



City of Keller, Texas

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FISCAL YEAR ENDING SEPT. 30, 2023



CITY OF KELLER, TEXAS

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

**Fiscal Year Ended
September 30, 2023**

Prepared by:

Finance Department

CITY OF KELLER, TEXAS

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March 19, 2024

Citizens of Keller, Honorable Mayor Armin Mizani,
Members of the City Council and City Manager
City of Keller, Texas

The Annual Comprehensive Financial Report for the City of Keller, Texas (the City) for the fiscal year that ended September 30, 2023, 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.

Whitley Penn, 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, 2023. The independent auditor's report is located at the front of the financial section of this report.

1100 Bear Creek Parkway • P.O. BOX 770 • KELLER, TEXAS 76244 • (817) 743-4000 • FAX (817) 743-4190
Web: <http://www.cityofkeller.com> • E-mail: townhall@cityofkeller.com

City Profile

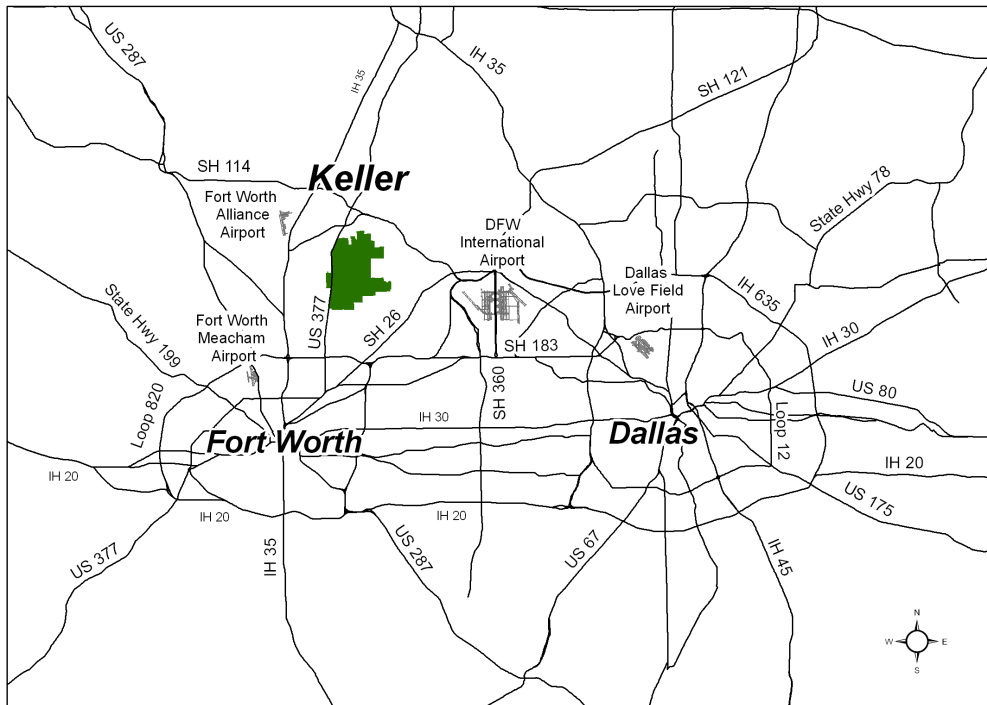
The City was incorporated on November 16, 1955, under the general laws of the State of Texas, and the current home-rule charter was approved by the voters in 1982 and most recently amended in 2010. The City operates under the Council-Manager form of government. The Keller City Council is composed of 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 2023 (terms expire May 2026). City Council members, places 1 and 2, were elected in 2021 (terms expire May 2024), and Council places 3 and 4 were elected in 2022 (terms expire May 2025). 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.

Keller is regularly named among the best places to live in the country. Recent accolades have included mentions as one of the "Best Small Cities in America" and among the "Top 10 Places to Live in Texas" and "Best Places to Raise a Family in Texas." In 2021, Congresswoman Beth Van Duyne recognized Keller's efforts in becoming Texas's Most Family Friendly City, reading a list of community accomplishments into the Congressional Record. Other recent recognitions include:

- Safest Cities in America, Neighborhood Scout
- Places with the Best Public Schools in Texas, Niche
- Top 10 Safest Cities in Texas, Ramsey Solutions
- Best Places to Live in Tarrant County, Niche
- Texas's 50 Safest Cities, Safewise

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 has become 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, 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 8.285 million in January 2023. 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 24,486 in calendar year 2022, compared to a total civilian labor force for Tarrant County of 1,140,773. Keller's unemployment rate in calendar year 2022 was 3.1%, compared to the Tarrant County rate of 3.6%, a statewide rate of 3.9% and a nationwide rate of 3.6%. The unemployment rates are not seasonally adjusted.

The City continues to experience a slight increase in population. Official Census reported population figures of 27,345 for 2000, 39,627 for 2010, and 45,776 for the 2020. The January 2023 population estimate was 46,308, representing an increase of 532 (1.2%) since the 2020 Census. The following table presents Keller's official Census population since 1970, as well as the current year estimated population.

	Population	Increase (Decrease)	Percent Change
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%
2020 Census	45,776	6,149	15.5%
2023 Estimate	46,308	532	1.2%

Since 1970, the total population increase has exceeded 44,834. 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 2,110,640 in 2020, and an increase of more than 195%. According to the North Central Texas Council of Governments' population projections, the population of Tarrant County in 2022 is anticipated to be 2,157,740, an increase of 78,311 or 3.7% since the 2020 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 2013.

Fiscal Year Ended September 30,	Total Appraised Value (000's)	Percent Change
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%
2020	7,401,205.8	7.5%
2021	7,596,486.5	2.6%
2022	7,905,891.8	4.1%
2023	8,786,627.8	11.1%

As shown, the rates of change in the City's total appraised value are continually growing, including a 11.1 percent increase in 2023 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 2022 (FY 2022-23) was \$70.4 million, compared to \$71.9 million for calendar year 2021 (FY 2021-22).

The net assessed taxable value for calendar year 2022 (FY 2022-23) increased by 12.2% but the levy only increased by 0.7%. For the FY 2022-23, the City decreased the tax rate by \$0.04050/100 or 10.25% and is the largest tax mitigation in the City's history. By comparison the calendar year 2021 (FY 2021-22) net taxable value increased by 0.5% which was attributed to increasing the homestead exemption to the legal maximum amount of 20% from 14% and resulted in the levy increasing by 0.5%. Even with the reduction, the FY 2022-23 budget met the goals of the City Council, maintained excellent services, and adhered to the financial/budget targets to ensure the fiscal stability of the City's operations.

The expansion of retail within the city and increased on-line sales activity has resulted in increases in sales tax collections. Total sales tax collections in FY 2022-23 represent the largest amount in the City's history, with collections totaling more than \$18.7 million; up from FY 2021-22 collections totaling \$18.1 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 2022-23 through 2026-27 was developed by City staff and reviewed and adopted by the City Council as a part of the fiscal year 2022-23 budget. The total five-year program for FY 2022-23 identified \$101.9 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 City has 22 total funds and 15 are budgeted funds. Below is a breakdown of funds by type, total vs. budgeted:

Fund Type	Fund Category	# of Funds	# Budgeted
Governmental	General	1	1
Governmental	Special Revenue	10	5
Governmental	Debt Fund	1	1
Governmental	Capital Fund	4	2
Proprietary	Enterprise Fund	3	3
Proprietary	Internal Service	3	3

The special revenue funds include The Keller Development Corporation Fund (KDC) and the Keller Crime Control Prevention District Fund (KCCPD). The KDC and KCCPD funds are considered component units to the City and are presented as blended component units.

The unassigned fund balance in the General Fund (representing 79 % of total General Fund expenditures) currently exceeds the requirements of the City's Financial Management Policies adopted by the City Council for budgetary and planning purposes (i.e., 35% 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 2022-23, 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%. In September 2021, the City Council adopted revisions to the financial management policies which included creating a General Fund minimum of 35.0% and a maximum fund balance of 50%. In September 2022, the City Council adopted the financial management policies and reaffirmed the General Fund minimum of 35.0% and a maximum fund balance of 50%. In September 2023, the City Council adopted the financial management policies and reaffirmed the General Fund minimum of 40.0% and a maximum fund balance of 60.0%.

Major Initiatives

During FY 2021-22, Council approved the construction bid for the Bate Street reconstruction and US 377 pedestrian crossing which are part of a \$16.3 million project to revitalize the Old Town East section, connect it to Old Town West, and reconstruction of Elm St. The pedestrian crossing will allow for better connectivity of the Old Town area and the reconstruction of Bates Street includes making it a festival street for special events. During FY 2022-23, the Bate Street festival street and US 377 pedestrian crossing were completed. The Elm street portion is over the 60% design mark as of September 30, 2023 and will go to construction by the end of FY 2023-24. During FY 2022-23, Council approved the construction-manager at risk (CMAR) for the Sports Park Revitalization project. The estimated \$34 million project will be adding a new grass multi-purpose field with an associated parking lot; replacing one grass soccer field with synthetic turf; constructing two new lighted baseball fields; renovating existing multi-purpose and baseball fields; constructing new restrooms, storage and concession buildings; constructing a new field house and meeting rooms, renovating existing restroom/concession buildings; constructing new shade structures; and enhancing landscaping, lighting, fencing, backstops, and netting throughout the park. The project will be funded mainly thru certificates of obligation paid by the Keller Development Corporation. In the Water-Wastewater Fund, rehabilitation of the Pearson Ground Storage Tank #1 began during FY 2022-23 and will complete early FY 2023-24. Once completed, rehabilitation will begin on Pearson Ground Storage Tank #2. Both projects will be funded with American Rescue Plan Act Funds for approximately \$2.7 million.

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, whichever 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 annual comprehensive financial report for the fiscal year ended that September 30, 2022; a reproduction of the certificate accompanies this report.

The City has received a Certificate of Achievement for thirty-four (34) consecutive fiscal years (FY1988-89 through FY 2021-22). In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized annual comprehensive financial report (ACFR), the contents of which must conform to program standards. The ACFR 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 2022-23 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-six (26) consecutive fiscal years (FY1996-97 through FY2022-23). 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.

The City has received four of five Transparency Stars from the Texas State Comptroller. The Traditional Finance Star requires providing information such as annual budgets, annual comprehensive financial reports, and check registers. The Contract and Procurement Star requires providing information such as annual bid solicited and contracts awarded. The Public Pension Star requires providing information such as retirement funding ratio, actuarially determined contribution rate, and unfunded actuarial accrued liability. The Economic Development Star requires providing information such as current abatements, 380 agreements, reimbursements/rebates, and Keller tax abatement guidelines. As part of the City's goal of financial transparency, the City will continue applying for Transparency Stars until five stars are received.

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. In August 2020, Moody's confirmed their bond rating of Aaa 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

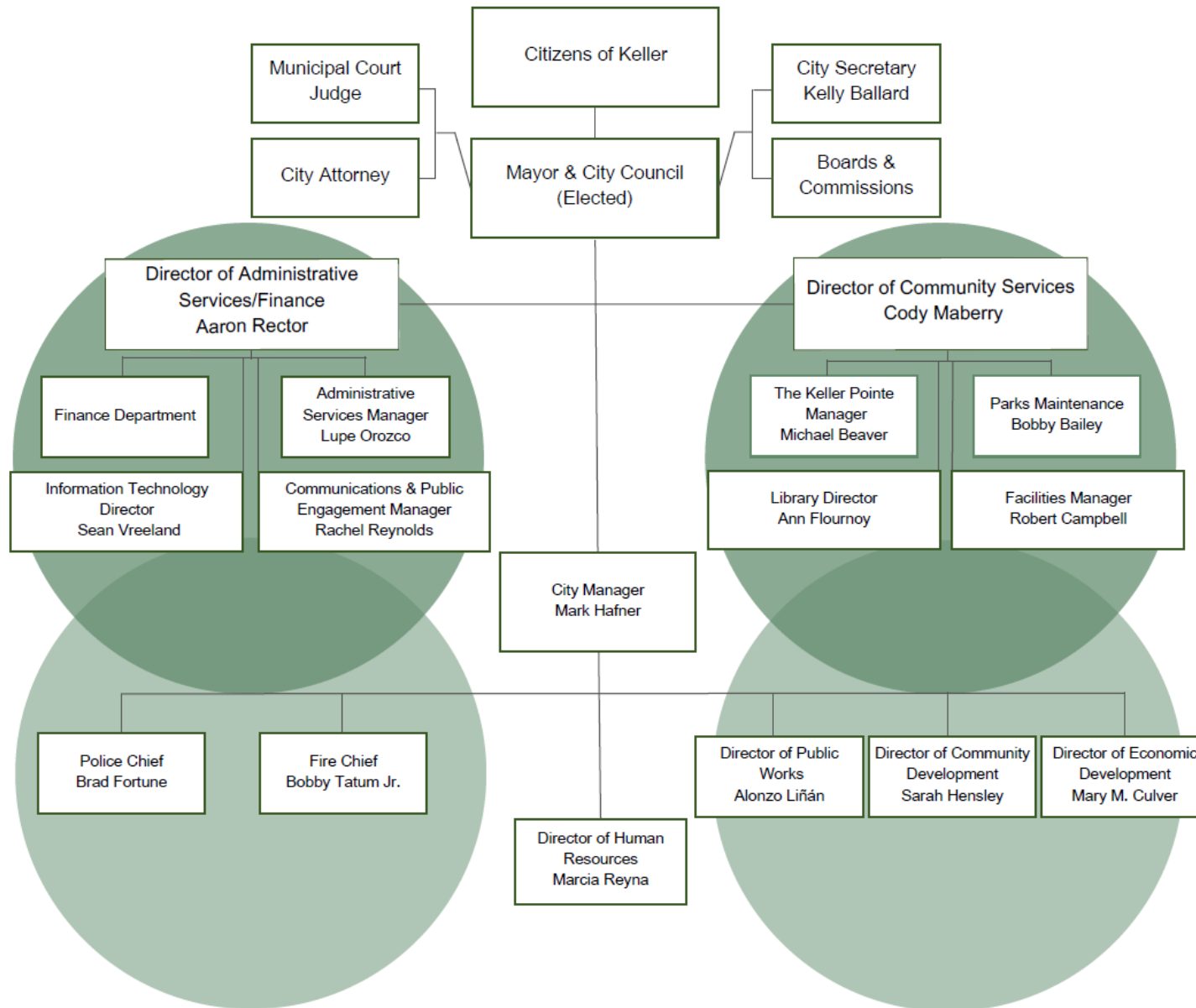
**City of Keller
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2022

Christopher P. Morill

Executive Director/CEO





PRINCIPAL OFFICIALS
September 2023

ELECTED OFFICIALS

<i>Position</i>	<i>Incumbent</i>	<i>Elected</i>	<i>Term Expires</i>
Mayor	Armin Mizani	December 2020	2023
Mayor Pro Tem	Ross McMullin	November 2020	2023
Council, Place 1	Shannon Dubberly	May 2021	2024
Council, Place 2	Sean Hicks	May 2021	2024
Council, Place 3	Jessica Juarez	May 2022	2025
Council, Place 4	Tag Green	May 2022	2025
Council, Place 5	Chris Whatley	November 2020	2023

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 Economic Development.....	Mary Meier
Fire Chief.....	Bobby Tatum
Police Chief.....	Brad G. Fortune
Public Works Director.....	Alonzo Liñán
Community Development Director.....	Sarah Hensley
Library Director.....	Ann Flournoy
Director of Human Resources.....	Marcia Reyna
Information Technology Director.....	Sean Vreeland

FINANCE DEPARTMENT

Director of Administrative Services/Finance.....	Aaron Rector
Assistant Director of Finance.....	Pamela McGee
Management Analyst.....	Jose Juarez
Purchasing Agent.....	Jocelyn Wittrock
Senior Accountant.....	Violet Wangila
Senior Accountant.....	Camie Orth
Payroll Accountant.....	Crystal McNeil
Receivable Accountant.....	Jonathan Dawson
Accounts Payable Technician.....	Jessica Chenault



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of City Council
City of Keller, Texas

Report on the Audit of the Financial Statements

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

To the Honorable Mayor and
Members of City Council

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information, pension information, and other-post employment benefit information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

To the Honorable Mayor and
Members of City Council

Supplementary 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 combining and individual nonmajor fund financial statements and budgetary comparison schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2024 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 the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.


