These tables contain information to help the reader assess the City's two most significant local revenue sources, the property and sales taxes.	<b>6-14</b>
<b>Debt Capacity</b> These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	<b>15-19</b>
<b>Economic and Demographic Information</b> These tables offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	<b>20-21</b>
<b>Operating Information</b> These tables contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides.	<b>22-24</b>

**Source:** Unless otherwise noted, the information in these labels is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in fiscal year 2003: tables pressing government-wide information include information beginning in that year.

**CITY OF KELLER, TEXAS  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS (UNAUDITED)**

	Fiscal Year			
	2010	2011	2012	2013
<b>Governmental Activities</b>				
Net Investment in Capital Assets	\$ 71,137,063	\$ 75,942,510	\$ 77,053,091	\$ 81,997,316
Restricted	10,707,393	17,554,282	20,931,028	22,640,243
Unrestricted	12,066,456	7,784,575	10,160,534	9,007,099
<b>Total Governmental Activities Net Position</b>	<b>\$ 93,910,912</b>	<b>\$ 101,281,367</b>	<b>\$ 108,144,653</b>	<b>\$ 113,644,658</b>
<b>Business-type Activities</b>				
Net Investment in Capital Assets	\$ 58,426,495	\$ 61,139,904	\$ 60,610,385	\$ 60,654,886
Restricted	9,287,306	9,453,952	8,219,575	8,219,575
Unrestricted	8,006,813	9,177,880	11,001,160	11,139,589
<b>Total Business-type Activities Net Position</b>	<b>\$ 75,720,614</b>	<b>\$ 79,771,736</b>	<b>\$ 79,831,120</b>	<b>\$ 80,014,050</b>
<b>Primary Government</b>				
Net Investment in Capital Assets	\$ 129,563,558	\$ 137,082,414	\$ 137,663,476	\$ 142,652,202
Restricted	19,994,699	27,008,234	29,150,603	30,859,818
Unrestricted	20,073,269	16,962,455	21,161,694	20,146,688
<b>Total Primary Government Net Position</b>	<b>\$ 169,631,526</b>	<b>\$ 181,053,103</b>	<b>\$ 187,975,773</b>	<b>\$ 193,658,708</b>

Note: The City began to report pension and OPEB liability after implementing GASB Statement 68 in fiscal year 2015 and GASB Statement 75 in fiscal year 2018.

TABLE 1

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 96,268,556	\$ 94,005,152	\$ 100,930,811	\$ 97,480,242	\$ 97,675,021	\$ 101,125,405
22,061,750	29,873,687	32,312,302	32,049,412	36,243,225	38,561,026
7,672,607	2,960,576	3,568,719	6,876,625	12,659,240	17,489,706
<u>\$ 126,002,913</u>	<u>\$ 126,839,415</u>	<u>\$ 136,811,832</u>	<u>\$ 136,406,279</u>	<u>\$ 146,577,486</u>	<u>\$ 157,176,137</u>
\$ 58,172,320	\$ 61,280,272	\$ 63,273,352	\$ 76,865,272	\$ 75,824,228	\$ 82,146,631
7,781,518	1,169,197	4,777,236	17,275,318	17,601,201	6,652,768
18,030,492	17,251,401	11,509,850	1,127,163	5,030,105	13,877,911
<u>\$ 83,984,330</u>	<u>\$ 79,700,870</u>	<u>\$ 79,560,438</u>	<u>\$ 95,267,753</u>	<u>\$ 98,455,534</u>	<u>\$ 102,677,310</u>
\$ 154,440,876	\$ 155,285,424	\$ 164,204,163	\$ 174,345,514	\$ 173,499,249	\$ 183,272,036
29,843,268	31,042,884	37,089,538	49,324,730	53,844,426	45,213,794
25,703,099	20,211,977	15,078,569	8,003,788	17,689,345	31,367,617
<u>\$ 209,987,243</u>	<u>\$ 206,540,285</u>	<u>\$ 216,372,270</u>	<u>\$ 231,674,032</u>	<u>\$ 245,033,020</u>	<u>\$ 259,853,447</u>

**CITY OF KELLER, TEXAS  
EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE  
LAST TEN FISCAL YEARS (UNAUDITED)**

	Fiscal Year			
	2010	2011	2012	2013
Expenses				
Governmental Activities:				
General Government	\$ 7,389,603	\$ 7,618,197	\$ 7,470,050	\$ 7,973,740
Public Safety	14,258,649	17,358,623	18,753,263	19,415,960
Public Works	7,189,802	2,560,006	2,823,250	2,981,588
Community Development	1,100,186	1,183,353	1,283,179	1,425,851
Recreation and Leisure	7,546,936	4,866,264	5,125,705	5,345,157
Interest and Fiscal Charges	3,790,680	3,632,289	3,213,594	3,277,731
Total Governmental Activities Expenses	<u>41,275,856</u>	<u>37,218,732</u>	<u>38,669,041</u>	<u>40,420,027</u>
Business-type Activities				
Water and Wastewater utilities	15,214,564	17,807,093	16,757,059	17,055,816
Drainage Utility	1,972,553	1,987,027	2,054,396	2,004,342
Recreation / Aquatic Center	-	2,854,913	2,892,151	3,080,094
Total Business-type Activities Expenses	<u>17,187,117</u>	<u>22,649,033</u>	<u>21,703,606</u>	<u>22,140,252</u>
Total Primary Government Expenses	<u>\$ 58,462,973</u>	<u>\$ 59,867,765</u>	<u>\$ 60,372,647</u>	<u>\$ 62,560,279</u>
Program Revenues				
Governmental Activities:				
Charges for Services:				
Public Works	\$ 11,354	\$ 35,207	\$ 39,828	\$ 56,267
Recreation and Leisure	3,166,420	329,768	283,440	628,121
Other Activities	3,622,406	3,442,865	3,501,127	4,004,921
Operating Grants and Contributions	2,358,986	5,300,350	2,301,766	2,751,993
Capital Grants and Contributions	445,168	630,960	3,969,333	1,117,756
Total Governmental Activities Program Revenues	<u>9,604,334</u>	<u>9,739,150</u>	<u>10,095,494</u>	<u>8,559,058</u>
Business-type Activities:				
Charges for Services:				
Water and Wastewater Utilities	17,301,977	21,461,471	20,316,352	20,518,382
Drainage Utility	1,507,699	1,484,183	1,505,930	1,540,590
Recreation / Aquatic Center	-	3,002,013	3,026,909	3,087,021
Operating Grants and Contributions	-	-	-	-
Capital Grants and Contributions	1,517,538	3,902,205	294,957	1,010,366
Total Business-type Activities Program Revenues	<u>20,327,214</u>	<u>29,849,872</u>	<u>25,144,148</u>	<u>26,156,359</u>
Total Primary Government Programs Revenues	<u>\$ 29,931,548</u>	<u>\$ 39,589,022</u>	<u>\$ 35,239,642</u>	<u>\$ 34,715,417</u>
Net (Expense)/Revenue				
Governmental Activities	\$ (31,671,522)	\$ (27,479,582)	\$ (28,573,547)	\$ (31,860,969)
Business-type Activities	3,140,097	7,200,839	3,440,542	4,016,107
Total Primary Government Net Expense	<u>\$ (28,531,425)</u>	<u>\$ (20,278,743)</u>	<u>\$ (25,133,005)</u>	<u>\$ (27,844,862)</u>

Note: The City began to report pension and OPEB liabilities after implementing GASB Statement 68 in fiscal year 2015 and GASB Statement 75 in fiscal year 2018.