Fort Worth, Texas
March 19, 2024



CITY OF KELLER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2023. 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, 2023, by \$310,912,594 (net position). Of this amount, \$64,878,022 (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 overall total net position increased by \$16,065,266. The increase is attributable to a significant increase in interest earnings, charges for services, net asset, sales/other taxes, grant revenue recognition, and fully depreciated Keller Pointe asset. The Keller Pointe was fully depreciated in FY22 therefore, no depreciation expense was incurred.
- Net position in governmental activities was \$195,972,324 at September 30, 2023, an increase of \$9,265,965 over prior fiscal year. The increase is attributable to a significant increase in interest earnings, grant revenue recognition, sales/other tax and fees.
- Net position in the business-type activities was \$114,940,270 at September 30, 2023, an increase of \$6,799,301 over prior fiscal year. The increase is attributable to a significant increase in interest earnings and charges for services and a decrease in expenses due to fully depreciated Keller Pointe asset. Business-type activities include an internal allocation for their portion of the internal service fund activity of \$1,270,585.
- The City's governmental funds reported combined ending fund balances of \$86,618,944, a decrease of \$3,376,559 in comparison to the previous year.
- The unassigned portion of the General Fund fund balance at the end of the year was \$30,822,396 or 79% of total General Fund expenditures. This includes the 25% of General Fund expenditures which is required to be held in General Fund fund balance per the City Council approved Financial Management Policies.
- Total bonded debt decreased by \$7,560,807 during the fiscal year due to the effect of payments on 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 manner similar to a private-sector business. Two statements, e Statement of Net Position and the Statement of Activities, are utilized to provide this financial overview.

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.

CITY OF KELLER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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 Funds Balance Sheet and in the Governmental Funds 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.

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

CITY OF KELLER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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 2023, the City's net position totaled \$310,912,594. 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, \$197,544,006, or 64%, reflects its investment in capital assets (land, buildings, improvements other than buildings, subscription assets, 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, \$48,490,566, or 15% represents resources that are subject to external restrictions on how they may be used. The unrestricted portion of net position which is \$64,878,022, or 21%, may be used to meet the government's ongoing obligations to citizens and creditors.

City of Keller's Net Position
Table 1

	Governmental		Business-type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 117,152,738	\$ 115,228,203	\$ 39,599,287	\$ 38,786,261	\$ 156,752,025	\$ 154,014,464
Capital assets, net	132,075,378	123,202,488	103,970,248	102,247,064	236,045,626	225,449,552
Total Assets	249,228,116	238,430,691	143,569,535	141,033,325	392,797,651	379,464,016
Deferred Outflows of resources	10,296,349	3,151,572	1,566,559	470,314	11,862,908	3,621,886
Other liabilities	16,925,767	12,555,595	5,658,276	7,694,014	22,584,043	20,249,609
Long-term Liabilities	45,407,125	35,363,602	24,353,482	24,650,772	69,760,607	60,014,374
Total Liabilities	62,332,892	47,919,197	30,011,758	32,344,786	92,344,650	80,263,983
Deferred Inflows of resources	1,219,249	6,956,707	184,066	1,017,884	1,403,315	7,974,591
Net Position						
Net investment in capital assets	112,697,918	99,447,718	84,846,088	83,241,339	197,544,006	182,689,057
Restricted for debt service	3,725,057	3,247,601	-	-	3,725,057	3,247,601
Restricted for capital projects	18,596,356	19,688,837	9,383,620	11,257,013	27,979,976	30,945,850
Restricted for parks development	3,686,463	5,446,891	-	-	3,686,463	5,446,891
Restricted for street maintenance	1,973,904	1,641,154	-	-	1,973,904	1,641,154
Restricted for law enforcement	8,361,821	7,556,244	-	-	8,361,821	7,556,244
Restricted for other	2,763,345	2,167,546	-	-	2,763,345	2,167,546
Unrestricted	44,167,460	47,510,368	20,710,562	13,642,617	64,878,022	61,152,985
Total Net Position	\$ 195,972,324	\$ 186,706,359	\$ 114,940,270	\$ 108,140,969	\$ 310,912,594	\$ 294,847,328

Changes in Net Position. The net position of the City increased by \$16,065,266 for the fiscal year ended September 30, 2023.

CITY OF KELLER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Governmental Activities. Governmental activities increased the City's net position by \$9,265,965 from the prior year. This increase is primarily attributable to a significant increase in interest earnings, grant revenue recognition, sales/other tax and fees.

Business-type Activities. Business-type activities net position increased by \$6,799,301 over the prior year. This increase is primarily attributable to a significant increase in interest earnings, charges for services and a decrease in depreciation expense due to fully depreciated Keller Pointe asset.

Change in City of Keller's Net Position
Table 2

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues:						
Charges for services	\$ 6,200,183	\$ 6,343,642	\$ 38,396,050	\$ 37,129,910	\$ 44,596,233	\$ 43,473,552
Operating grants and contributions	3,862,614	3,359,341	-	-	3,862,614	3,359,341
Capital grants and contributions	1,949,663	1,265,346	114,311	1,820,925	2,063,974	3,086,271
General revenues:						
Ad valorem taxes	23,709,717	23,867,927	-	-	23,709,717	23,867,927
Sales taxes	18,725,089	18,092,391	-	-	18,725,089	18,092,391
Other taxes and fees	5,418,166	5,050,220	-	-	5,418,166	5,050,220
Interest	4,525,031	693,947	1,292,168	177,072	5,817,199	871,019
Miscellaneous	1,332,034	1,200,968	(110,625)	13,345	1,221,409	1,214,313
Total Revenues	65,722,497	59,873,782	39,691,904	39,141,252	105,414,401	99,015,034
Expenses						
General government	7,344,626	5,318,814	-	-	7,344,626	5,318,814
Public safety	25,014,372	20,468,163	-	-	25,014,372	20,468,163
Public works	14,165,549	13,207,020	-	-	14,165,549	13,207,020
Community development	2,448,130	2,071,671	-	-	2,448,130	2,071,671
Culture and recreation	7,147,060	8,046,226	-	-	7,147,060	8,046,226
Interest on long-term debt	568,894	680,922	-	-	568,894	680,922
Water and wastewater operations	-	-	27,541,102	27,459,747	27,541,102	27,459,747
Drainage utility	-	-	2,133,582	1,871,299	2,133,582	1,871,299
Recreation aquatics center	-	-	2,985,820	6,782,809	2,985,820	6,782,809
Total Expenses	56,688,631	49,792,816	32,660,504	36,113,855	89,349,135	85,906,671
Increase (decrease) in net position before transfers	9,033,866	10,080,966	7,031,400	3,027,397	16,065,266	13,108,363
Transfers	232,099	(110,411)	(232,099)	110,411	-	-
Change in Net Position	9,265,965	9,970,555	6,799,301	3,137,808	16,065,266	13,108,363
Net Position, Beginning	186,706,359	176,735,804	108,140,969	105,003,161	294,847,328	281,738,965
Net Position, Ending	\$ 195,972,324	\$ 186,706,359	\$ 114,940,270	\$ 108,140,969	\$ 310,912,594	\$ 294,847,328

Fund Financial Analysis

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balance 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.

As of year-end of the current fiscal year, the City's governmental funds reported combined fund balances of \$86,618,944.

CITY OF KELLER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

The General Fund is the main operating fund of the City. At the end of the current fiscal year, unassigned fund balance was \$30,822,396. There was an increase in General Fund balance of \$846,250 during the current fiscal year. This increase is primarily attributable to a significant increase in interest earnings, grant revenue recognition, sales/other tax and fees.

The General Obligation Debt Service Fund had an increase of \$533,645 in fund balance. These funds are specifically restricted for the payment of debt service.

The Crime Control Prevention District Fund increased \$812,109 due to a significant increase in interest earnings and a slight sales tax increase.

The Capital Projects Fund had a decrease of \$1,403,507 in fund balance primarily due to increased spending on capital projects during the current year.

Nonmajor governmental funds' combined fund balances decreased \$4,165,056 which is primarily due to use of impact fees for capital projects.

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 \$89,954,087. This represents an increase of \$6,873,134 which was the result of operating revenues exceeding operating expenses by \$6,710,847. This income is attributable to a significant increase in investment revenue, charges for service, transfer in impact fee revenue and a reduction in operating expenses. The Water and Wastewater Utilities Fund also obtained \$114,311 in developer contributions.

The net position of the Drainage Utility Fund at the end of the year was \$19,341,685. This represents a decrease of \$881,310 due primarily to depreciation and increased spending on capital projects. This year's operating loss was \$619,043. This loss is more than the loss in the previous year due to depreciation and increased spending on capital projects.

The proprietary funds also included an increase in net position from the Recreation/Aquatic Center and an increase in internal service funds. The Recreation/Aquatic Center fund had an increase of \$828,313 primarily due to a significant increase in charges for services, investment revenue, transfer in from other funds, and a decrease in depreciation expense due to fully depreciated Keller Pointe asset. The internal service fund had an increase of \$2,127,990 primarily due to a significant increase in investment revenue, charges for service, capital asset increase and no transfer to other funds.

General Fund Budgetary Highlights. In FY2023, the General Fund expenditure budget was amended from an original budget of \$39,996,959 to a final budget of \$40,101,959. 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.

In the General Fund, the actual revenue received in comparison to the final budget was greater by \$5,651,711. This positive variance is most noticeable in intergovernmental revenues with \$2,238,374 over budget and investment earnings which were \$1,886,230 over budget. General Fund expenditures were under budget by \$1,108,842 prior to other financing sources/uses. This amount is attributable to public works and economic development being under budget by \$556,936 and \$510,069, respectively.

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, 2023, amounts to \$236,045,626 (net of accumulated depreciation). The investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, subscription assets, and construction in progress. The total increase in the City's investment in capital assets for the current year was approximately \$11 million.

CITY OF KELLER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

**Schedule of Capital Assets at Year-End
Net of Accumulated Depreciation (000's)**

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 35,176	\$ 35,155	\$ 2,018	\$ 2,018	\$ 37,194	\$ 37,173
Capacity rights	-	-	14	773	14	773
Buildings	29,996	30,904	3,587	2,231	33,583	33,135
Utility facilities	-	-	94,579	94,577	94,579	94,577
Improvements	55,485	48,267	-	-	55,485	48,267
Machinery and equipment	8,317	6,464	158	573	8,475	7,037
SBITA asset	589	76	-	-	589	76
Construction in progress	2,512	2,413	3,614	2,075	6,126	4,488
Totals	\$ 132,075	\$ 123,279	\$ 103,970	\$ 102,247	\$ 236,045	\$ 225,526

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

Debt Administration - At the end of the current fiscal year, the City had total debt outstanding of \$41,591,964 which was backed by the full faith and credit of the City in addition to unamortized premiums.

Schedule of Long-term Debt at Year-End (000's)

	Governmental Activities		Business-type Activities		Total Activities	
	2023	2022	2023	2022	2023	2022
General Obligation Bonds	\$ 13,335	\$ 16,570	\$ 2,285	\$ 3,395	\$ 15,620	\$ 19,965
Certificates of Obligation	5,145	6,520	17,890	19,180	23,035	25,700
Premium on Issuance	2,370	2,767	567	721	2,937	3,488
Totals	\$ 20,850	\$ 25,857	\$ 20,742	\$ 23,296	\$ 41,592	\$ 49,153

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.

Economic Factors and Next Year's Budgets and Rates

In the next year's adopted fiscal year (FY) 2023-24 budget, total operating revenues (including transfers-in) are \$102,766,933 which is an increase of \$4,570,706 (4.7%) from the final FY 2022-23 Budget and a decrease by \$665,011 (0.6%) from the FY 2022-23 year-end projections. The increase in revenues is mainly attributable to sales tax growth, water-wastewater rate adjustments, and interest income earnings. The largest single revenue source remains property tax at 23.7% which will increase by \$256,183 or 1.1% based upon adopting the no new revenue rate again for FY 2023-24. Certified taxable assessed valuations (after adjustments) increased by 13.8% compared to the prior year. Based upon the increased taxable valuations, the city reduced the tax rate to \$0.31200 per \$100 for FY 2023-24 from \$0.35450 per \$100 in order to remain at the no new revenue rate. The General Fund revenues (including transfers-in) are budgeted to increase by \$1,961,462 (4.7%) from the final FY 2022-23 Budget and a decrease by \$730,477 (1.6%) from the FY 2022-23 year-end projection, with general property taxes comprising about 45.4% of General Fund budgeted revenues and transfers-in. Growth in the General Fund revenue is mainly attributable to growth in sales tax and interest income.

CITY OF KELLER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

A moderate decrease of 3.0% from FY 2022-23 year-end projections is budgeted for sales tax revenue for FY 2023-24 as the city anticipates sales tax to stabilize after significant growth from FY 2019-20 and FY 2022-23. While the projection is low compared to recent average growth, FY 2023-24 budget reflects an increase of sales tax revenue of \$945,556 (11.2%) from the FY 2022-23 budget. Retail sales tax activity has continued steadily grow and the city continues to see significant growth in on-line sales tax due to changes in State law. The City continues to monitor the impact of the new sales tax law and budgets conservatively with the anticipation that the on-line sales will normalize soon.