TABLE 2

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 7,011,362	\$ 9,224,860	\$ 6,606,428	\$ 6,592,982	\$ 7,921,283	\$ 5,366,338
16,756,956	20,941,821	20,789,609	21,542,266	19,093,622	20,083,209
2,490,468	3,138,376	5,715,323	4,289,043	6,722,250	10,340,308
1,357,417	1,870,887	3,073,034	2,387,006	2,004,708	2,365,621
4,938,515	5,855,468	6,130,399	6,457,773	7,115,961	6,047,587
2,882,936	1,841,830	2,068,775	2,027,789	1,299,198	1,016,877
<u>35,437,654</u>	<u>42,873,242</u>	<u>44,383,568</u>	<u>43,296,859</u>	<u>44,157,022</u>	<u>45,219,940</u>
18,496,707	20,294,433	23,446,287	23,661,400	24,203,826	23,129,976
2,040,218	2,172,976	2,391,244	2,352,482	2,750,456	2,348,274
2,669,471	2,600,639	3,041,177	3,357,215	3,315,120	3,193,606
<u>23,206,396</u>	<u>25,068,048</u>	<u>28,878,708</u>	<u>29,371,097</u>	<u>30,269,402</u>	<u>28,671,856</u>
<u>\$ 58,644,050</u>	<u>\$ 67,941,290</u>	<u>\$ 73,262,276</u>	<u>\$ 72,667,956</u>	<u>\$ 74,426,424</u>	<u>\$ 73,891,796</u>
\$ 79,719	\$ 82,024	\$ 93,881	\$ 105,136	\$ 100,696	\$ 118,938
915,060	544,882	566,112	453,852	511,755	456,286
4,891,778	4,334,299	6,081,145	5,629,579	4,739,512	4,924,041
3,590,362	3,373,672	3,878,523	3,620,161	4,209,216	4,363,634
251,533	285,924	1,881,643	1,242,726	20,227	2,023,535
<u>9,728,452</u>	<u>8,620,801</u>	<u>12,501,304</u>	<u>11,051,454</u>	<u>9,581,406</u>	<u>11,886,434</u>
21,546,501	21,483,165	20,659,409	26,261,738	27,205,769	25,720,620
1,569,419	1,610,683	1,633,244	1,441,816	1,455,901	1,466,777
3,029,667	2,982,350	3,095,309	3,408,147	3,410,350	3,295,577
-	-	-	53,222	-	-
<u>4,977,753</u>	<u>1,243,665</u>	<u>3,994,015</u>	<u>2,012,753</u>	<u>987,138</u>	<u>2,460,465</u>
<u>31,123,340</u>	<u>27,319,863</u>	<u>29,381,977</u>	<u>33,177,676</u>	<u>33,059,158</u>	<u>32,943,439</u>
<u>\$ 40,851,792</u>	<u>\$ 35,940,664</u>	<u>\$ 41,883,281</u>	<u>\$ 44,229,130</u>	<u>\$ 42,640,564</u>	<u>\$ 44,829,873</u>
\$ (25,709,202)	\$ (34,252,441)	\$ (31,882,264)	\$ (32,245,405)	\$ (34,575,616)	\$ (33,333,506)
7,916,944	2,251,815	503,269	3,806,579	2,789,756	4,271,583
<u>\$ (17,792,258)</u>	<u>\$ (32,000,626)</u>	<u>\$ (31,378,995)</u>	<u>\$ (28,438,826)</u>	<u>\$ (31,785,860)</u>	<u>\$ (29,061,923)</u>

**CITY OF KELLER, TEXAS  
GENERAL REVENUES AND TOTAL CHANGE IN NET POSITION  
LAST TEN FISCAL YEARS (UNAUDITED)**

	Fiscal Year			
	2010	2011	2012	2013
<b>Net (Expense)/Revenue</b>				
Governmental Activities	\$ (31,671,522)	\$ (27,479,582)	\$ (28,573,547)	\$ (31,860,969)
Business-type Activities	3,140,097	7,200,839	3,440,542	4,016,107
Total Primary Government Net Expense	<u>(28,531,425)</u>	<u>(20,278,743)</u>	<u>(25,133,005)</u>	<u>(27,844,862)</u>
<b>Governmental Revenues and Other Changes in Net Position</b>				
Governmental Activities:				
Taxes				
Property Taxes	20,250,125	19,794,916	20,036,667	20,691,721
Sales Taxes	7,939,671	8,087,781	8,615,790	9,184,887
Franchise Taxes	2,788,527	2,988,616	2,830,981	2,850,968
Mixed Beverage	60,935	64,242	61,567	92,029
Unrestricted Investment Earnings	232,082	280,809	192,931	153,767
Miscellaneous Income	292,685	295,808	270,763	295,807
Gain (loss) on disposal of capital assets	-	-	18,508	104,855
Litigation Settlement	-	-	-	-
Transfers	3,411,590	3,652,445	3,549,470	3,986,940
Total Governmental Activities	<u>34,975,615</u>	<u>35,164,617</u>	<u>35,576,677</u>	<u>37,360,974</u>
Business-type Activities:				
Investment Earnings	92,367	137,567	122,036	102,252
Miscellaneous Revenue (Expense)	30,943	59,619	46,276	51,511
Gain (loss) on sale of capital assets	(433,265)	-	-	-
Transfers	(3,411,590)	(3,661,483)	(3,549,470)	(3,986,940)
Total Business-type Activities	<u>(3,721,545)</u>	<u>(3,464,297)</u>	<u>(3,381,158)</u>	<u>(3,833,177)</u>
Total Primary Government	<u>\$ 31,254,070</u>	<u>\$ 31,700,320</u>	<u>\$ 32,195,519</u>	<u>\$ 33,527,797</u>
<b>Change in Net Position</b>				
Governmental Activities	\$ 3,304,093	\$ 7,685,035	\$ 7,003,130	\$ 5,500,005
Business-type Activities	(581,448)	3,736,542	59,384	182,930
Total Primary Government	<u>\$ 2,722,645</u>	<u>\$ 11,421,577</u>	<u>\$ 7,062,514</u>	<u>\$ 5,682,935</u>

Note: The city began to report pension and OPEB liabilities after implementing GASB Statement 68 in fiscal year 2015 and GASB Statement 75 in fiscal year 2018.

TABLE 3

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ (25,709,202)	\$ (34,252,441)	\$ (31,882,264)	\$ (32,245,405)	\$ (34,575,616)	\$ (33,333,506)
<u>7,916,944</u>	<u>2,251,815</u>	<u>503,269</u>	<u>3,806,579</u>	<u>2,789,756</u>	<u>(29,061,923)</u>
<u>(17,792,258)</u>	<u>(32,000,626)</u>	<u>(31,378,995)</u>	<u>(28,438,826)</u>	<u>(31,785,860)</u>	<u>(62,395,429)</u>
21,526,556	22,777,252	24,046,908	26,040,551	27,517,501	23,534,184
9,817,716	10,660,047	11,312,683	11,812,756	12,210,696	12,681,216
3,157,388	3,421,518	4,369,222	4,287,666	4,358,208	4,626,857
128,832	192,912	176,434	147,297	158,011	147,028
180,677	160,938	153,866	733,658	1,070,649	1,726,322
240,932	164,711	208,575	286,954	278,852	183,918
98,274	15,891	727,056	-	-	-
-	-	-	-	-	-
<u>3,826,555</u>	<u>3,342,990</u>	<u>859,937</u>	<u>(11,469,030)</u>	<u>9,908</u>	<u>1,032,632</u>
<u>38,976,930</u>	<u>40,736,259</u>	<u>41,854,681</u>	<u>31,839,852</u>	<u>45,603,825</u>	<u>43,932,157</u>
121,260	80,990	61,385	297,571	532,012	820,151
42,688	54,614	153,955	134,135	143,700	162,674
-	-	896	-	-	-
<u>(3,826,555)</u>	<u>(3,342,990)</u>	<u>(859,937)</u>	<u>11,469,030</u>	<u>(9,908)</u>	<u>(1,032,632)</u>
<u>(3,662,607)</u>	<u>(3,207,386)</u>	<u>(643,701)</u>	<u>11,900,736</u>	<u>665,804</u>	<u>(49,807)</u>
<u>\$ 35,314,323</u>	<u>\$ 37,528,873</u>	<u>\$ 41,210,980</u>	<u>\$ 43,740,588</u>	<u>\$ 46,269,629</u>	<u>\$ 43,882,350</u>
\$ 13,267,728	\$ 6,483,818	\$ 9,972,417	\$ (405,553)	\$ 11,028,209	\$ 10,598,651
<u>4,254,337</u>	<u>(955,571)</u>	<u>(140,432)</u>	<u>15,707,315</u>	<u>3,455,560</u>	<u>4,221,776</u>
<u>\$ 17,522,065</u>	<u>\$ 5,528,247</u>	<u>\$ 9,831,985</u>	<u>\$ 15,301,762</u>	<u>\$ 14,483,769</u>	<u>\$ 14,820,427</u>