The overall FY 2023-24 operating expenditure budget is \$109,204,129, which is an increase of \$506,040 or 0.5% from FY 2022-23. The budget includes a decrease of transfer to other funds of \$3,157,800 and the transfers typically relate to one-time cash-funding for capital projects. The use of cash funding for projects allows the city to meet current service demands, including capital maintenance needs, without issuing debt. With the one-time transfers removed, the FY 2023-24 budget is an increase of \$3,663,839 or 4.0% from the FY 2022-23. The increase is mainly attributable to personnel increases and proposed debt issuances for the Elm Street reconstruction, Sports Park Revitalization, and SWIFT water line replacement projects.

General Fund expenditures for the 2023-24 adopted budget represents a decrease of \$2,158,692 (4.6%) from the FY 2022-23 budget. The FY 2023-24 budget includes one-time expenditures of \$2,666,971 of which \$1,392,500 relates to cash-funding capital street improvements and \$216,000 relates to cash-funding heavy equipment rather than issuing debt. The FY 2022-23 budget included one-time funding of \$6,503,200. With the one-time expenditures removed from FY 2022-23 and FY 2023-24, the adopted budget represents an increase of \$1,677,267 or 4.2% which is mainly attributable to personnel increases.

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 2023-24 estimated ending fund balance at September 30, 2024 is \$9,175,629 which equals 70.0% of on-going expenditures. The estimated fund balance is above the policy required minimum balance of 40.0% and the policy maximum of 60.0%. 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 which also allows the City to have a competitive tax rate. The City's property tax rate for FY 2023-24 again 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.



BASIC FINANCIAL STATEMENTS



CITY OF KELLER, TEXAS
STATEMENT OF NET POSITION
September 30, 2023

Exhibit A-1

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 39,399,834	\$ 18,416,144	\$ 57,815,978
Investments	73,132,356	4,361,256	77,493,612
Receivables, net allowance for uncollectable	2,369,773	7,084,695	9,454,468
Due from other governments	3,385,590	2,971	3,388,561
Inventories	103,555	273,221	376,776
Prepaid items	32,215	1,000	33,215
Interfund balances	(1,270,585)	1,270,585	-
Restricted assets:			
Investments	-	8,189,415	8,189,415
Capital assets not being depreciated	37,688,637	5,631,816	43,320,453
Capital assets, net of accumulated depreciation	94,386,741	98,338,432	192,725,173
Total Assets	249,228,116	143,569,535	392,797,651
Deferred Outflows of Resources			
Deferred charge on refunding	235,500	47,270	282,770
Deferred outflows related to pensions	9,698,044	1,464,461	11,162,505
Deferred outflows related to OPEB - SDBF	161,256	24,393	185,649
Deferred outflows related to OPEB - Health Benefits	201,549	30,435	231,984
Total Deferred Outflows of Resources	10,296,349	1,566,559	11,862,908
Liabilities			
Accounts payable	5,880,117	3,467,086	9,347,203
Accrued interest payable	86,925	65,969	152,894
Customer deposits	614,045	1,463,671	2,077,716
Escrow payables	213,900	-	213,900
Unearned revenue	10,130,780	661,550	10,792,330
Long-term non-current liabilities:			
Due within one year	5,144,710	2,708,191	7,852,901
Due in more than one year	40,262,415	21,645,291	61,907,706
Total Liabilities	62,332,892	30,011,758	92,344,650
Deferred Inflows of Resources			
Deferred inflows related to pensions	75,075	11,317	86,392
Deferred inflows related to OPEB - SDBF	369,978	55,839	425,817
Deferred inflows related to OPEB - Health Benefits	774,196	116,910	891,106
Total Deferred Inflows of Resources	1,219,249	184,066	1,403,315
Net Position			
Net Investment in capital assets	112,697,918	84,846,088	197,544,006
Restricted for:			
Debt service	3,725,057	-	3,725,057
Capital projects	18,596,356	9,383,620	27,979,976
Park development	3,686,463	-	3,686,463
Street maintenance	1,973,904	-	1,973,904
Law Enforcement	8,361,821	-	8,361,821
Other	2,763,345	-	2,763,345
Unrestricted	44,167,460	20,710,562	64,878,022
Total Net Position	\$ 195,972,324	\$ 114,940,270	\$ 310,912,594

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Functions/Programs				
Governmental Activities:				
General government	\$ 7,344,626	\$ 1,822,894	\$ -	\$ -
Public safety	25,014,372	1,148,141	3,862,614	-
Public works	14,165,549	35,219	-	1,949,663
Community and economic development	2,448,130	2,923,060	-	-
Culture and recreation	7,147,060	270,869	-	-
Interest on long-term debt	568,894	-	-	-
Total Governmental Activities	<u>56,688,631</u>	<u>6,200,183</u>	<u>3,862,614</u>	<u>1,949,663</u>
Business-type Activities:				
Water and wastewater utility	27,541,102	33,811,337	-	114,311
Drainage utility	2,133,582	1,514,539	-	-
Recreation/Aquatic Center	2,985,820	3,070,174	-	-
Total Business-type Activities:	<u>32,660,504</u>	<u>38,396,050</u>	<u>-</u>	<u>114,311</u>
Total Primary Government	<u>\$ 89,349,135</u>	<u>\$ 44,596,233</u>	<u>\$ 3,862,614</u>	<u>\$ 2,063,974</u>

	Net (Expense) Revenues and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-type Activities	Total
Functions/Programs			
Governmental Activities:			
General government	\$ (5,521,732)	\$ -	\$ (5,521,732)
Public safety	(20,003,617)	-	(20,003,617)
Public works	(12,180,667)	-	(12,180,667)
Community and economic development	474,930	-	474,930
Culture and recreation	(6,876,191)	-	(6,876,191)
Interest on long-term debt	(568,894)	-	(568,894)
Total Governmental Activities	(44,676,171)	-	(44,676,171)
Business-type Activities:			
Water and wastewater utility	-	6,384,546	6,384,546
Drainage utility	-	(619,043)	(619,043)
Recreation/Aquatic Center	-	84,354	84,354
Total Business-type Activities:	-	5,849,857	5,849,857
Total Primary Government	(44,676,171)	5,849,857	(38,826,314)
General Revenues and Transfers:			
Taxes:			
Property taxes	23,709,717	-	23,709,717
Sales and use taxes	18,725,089	-	18,725,089
Franchise taxes	5,201,069	-	5,201,069
Mixed drink taxes	217,097	-	217,097
Unrestricted Investment earnings	4,525,031	1,292,168	5,817,199
Miscellaneous	1,332,034	(110,625)	1,221,409
Transfers	232,099	(232,099)	-
Total General Revenues and Transfers	53,942,136	949,444	54,891,580
Change in Net Position	9,265,965	6,799,301	16,065,266
Net Position, Beginning	186,706,359	108,140,969	294,847,328
Net Position, Ending	\$ 195,972,324	\$ 114,940,270	\$ 310,912,594

CITY OF KELLER, TEXAS
BALANCE SHEET GOVERNMENTAL FUNDS
September 30, 2023

Exhibit A-3
Page 1 of 2

	General	General Obligation Debt Service	Crime Control Prevention District	Capital Projects Fund
Assets				
Cash and cash equivalents	\$ 19,805,812	\$ 96,497	\$ 423	\$ 7,019,556
Investments	21,517,533	3,709,190	7,862,279	22,615,569
Receivables, net of allowance for uncollectible:				
Ad valorem taxes	163,494	44,834	-	-
Franchise taxes	778,990	-	-	-
Sales taxes	1,554,165	-	362,821	-
Accounts	914,893	7,237	-	-
Interest and other	373,968	-	891	-
Due from other governments	278,581	775	-	-
Inventories	103,555	-	-	-
Prepaid items	28,775	-	-	-
Total Assets	\$ 45,519,766	\$ 3,858,533	\$ 8,226,414	\$ 29,635,125
Liabilities, Deferred Inflow of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 580,789	\$ -	\$ 54,477	\$ 2,326,368
Other payables	1,347,846	-	382	650,587
Customer deposits	598,817	-	-	-
Escrow payables	-	-	-	-
Unearned revenues	10,133,049	-	-	-
Total Liabilities	12,660,501	-	54,859	2,976,955
Deferred Inflows of Resources				
Unavailable resources	790,552	44,834	-	-
Total Deferred Inflows of Resources	790,552	44,834	-	-
Fund Balances:				
Nonspendable:				
Inventory	103,555	-	-	-
Prepaid items	28,775	-	-	-
Restricted for:				
Debt service	-	3,813,699	-	-
Capital projects	-	-	-	10,192,846
Park development	-	-	-	-
Municipal court building and technology	-	-	-	-
Law enforcement	-	-	8,171,555	-
Recreation and cultural	345,158	-	-	-
Public information and broadcasting	-	-	-	-
Community clean up	454,960	-	-	-
Street maintenance	-	-	-	-
Public safety and public works grants	313,869	-	-	-
Assigned:				
Capital projects	-	-	-	16,465,324
Unassigned:	30,822,396	-	-	-
Total Fund Balances	32,068,713	3,813,699	8,171,555	26,658,170
Total Liabilities, Deferred Inflow of Resources and Fund Balances	\$ 45,519,766	\$ 3,858,533	\$ 8,226,414	\$ 29,635,125

CITY OF KELLER, TEXAS
BALANCE SHEET GOVERNMENTAL FUNDS
September 30, 2023

Exhibit A-3
Page 2 of 2

	Nonmajor Governmental Funds	Total Governmental Funds
Assets		
Cash and cash equivalents	\$ 5,577,974	\$ 32,500,262
Investments	9,565,069	65,269,640
Receivables, net of allowance for uncollectible:		
Ad valorem taxes	-	208,328
Franchise taxes	21,851	800,841
Sales taxes	1,187,782	3,104,768
Accounts	4,334	926,464
Interest and other	55,522	430,381
Due from other governments	1,466	280,822
Inventories	-	103,555
Prepaid items	3,440	32,215
Total Assets	<u>\$ 16,417,438</u>	<u>\$ 103,657,276</u>
Liabilities, Deferred Inflow of Resources and Fund Balances		
Liabilities:		
Accounts payable	\$ 150,486	\$ 3,112,120
Other payables	130,278	2,129,093
Customer deposits	15,228	614,045
Escrow payables	213,900	213,900
Unearned revenues	605	10,133,654
Total Liabilities	<u>510,497</u>	<u>16,202,812</u>
Deferred Inflows of Resources		
Unavailable resources	134	835,520
Total Deferred Inflows of Resources	<u>134</u>	<u>835,520</u>
Fund Balances:		
Nonspendable:		
Inventory	-	103,555
Prepaid items	3,440	32,215
Restricted for:		
Debt service	-	3,813,699
Capital projects	8,403,510	18,596,356
Park development	3,686,463	3,686,463
Municipal court building and technology	265,179	265,179
Law enforcement	190,266	8,361,821
Recreation and cultural	809,126	1,154,284
Public information and broadcasting	574,919	574,919
Community clean up	-	454,960
Street maintenance	1,973,904	1,973,904
Public safety and public works grants	-	313,869
Assigned:		
Capital projects	-	16,465,324
Unassigned:	-	30,822,396
Total Fund Balances	<u>15,906,807</u>	<u>86,618,944</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 16,417,438</u>	<u>\$ 103,657,276</u>



CITY OF KELLER, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
September 30, 2023

Exhibit A-4

Total Fund Balance, Governmental Funds \$ 86,618,944

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Excludes governmental portion of the internal service funds of \$5,540,045. 126,561,676

Certain other long-term assets (property taxes, court fines, EMS and other receivables) are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the statement of net position. 835,520

Some liabilities and deferred outflows and inflows are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the statement of net position. Excludes governmental portion of internal service funds for net deferred outflows and inflows of resources related to pensions, net outflows and inflows of resources related to OPEB, net pension liability, and total OPEB liability, respectively.

Bonds payable	(13,335,000)
Certificates of obligation	(5,145,000)
Premium on bonds	(2,369,688)
SBITA liability - excludes portion of internal service funds of \$399,244	(120,938)
Deferred charge on refunding	235,500
Interest payable	(86,925)
Compensated absences	(2,472,339)
Deferred inflows/outflows related to pensions	9,318,694
Deferred inflows/outflows related to OPEB. Excludes	(756,664)
Net pension liability	(19,431,876)
Total OPEB liability	(1,451,166)

The assets and liabilities of certain internal service funds are not included in the fund financial statements but are included in the governmental activities of the Statement of Net Position. 17,571,586

Net Position of Governmental Activities \$ 195,972,324

CITY OF KELLER, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2023

Exhibit A-5
Page 1 of 2

	General	General Obligation Debt Service	Crime Control Prevention District	Capital Projects Fund
Revenues				
Taxes:				
Ad valorem taxes	\$ 20,069,022	\$ 3,766,993	\$ -	\$ -
Sales and use taxes	9,435,668	-	2,212,670	-
Franchise taxes	5,059,928	-	-	-
Mixed drink tax	217,097	-	-	-
Licenses and permits	1,012,700	-	-	-
Intergovernmental revenues	6,065,994	-	110,913	-
Charges for services	3,429,239	-	-	-
Fines and forfeitures	465,501	-	-	-
Special assessments and impact fees	-	-	-	-
Donations	74,986	-	-	-
Interest income	1,965,199	118,505	352,382	926,417
Miscellaneous	304,669	80	-	-
Total Revenues	48,100,003	3,885,578	2,675,965	926,417
Expenditures				
Current:				
General government	5,618,505	-	-	91,246
Public safety	21,930,532	-	547,494	-
Public works	3,320,099	-	-	-
Community and economic development	2,278,173	-	-	-
Culture and recreation	5,758,979	-	-	-
Capital outlay	86,829	-	837,837	16,198,198
Debt service:				
Principal	-	2,660,000	455,000	-
Interest and fiscal charges	-	608,687	71,575	-
Other debt service expenditures	-	83,246	-	-
Total Expenditures	38,993,117	3,351,933	1,911,906	16,289,444
Excess (Deficiency) of Revenues Over (Under) Expenditures	9,106,886	533,645	764,059	(15,363,027)
Other Financing Sources (Uses)				
Proceeds from SBITA subscriptions	-	-	-	-
Transfers in	-	-	-	13,959,520
Transfers out	(8,260,826)	-	-	-
Proceeds from sales of assets	190	-	48,050	-
Total Other Financing Sources (Uses)	(8,260,636)	-	48,050	13,959,520
Net Change in Fund Balance	846,250	533,645	812,109	(1,403,507)
Fund Balances, Beginning	31,222,463	3,280,054	7,359,446	28,061,677
Fund Balances, Ending	\$ 32,068,713	\$ 3,813,699	\$ 8,171,555	\$ 26,658,170