**CITY OF KELLER, TEXAS  
FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS (UNAUDITED)**

	Fiscal Year			
	2010	2011	2012	(1) 2013
<b>General Fund</b>				
Reserved	\$ 852,300	\$ -	\$ -	\$ -
Nonspendable	-	437,749	70,120	72,597
Assigned	-	655,573	941,993	5,646,441
Unreserved	9,951,738	-	-	-
Unassigned	-	11,596,853	11,375,745	9,362,608
<b>Total General Fund</b>	<b>\$ 10,804,038</b>	<b>\$ 12,690,175</b>	<b>\$ 12,387,858</b>	<b>\$ 15,081,646</b>
<b>All Other Governmental Funds</b>				
Reserved				
Debt Service	\$ 626,785	\$ -	\$ -	\$ -
Other	7,004,255	-	-	-
Unreserved, Reported in:				
Special Revenue Funds	12,737,304	-	-	-
Capital Projects Funds	584,935	-	-	-
Assigned	-	-	-	1,056,122
Nonspendable	-	1,251	1,771	125
Restricted				
Debt service	-	564,353	545,493	690,229
Capital Projects	-	12,410,163	9,985,464	11,114,335
Other	-	4,579,766	11,083,156	6,296,968
Unassigned	-	-	-	-
<b>Total All Other Governmental Funds</b>	<b>\$ 20,953,279</b>	<b>\$ 17,555,533</b>	<b>\$ 21,615,884</b>	<b>\$ 19,157,779</b>

(1) The City implemented GASB No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" which impacted both the classifications of funds and classification of and balances within funds.



TABLE 4

Fiscal Year					
(1)					
2014	2015	2016	2017	2018	2019
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
108,298	127,462	487,348	138,601	130,875	155,116
6,849,905	10,081,509	-	-	-	109,243
-	-	515,348	565,045	660,444	487,505
9,380,730	9,923,578	11,891,652	16,073,653	20,851,712	22,563,145
<u>\$ 16,338,933</u>	<u>\$ 20,132,549</u>	<u>\$ 12,894,348</u>	<u>\$ 16,777,299</u>	<u>\$ 21,643,031</u>	<u>\$ 23,315,009</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,007,357	2,660,466	-	-	-	3,024,681
-	-	-	-	7,500	1,868
931,773	1,382,935	3,700,651	2,409,305	2,829,355	2,736,902
12,480,371	15,784,265	21,088,314	24,572,209	24,834,143	28,387,810
3,274,935	3,671,650	7,166,769	8,781,887	10,031,105	9,097,766
(156,535)	-	-	-	-	-
<u>\$ 18,537,901</u>	<u>\$ 23,499,316</u>	<u>\$ 31,955,734</u>	<u>\$ 35,763,401</u>	<u>\$ 37,702,103</u>	<u>\$ 43,249,027</u>

**CITY OF KELLER, TEXAS  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS (UNAUDITED)**

	Fiscal Year			
	2010	2011	2012	2013
<b>Revenues</b>				
Taxes	\$ 30,875,274	\$ 30,917,467	\$ 31,604,211	\$ 32,846,813
Licenses, fees and permits	1,492,765	1,271,576	1,313,373	2,214,199
Intergovernmental	2,243,917	5,521,904	5,752,557	2,915,931
Charges for services	4,225,420	1,473,354	1,429,532	1,409,324
Fines	946,204	883,816	923,809	901,147
Special assessments and impact fees	530,996	406,801	576,455	906,533
Donations	116,425	65,986	75,915	102,617
Interest income	232,082	280,479	192,931	153,767
Miscellaneous income	345,339	350,563	325,397	350,608
<b>Total Revenues</b>	<b>41,008,422</b>	<b>41,171,946</b>	<b>42,194,180</b>	<b>41,800,939</b>
<b>Expenditures</b>				
General government	5,912,363	6,029,397	5,770,520	6,077,590
Public safety	13,245,554	14,183,759	14,486,660	14,628,765
Public works	2,167,078	2,091,785	2,180,925	2,272,568
Community development	1,082,844	966,920	991,240	1,086,784
Recreation and leisure	6,594,491	3,976,232	3,959,543	4,074,082
Capital Outlay	5,649,594	8,784,499	11,072,371	8,219,386
Debt Service				
Principal	6,597,743	6,555,603	6,876,829	6,730,769
Interest and fiscal charges	3,648,886	3,486,895	2,925,696	3,200,476
Bond issuance costs	428,737	-	331,775	-
Advance refunding escrow	108,360	-	14,549,637	-
<b>Total Expenditures</b>	<b>45,435,650</b>	<b>46,075,090</b>	<b>63,145,196</b>	<b>46,290,420</b>
Excess (deficiency) of Revenues Over (Under) Expenditures	(4,427,228)	(4,903,144)	(20,951,016)	(4,489,481)
<b>Other Financing Sources (Uses)</b>				
Sale of capital assets	44,599	53,670	80,100	110,724
Transfers In	5,462,515	5,094,970	4,620,375	4,924,073
Transfers Out	(2,054,120)	(1,442,525)	(1,070,905)	(910,633)
Bonds issued	20,629,997	-	19,450,000	601,000
Bond premium	842,858	-	1,769,323	-
Payment to refunded bond escrow agent	(14,370,938)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>10,554,911</b>	<b>3,706,115</b>	<b>24,848,893</b>	<b>4,725,164</b>
<b>Net Change in Fund Balances</b>	<b>\$ 6,127,683</b>	<b>\$ (1,197,029)</b>	<b>\$ 3,897,877</b>	<b>\$ 235,683</b>
 Debt Service as a Percentage of Noncapital Expenditures	 25.8%	 26.9%	 18.8%	 26.1%

TABLE 5

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 34,626,731	\$ 37,018,059	\$ 40,009,553	\$ 42,379,848	\$ 44,241,735	\$ 40,910,092
2,300,895	2,079,019	1,771,594	1,218,057	1,228,907	1,341,453
3,611,678	3,101,589	3,009,267	3,059,876	3,600,871	3,731,604
1,498,686	1,565,049	3,394,410	3,587,619	3,071,536	3,208,548
1,326,291	1,143,499	1,313,744	1,445,115	996,983	810,175
885,077	576,321	964,589	468,342	529,129	635,248
96,580	108,456	132,944	132,988	99,216	98,067
180,496	861,762	146,360	710,497	1,030,333	1,629,306
295,074	224,804	208,575	191,609	229,357	138,971
44,821,508	46,678,558	50,951,036	53,193,951	55,028,067	52,503,464
6,269,082	6,753,694	4,939,940	5,315,834	5,221,329	4,825,048
14,968,628	15,281,088	15,547,033	16,490,424	17,091,966	18,205,998
2,224,682	2,289,850	4,463,711	2,841,693	2,628,395	2,729,907
1,212,552	1,365,628	2,327,242	1,958,408	2,285,144	2,552,132
4,411,469	4,272,027	4,627,717	4,903,681	4,966,960	4,917,778
9,000,163	4,791,333	7,471,482	4,840,540	4,578,424	6,759,665
7,156,404	7,583,160	7,273,304	12,100,180	8,458,077	5,024,046
2,871,535	2,340,333	2,136,540	2,091,739	1,465,568	1,165,948
-	-	-	-	-	-
-	-	-	-	-	-
48,114,515	44,677,113	48,786,969	50,542,499	46,695,863	46,180,522
(3,293,007)	2,001,445	2,164,067	2,651,452	8,332,204	6,322,942
103,861	97,503	732,629	70,204	49,408	65,460
5,200,474	4,546,770	16,789,409	1,827,507	6,722,938	12,507,397
(1,373,919)	(1,203,780)	(16,578,599)	(2,227,507)	(8,300,116)	(11,676,897)
-	19,580,000	-	12,340,000	-	-
-	294,213	-	901,059	-	-
-	(16,561,118)	-	(7,872,097)	-	-
3,930,416	6,753,588	943,439	5,039,166	(1,527,770)	895,960
\$ 637,409	\$ 8,755,033	\$ 3,107,506	\$ 7,690,618	\$ 6,804,434	\$ 7,218,902
25.6%	24.9%	24.1%	31.1%	23.3%	15.7%

**CITY OF KELLER, TEXAS  
TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS (UNAUDITED)**

**TABLE 6**

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales and Use Tax</u>	<u>Franchise Tax</u>	<u>Mixed Beverage Tax</u>	<u>Total</u>
2010	\$ 20,086,141	\$ 7,939,671	\$ 2,788,527	\$ 60,935	\$ 30,875,274
2011	19,543,407	8,087,781	2,988,615	64,242	30,684,045
2012	19,631,878	8,670,174	2,695,881	61,567	31,059,500
2013	19,625,642	9,184,887	2,842,453	92,029	31,745,011
2014	21,522,795	9,817,715	3,157,388	128,832	34,626,730
2015	22,743,582	10,660,047	3,421,518	192,912	37,018,059
2016	20,571,134	11,312,683	3,112,221	176,434	35,172,472
2017	21,501,554	11,812,755	4,287,666	147,297	37,749,272
2018	23,443,551	12,210,696	3,112,256	158,011	38,924,514
2019	23,454,991	12,681,216	4,626,857	147,028	40,910,092
Percent Change 2010-2019	16.8%	59.7%	65.9%	141.3%	32.5%

Note: <sup>1</sup> Percent Change 2010-2019

**CITY OF KELLER, TEXAS  
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS (UNAUDITED)**

**TABLE 7**

Fiscal Year	Residential Property	Commercial & Industrial Property	Undeveloped Vacant Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax	Estimated Actual Taxable	Tax Assessed Value as a Percentage of Actual Taxable Value
2010	3,316,718,830	649,812,152	10,017,017	334,742,514	3,976,548,000	0.44219	3,976,548,000	100.00%
2011	3,195,061,371	577,254,245	3,857,525	349,431,177	3,776,173,141	0.44219	3,776,173,141	100.00%
2012	3,257,571,151	584,583,948	3,431,274	401,546,015	3,845,586,373	0.44219	3,845,586,373	100.00%
2013	3,320,504,448	616,284,918	2,739,515	448,986,161	3,939,528,881	0.44219	3,939,528,881	100.00%
2014	3,403,293,010	639,069,078	1,526,679	443,957,738	4,043,888,767	0.44219	4,043,888,767	100.00%
2015	3,625,917,225	676,781,328	1,336,029	415,216,470	4,304,034,581	0.43719	4,304,034,581	100.00%
2016	3,793,250,339	685,548,240	3,984,800	501,821,781	4,482,783,378	0.43469	4,482,783,378	100.00%
2017	4,189,986,101	800,619,329	567,960	666,074,543	4,991,173,391	0.43000	4,991,173,391	100.00%
2018	4,541,681,247	692,354,454	430,477	1,066,446,124	5,234,466,178	0.42750	5,234,466,178	100.00%
2019	5,000,642,127	787,573,892	600,985	963,947,456	5,788,817,004	0.41325	5,788,817,005	100.00%

Note 1: Beginning with fiscal year 2006, Tax-Exempt Property includes exempt values from over-65 and disabled tax ceilings.

Note 2: The Texas Property Tax Code, under Sec. 25.18, requires each appraisal office to implement a plan to update appraised values for real property at least once every three

Source: Tarrant Appraisal District.

Budget

**CITY OF KELLER, TEXAS  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS (UNAUDITED)**

**TABLE 8**

Fiscal Year	City Direct Rates			Overlapping Rates						Total Direct & Overlapping Rates
	Basic Rate	General Obligation Debt Service	Total Direct Rate	Carroll Independent School District	Keller Independent School District	Northwest Independent School District	Tarrant County	Tarrant County Community College District	Tarrant County Hospital District	
2010	0.310090	0.132100	0.442190	1.4150	1.5306	1.3550	0.2640	0.13764	0.227897	2.486727
2011	0.292780	0.149410	0.442190	1.4150	1.5400	1.3550	0.2640	0.14897	0.227897	2.498057
2012	0.298870	0.143320	0.442190	1.4150	1.5400	1.3750	0.2640	0.14897	0.227897	2.498057
2013	0.325520	0.116670	0.442190	1.4000	1.5400	1.4525	0.2640	0.14950	0.227897	2.483587
2014	0.326460	0.115730	0.442190	1.4000	1.5400	1.4525	0.2640	0.14950	0.227897	2.483587
2015	0.330480	0.167100	0.437190	1.4000	1.5400	1.4525	0.2640	0.14950	0.227897	2.478587
2016	0.323170	0.111520	0.434690	1.3950	1.5400	1.4525	0.2640	0.14950	0.227897	2.471087
2017	0.313578	0.116422	0.430000	1.3950	1.5200	1.4525	0.2540	0.14473	0.227897	2.451627
2018	0.318985	0.108515	0.427500	1.3850	1.5200	1.4900	0.2440	0.14006	0.224429	2.420989
2019	0.332943	0.080307	0.413250	1.3000	1.4083	1.4200	0.2340	0.13017	0.224429	2.301849

Note 1: Rates are per \$100 valuation.

Note 2: Tax Rates for the Carroll, Keller and Northwest Independent School Districts have been averaged in determining the Direct and Overlapping Rates.

Each Keller taxpayer remits school district taxes to only one school district.

Source: Tarrant Appraisal District  
Budget

**CITY OF KELLER, TEXAS  
PRINCIPAL PROPERTY TAX PAYERS  
CURRENT YEAR AND NINE YEARS AGO (UNAUDITED)**

**TABLE 9**

FY2019				FY2010		
Taxpayer <sup>1</sup>	Market Value	Percentage of Total City Market Value	Rank	Taxpayer <sup>1</sup>	Market Value	Percentage of Total City Market Value
WW 1300 Keller Parkway LLC/WW 400/300 Bourland Rd	\$ 103,100,000	2%	<b>1</b>	Capr W Dtc	\$ 37,105,800	0.95%
Conservatory Senior Housing	45,106,442	1%	<b>2</b>	GTE Southwest Inc	15,811,100	0.40%
T Arthouse Tx LLC	36,000,000	1%	<b>3</b>	Ktc Seniors Ltd	17,500,000	0.45%
Grand Estates At Keller LP	24,300,000	0%	<b>4</b>	Amstar/Southern Art House	25,000,000	0.64%
Regency Centers LP	17,227,312	0%	<b>5</b>	Regency Centers LP	15,500,000	0.40%
Jahco Keller Crossing LLC	16,982,400	0%	<b>6</b>	T Keller LLC - Tabani	14,862,400	0.38%
Atmos Energy/Mid Tex Division	15,569,551	0%	<b>7</b>	Grand Estates at Keller LP	12,164,000	0.31%
Bear Creek Plaza LTD	15,000,000	0%	<b>8</b>	Oncor Electric Delivery Co	13,148,400	0.34%
Keller Senior Community LP	13,100,000	0%	<b>9</b>	Lowe's Home Centers	13,922,700	0.36%
Charter Communications Operating LLC	12,932,985	0%	<b>10</b>	Home Depot USA	11,612,400	0.30%
Subtotal	299,318,690	5%			176,626,800	4.51%
Remaining Taxpayers	5,489,498,314	95%		Remaining Taxpayers	3,739,157,138	95.49%
Total	\$ 5,788,817,004	100%			\$ 3,915,783,938	100.00%

Source: <sup>1</sup>Tarrant Appraisal District

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**CITY OF KELLER, TEXAS  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS (UNAUDITED)**