CITY OF KELLER, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2023

Exhibit A-5
Page 2 of 2

	Nonmajor Governmental Funds	Total Governmental Funds
Revenues		
Taxes:		
Ad valorem taxes	\$ -	\$ 23,836,015
Sales and use taxes	7,302,803	18,951,141
Franchise taxes	85,528	5,145,456
Mixed drink tax	-	217,097
Licenses and permits	-	1,012,700
Intergovernmental revenues	7,296	6,184,203
Charges for services	188,169	3,617,408
Fines and forfeitures	58,262	523,763
Special assessments and impact fees	191,624	191,624
Donations	24,372	99,358
Interest income	609,640	3,972,143
Miscellaneous	4,972	309,721
Total Revenues	8,472,666	64,060,629
Expenditures		
Current:		
General government	58,165	5,767,916
Public safety	24,951	22,502,977
Public works	9,260	3,329,359
Community and economic development	616,748	2,894,921
Culture and recreation	33,309	5,792,288
Capital outlay	4,664,665	21,787,529
Debt service:		
Principal	1,555,804	4,670,804
Interest and fiscal charges	94,794	775,056
Other debt service expenditures	-	83,246
Total Expenditures	7,057,696	67,604,096
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,414,970	(3,543,467)
Other Financing Sources (Uses)		
Proceeds from SBITA subscriptions	181,742	181,742
Transfers in	5,978,213	19,937,733
Transfers out	(11,786,481)	(20,047,307)
Proceeds from sales of assets	46,500	94,740
Total Other Financing Sources (Uses)	(5,580,026)	166,908
Net Change in Fund Balance	(4,165,056)	(3,376,559)
Fund Balances, Beginning	20,071,863	89,995,503
Fund Balances, Ending	\$ 15,906,807	\$ 86,618,944



CITY OF KELLER, TEXAS

**RECONCILIATION OF THE STATEMENT OF REVENUES , EXPENDITURES, AND
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2023**

Exhibit A-6

Amounts Reported for Governmental Activities in the Statement of Activities are Different because:

Net Change in Fund Balance-Total Governmental Funds.	\$ (3,376,559)
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 additions in the internal service fund.	21,710,776
Depreciation and amortization expense on capital assets is reported in the statement of activities but does not require the use of current financial resources. Therefore, depreciation and amortization expense is not reported as expenditures in the governmental funds. Excludes depreciation and amortization expense of from internal service fund.	(14,168,996)
Governmental funds report the proceeds from the sale of capital assets; however, the statement of activities reports the gain or loss on disposal. Therefore, the change in net position will differ from the change in fund balance by the net book value of the capital assets disposed.	(500,532)
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.	181,767
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:	
Repayment of principal - bonds	4,610,000
Repayment of principal - SBITA liability - excludes internal service fund portion of \$228,846	60,804
Amortization of premium on bonds	397,263
Amortization of deferred charges on refunding	(132,364)
Proceeds from issuance of long-term debt is reported as an other financing source in the governmental funds. In the government-wide financial statements, proceeds are treated as an increase in long-term liabilities and amounts paid to refunding agents are treated as a decrease in long-term liabilities.	
Proceeds from issuance of SBITA liability - excludes internal service fund portion of \$551,864	(181,742)
Contributions are treated as expenditures in the fund based financial statements, but are treated as reductions in the City's net pension/total OPEB liability in the statement of net position. This amount is the difference between contributions and pension/OPEB expense (revenue) for the current fiscal year.	
Pension	(1,206,959)
OPEB	(38,830)
Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:	
Increase in compensated absences	(261,998)
Decrease in accrued interest	24,509
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.	2,148,826
	<hr/>
Change in Net Position of Governmental Activities	\$ 9,265,965
	<hr/> <hr/>

CITY OF KELLER, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2023

Exhibit A-7
Page 1 of 2

	<u>Water and Wastewater Utilities</u>	<u>Drainage Utility</u>	<u>Recreation/ Aquatic Center</u>	<u>Total Enterprise Funds</u>	<u>Governmental Activities - Internal Service Funds</u>
Assets					
Current Assets:					
Cash and cash equivalents	\$ 15,271,689	\$ 2,304,327	\$ 840,128	\$ 18,416,144	\$ 6,873,229
Investments	2,013,848	1,807,502	539,906	4,361,256	7,862,716
Accounts receivable, net of allowance for doubtful accounts	6,967,500	61,105	56,090	7,084,695	16,800
Due from other governments	2,971	-	-	2,971	-
Inventories, at cost	270,888	-	2,333	273,221	-
Prepaid items	1,000	-	-	1,000	-
Restricted:					
Investments	8,189,415	-	-	8,189,415	-
Total Current Assets	<u>32,717,311</u>	<u>4,172,934</u>	<u>1,438,457</u>	<u>38,328,702</u>	<u>14,752,745</u>
Noncurrent Assets:					
Capital assets:					
Land and Improvements	1,956,642	61,272	-	2,017,914	-
Water and sewer system	146,692,967	36,512,748	785,359	183,991,074	-
Buildings and improvements	19,790	-	20,798,275	20,818,065	38,500
Equipment	1,922,846	373,289	755,955	3,052,090	15,996,965
Capacity rights	13,680	-	-	13,680	-
SBITA subscriptions	-	-	-	-	628,090
Construction in progress	3,474,077	139,825	-	3,613,902	-
Less accumulated depreciation	(69,506,112)	(21,611,264)	(18,419,101)	(109,536,477)	(11,123,510)
Total Noncurrent Assets	<u>84,573,890</u>	<u>15,475,870</u>	<u>3,920,488</u>	<u>103,970,248</u>	<u>5,540,045</u>
Total Assets	<u>117,291,201</u>	<u>19,648,804</u>	<u>5,358,945</u>	<u>142,298,950</u>	<u>20,292,790</u>
Deferred Outflows of Resources					
Deferred loss on refunding	47,270	-	-	47,270	-
Deferred outflows related to pensions	1,021,051	157,010	286,400	1,464,461	306,648
Deferred outflows related to SDBF	16,982	2,611	4,800	24,393	5,100
Deferred outflows related to OPEB	21,220	3,263	5,952	30,435	6,373
Total Deferred Outflows of Resources	<u>1,106,523</u>	<u>162,884</u>	<u>297,152</u>	<u>1,566,559</u>	<u>318,121</u>

CITY OF KELLER, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2023

Exhibit A-7
Page 2 of 2

	Water and Wastewater Utilities	Drainage Utility	Recreation/ Aquatic Center	Total Enterprise Funds	Governmental Activities - Internal Service Funds
Liabilities					
Current liabilities:					
Accounts payable	\$ 3,006,031	\$ 38,566	\$ 105,358	\$ 3,149,955	\$ 637,657
Other payables and accruals	307,669	1,971	7,491	317,131	11,414
Unearned revenue	201,450	-	460,100	661,550	-
Compensated absences - current	164,717	40,892	22,582	228,191	-
Bonds Payable - current	1,170,000	-	-	1,170,000	-
Certificates of obligations - current	1,310,000	-	-	1,310,000	-
SBITA subscription liability - current	-	-	-	-	216,458
Accrued interest payable	65,969	-	-	65,969	-
Customer deposits	1,461,626	-	2,045	1,463,671	-
Total Current Liabilities	7,687,462	81,429	597,576	8,366,467	865,529
Total Noncurrent Liabilities					
Compensated absences	95,087	19,702	11,757	126,546	-
Bonds Payable	1,682,276	-	-	1,682,276	-
Certificate of obligations	16,580,000	-	-	16,580,000	-
SBITA subscription liability	-	-	-	-	182,786
Net pension liability	2,112,672	324,872	592,600	3,030,144	634,490
Total OPEB liability (SDBF)	66,565	10,236	18,700	95,501	19,991
Total OPEB liability (Health Benefits)	91,212	14,026	25,586	130,824	27,393
Total Noncurrent Liabilities	20,627,812	368,836	648,643	21,645,291	864,660
Total Liabilities	28,315,274	450,265	1,246,219	30,011,758	1,730,189
Deferred inflows of resources					
Deferred inflows related to pensions	7,902	1,215	2,200	11,317	2,373
Deferred inflows related to SDBF	38,950	5,989	10,900	55,839	11,698
Deferred inflows related to OPEB					
Health benefits	81,511	12,534	22,865	116,910	24,480
Total Deferred Inflows of Resources	128,363	19,738	35,965	184,066	38,551
Net Position					
Investment in capital assets	65,449,730	15,475,870	3,920,488	84,846,088	5,140,801
Restricted for construction	7,520,728	1,839,566	23,326	9,383,620	-
Unrestricted	16,983,629	2,026,249	430,099	19,439,977	13,701,370
Total Net Position	\$ 89,954,087	\$ 19,341,685	\$ 4,373,913	113,669,685	\$ 18,842,171
Adjustment to reflect the consolidation of intern: service fund activities related to enterprise funds.				<u>1,270,585</u>	
Total Business-type Activities' Net Position per Government-Wide financial statements.				<u>\$ 114,940,270</u>	



CITY OF KELLER, TEXAS

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS**

For the Year Ended September 30, 2023

Exhibit A-8

	Water and Wastewater Utilities	Drainage Utility	Recreation/ Aquatic Center	Total Enterprise Funds	Governmental Activities - Internal Service Funds
Operating Revenues					
Water	\$ 23,936,682	\$ -	\$ -	\$ 23,936,682	\$ -
Sewer	9,749,994	-	-	9,749,994	-
Drainage revenue	-	1,514,539	-	1,514,539	-
Recreation/Aquatic center revenue	-	-	3,066,688	3,066,688	-
Tap and connection fees	124,661	-	-	124,661	-
Miscellaneous	-	-	5,514	5,514	9,022,377
Total Operating Revenues	33,811,337	1,514,539	3,072,202	38,398,078	9,022,377
Operating Expenses					
Personnel	3,540,710	483,306	1,700,338	5,724,354	916,997
Supplies and materials	272,623	25,598	140,317	438,538	139,526
Services and other	5,910,487	623,990	717,759	7,252,236	6,420,138
Purchased water	10,230,514	-	-	10,230,514	-
Contractual services	4,089,051	-	-	4,089,051	-
Depreciation/Amortization	3,057,105	1,000,688	426,806	4,484,599	939,266
Total Operating Expenses	27,100,490	2,133,582	2,985,220	32,219,292	8,415,927
Operating Income (Loss)	6,710,847	(619,043)	86,982	6,178,786	606,450
Non-Operating Revenues (Expenses)					
Investment revenue	968,455	167,253	42,439	1,178,147	552,888
Gain/loss on disposal of capital assets	-	-	(600)	(600)	170,821
Other	594	-	774	1,368	456,158
Interest expense	(419,776)	-	-	(419,776)	-
Total Non-Operating Revenues	549,273	167,253	42,613	759,139	1,179,867
Income (Loss) Before Contributions and Transfers	7,260,120	(451,790)	129,595	6,937,925	1,786,317
Contributions and Transfers					
Developer contributions	114,311	-	-	114,311	-
Transfer in	1,598,703	-	698,718	2,297,421	341,673
Transfer out	(2,100,000)	(429,520)	-	(2,529,520)	-
Total Contributions and Transfers	(386,986)	(429,520)	698,718	(117,788)	341,673
Change in Net Position	6,873,134	(881,310)	828,313	6,820,137	2,127,990
Net Position, Beginning	83,080,953	20,222,995	3,545,600		16,714,181
Net Position, Ending	\$ 89,954,087	\$ 19,341,685	\$ 4,373,913		\$ 18,842,171
				Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.	(20,836)
				Change in Net Position Business-type Activities	<u>\$ 6,799,301</u>

CITY OF KELLER, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2023

Exhibit A-9

	Water and Wastewater Utilities	Drainage Utility	Recreation/ Aquatic Center	Total Enterprise Funds	Governmental Activities - Internal Service Funds
Cash Flows from Operating Activities					
Receipts from customers and users	\$ 32,421,715	\$ 1,512,896	\$ 3,173,377	\$ 37,107,988	\$ 9,023,725
Cash payments to employees for services	(6,112,180)	(471,233)	(1,666,500)	(8,249,913)	(908,778)
Cash payments to other suppliers for goods and services	(19,541,785)	(674,757)	(798,606)	(21,015,148)	(7,253,928)
Net Cash Provided (Used) by Operating Activities	6,767,750	366,906	708,271	7,842,927	861,019
Cash Flows From Noncapital Financing Activities					
Transfers from other funds	1,598,703	-	698,718	2,297,421	341,673
Transfer to other funds	(2,100,000)	(429,520)	-	(2,529,520)	-
Net Cash Provided (Used) by Noncapital Financial Activities	(501,297)	(429,520)	698,718	(232,099)	341,673
Cash Flows from Capital & Related Financing Activities					
Principal and interest paid	(2,993,320)	-	-	(2,993,320)	(225,846)
Acquisition and construction of capital assets	(5,113,597)	(80,900)	(891,028)	(6,085,525)	(2,018,434)
Insurance recoveries	-	-	-	-	456,158
Proceeds from the sale of capital assets	-	-	-	-	17,096
Net Cash Provided (Used) by Capital & Related Financing Activities	(8,106,917)	(80,900)	(891,028)	(9,078,845)	(1,771,026)
Cash Flows from Investing Activities					
Purchase or sale of investments	(1,742,554)	(24,170)	184,610	(1,582,114)	(500,196)
Interest Received	968,455	167,253	42,439	1,178,147	552,888
Net Cash Provided (Used) by Investing Activities	(774,099)	143,083	227,049	(403,967)	52,692
Net Change in Cash and Cash Equivalents	(2,614,563)	(431)	743,010	(1,871,984)	(515,642)
Cash and cash equivalents, beginning	17,886,252	2,304,758	97,118	20,288,128	7,388,871
Cash and Cash Equivalents, Ending	\$ 15,271,689	\$ 2,304,327	\$ 840,128	\$ 18,416,144	\$ 6,873,229
Net Cash Provided (Used) by Operating Activities					
Operating income (loss)	\$ 6,710,847	\$ (619,043)	\$ 86,982	\$ 6,178,786	\$ 606,450
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	3,057,105	1,000,688	426,806	4,484,599	939,266
Decrease (increase) in accounts receivable	(1,388,468)	(1,643)	(1,643)	(1,391,754)	1,348
Decrease (increase) in inventories and prepaid items	288,255	-	-	288,255	1,761
Decrease (increase) in deferred outflows	(772,526)	(117,501)	(221,974)	(1,112,001)	(222,474)
Increase (decrease) in accounts payable	672,635	(25,169)	59,470	706,936	(654,945)
Increase (decrease) in other payables and accruals	(2,779,828)	(13,308)	(42,858)	(2,835,994)	(41,080)
Increase (decrease) in compensated absences	50,161	6,378	10,720	67,259	-
Increase (decrease) in customer deposits	127,418	-	(750)	126,668	-
Increase (decrease) in unearned revenue	(128,572)	-	103,568	(25,004)	-
Increase (decrease) in pension and OPEB liability	1,518,919	230,183	439,893	2,188,995	431,175
(Increase) decrease in deferred inflows	(588,196)	(93,679)	(151,943)	(833,818)	(200,482)
Net Cash Provided (Used) by Operating Activities	\$ 6,767,750	\$ 366,906	\$ 708,271	\$ 7,842,927	\$ 861,019
Noncash Investing, Capital and Financing Activities:					
Capital asset contributions from governmental funds	\$ 114,311	\$ -	\$ -	\$ 114,311	\$ -

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 balance, 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, 2023.