**TABLE 10**

Fiscal Year Ended September 30	Taxes Levied for the Fiscal Year <sup>1</sup>	Collected Within the Fiscal Year of the Levy		Delinquent Tax Collections	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2010	\$ 17,597,422	\$ 17,424,740	99.02%	\$ 158,891	\$ 17,583,631	99.92%
2011	17,370,019	17,212,260	99.09%	151,656	17,363,916	99.96%
2012	17,645,180	17,538,272	99.39%	102,211	17,640,483	99.97%
2013	18,027,081	17,946,631	99.55%	80,450	18,027,081	100.00%
2014	18,673,531	18,595,909	99.58%	77,622	18,673,531	100.00%
2015	19,605,135	19,504,832	99.49%	80,755	19,585,587	99.90%
2016	20,447,244	20,353,791	99.54%	86,196	20,439,987	99.96%
2017	22,188,513	21,311,811	96.05%	107,402	21,419,213	96.53%
2018	23,113,915	22,209,513	96.09%	-	22,209,513	96.09%
2019	23,613,830	23,459,887	99.35%	-	23,459,887	99.35%

Note: <sup>1</sup> Adjusted through September 30,2018

Tarrant County Report

**CITY OF KELLER, TEXAS  
TAXABLE SALES BY CATEGORY  
LAST TEN CALENDAR YEARS (UNAUDITED)**

	2010	2011	2012	2013
Agriculture	\$ -	\$ -	\$ -	\$ -
Construction	5,644,566	7,487,590	5,690,397	8,628,139
Transportation, communications	123,993	6,981,819	11,695,882	12,048,822
Utilities	39,979,714	38,586,553	35,396,073	34,432,043
Manufacturing	6,419,863	320,998	523,381	337,657
Wholesale Trade	8,956,140	7,824,042	7,861,903	9,018,601
Retail Trade	100,766,160	108,724,134	116,508,313	124,257,630
Information	53,397,031	40,204,903	41,788,728	44,491,839
Finance and insurance	1,361,454	3,418,573	4,544,921	4,732,909
Real estate, rental and leasing	4,594,903	9,610,727	12,667,771	13,332,200
Professional, scientific and technical services	4,017,325	4,585,668	5,642,146	5,334,402
Administrative and support services	9,821,471	11,397,517	11,689,606	14,142,641
Educational services	466,628	437,575	269,071	351,655
Arts, entertainment and recreation	3,915,255	4,379,237	4,522,275	4,207,107
Accommodation and food services	40,617,242	38,757,393	42,932,278	47,229,686
Other Services except PA	10,843,370	6,876,945	8,273,649	8,864,231
Other	108,891,431	53,445,162	56,115,562	61,564,107
<b>Total</b>	<b>\$ 399,816,546</b>	<b>\$ 343,038,836</b>	<b>\$ 366,121,956</b>	<b>\$ 392,973,669</b>

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of revenue. The tax liability includes the City sales tax rate of one percent and the blended component unit rate of one-half percent.

TABLE 11

2014	2015	2016	2017	2018	2019
\$ -	\$ 1,089,345	\$ 2,005,802	\$ 1,239,543	\$ 265,661	\$ 63,253
7,891,854	12,821,202	13,812,476	15,467,581	22,812,969	21,667,288
12,219,719	466,802	284,331	330,672	121,666	135,953
32,061,719	-	-	-	-	-
273,857	7,645,207	7,705,891	7,522,275	8,716,574	8,589,725
9,763,717	5,716,252	6,083,749	6,855,175	6,984,374	6,155,647
129,472,431	203,026,544	212,017,360	226,236,171	240,057,381	244,431,561
42,655,529	11,315,499	10,734,580	10,486,745	12,235,473	12,818,196
4,114,482	650,957	695,072	937,513	666,554	606,312
12,632,715	9,780,246	10,522,350	11,295,610	11,278,413	7,627,825
5,987,358	5,552,779	5,073,683	5,522,265	5,466,886	5,187,301
14,024,258	8,197,071	8,730,188	10,208,026	12,260,349	13,900,063
406,363	571,395	568,353	554,771	429,241	305,304
3,086,830	6,878,244	6,111,532	6,462,801	6,630,300	6,420,200
49,744,779	67,237,109	71,488,743	71,309,997	71,649,558	74,597,663
9,012,614	15,080,031	15,801,339	16,597,441	17,610,598	18,712,139
73,637,665	408,476	-	-	-	-
<u>\$ 406,985,890</u>	<u>\$ 356,437,159</u>	<u>\$ 371,635,449</u>	<u>\$ 391,026,586</u>	<u>\$ 417,185,997</u>	<u>\$ 421,218,430</u>

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**CITY OF KELLER, TEXAS  
DIRECT AND OVERLAPPING SALES TAX REVENUE  
LAST TEN FISCAL YEARS (UNAUDITED)**

**TABLE 12**

<u>Fiscal Year</u>	<u>State of Texas</u>	<u>Keller Direct Rate</u>	<u>Keller Development Corporation</u>	<u>Keller Crime Control District (2)</u>	<u>Keller Street Maintenance (3)</u>	<u>Totals</u>
2010	6.25%	1.00%	0.50%	0.375%	0.125%	8.25%
2011	6.25%	1.00%	0.50%	0.375%	0.125%	8.25%
2012	6.25%	1.00%	0.50%	0.375%	0.125%	8.25%
2013	6.25%	1.00%	0.50%	0.375%	0.125%	8.25%
2014	6.25%	1.00%	0.50%	0.375%	0.125%	8.25%
2015	6.25%	1.00%	0.50%	0.375%	0.125%	8.25%
2016	6.25%	1.00%	0.50%	0.375%	0.125%	8.25%
2017	6.25%	1.00%	0.50%	0.250%	0.250%	8.25%
2018	6.25%	1.00%	0.50%	0.250%	0.250%	8.25%
2019	6.25%	1.00%	0.50%	0.250%	0.250%	8.25%

Note 1: Effective 1992

Note 2: Effective April, 2002; November 2007, voters authorized a reduction to 0.25% effective April 1, 2008.

Note 3: Effective April, 2004; November 2007, voters authorized an increase to 0.25% effective April 1, 2008.

**CITY OF KELLER, TEXAS  
SALES TAXPAYER BY INDUSTRY  
CURRENT YEAR AND NINE YEARS AGO (UNAUDITED)**

**TABLE 13**

Sector	2019				2010			
	Number of Payers	Percent of Total	Tax*	Percentage of Total	Number of Payers	Percent of Total	Tax**	Percentage of Total
Agriculture	9	0.20%	\$ 4,890	0.04%	-	0.00%	\$ -	0.00%
Construction	335	7.43%	299,993	2.65%	478	6.34%	98,780	1.24%
Transportation, Communications & Warehousing	7	0.16%	10,113	0.09%	4	0.05%	2,170	0.03%
Utilities, Mining	62	1.38%	896,286	7.91%	60	0.80%	699,645	8.81%
Manufacturing	660	14.65%	424,823	3.75%	441	5.85%	112,348	1.42%
Wholesale Trade	805	17.87%	322,238	2.84%	843	11.19%	156,732	1.97%
Retail Trade	1,232	27.34%	5,180,304	45.70%	1,854	24.61%	1,763,408	22.21%
Information	454	10.08%	1,353,998	11.95%	499	6.62%	934,448	11.77%
Finance & Insurance	89	1.98%	32,030	0.28%	85	1.13%	23,825	0.30%
Real Estate, Rental & Leasing	124	2.75%	326,925	2.88%	173	2.30%	80,411	1.01%
Professional, Scientific, and Technical Services	187	4.15%	226,488	2.00%	377	5.00%	70,303	0.89%
Admin & Support Svcs	149	3.31%	425,054	3.75%	486	6.45%	171,876	2.16%
Educational Services	47	1.04%	9,965	0.09%	71	0.94%	8,166	0.10%
Arts, Entertainment & Recreation	30	0.67%	103,649	0.91%	46	0.61%	68,517	0.86%
Accommodation & Food Services	117	2.60%	1,361,880	12.01%	172	2.28%	710,802	8.95%
Other Services except PA <sup>3</sup>	191	4.24%	346,137	3.05%	507	6.73%	189,759	2.39%
Other	8	0.15%	10,078	0.10%	1,438	19.10%	2,848,481	35.89%
<b>Total</b>	<b>4,506</b>	<b>100%</b>	<b>\$ 11,334,851</b>	<b>100.00%</b>	<b>7,534</b>	<b>100%</b>	<b>\$ 7,939,671</b>	<b>100.01%</b>

**Notes:** Due to confidentiality issues, the names of the ten largest revenue payors are not available. The sectors presented are intended to provide alternative information regarding the sources of revenue. Information is provided by State Comptroller of Public Accounts.

<sup>1</sup> Direct Sales Tax Rate 1%, Keller Development Corporation .5%, Street Maintenance .25%, Crime Control District .25%

<sup>2</sup> Direct Sales Tax Rate 1%, Keller Development Corporation .5%

<sup>3</sup> PA- Public Administration, per naics.com

**CITY OF KELLER, TEXAS  
TEN LARGEST WATER CUSTOMERS BY CONSUMPTION  
CURRENT YEAR AND FOUR YEARS AGO (UNAUDITED)**

**TABLE 14**

2019				2015			
Customer	Total 2019 Consumption (000's)	Sales	Pct of Total Usage	Customer	Total 2015 Consumption (000's)	Sales	Pct of Total Usage
City of Keller	45,160	\$ 221,159	1.68%	City of Keller	55,425	\$ 182,322	2.07%
Keller Independent School District	37,107	301,604	1.38%	Keller Independent School District	38,078	235,681	1.42%
Hidden Lakes Home Owner Ass'n	14,789	112,376	0.55%	Hidden Lakes Home Owner Ass'n	14,694	85,152	0.55%
City of Keller Town Center Lakes Well	12,457	20,118	0.46%	Keller Senior Community, LP	8,731	50,285	0.33%
Grand Estates at Keller, LP	9,663	74,295	0.36%	Grand Estates at Keller, LP	8,458	50,076	0.32%
Olympus Stone Glen	8,991	69,281	0.33%	Conservatory Senior Housing	7,862	45,387	0.29%
Olympus Town Center	8,346	64,491	0.31%	SC Town Center LP	7,478	44,469	0.28%
Keller Senior Community, LP	7,753	59,323	0.28%	SC Stone Glen LP	6,840	43,618	0.25%
Conservatory Senior Housing	7,282	55,115	0.27%	St Elizabeth Ann Seton	6,513	37,058	0.24%
Keller Oaks Healthcare Center	5,397	40,164	0.20%	Keller Oaks Healthcare Center	5,993	33,862	0.22%
Subtotal	156,945	1,017,926	5.82%	Subtotal	160,072	807,910	5.97%
Other customers	2,537,397	16,601,730	94.18%	Other customers	2,523,292	12,740,393	94.03%
<b>TOTAL</b>	<b>2,694,342</b>	<b>\$ 17,619,656</b>	<b>100.00%</b>	<b>TOTAL</b>	<b>2,683,364</b>	<b>\$ 13,548,303</b>	<b>100.00%</b>

Source: City of Keller  
STW Report

**CITY OF KELLER, TEXAS**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS (UNAUDITED)**

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Fiscal Year	Governmental Activities			
	General Obligation Bonds	Certificates of Obligation	KDC Revenue Bonds	Premiums / Discounts
2010	\$ 24,105,000	\$ 61,179,997	\$ 405,000	\$ -
2011	21,945,000	56,923,550	275,000	-
2012	24,580,000	53,730,020	140,000	-
2013	22,415,000	50,002,894	-	2,384,865
2014	19,970,000	45,353,000	-	2,144,397
2015	17,231,728	43,893,112	-	1,965,055
2016	27,300,533	24,945,000	-	1,762,737
2017	23,661,353	21,014,940	-	2,469,547
2018	22,542,351	19,779,881	-	2,177,847
2019	16,713,230	14,760,000	-	1,886,147

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.



TABLE 15

Business-type Activities							
General Obligation Bonds	Certificates of Obligation	Revenue Bonds	TRA - Other	Premiums / Discounts	Total Primary Government	Percentage of Personal Income	Per Capita
\$ 5,995,000	\$14,385,000	\$ -	\$501,420	\$ -	\$ 106,571,417	6.83%	\$ 2,698
5,585,000	21,040,000	-	521,228	-	106,289,778	6.16%	2,669
10,560,000	11,765,000	-	139,037	-	100,914,057	5.32%	2,460
9,700,000	11,042,000	-	241,691	885,923	96,672,373	5.29%	2,355
9,145,000	9,959,000	-	-	794,714	87,366,111	4.72%	2,037
10,759,160	6,653,940	-	-	962,073	81,465,068	4.19%	1,902
11,299,467	6,080,000	-	-	849,666	72,237,403	3.71%	1,640
9,868,647	13,810,000	-	-	958,834	71,783,321	3.71%	1,640
9,419,099	16,278,563	-	-	835,348	71,033,089	2.87%	1,514
6,826,770	19,470,000	-	-	991,046	60,647,193	2.99%	1,514

**CITY OF KELLER, TEXAS  
RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS (UNAUDITED)**

**TABLE 16**

Fiscal Year	General Bonded Debt Outstanding			Total	Percentage Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Certificates of Obligation	Less: Debt Service			
2010	\$ 30,100,000	\$ 75,564,997	\$ 626,785	\$ 105,038,212	2.88%	\$ 2,700
2011	27,530,000	77,963,550	564,353	104,929,197	3.06%	2,666
2012	35,140,000	65,495,000	545,493	100,089,507	2.90%	2,505
2013	32,115,000	61,044,894	690,229	92,469,665	2.61%	2,283
2014	29,115,000	55,312,000	931,771	83,495,229	2.32%	2,025
2015	27,990,888	50,658,112	1,382,935	77,266,065	1.99%	1,855
2016	29,865,000	39,760,000	3,541,871	66,083,129	1.73%	1,581
2017	33,530,000	34,824,940	2,268,163	66,086,777	1.49%	1,581
2018	31,961,450	36,058,444	2,829,355	65,190,539	1.33%	1,514
2019	25,686,974	34,960,219	2,736,902	57,910,291	1.06%	1,514

**CITY OF KELLER, TEXAS  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
(UNAUDITED)**

**TABLE 17**

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Carroll Independent School District	\$ 306,677,164	0.58%	\$ 1,778,728
Keller Independent School District	649,855,320	32.09%	208,538,572
Northwest Independent School District	934,245,475	0.12%	1,121,095
Tarrant County General Obligation Debt	266,375,000	3.13%	8,337,538
Tarrant County Hospital District	17,735,000	3.13%	555,106
Subtotal, overlapping debt			<u>220,331,039</u>
City of Keller direct debt		100.00%	<u>33,359,377</u>
Total direct and overlapping debt			<u>\$ 253,690,416</u>

Notes:

<sup>1</sup> Percentage of government unit's total the property value located within Keller city limits.

<sup>2</sup> Includes both tax-supported self-supported debt of the water and wastewater utility, drainage utility, Keller Development Corporation, and Keller Crime Control and Prevention District.

<sup>3</sup> www.mactexas.com

**CITY OF KELLER, TEXAS  
 LEGAL DEBT MARGIN INFORMATION  
 LAST TEN FISCAL YEARS (UNAUDITED)**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Debt Limit	\$ 2.500000	\$ 2.500000	\$ 2.500000	\$ 2.500000
Adopted Tax Rate	0.44219	0.44219	0.44219	0.44219
Additional Rate Available	2.05781	2.05781	2.05781	2.05781
Legal Debt Margin	<u>\$ 77,320,390</u>	<u>\$ 81,114,904</u>	<u>\$ 82,600,785</u>	<u>\$ 84,589,531</u>
Total Net Debt Applicable to the Limit as a percentage of Debt Limit	17.69%	17.69%	17.69%	17.69%

Legal Debt Margin Calculation for the Current Fiscal Year

Maximum allowable tax rate  
 Adopted tax rate  
 Additional rate available  
 Total taxable value  
 Additional tax levy available  
 Less: amount set aside for repayment of general  
 Legal Debt Margin

As a home rule city, the City of Keller is not legally limited by law in the amount of debt it may issue.  
 The City's Charter Section 8.16., states:

The City Council shall have the power under the provisions of state law to levy,  
 assess and collect an annual tax upon taxable property within the City, the tax  
 not to exceed the rate as provided for by state law governing cities with a population  
 in excess of five thousand (5,000) inhabitants.