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.

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.

Note 1 - Summary of Significant Accounting Policies (continued)

B - Financial Reporting Entity (continued)

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.

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.

Note 1 - Summary of Significant Accounting Policies (continued)

C - Government-Wide and Fund Financial Statements (continued)

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.

Fund Accounting

The following major governmental funds are used by the City:

General Fund - The General Fund is used to account for all financial transactions that are not accounted for in another fund. The principal sources of revenues of the General Fund are property taxes, sales and use taxes, franchise taxes, licenses and permits, and fines and forfeitures. Expenditures are for general government, public safety, public works and other community services.

General Obligation Debt Service Fund - The General Obligation Debt Service Fund is used to account for the payment of interest and principal on all general long-term debt of the City except for capital leases for which are accounted for in the General Fund. The primary source of revenue for the Debt Service Fund is general property taxes.

The Crime Control Prevention District Special Revenue Fund – This 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.

Note 1 - Summary of Significant Accounting Policies (continued)

D - Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Fund Accounting (continued)

Capital Projects Fund - This fund is used to account for construction and progress capital outlay or long-term repair contract expenditures.

In addition, the City reports the following nonmajor governmental funds:

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.

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.

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.

Hotel Occupancy Fund – This fund accounts for tax related occupancy collections.

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.

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, Municipal Court fund, Public Safety, Public Information and Broadcasting, Keller Development Corporation, and the Street/Sidewalk Improvement fund. The legal level of control and budget to actual expenditure comparison is reported at the department level.

Note 1 - Summary of Significant Accounting Policies (continued)

D - Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Fund Accounting (continued)

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, liabilities, deferred inflows and outflows of resources 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.

Note 1 - Summary of Significant Accounting Policies (continued)

E - Cash and Cash Equivalents and Investments

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, 2023, 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.

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, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and right to use subscriptions, 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 (except for right to use subscription assets). 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.

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

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Buildings and improvements	20 - 40 years
Improvements other than buildings	20 - 40 years
Water, sewer, and drainage system	20 - 40 years
Capacity rights	40 years
Machinery, vehicle, and other equipment	3 - 20 years
RTU - Subscription assets (SBITA)	Depends on agreement

J – Leases

The City is a *lessee* for a noncancellable lease of equipment. The City recognizes lease liability and an intangible right-to-use lease assets in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$50,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Note 1 - Summary of Significant Accounting Policies (continued)

J – Leases (continued)

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

For the current year, the City does not have any significant lease assets or liabilities.

K – Subscription-Based Information Technology Arrangements (SBITA)

The City is under contract for various SBITAs for the right to use subscription assets. The SBITAs are noncancellable, and the City recognizes a SBITA liability and an intangible right to use SBITA asset in the governmentwide financial statements. The City recognizes SBITA liabilities with an initial, individual value of \$50,000 or more.

At the commencement of the SBITA, the City initially measures the SBITA liability at the present value of payments expected to be made during the SBITA term. Subsequently, the SBITA liability is reduced by the principal portion of SBITA payments made. The SBITA asset is initially measured as the sum of (1) the initial SBITA liability amount, (2) payments made to the SBITA vendor before commencement of the subscription term, and (3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. Key estimates and judgments related to SBITA include how the City determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) SBITA term, and (3) SBITA payments.

- The City uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The SBITA term includes the noncancellable period of the SBITA and payments included in the measurement of the SBITA liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its SBITA and will remeasure the SBITA asset and liability if certain changes occur that are expected to significantly affect the amount of the SBITA liability.

SBITA assets are reported with other capital assets and SBITA liabilities are reported with long-term debt on the statement of net position.

Note 1 - Summary of Significant Accounting Policies (continued)

L - 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.

M - 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.

N - 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.

Note 1 - Summary of Significant Accounting Policies (continued)

O - Deferred Outflows/Inflows of Resources

Deferred outflows and inflows of resources are reported in the financial position as described below:

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

- Deferred outflows or resources for refunding - Reported in the government-wide statement of net position, this deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Deferred outflows of resources for pension – Reported in the government-wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results 1) differences between projected and actual earnings on pension plan investments; 2) changes in actuarial assumptions; 3) differences between expected and actual actuarial experiences and 4) changes in the City’s proportional share of pension liabilities. The deferred outflows of resources related to pensions resulting from City’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The deferred outflows resulting from differences between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The remaining pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.
- Deferred outflows of resources for other post-employment benefits (OPEB) other than pension – Reported in the government wide financial statement of net position, this deferred outflow results from OPEB plan contributions made after the measurement date of the total OPEB liability and the results of 1) differences between projected and actual earnings on OPEB plan investments; 2) changes in actuarial assumptions; 3) differences between expected and actual actuarial experiences and 4) changes in the City’s proportional share of OPEB liabilities. The deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the next fiscal year. The deferred outflows resulting from differences between projected and actual earnings on OPEB investments will be amortized over a closed five-year period. The remaining postemployment related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with OPEB through the OPEB plan.

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, deferred inflows or resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has the following items that qualify for reporting on an accrual basis.

- Deferred inflows of resources for unavailable revenues - Reported only in the governmental funds balance sheet, unavailable revenues from property taxes arise under the modified accrual bases of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Deferred inflows of resources for pension – reported in the government-wide financial statement of net position, these deferred inflows result primarily from 1) changes in actuarial assumptions; 2) differences between expected and actual actuarial experiences and 3) changes in the City’s proportional share of pension liabilities These pension related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.
- Deferred inflows of resources for OPEB – Reported in the government wide financial statement of net position, this deferred inflow results primarily from 1) changes in actuarial assumptions; and 2) differences between expected and actual actuarial experiences. These OPEB related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with OPEB through the OPEB plan.

Note 1 - Summary of Significant Accounting Policies (continued)

P - Fund Balance

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.

Note 1 - Summary of Significant Accounting Policies (continued)

Q - 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 \$0.35450 per \$100 of assessed valuation and assessed valuation is approximately 100% of estimated value.

R - 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.

S - Net Position Classifications

Classification of net position includes three components as follows:

- Net investment in capital assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings, premiums, discounts, and deferred outflows of resources or deferred inflows of resources from a refunding.
- Restricted – This component of the net position consists of constraints placed on net asset use through external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through contractual provisions or enabling legislation.
- Unrestricted net position – This component of net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

T - Proprietary Funds Operating and Non-operating Revenues and Expenses

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 the proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for the enterprise funds and internal service fund include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues not meeting this definition are reported as non-operating revenues and expenses.

U - Implementation of New Standards

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA), was issued in May 2020 and was effective for periods beginning after June 15, 2022. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The City has evaluated the effects of this standard and has determined that it does impact the financial statements. As such the City has incorporated such SBITAs into its capital assets and long-term liabilities on both the face of the financial statements and the note disclosures.

Note 2 - Deposits and Investments

The following table shows the City’s recorded cash and equivalents and investments at September 30, 2023:

Fund	Internal Service			Total
	Governmental Funds	Funds	Enterprise Funds	
Cash and cash equivalents	\$ 32,526,605	\$ 6,873,229	\$ 18,416,144	\$ 57,815,978
Investments	65,269,640	7,862,716	12,550,671	85,683,027
	<u>\$ 97,796,245</u>	<u>\$ 14,735,945</u>	<u>\$ 30,966,815</u>	<u>\$ 143,499,005</u>

At year end, the carrying amount of the City’s interest-bearing bank deposits and money market funds was \$57,815,978 and the bank balance was \$59,413,789. 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.

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
Repurchases Agreement	3 Years	40%	None
Money Market Mutual Funds	3 Years	40%	None
Money Market Accounts	3 Years	80%	None

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.

Note 2 - Deposits and Investments (continued)

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:

	<u>Fair Value/ Amortized Cost</u>	<u>Weighted Average Maturity (Days)</u>	<u>Percentage of Portfolio</u>	<u>Portfolio WAM</u>	<u>Credit Risk</u>
Certificate of Deposits:					
East West Bank	\$ 19,209,240	226	22%	51	
Veritex Community Bank	8,000,000	123	9%	11	
Third Coast Bank	17,224,581	545	20%	110	
Bank OZK	3,061,275	215	4%	8	
American National Bank & Trust	5,102,481	307	6%	18	
Frost Bank	3,000,000	27	4%	1	
Texas Bank	5,097,510	397	6%	24	
Local Government Investment Pools:					
TexPool	24,987,940	1	29%	0	AAAm
Total	<u>\$ 85,683,027</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, 2023, the City minimized the interest rate risk, the risk relating to the decline in fair 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.

Note 2 - Deposits and Investments (continued)

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 fair 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 fair 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. There are no significant limitations or restrictions on participant withdrawals.

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:

	<u>General Fund</u>	<u>General Obligation Debt Service Fund</u>	<u>Crime Control Prevention District Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Receivables					
Property taxes	\$ 186,850	\$ 51,239	\$ -	\$ -	\$ 238,089
Franchise taxes	778,990	-	-	21,851	800,841
Sales taxes	1,554,165	-	362,821	1,187,782	3,104,768
Accounts	1,674,869	7,237	-	5,547	1,687,653
Other	373,968	-	891	55,522	430,381
Due from other governments	278,581	775	-	1,466	280,822
Gross receivable	<u>4,847,423</u>	<u>59,251</u>	<u>363,712</u>	<u>1,272,168</u>	<u>6,542,554</u>
Less: Allowance for uncollectible	(783,332)	(6,405)	-	(1,213)	(790,950)
Net Receivables.	<u>\$ 4,064,091</u>	<u>\$ 52,846</u>	<u>\$ 363,712</u>	<u>\$ 1,270,955</u>	<u>\$ 5,751,604</u>

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

	<u>Water and Wastewater Utilities</u>	<u>Drainage Utility</u>	<u>Nonmajor Recreation Aquatic Center</u>	<u>Total Enterprise Funds</u>	<u>Nonmajor Internal Service Fund</u>
Receivables					
Accounts	\$ 7,095,989	\$ 66,499	\$ 56,090	\$ 7,218,578	\$ 16,800
Gross receivable	<u>7,095,989</u>	<u>66,499</u>	<u>56,090</u>	<u>7,218,578</u>	<u>16,800</u>
Less: Allowance for uncollectible	(128,489)	(5,394)	-	(133,883)	-
Net Receivables.	<u>\$ 6,967,500</u>	<u>\$ 61,105</u>	<u>\$ 56,090</u>	<u>\$ 7,084,695</u>	<u>\$ 16,800</u>

Note 4 - Capital Assets

Capital assets activity for the year ended September 30, 2023, was as follows:

	Balance September 30, 2022 (restated)	Additions (Increases)	Retirements and Transfers	Balance September 30, 2023
Governmental Activities:				
Capital Assets, Not being Depreciated/Amortized				
Land	\$ 35,155,044	\$ 21,164	\$ -	\$ 35,176,208
Construction in progress	2,412,292	1,818,822	(1,718,685)	2,512,429
Total Capital Assets, Not being Depreciated/Amortized	37,567,336	1,839,986	(1,718,685)	37,688,637
Capital Assets, being Depreciated/Amortized				
Buildings	63,178,795	881,466	-	64,060,261
Improvements other than buildings	222,382,666	17,353,150	1,029,642	240,765,458
Machinery and equipment	27,638,348	3,790,800	(910,353)	30,518,795
SBITA asset	76,226	733,606	-	809,832
Total Capital Assets, being Depreciated/Amortized	313,276,035	22,759,022	119,289	336,154,346
Less Accumulated Depreciation/Amortization for:				
Buildings	(32,275,117)	(1,788,957)	-	(34,064,074)
Improvements other than buildings	(174,115,054)	(11,222,849)	57,716	(185,280,187)
Machinery and equipment	(21,174,486)	(2,035,873)	1,007,949	(22,202,410)
SBITA asset	-	(220,934)	-	(220,934)
Total Accumulated Depreciation/Amortization	(227,564,657)	(15,268,613)	1,065,665	(241,767,605)
Total Capital Assets being Depreciated/Amortized, net	85,711,378	7,490,409	1,184,954	94,386,741
Governmental Activities Capital Assets, Net	\$ 123,278,714	\$ 9,330,395	\$ (533,731)	\$ 132,075,378
Business-Type Activities:				
Capital Assets, Not being Depreciated				
Land	\$ 2,017,914	\$ -	\$ -	\$ 2,017,914
Construction in progress	2,075,461	3,532,513	(1,994,072)	3,613,902
Total Capital Assets, Not being Depreciated:	4,093,375	3,532,513	(1,994,072)	5,631,816
Business-type Assets, being Depreciated				
Buildings	19,140,367	870,970	806,728	20,818,065
Utility facilities	173,945,470	2,058,916	7,986,687	183,991,073
Machinery and equipment	3,837,448	-	(785,358)	3,052,090
Capacity rights	6,282,281	13,180	(6,281,781)	13,680
Total Capital Assets being Depreciated	203,205,566	2,943,066	1,726,276	207,874,908
Less accumulated depreciation for:				
Buildings	(16,909,108)	(321,953)	-	(17,231,061)
Utility facilities	(79,368,824)	(4,052,479)	(5,990,308)	(89,411,611)
Machinery and equipment	(3,264,468)	(110,167)	480,831	(2,893,804)
Capacity rights	(5,509,477)	-	5,509,477	-
Total Accumulated Depreciation	(105,051,877)	(4,484,599)	-	(109,536,476)
Total Capital Assets being Depreciated, Net	98,153,689	(1,541,533)	1,726,276	98,338,432
Business-Type Activities Capital Assets, Net	\$ 102,247,064	\$ 1,990,980	\$ (267,796)	\$ 103,970,248

* Governmental activities include internal service fund machinery and equipment and SBITA assets of \$16,663,555 with accumulated depreciation/amortization of \$11,123,510 as of September 30, 2023.