Article II, Section 5 of the State of Texas Constitution states in part:

No tax for any purpose shall ever be lawful for any one year, which shall  
 exceed two and one-half percent of the taxable property of such city.

Legal debt margin presented at fiscal year 2016, 2017, and 2018 and will be added to going forward.

**TABLE 18**

2014	2015	2016	2017	2018	2019
\$ 2.500000	\$ 2.500000	\$ 2.500000	\$ 2.500000	\$ 2.500000	\$ 2.500000
0.44219	0.44219	0.43469	0.43000	0.42750	0.41325
2.05781	2.05781	2.06531	2.07000	2.07250	2.08675
<u>\$ 87,755,004</u>	<u>\$ 93,614,599</u>	<u>\$ 92,583,373</u>	<u>\$ 103,317,289</u>	<u>\$ 108,484,312</u>	<u>\$ 120,798,139</u>
17.69%	17.49%	17.39%	17.20%	17.10%	16.53%
		\$ 2.50000	\$ 2.50000	\$ 2.50000	\$ 2.50000
		0.43469	0.43000	0.42750	0.41325
		<u>\$ 2.06531</u>	<u>\$ 2.07000</u>	<u>\$ 2.07250</u>	<u>\$ 2.07250</u>
		\$ 4,482,783,378	\$ 4,991,173,391	\$ 5,234,466,178	\$ 5,788,817,005
		92,583,373	103,317,289	108,484,312	120,798,139
		9,396,967			
		<u>\$83,186,406</u>	<u>\$103,317,289</u>	<u>\$108,484,312</u>	<u>\$120,798,139</u>

**CITY OF KELLER, TEXAS  
 PLEDGED-REVENUE COVERAGE  
 LAST TEN FISCAL YEARS (UNAUDITED)**

**TABLE 19**

Fiscal Year	Water Revenue Bonds			Debt Service (3)		Total	Coverage
	Utility Service Charges (1)	Less: Operating Expenses (2)	Net Available Revenue	Principal	Interest		
	2010	\$ 17,332,920	\$ 11,393,852	\$ 5,939,068	\$ -		
2011	21,507,180	13,675,260	7,831,920	-	-	-	N/A
2012	19,856,182	15,515,102	4,341,080	-	-	-	N/A
2013	20,010,038	12,010,745	7,999,293	-	-	-	N/A
2014	20,574,607	14,865,050	5,709,557	-	-	-	N/A
2015	21,521,901	19,788,960	1,732,941	-	-	-	N/A
2016	20,988,935	19,926,117	1,062,818	-	-	-	N/A
2017	26,432,673	20,050,056	6,382,617	-	-	-	N/A
2018	28,321,744	24,826,771	3,494,973	-	-	-	N/A
2019	25,863,325	20,819,309	5,044,016	-	-	-	N/A

(1) Includes total operating revenue of the Utility Enterprise Fund  
 (2) Includes operating expenses of the Utility Enterprise Fund, less depreciation expense.  
 (3) Debt service requirements includes principal and interest payments on revenue bonds.

**CITY OF KELLER, TEXAS  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS (UNAUDITED)**

**TABLE 20**

<u>Calendar Year</u>	<u>Population (1)</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>School Enrollment (KISD)</u>	<u>National Unemployment (3)</u>
2010	39,627	1,565,821,278	39,514 <sup>7</sup>	35.0 <sup>6</sup>	32,808	9.3%
2011	39,940	1,731,039,540	43,341 <sup>8</sup>	32.0 <sup>6</sup>	32,796	8.5%
2012	40,440	1,896,838,200	46,905 <sup>8</sup>	36.9 <sup>9</sup>	33,130	7.8%
2013	41,090	1,828,422,820	44,498 <sup>3</sup>	39.9 <sup>9</sup>	33,367	7.2%
2014	42,040	1,852,618,720	44,068 <sup>3</sup>	41.1	33,440	5.9%
2015	42,890	1,947,849,350	45,415	41.3	33,619	5.1%
2016	44,050	1,945,820,650	44,173	40.3	34,180	4.7%
2017	44,620 <sup>1</sup>	2,213,865,920	49,616 <sup>3</sup>	40.2	34,600	4.1%
2018	44,940 <sup>1</sup>	2,368,652,580	52,707 <sup>3</sup>	38.1 <sup>9</sup>	34,937	3.7%
2019	45,090	2,514,083,130	55,757	41.0	34,888	3.6%

Source:

<sup>1</sup> North Central Texas Council of Governments (NCTCOG)

<sup>2</sup> Keller Independent School District (KISD)

<sup>3</sup> Bureau of Census

<sup>4</sup> Bureau of Labor Statistics

<sup>5</sup> www.idcide.com, © 2008

<sup>6</sup> US Census 2007 Data and *American Community Survey*

<sup>7</sup> Dallas Morning News, Business Section D, 11-1-10

<sup>8</sup> BEA.gov

<sup>9</sup> IndexMundi

<sup>10</sup> US Census 2010

**CITY OF KELLER, TEXAS  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND FOUR YEARS AGO (UNAUDITED)**

**TABLE 21**

2019				2015*			
Local Area Employers	Employees	Percentage of Total City Employment	Rank	Local Area Employers	Employees	Percentage of Total City Employment	Rank
Keller ISD	4,339	10.68%	1	Keller ISD	3,960	12.06%	1
City of Keller	343	0.84%	2	City of Keller	352	1.07%	2
Lowe's	162	0.40%	3	Lowe's	153	0.47%	5
Sam's Club	132	0.32%	4	Keller Oaks Healthcare Center	150	0.46%	6
Kohl's	130	0.32%	5	Kohl's	200	0.61%	4
Home Depot	130	0.32%	6	Home Depot	139	0.42%	7
Kroger (Rufe Snow)	125	0.31%	7	Kroger (Rufe Snow)	210	0.64%	3
Heritage House at Keller	120	0.30%	8	Tom Thumb	90	0.27%	8
Super Surface Inc	100	0.25%	9	Super Surface Inc	85	0.26%	10
Sky Creek Ranch Golf Club	57	0.14%	10	Walmart Neighborhood Market	90	0.27%	9
Subtotal	5,638	13.88%		Subtotal	5,429	16.53%	
Total Employment	40,625	100.00%		Total Employment	32,828	100.00%	

Sources:

Texas Workforce Commission

Keller Business Human Resource Departments

Demographics provided by The Retail Coach

\*Employers significantly changed over the last 10 years therefore, 2015 employers presented.



**CITY OF KELLER, TEXAS  
 FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION/PROGRAM  
 LAST TEN FISCAL YEARS (UNAUDITED)**

**TABLE 22**

Function/Program	Full-Time Equivalent Employees as of Year End									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government										
Administration	10.00	8.00	8.00	8.00	8.00	8.00	9.48	9.48	7.48	7.48
Finance	6.50	6.50	7.00	7.00	7.00	7.00	7.50	7.50	8.00	8.00
Planning	11.00	11.00	11.00	12.00	11.96	12.41	12.66	12.45	12.27	12.27
Town Hall operations	2.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Other	16.50	16.50	16.50	14.75	15.50	13.78	14.26	14.26	14.96	14.96
Police										
Officers	77.00	79.00	50.50	51.50	50.00	49.00	49.00	49.00	49.00	49.75
Civilians	4.00	4.00	34.00	34.00	35.48	37.48	37.48	38.48	39.44	40.44
Fire										
Firefighters and officers	54.00	57.00	57.00	57.00	57.00	55.00	55.00	55.00	55.00	55.00
Civilians	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Public works										
Engineering	3.50	3.50	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Other	10.83	10.83	10.83	11.73	12.10	12.33	12.33	12.33	12.50	13.00
Parks and recreation	77.65	71.64	74.16	76.22	75.22	74.07	70.86	70.90	71.85	71.85
Library	15.42	15.42	15.42	15.42	15.42	15.48	15.48	15.49	15.49	15.52
Water	33.67	33.67	30.30	30.67	30.67	31.17	30.17	32.17	31.50	31.50
Wastewater	9.50	9.50	9.50	9.50	9.50	11.50	11.50	10.50	10.50	10.50
Drainage	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50
<b>Total</b>	<b>342.07</b>	<b>340.06</b>	<b>340.71</b>	<b>344.29</b>	<b>344.35</b>	<b>343.72</b>	<b>342.22</b>	<b>344.06</b>	<b>344.49</b>	<b>346.77</b>