Note 4 - Capital Assets (continued)

Depreciation/amortization expense was charged to functions/programs of the governmental activities of the primary government as follows:

Governmental Activities:	
General government	\$ 464,795
Public Safety	2,009,364
Public works	11,662,601
Community development	7,620
Recreation and cultural	1,124,233
Total Governmental Activities	<u><u>\$ 15,268,613</u></u>

Governmental activities portion of the internal service fund depreciation/amortization expense of \$939,266 is allocated within each function.

Business-type activities depreciation expense as follows:

Business-type Activities:	
Water and wastewater utilities	\$ 3,057,105
Drainage utility	1,000,688
Recreation / aquatic center	426,806
Total Business-type Activities	<u><u>\$ 4,484,599</u></u>

The City has active construction projects as of September 30, 2023. The projects include construction, park improvements, and drainage improvements. Significant Commitments for construction in progress are composed of the following:

<u>Project Name</u>	<u>Project Number</u>	<u>Budget</u>	<u>Total in Progress</u>	<u>Remaining Commitment</u>
Mt. Gilead Reconstruction (US 377 to Bancroft) & Roundabout	502206	\$ 9,980,000	\$ 353,934	\$ 9,626,066
Old Town Keller E. - Bates St. Park	502010	9,685,000	5,257,327	4,427,673
2023 Street Reconstruction	502302	2,100,000	168,926	1,931,074
Whitely Overlay	502303	1,500,000	561,945	938,055
Bear Creek Park Improvements	802301	428,907	421,017	7,890
Keller Sports Park Parking Lot Improvements – B Lot	802303	380,000	21,600	358,400
22 Swift AC Replacement	602207	4,060,000	459,690	3,600,310
Tank Maintenance	601905	6,150,000	421,684	5,728,316
AMI Smart Meter Installation	602302	1,294,813	483,879	810,934
21 Swift AC Replacements	602101	4,311,390	1,643,645	2,667,745
Nightingale Culvert Phase 1	402001	1,563,000	556,545	1,006,455
Keller Hicks Road Expansion	501603	2,195,000	609,337	1,585,663
Johnson Road Reconstruction	501905/801901	8,335,114	5,714,166	2,620,948
Shady Grove Reconstruction	502104	1,932,526	1,131,901	800,625
22 Steet Reconstruction	502102	4,436,756	2,666,730	1,770,026
22 Sidewalk Maintenance	502201	4,190,318	2,891,711	1,298,607
Overton Ridge Park	801602	3,223,365	3,041,449	181,916
HWY 377 12" Water Lines	601805	1,004,877	929,048	75,829
Pearson Pump Station	602202	2,000,000	26,343	1,973,657
WW Line Replacements	701802/701901	1,415,000	799,469	615,531
Cade Branch Wastewater Capacity Improvements	702201	2,415,600	1,484,774	930,826
		<u><u>\$ 72,601,666</u></u>	<u><u>\$ 29,645,120</u></u>	<u><u>\$ 42,956,546</u></u>

Note 5 - Transfers

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:						Total
	Governmental Funds			Enterprise Funds			
	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Water and Wastewater Utilities Fund	Recreation and Aquatic Center Fund	Internal Service Fund	
Transfers out:							
General fund	\$ -	\$ 6,430,000	\$ -	\$ 790,435	\$ 698,718	\$ 341,673	\$ 8,260,826
Nonmajor governmental funds	-	5,000,000	5,978,213	808,268	-	-	11,786,481
Water and wastewater utilities fund	-	2,100,000	-	-	-	-	2,100,000
Drainage utility fund	-	429,520	-	-	-	-	429,520
	<u>\$ -</u>	<u>\$ 13,959,520</u>	<u>\$ 5,978,213</u>	<u>\$ 1,598,703</u>	<u>\$ 698,718</u>	<u>\$ 341,673</u>	<u>\$ 22,576,827</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		Nonmajor Governmental Funds	Total
	General Fund	Obligation Debt Service Fund		
Deferred inflows of resources:				
Property taxes	\$ 163,494	\$ 44,834	\$ -	\$ 208,328
Court fines	4,550	-	134	4,684
Emergency services	622,508	-	-	622,508
Total	<u>\$ 790,552</u>	<u>\$ 44,834</u>	<u>\$ 134</u>	<u>\$ 835,520</u>

Note 7 - Long-Term Liabilities

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.

General Obligation Bonds	Final Maturity	Interest Rates	Component Unit Portion	City Portion	Total Governmental	Business-Type
\$11,465,000 Series 2012 Refunding	2024	2.00 - 5.00%	\$ -	\$ 500,000	\$ 500,000	\$ 815,000
\$10,475,000 Series 2015 Refunding	2026	2.00 - 4.00%	-	-	-	865,000
\$7,350,000 Series 2017 Refunding	2029	2.00 - 3.00%	-	4,670,000	4,670,000	-
\$12,220,000 Series 2020 Refunding and Improvement	2035	2.00 - 5.00%	-	8,165,000	8,165,000	605,000
Total General Obligation Bonds			\$ -	\$ 13,335,000	\$ 13,335,000	\$ 2,285,000

* Component Unit Portion is with Keller Development Corporation

Certificates of Obligation	Final Maturity	Interest Rates	Component Unit Portion	City Portion	Total Governmental	Business-Type
\$5,835,000 Series 2012 Improvements (CWSRF)	2032	0.05 - 2.20%	\$ -	\$ -	\$ -	\$ 2,950,000
\$6,000,000 Series 2012 Improvements	2027	2.00 - 5.00%	-	1,985,000	1,985,000	-
\$3,870,000 Series 2015 Improvements *	2034	2.00 - 3.13%	2,395,000	-	2,395,000	-
\$4,060,000 Series 2016 Improvements	2031	0.530 - 1.93%	-	-	-	2,235,000
\$9,250,000 Series 2017 Tax and Revenue	2037	2.00 - 4.00%	-	765,000	765,000	3,490,000
\$7,045,000 Series 2019 Tax and Revenue	2039	2.00 - 2.65%	-	-	-	5,940,000
\$4,060,000 Series 2020 Tax and Revenue	2035	0.10 - 1.36%	-	-	-	3,275,000
Total Certificates of Obligation			\$ 2,395,000	\$ 2,750,000	\$ 5,145,000	\$ 17,890,000

* Component Unit Portion is with Keller Development Corporation

Note 7 - Long-Term Liabilities (continued)

Changes in Long-term Liabilities

A summary of long-term liabilities transactions, including current portion, for the year ended September 30, 2023, is as follows:

	Balance September 30, 2022 (restated)	Additions	Reductions	Balance September 30, 2023	Amounts Due Within One Year
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 16,570,000	\$ -	\$ (3,235,000)	\$ 13,335,000	\$ 1,900,000
Certificates of Obligation	6,520,000	-	(1,375,000)	5,145,000	1,420,000
Premium on bond issuance	2,766,951	-	(397,263)	2,369,688	-
Total Bonds Payable	25,856,951	-	(5,007,263)	20,849,688	3,320,000
Compensated absences	2,210,342	261,997	-	2,472,339	1,547,671
SBITA liability	76,226	733,606	(289,650)	520,182	277,039
Net pension liability *	5,328,418	14,737,948	-	20,066,366	-
Total OPEB Liability - SDBF *	964,411	-	(332,195)	632,216	-
Total OPEB Liability - Health Benefits *	1,003,480	-	(137,146)	866,334	-
Total Governmental Activities	\$ 35,439,828	\$ 15,733,551	\$ (5,766,254)	\$ 45,407,125	\$ 5,144,710
Business-type Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 3,395,000	\$ -	\$ (1,110,000)	\$ 2,285,000	\$ 1,170,000
Certificates of Obligation	19,180,000	-	(1,290,000)	17,890,000	1,310,000
Premium on bond issuance	720,820	-	(153,544)	567,276	-
Total Bonds Payable	23,295,820	-	(2,553,544)	20,742,276	2,480,000
Compensated absences	287,478	67,259	-	354,737	228,191
Net pension liability	779,607	2,250,537	-	3,030,144	-
Total OPEB Liability - SDBF	141,054	-	(45,553)	95,501	-
Total OPEB Liability - Health Benefits	146,813	-	(15,989)	130,824	-
Total Business-type Activities	\$ 24,650,772	\$ 2,317,796	\$ (2,615,086)	\$ 24,353,482	\$ 2,708,191

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

Note 7 - Long-Term Liabilities (continued)

Fiscal Year	General Obligation Bonds					
	Governmental			Business-Type		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 1,900,000	\$ 499,300	\$ 2,399,300	\$ 1,170,000	\$ 65,550	\$ 1,235,550
2025	1,450,000	440,700	1,890,700	370,000	33,950	403,950
2026	1,495,000	400,050	1,895,050	380,000	23,525	403,525
2027	1,555,000	342,650	1,897,650	85,000	16,125	101,125
2028	1,630,000	271,125	1,901,125	85,000	11,875	96,875
2029-2033	4,150,000	567,950	4,717,950	195,000	9,875	204,875
2034-2038	1,155,000	46,700	1,201,700	-	-	-
	<u>\$ 13,335,000</u>	<u>\$ 2,568,475</u>	<u>\$ 15,903,475</u>	<u>\$ 2,285,000</u>	<u>\$ 160,900</u>	<u>\$ 2,445,900</u>

Fiscal Year	Certificates of Obligation					
	Governmental			Business-Type		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 1,420,000	\$ 134,344	\$ 1,554,344	\$ 1,310,000	\$ 425,448	\$ 1,735,448
2025	675,000	102,919	777,919	1,340,000	402,667	1,742,667
2026	695,000	82,369	777,369	1,370,000	376,951	1,746,951
2027	720,000	60,819	780,819	1,390,000	349,691	1,739,691
2028	205,000	46,619	251,619	1,425,000	319,652	1,744,652
2029-2033	1,165,000	132,738	1,297,738	6,715,000	1,071,592	7,786,592
2034-2038	265,000	4,141	269,141	3,880,000	336,979	4,216,979
2039-2044	-	-	-	460,000	6,900	466,900
	<u>\$ 5,145,000</u>	<u>\$ 563,949</u>	<u>\$ 5,708,949</u>	<u>\$ 17,890,000</u>	<u>\$ 3,289,880</u>	<u>\$ 21,179,880</u>

SBITA Liability

The City is under contract for noncancellable SBITAs that convey control of the right to use software. The agreements carry a discount rate that ranges from 3.38% to 4.26% and mature over the next two fiscal years as follow:

Fiscal Year	SBITA Liability		
	Principal	Interest	Total
2024	\$ 277,039	\$ 13,724	\$ 290,763
2025	243,143	14,208	257,351
	<u>\$ 520,182</u>	<u>\$ 27,932</u>	<u>\$ 548,114</u>

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.

Note 8 - Defined-Benefit Pension Plans

Texas Municipal Retirement System

Plan Description and Provisions

The City participates as one of 895 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 annual comprehensive financial report (annual report) that can be obtained at www.tmr.com.

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

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 actuarially equivalent 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.

The City has approved an annually repeating (automatic) basis a monetary credit referred to as an updated service credit (USC) which is a theoretical amount which takes into account salary increases or plan improvements. If at any time during their career an employee earns a USC, this amount remains in their account earning interest at 5% until retirement. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer match plus employer-financed monetary credits, such as USC, with interest were used to purchase an annuity. Additionally, City provides on an annually repeating (automatic) basis cost of living adjustments (COLA) for retirees equal to a percentage of the change in the consumer price index (CPI).

A summary of plan provisions for the City are as follows:

Employee deposit rate:	7%
Matching ratio (City to employee):	2 to 1
Years required for vesting:	5
Updated Service Credit:	100% Repeating Transfers
Annuity Increase to retirees:	50% of CPI Repeating

Members can retire at ages 60 and above with 5 or more years of service or with 20 years of service. A member is vested after 5 years. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

Note 8 - Defined-Benefit Pension Plans (continued)

Texas Municipal Retirement System (continued)

Benefits Provided

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	209
Inactive employees entitled to but not yet receiving benefits	255
Activity employees	286
Total	750

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 consulting 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 16.15% and 16.18% in calendar years 2023 and 2022, respectively.

Net Pension Liability

The City's net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll, closed

Salary increases are assumed to occur once a year on January 1 so that the pay used for the period year following the valuation is equal to the reported pay for the prior year. Salaries are assumed to increase on a graduated service-based scale.

Actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for annuity purchase rates is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. 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.

Note 8 - Defined-Benefit Pension Plans (continued)

Texas Municipal Retirement System (continued)

Actuarial Assumptions (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 in fiscal year 2023 are summarized in the table below:

Asset Class	Strategic Target Allocation Index
Core fixed income	6.0%
Non-core fixed income	20.0%
Global public equity	35.0%
Real estate	12.0%
Hedge funds	5.0%
Other public & private market	12.0%
Private equity	10.0%
Total	100.0%

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.

Note 8 - Defined-Benefit Pension Plans (continued)

Texas Municipal Retirement System (continued)

Changes in the Net Pension Liability

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2021	\$ 124,473,830	\$ 118,365,805	\$ 6,108,025
Changes for the Year:			
Service cost	3,611,978	-	3,611,978
Interest	8,359,604	-	8,359,604
Difference between expected and actual experience	1,280,181	-	1,280,181
Changes in assumptions	-	-	-
Contributions - employer	-	3,407,918	(3,407,918)
Contributions - employee	-	1,487,285	(1,487,285)
Net investment income	-	(8,646,377)	8,646,377
Benefit payments, including refunds, of employee contributions	(4,867,662)	(4,867,662)	-
Administrative expense	-	(74,768)	74,768
Other charges	-	89,220	(89,220)
Net changes	8,384,101	(8,604,384)	16,988,485
Balance at 12/31/2022	\$ 132,857,931	\$ 109,761,421	\$ 23,096,510

Sensitivity of the Net Pension Liability

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

	1% Decrease to 5.75%	Current Single Rate Assumption 6.75%	1% Increase to 7.75%
City's net pension liability	\$ 42,791,118	\$ 23,096,510	\$ 7,054,531

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 on the Internet at the following location: TMRS 2021 ACFR.

Note 8 - Defined-Benefit Pension Plans (continued)

Texas Municipal Retirement System (continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2023, the City recognized pension expense of \$4,983,765.

At September 30, 2023, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between actuarial assumptions and actual experience	\$ 966,703	\$ (86,392)
Changes in actuarial assumptions used	49,063	-
Differences between projected and actual investment earnings	7,583,160	-
Contributions subsequent to the measurement date	2,563,579	-
Total	<u>\$ 11,162,505</u>	<u>\$ (86,392)</u>

Deferred outflows of resources of \$2,563,579 resulting from contributions subsequent to the measurement date of will be recognized as a reduction of the net pension liability for the fiscal year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year</u>	<u>Net Deferred Outflows (Inflows) Of Resources</u>
2024	\$ 751,045
2025	2,150,325
2026	2,283,951
2027	3,327,213
Total	<u>\$ 8,512,534</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 Health Care Plan	TMRS SDBF	Total
OPEB Liability	\$ 997,158	\$ 727,717	\$ 1,724,875
Deferred outflows of resources	231,984	185,649	417,633
Deferred inflows of resources	891,106	425,817	1,316,923
OPEB expense	44,840	43,562	88,402

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 \$855 to \$2,132 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, 2022:

Inactive employees or beneficiaries currently receiving benefits	3
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>263</u>
Total	<u><u>266</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, 2023 of \$34,652 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, 2023 was measured as of December 31, 2022, and based on actuarial valuation performed as of December 31, 2021.

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, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	December 31, 2021
Actuarial Cost Method	Individual Entry Age Normal
Discount Rate	4.05% as of December 31, 2022
Inflation	2.50%
Salary Increases	3.50% to 11.50%, including inflation
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2018 as conducted for the Texas Municipal Retirement System (TMRS).
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables published through 2019 to account for future mortality improvements.
Health Care Trend Rates	Initial rate of 7.00% declining to an ultimate rate of 4.15% after 13 years.
Participation Rates	15% for employees retiring on or after the age of 50; 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 2.00% (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 1.84% 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

Service cost	\$ 105,125
Interest	21,814
Changes of benefit terms	-
Difference between expected and actual experience of the total OPEB liability	(2,069)
Changes of assumptions	(243,353)
Benefit payments	<u>(34,652)</u>
Net change in total OPEB liability	(153,135)
Total OPEB Liability - Beginning	<u>1,150,293</u>
Total OPEB Liability - Ending	<u><u>\$ 997,158</u></u>
Covered Payroll	\$ 25,314,128
Total OPEB Liability as a Percentage of Covered Payroll	3.94%

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 * 1.954)	\$	70,975
Retiree contributions		(36,323)
Total Benefit Payments	\$	<u>34,652</u>

The 1.954 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 Total 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 4.05%, 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:

1% Decrease 3.05%	Current Discount Rate Assumption 4.05%	1% Increase 5.05%
\$ 1,101,222	\$ 997,158	\$ 903,237

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:

1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
\$ 862,377	\$ 997,158	\$ 1,158,834

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

For the year ended December 31, 2022, the City recognized OPEB expense of \$44,840. At September 30, 2023, the reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,569	\$ (399,871)
Changes assumptions	210,439	(491,235)
Contributions subsequent to the measurement date	16,976	-
Total	<u>\$ 231,984</u>	<u>\$ (891,106)</u>

Note 9 - Other Post-Employment Benefits (OPEB) (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

The \$16,976 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, 2024.

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:

Fiscal Year	Net Deferred Outflows (Inflows) Of Resources
2024	\$ (82,099)
2025	(82,099)
2026	(82,099)
2027	(82,099)
2028	(87,379)
Thereafter	(260,323)
Total	\$ (676,098)

Differences between expected and actual experience and 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.

At the beginning of the current measurement period, the expected remaining service lives of all active employees in the plan was approximately 2,591 years. Additionally, the total plan membership (active employees and inactive employees) was 266. 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 9.7408 years.

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.

Note 9 - Other Post-Employment Benefits (OPEB) (continued)

Other Post Employment Benefits – TMRS Supplemental Death Benefit Fund (continued)

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 another postemployment benefit (“OPEB”) and is a fixed amount of \$7,500. At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	126
Inactive employees entitled to but not yet receiving benefits	58
Active employees	<u>286</u>
Total	<u><u>470</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 0.07% and 0.06% in calendar years 2023 and 2022. The City’s contributions to the SDBF for the year ended September 30, 2023 were \$14,917, and were equal to the required contributions.

Discount Rate

The TMRS SDBF program is treated as unfunded OPEB plan because the SDBF trust covers both active employees and retirees and the assets are not segregated for these groups. Under GASB Statement No. 75, the discount rate for an unfunded OPEB plan should be based on 20-year tax-exempt AA or higher Municipal Bonds. Therefore, a discount rate of 4.05% based on the 20 Year Bond GO Index published by bondbuyer.com is used as of the measurement date of December 31, 2022.

Actuarial Assumptions

The City’s total OPEB liability was measured at December 31, 2022 and was determined by an actuarial valuation as of that date using the following actuarial assumptions:

Inflation	2.5% per year
Salary increases	3.50% to 11.50% including inflation
Discount rate	4.05%
Retiree's share of benefit-related costs	0.00%
Actuarial cost method	Entry Age Normal

Note 9 - Other Post-Employment Benefits (OPEB) (continued)

Other Post Employment Benefits – TMRS Supplemental Death Benefit Fund (continued)

Changes in the Total OPEB Liability

Total OPEB Liability	
Service cost	\$ 53,117
Interest	20,712
Changes of benefit terms	-
Difference between expected and actual experience of the total OPEB liability	(18,467)
Changes of assumptions	(420,362)
Benefit payments	(12,748)
Net Change in Total OPEB Liability	(377,748)
Total OPEB Liability - Beginning	1,105,465
Total OPEB Liability - Ending	\$ 727,717
Covered Payroll	\$ 21,246,931
Total OPEB Liability as a Percentage of Covered Payroll	3.43%

Sensitivity Analysis

The following presents the total OPEB liability of the employer, calculated using the discount rate of 4.05%, 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 (3.05%) or 1 percentage point higher (5.05%) than the current rate. Note that the healthcare cost trend rate does not affect the total OPEB liability, so sensitivity to the healthcare cost trend rate is not shown.

1% Decrease	Current Discount Rate	1% Increase
3.05%	4.05%	5.05%
\$ 886,688	\$ 727,717	\$ 605,781

For the year ended September 30, 2023, the City recognized OPEB expense of \$43,562. As of September 30, 2023, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 720	\$ (58,165)
Changes assumptions	173,649	(367,652)
Contributions subsequent to the measurement date	11,280	-
Total	\$ 185,649	\$ (425,817)

The \$11,280 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending September 30, 2024.

Note 9 - Other Post-Employment Benefits (OPEB) (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Activity (continued)

Sensitivity Analysis (continued)

Amounts currently reported as deferred outflows of resources related to OPEB, excluding contributions subsequent to the measurement date, will be recognized in OPEB expense as follows:

<u>Fiscal Year</u>	<u>Net Deferred Outflows (Inflows) Of Resources</u>
2024	\$ (30,526)
2025	(38,690)
2026	(38,956)
2027	(63,711)
2028	(71,674)
Thereafter	(7,891)
Total	\$ (251,448)

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, 2023, 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.

Note 11 – Tax Abatements

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 grants for the purpose of promoting local economic development. Based on City Council agreements with developers, the City reimbursed \$26,242 for ad valorem and \$180,000 for hotel occupancy taxes paid to the City for fiscal year ending September 30, 2023.



REQUIRED SUPPLEMENTARY INFORMATION



CITY OF KELLER, TEXAS

Exhibit B-1

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

For the Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes:				
Ad valorem taxes	\$ 20,253,665	\$ 20,253,665	\$ 20,069,022	\$ (184,643)
Sales and use taxes	8,436,100	8,436,100	9,435,668	999,568
Franchise taxes	4,323,650	4,323,650	5,059,928	736,278
Mixed drink tax	148,559	148,559	217,097	68,538
Licenses and permits	1,384,482	1,384,482	1,012,700	(371,782)
Intergovernmental revenues	3,827,620	3,827,620	6,065,994	2,238,374
Charges for services	3,169,986	3,169,986	3,429,239	259,253
Fines and forfeitures	496,065	496,065	465,501	(30,564)
Donations	137,932	137,932	74,986	(62,946)
Investment Earnings	78,969	78,969	1,965,199	1,886,230
Miscellaneous	191,264	191,264	304,669	113,405
Total Revenues	42,448,292	42,448,292	48,100,003	5,651,711
Expenditures				
Current:				
Administration	2,558,810	2,558,810	2,382,146	176,664
Town hall operations	639,468	639,468	547,070	92,398
Mayor and council	59,608	59,608	45,752	13,856
Finance and municipal court	1,785,628	1,785,628	1,820,793	(35,165)
Human resources	842,923	842,923	822,744	20,179
Police department	11,328,805	11,328,805	11,643,505	(314,700)
Fire department	10,109,103	10,214,103	10,373,856	(159,753)
Public Works	3,877,035	3,877,035	3,320,099	556,936
Library	1,916,167	1,916,167	1,936,251	(20,084)
Parks and recreation	4,005,287	4,005,287	3,822,728	182,559
Economic development	942,127	942,127	432,058	510,069
Community development	1,931,998	1,931,998	1,846,115	85,883
Total Expenditures	39,996,959	40,101,959	38,993,117	1,108,842
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,451,333	2,346,333	9,106,886	6,760,553
Other Financing Sources (Uses)				
Transfers out	(4,918,067)	(6,418,067)	(8,260,826)	1,842,759
Proceeds from sales of assets	21,597	21,597	190	21,407
Total Other Financing Sources (Uses)	(4,896,470)	(6,396,470)	(8,260,636)	1,864,166
Net Change in Fund Balance	(2,445,137)	(4,050,137)	846,250	8,624,719
Fund Balances, Beginning	31,222,463	31,222,463	31,222,463	-
Fund Balances, Ending	\$ 28,777,326	\$ 27,172,326	\$ 32,068,713	\$ 8,624,719

CITY OF KELLER, TEXAS

CRIME CONTROL PREVENTION DISTRICT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL (GAAP BASIS)

For the Year Ended September 30, 2023

Exhibit B-2

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Sales taxes	\$ 2,033,965	\$ 2,033,965	\$ 2,212,670	\$ 178,705
Intergovernmental	110,913	110,913	110,913	-
Interest income	5,020	5,020	352,382	347,362
Miscellaneous	50,000	50,000	-	(50,000)
Total Revenues	2,199,898	2,199,898	2,675,965	476,067
Expenditures				
Current:				
Police department	1,804,697	1,804,697	1,385,331	419,366
Debt Service:				
Principal	455,000	455,000	455,000	-
Interest and other charges	74,500	74,500	71,575	2,925
Total Expenditures	2,334,197	2,334,197	1,911,906	422,291
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(134,299)	(134,299)	764,059	53,776
Other Financing Sources				
Proceeds from sale of assets	50,000	50,000	48,050	(1,950)
Total Other Financing Sources	50,000	50,000	48,050	(1,950)
Net Change in Fund Balance	(84,299)	(84,299)	812,109	424,241
Fund Balances - Beginning of Year	7,359,446	7,359,446	7,359,446	-
Fund Balances - End of Year	\$ 7,275,147	\$ 7,275,147	\$ 8,171,555	\$ 424,241

CITY OF KELLER, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Controls and Procedures

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 2023, 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.
7. During the year ended September 30, 2023, the City's actual expenditures exceeded the budgeted amounts in the following departments: Finance and Municipal Court, Police Department, Fire Department, and Library.

CITY OF KELLER, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
Last Nine Measurement Years

Exhibit B-3
Page 1 of 2

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total Pension Liability				
Service Cost	\$ 3,611,978	\$ 3,365,615	\$ 3,413,551	\$ 3,298,258
Interest (on total pension liability)	8,359,604	7,907,150	7,450,262	6,989,780
Difference between expected and actual experience	1,280,181	(154,873)	77,470	(94,235)
Changes of assumptions	-	-	-	527,715
Benefit payments, including refunds of employee contributions	(4,867,662)	(4,208,449)	(4,088,744)	(3,825,677)
Net Change in Total Pension Liability	8,384,101	6,909,443	6,852,539	6,895,841
Total Pension Liability – Beginning	<u>124,473,830</u>	<u>117,564,387</u>	<u>110,711,848</u>	<u>103,816,007</u>
Total Pension Liability – Ending (A)	<u>\$ 132,857,931</u>	<u>\$ 124,473,830</u>	<u>\$ 117,564,387</u>	<u>\$ 110,711,848</u>
Plan Fiduciary Net Position				
Contributions – employer	\$ 3,407,918	\$ 3,192,003	\$ 3,174,883	\$ 2,971,278
Contributions – employee	1,487,285	1,391,612	1,403,928	1,346,228
Net investment income	(8,646,377)	13,624,176	7,340,916	12,893,636
Benefit payments, including refunds of employee contributions	(4,867,662)	(4,208,449)	(4,088,744)	(3,825,677)
Administrative Expense	(74,768)	(62,991)	(47,470)	(72,799)
Other	89,220	432	(1,854)	(2,186)
Net Change in Plan Fiduciary Net Position	(8,604,384)	13,936,783	7,781,659	13,310,480
Plan Fiduciary Net Position – Beginning	<u>118,365,805</u>	<u>104,429,022</u>	<u>96,647,363</u>	<u>83,336,883</u>
Plan Fiduciary Net Position – Ending (B)	<u>\$ 109,761,421</u>	<u>\$ 118,365,805</u>	<u>\$ 104,429,022</u>	<u>\$ 96,647,363</u>
Net Pension Liability As A Percentage Of Covered Payroll (A-B)	<u>\$ 23,096,510</u>	<u>\$ 6,108,025</u>	<u>\$ 13,135,365</u>	<u>\$ 14,064,485</u>
Plan Fiduciary Net Position As A Percentage Of The Total Pension Liability	82.62%	95.09%	88.83%	87.30%
Covered Payroll	\$ 21,246,931	\$ 19,844,428	\$ 20,056,116	\$ 19,231,826
Net Pension Liability As A Percentage Of Covered Payroll	108.71%	30.78%	65.49%	73.13%

GASB 68 requires 10 fiscal years of data to be provided in this schedule. The City will continue to build this schedule over the next 10-year period as the information becomes available.