Source: City of Keller

**CITY OF KELLER, TEXAS  
OPERATING INDICATORS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS (UNAUDITED)**

Function/Program	2010	2011	2012	2013
<b>General Government</b>				
Council and work sessions held	42	45	32	33
Cable broadcasts	7,118	7,338	406	7,305
Birth/death certificates issued	396	833	-	364
Building Permits Issued	248	250	250	250
New construction plan review	346	350	350	315
<b>Police</b>				
Physical Arrests	1,600	1,625	1,550	1,190
Total citations issued	11,438	11,800	10,000	9,300
Total emergency 911 calls	32,500	36,400	39,000	30,000
Netcom Calls	-	-	-	-
Calls for service	155,124	220,000	232,180	245,484
<b>Animal control</b>				
Animals adopted/redeemed	552	556	724	911
Animal Service Calls	-	-	-	-
Animals impounded	1,108	1,293	1,114	970
Animal bite investigations	63	70	68	68
<b>Fire</b>				
Emergency responses	2,844	2,980	2,180	2,124
Calls for service, excludes EMS	1,018	1,139	1,225	1,217
Fire hydrants maintained	2,065	2,063	2,077	2,077
Inspections	731	720	300	300
<b>Finance</b>				
Accounts payable checks processed	5,269	5,600	3,500	4,400
Payroll checks processed	11,320	11,800	10,200	11,700
Journal entries posted	5,510	5,500	5,000	5,000
Purchase orders processed	336	357	300	300

TABLE 23

2014	2015	2016	2017	2018	2019
32	52	39	29	29	31
7,305	7,646	7,646	7,436	7,465	7,438
436	195	200	81	-	-
300	275	290	310	170	117
385	325	370	385	176	117
1,540	1,324	1,334	1,011	832	1,743
10,500	11,271	11,271	12,485	7,255	5,788
39,764	40,738	40,939	41,200	38,505	38,209
-	-	-	-	-	125,567
257,664	292,784	294,000	115,434	79,852	76,328
679	641	660	624	725	756
-	-	-	-	-	3,349
850	886	832	695	704	813
82	105	100	56	62	74
3,298	3,369	3,556	3,714	2,429	2,405
1,185	1,098	1,150	1,327	1,426	1,367
2,195	2,237	4,190	2,723	2,472	2,623
1,641	1,998	2,300	1,738	1,915	1,985
4,342	4,100	4,200	4,138	4,028	3,936
10,987	10,900	11,000	11,375	11,283	10,928
4,597	4,300	4,500	4,548	4,480	4,761
380	285	300	261	278	540

**CITY OF KELLER, TEXAS  
 OPERATING INDICATORS BY FUNCTION/PROGRAM, (CONTINUED)  
 LAST TEN FISCAL YEARS (UNAUDITED)**

	2010	2011	2012	2013
<b>Human resources</b>				
Applications processed	780	1,604	2,013	1,967
Vacancies filled	145	98	175	174
Turnover rate	9%	10%	15%	7%
Safety classes conducted	5	5	5	5
Workers compensation claims	49	55	55	30
<b>Municipal court</b>				
Citations processed	11,438	11,800	11,000	10,800
Warrants processed	2,000	2,000	2,000	2,275
Court sessions	189	189	208	100
Defendant requests for court date	6,950	6,950	6,300	4,350
<b>Public Works</b>				
Review CIP designated by others	10	12	12	12
Street Resurfacing (miles)	12.00	14.00	14.00	14.00
Sidewalks repaired (linear feet)	750	750	1,000	1,700
<b>Parks and Recreation</b>				
Park acreage	456	456	456	491
Facility reservations	825	840	975	1,000
Program attendance (incl. Sr. programs)	21,200	22,000	18,307	15,007
Recreation programs provided (incl. Sr. programs)	975	1,050	410	410
<b>Library</b>				
Library customer visits	280,000	300,000	232,000	231,500
Total volumes borrowed	411,930	450,000	579,500	563,000
Volumes in collection	139,954	84,358	100,363	114,363
<b>Water</b>				
New customers (net)	242	201	179	254
Water Main Breaks	29	42	29	22
Average Daily Consumption (gallons)	7,482	9,784	8,838	8,297
Peak daily consumption (million gallons)	18.204	22.565	20.551	23.465
Water purchased (million gallons)	2,731.0	2,571.3	3,225.9	3,028.5
<b>Wastewater</b>				
Average daily sewage treatment (million gallons)	2.975	2.865	2.866	2.876

Source: <sup>1</sup> Information provided by city staff. Information was not collected, and therefore not available where 'n/a' is shown.

<sup>2</sup> Decrease due to actual verification by city staff for 2011. Only an estimate in previous years.

<sup>3</sup> Trinity River Authority-annual audits

TABLE 23

2014	2015	2016	2017	2018	2019
2,895	2,755	3,628	3,596	4,625	4,297
219	253	228	237	257	376
15%	16%	16%	11%	35%	24
33	42	36	38	68	57
37	27	33	33	22	25
11,176	10,526	10,800	12,801	8,449	8,200
2,000	2,000	2,275	3,150	2,100	2,315
47	47	70	70	70	94
4,200	4,200	4,350	4,100	3,005	2,650
12	10	10	10	48	15
16.00	10.00	16.00	20.00	0.62	1.45
1,769	1,500	1,000	4,000	1,872	2,873
491	491	491	491	491	491
975	978	1,000	1,192	1,128	957
40,412	41,985	44,000	51,526	37,838	45,240
1,679	1,828	1,850	1,792	1,816	2,024
229,020	227,000	228,000	227,227	213,252	200,581
516,693	495,396	500,000	438,874	465,921	634,134
127,663	138,663	149,663	117,158	82,549	86,493
326	255	240	155	151	129
27	14	14	17	25	17
8,400	7,692	7,868	8,018	8,392	7,382
18.981	21.591	18.299	19.360	20.280	19.000
2,843.5	2,807.7	2,642.6	2926.5	3063.2	2694.3
2.950	2.950	3.290	3.390	3.446	3.908

**CITY OF KELLER, TEXAS  
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS (UNAUDITED)**

**TABLE 24**

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Police Stations</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	21	21	23	23	23	29	29	29	10	10
<b>Fire Stations</b>										
Stations	4	3	3	3	3	3	3	3	3	3
Engines/trucks	5	5	4	5	5	5	5	5	5	5
<b>Public Works</b>										
Streets (miles)	418	418	477	477	475	485	495	497	447	446
Alleys (miles)	2,048	2,500	2,505	2,585	2,487	2,605	2,625	2,752	3,167	2794
Traffic Signals	6	6	10	10	-	10	10	11	11	11
<b>Parks and Recreation</b>										
Acreage	456	456	456	491	491	491	491	491	491	491
Playgrounds	9	9	9	9	9	9	9	9	9	9
Baseball/softball fields	11	11	11	11	11	11	11	11	11	11
Soccer/football fields	9	9	9	9	9	9	9	9	9	9
Community Centers	1	1	1	1	1	2	2	1	1	1
<b>Water</b>										
Water mains (miles)	258	260	190	290	288	286	288	284	275	278
Storage capacity (million gallons)	10	10	10	10	10	10	10	10	10	10
<b>Wastewater</b>										
Sanitary Sewers (miles)	183	193	193	192	192	196	197	210	208	211
Storm sewers (miles)	50.15	50.15	50.15	50.15	50.15	50.15	50.15	75.00	71.00	72.00
Treatment capacity (million gallons)	10	10	10	10	10	10	10	10	10	