CITY OF KELLER, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
Last Nine Measurement Years

Exhibit B-3
Page 2 of 2

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability					
Service Cost	\$ 3,212,200	\$ 3,157,398	\$ 3,108,994	\$ 2,979,303	\$ 2,982,697
Interest (on total pension liability)	6,584,504	6,208,840	5,809,689	5,555,939	5,216,622
Difference between expected and actual experience	134,966	(297,161)	(233,586)	(270,677)	(993,549)
Changes of 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	<u>97,999,863</u>	<u>91,877,452</u>	<u>85,837,599</u>	<u>79,254,755</u>	<u>74,002,827</u>
Total Pension Liability – Ending (A)	<u>\$ 103,816,007</u>	<u>\$ 97,999,863</u>	<u>\$ 91,877,452</u>	<u>\$ 85,837,599</u>	<u>\$ 79,254,755</u>
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	<u>85,872,450</u>	<u>74,408,605</u>	<u>68,519,231</u>	<u>67,265,476</u>	<u>61,819,575</u>
Plan Fiduciary Net Position – Ending (B)	<u>\$ 83,336,883</u>	<u>\$ 85,872,450</u>	<u>\$ 74,408,605</u>	<u>\$ 68,519,231</u>	<u>\$ 67,265,476</u>
Net Pension Liability As A Percentage Of Covered Payroll (A-B)	<u>\$ 20,479,124</u>	<u>\$ 12,127,413</u>	<u>\$ 17,468,847</u>	<u>\$ 17,318,368</u>	<u>\$ 11,989,279</u>
Plan Fiduciary Net Position As A Percentage Of The 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%

GASB 68 requires 10 fiscal years of data to be provided in this schedule. The City will continue to build this schedule over the next 10-year period as the information becomes available.

CITY OF KELLER, TEXAS
SCHEDULE OF PENSION CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM
Last Nine Fiscal Years

Exhibit B-4

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Actuarially Determined Contribution	\$ 3,583,216	\$ 3,371,461	\$ 3,166,103	\$ 3,062,263	\$ 2,984,650
Contributions in relation to the actuarially determined contribution	<u>(3,583,216)</u>	<u>(3,371,461)</u>	<u>(3,166,103)</u>	<u>(3,062,263)</u>	<u>(2,984,650)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 22,175,832	\$ 20,823,272	\$ 19,605,266	\$ 19,294,644	\$ 19,127,201
Contributions as a percentage of covered payroll	16.16%	16.19%	16.15%	15.87%	15.60%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	
Actuarially Determined Contribution	\$ 2,919,456	\$ 2,842,339	\$ 2,828,969	\$ 2,711,603	
Contributions in relation to the actuarially determined contribution	<u>(2,919,456)</u>	<u>(2,842,339)</u>	<u>(2,828,969)</u>	<u>(2,711,603)</u>	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Covered payroll	\$ 18,656,792	\$ 18,325,278	\$ 18,575,332	\$ 17,520,406	
Contributions as a percentage of covered payroll	15.65%	15.51%	15.23%	15.48%	

Note: This schedule is required to have 10 years of information, but the information prior to 2015 is not available.

CITY OF KELLER, TEXAS

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

RETIREE HEALTH BENEFITS PLAN

Last Six Measurement Years

Exhibit B-5

Total OPEB Liability	2022	2021	2020
Service cost	\$ 105,125	\$ 101,561	\$ 87,041
Interest on the total OPEB liability	21,814	34,390	41,408
Changes in benefit terms	-	-	-
Difference between expected and actual experience of the total OPEB liability	(2,069)	(328,708)	(3,754)
Changes in assumptions	(243,353)	(305,679)	120,511
Benefit payments	(34,652)	(39,964)	(37,464)
Net change in total OPEB liability	(153,135)	(538,400)	207,742
Total OPEB Liability - Beginning	1,150,293	1,688,693	1,480,951
Total OPEB Liability - Ending	\$ 997,158	\$ 1,150,293	\$ 1,688,693
Covered Employee Payroll	\$ 25,314,128	\$ 19,324,496	\$ 20,056,117
Total OPEB Liability as a Percentage of Covered Employee Payroll	3.94%	5.95%	8.42%
Discount Rate	4.05%	1.84%	2.00%

Total OPEB Liability	2019	2018	2017
Service cost	\$ 75,552	\$ 75,886	\$ 66,467
Interest on the total OPEB liability	54,374	47,242	48,385
Changes in benefit terms	-	-	-
Difference between expected and actual experience of the total OPEB liability	(223,895)	8,944	-
Changes in assumptions	164,885	(58,608)	69,663
Benefit payments	(35,615)	(34,269)	(29,461)
Net change in total OPEB liability	35,301	39,195	155,054
Total OPEB Liability - Beginning	1,445,650	1,406,455	1,251,401
Total OPEB Liability - Ending	\$ 1,480,951	\$ 1,445,650	\$ 1,406,455
Covered Employee Payroll	\$ 18,781,278	\$ 19,602,257	\$ 18,421,226
Total OPEB Liability as a Percentage of Covered Employee Payroll	7.89%	7.37%	7.63%
	2.75%	3.71%	0.03%

Notes to the Required Supplementary Information

Ten years of data should be presented but data was unavailable prior to 2017.

CITY OF KELLER, TEXAS

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

TEXAS MUNICIPAL RETIREMENT SYSTEM FOR SDBF

Last Six Measurement Years

Exhibit B-6

Total OPEB Liability	2023	2022	2021
Service cost	\$ 53,117	\$ 49,611	\$ 42,118
Interest on the total OPEB liability	20,712	21,220	23,686
Changes in benefit terms	-	-	-
Difference between expected and actual experience of the total OPEB liability	(18,467)	(33,719)	(17,720)
Changes in assumptions	(420,362)	38,092	155,838
Benefit payments	(12,748)	(11,907)	(4,011)
Net Change in Total OPEB Liability	(377,748)	63,297	199,911
Total OPEB Liability - Beginning	1,105,465	1,042,168	842,257
Total OPEB Liability - Ending	\$ 727,717	\$ 1,105,465	\$ 1,042,168
Covered Employee Payroll	\$ 21,246,931	\$ 19,844,428	\$ 20,056,116
Total OPEB Liability as a Percentage of Covered Employee Payroll	3.43%	5.57%	5.20%

Total OPEB Liability	2020	2019	2018
Service cost	\$ 30,771	\$ 35,504	\$ 29,474
Interest on the total OPEB liability	25,368	22,710	21,710
Changes in benefit terms	-	2,550	-
Difference between expected and actual experience of the total OPEB liability	(26,911)	-	-
Changes in assumptions	146,555	(56,935)	60,354
Benefit payments	(3,846)	(3,737)	(1,842)
Net change in Total OPEB Liability	171,937	92	109,696
Total OPEB Liability - Beginning	670,320	670,228	560,532
Total OPEB Liability - Ending	\$ 842,257	\$ 670,320	\$ 670,228
Covered Employee Payroll	\$ 19,231,826	\$ 18,686,443	\$ 18,421,226
Total OPEB Liability as a Percentage of Covered Employee Payroll	4.38%	3.59%	3.64%

Notes to the Required Supplementary Information

Ten years of data should be presented but data was unavailable prior to 2018.

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
SCHEDULE OF OPEB CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM FOR SDBF
Last Six Fiscal Years

Exhibit B-7

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Actuarially Determined Contribution	\$ 14,917	\$ 12,496	\$ 9,603
Contributions in relation to the actuarially determined contribution	<u>(14,917)</u>	<u>(12,496)</u>	<u>(9,603)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 22,175,832	\$ 20,823,272	\$ 19,605,266
Contributions as a percentage of covered payroll	0.07%	0.06%	0.05%

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially Determined Contribution	\$ 3,859	\$ 3,825	\$ 3,281
Contributions in relation to the actuarially determined contribution	<u>(3,859)</u>	<u>(3,825)</u>	<u>(3,281)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 19,294,644	\$ 19,127,201	\$ 18,656,792
Contributions as a percentage of covered payroll	0.02%	0.02%	0.02%

Notes to the Required Supplementary Information

This schedule is required to have 10 years of information, but the information prior to 2018 is not available. 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.



**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

CITY OF KELLER, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – GENERAL OBLIGATION DEBT SERVICE FUND
For the Year Ended September 30, 2023**

Exhibit B-8

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Ad Valorem taxes	\$ 3,841,936	\$ 3,841,936	\$ 3,766,993	\$ (74,943)
Investment earnings	6,763	6,763	118,505	111,742
Miscellaneous	-	-	80	80
Total Revenues	<u>3,848,699</u>	<u>3,848,699</u>	<u>3,885,578</u>	<u>36,879</u>
Expenditures				
Debt service:				
Principal	3,133,606	3,133,606	2,660,000	473,606
Interest and fiscal charges	608,688	608,688	608,687	1
Other debt service expenditures	-	-	83,246	(83,246)
Total Expenditures	<u>3,742,294</u>	<u>3,742,294</u>	<u>3,351,933</u>	<u>390,361</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>106,405</u>	<u>106,405</u>	<u>533,645</u>	<u>427,240</u>
Change in Fund Balance	106,405	106,405	533,645	427,240
Fund Balances, Beginning	<u>3,280,054</u>	<u>3,280,054</u>	<u>3,280,054</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 3,386,459</u>	<u>\$ 3,386,459</u>	<u>\$ 3,813,699</u>	<u>\$ 427,240</u>

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.

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.

Hotel occupancy fund - This fund is used to account for occupancy tax revenue.

Capital Projects 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.

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, 2023

Exhibit C-1
Page 1 of 3

	Special Revenue Funds				
	Library Fund	Municipal Court	Public Safety	Public Art	Public Information and Broadcasting
Assets					
Current Assets:					
Cash and cash equivalents	\$ 132,216	\$ 185,294	\$ 19,324	\$ 206,121	\$ 211,076
Investments	872	79,529	186,344	20,240	345,094
Receivables:					
Franchise taxes	-	-	-	-	21,851
Sales taxes	-	-	-	-	-
Accounts	-	134	-	-	-
Other	-	-	28	-	-
Due from other governments	-	1,466	-	-	-
Prepaid items	-	-	3,440	-	-
Total Assets	\$ 133,088	\$ 266,423	\$ 209,136	\$ 226,361	\$ 578,021
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities:					
Accounts payable	\$ -	\$ 1,110	\$ 202	\$ 9,980	\$ 3,102
Other payables	-	-	-	-	-
Escrow payable	-	-	-	-	-
Customer deposits	-	-	15,228	-	-
Unearned revenues	-	-	-	605	-
Total Liabilities	-	1,110	15,430	10,585	3,102
Deferred Inflows of Resources					
Unavailable revenues	-	134	-	-	-
Total Deferred Inflows of Resources	-	134	-	-	-
Fund Balances:					
Nonspendable:					
Prepaid expenses	-	-	3,440	-	-
Restricted for:					
Capital projects	-	-	-	-	-
Park development	-	-	-	-	-
Municipal court building and technology	-	265,179	-	-	-
Law enforcement	-	-	190,266	-	-
Cultural and recreation	133,088	-	-	215,776	-
Street maintenance	-	-	-	-	-
Public information and broadcasting	-	-	-	-	574,919
Total Fund Balances	133,088	265,179	193,706	215,776	574,919
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 133,088	\$ 266,423	\$ 209,136	\$ 226,361	\$ 578,021

CITY OF KELLER, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2023

Exhibit C-1
Page 2 of 3

	<u>Special Revenue Funds</u>				
	<u>Tree Restoration</u>	<u>Keller Development Corporation</u>	<u>Street and Sidewalk Improvements</u>	<u>Hotel Occupancy</u>	<u>Total Special Revenue Funds</u>
Assets					
Current Assets:					
Cash and cash equivalents	\$ 597,445	\$ 4,355	\$ 3,259	\$ 20,690	\$ 1,379,780
Investments	9,775	2,894,609	1,574,120	-	5,110,583
Receivables:					
Franchise taxes	-	-	-	-	21,851
Sales taxes	-	791,855	395,927	-	1,187,782
Accounts	200	4,000	-	-	4,334
Other	-	-	2,874	52,620	55,522
Due from other governments	-	-	-	-	1,466
Prepaid items	-	-	-	-	3,440
Total Assets	<u>\$ 607,420</u>	<u>\$ 3,694,819</u>	<u>\$ 1,976,180</u>	<u>\$ 73,310</u>	<u>\$ 7,764,758</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities:					
Accounts payable	\$ -	\$ 4,161	\$ 2,276	\$ 6,568	\$ 27,399
Other payables	-	4,195	-	-	4,195
Escrow payable	213,900	-	-	-	213,900
Customer deposits	-	-	-	-	15,228
Unearned revenues	-	-	-	-	605
Total Liabilities	<u>213,900</u>	<u>8,356</u>	<u>2,276</u>	<u>6,568</u>	<u>261,327</u>
Deferred Inflows of Resources					
Unavailable revenues	-	-	-	-	134
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>134</u>
Fund Balances:					
Nonspendable:					
Prepaid expenses	-	-	-	-	3,440
Restricted for:					
Capital projects	-	-	-	-	-
Park development	-	3,686,463	-	-	3,686,463
Municipal court building and technology	-	-	-	-	265,179
Law enforcement	-	-	-	-	190,266
Cultural and recreation	393,520	-	-	66,742	809,126
Street maintenance	-	-	1,973,904	-	1,973,904
Public information and broadcasting	-	-	-	-	574,919
Total Fund Balances	<u>393,520</u>	<u>3,686,463</u>	<u>1,973,904</u>	<u>66,742</u>	<u>7,503,297</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 607,420</u>	<u>\$ 3,694,819</u>	<u>\$ 1,976,180</u>	<u>\$ 73,310</u>	<u>\$ 7,764,758</u>

CITY OF KELLER, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2023

Exhibit C-1
Page 3 of 3

	Capital Projects Funds				Total Nonmajor
	Roadway Impact	Park	Parks Capital	Total Capital	Governmental
	Fees	Development Fee	Improvements	Projects Funds	Funds
Assets					
Current Assets:					
Cash and cash equivalents	\$ 3,956	\$ 659	\$ 4,193,579	\$ 4,198,194	\$ 5,577,974
Investments	4,453,616	610	260	4,454,486	9,565,069
Receivables:					
Franchise taxes	-	-	-	-	21,851
Sales taxes	-	-	-	-	1,187,782
Accounts	-	-	-	-	4,334
Other	-	-	-	-	55,522
Due from other governments	-	-	-	-	1,466
Prepaid items	-	-	-	-	3,440
Total Assets	\$ 4,457,572	\$ 1,269	\$ 4,193,839	\$ 8,652,680	\$ 16,417,438
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 123,087	\$ 123,087	\$ 150,486
Other payables	-	-	126,083	126,083	130,278
Escrow payable	-	-	-	-	213,900
Customer deposits	-	-	-	-	15,228
Unearned revenues	-	-	-	-	605
Total Liabilities	-	-	249,170	249,170	510,497
Deferred Inflows of Resources					
Unavailable revenues	-	-	-	-	134
Total Deferred Inflows of Resources	-	-	-	-	134
Fund Balances:					
Nonspendable:					
Prepaid expenses	-	-	-	-	3,440
Restricted for:					
Capital projects	4,457,572	1,269	3,944,669	8,403,510	8,403,510
Park development	-	-	-	-	3,686,463
Municipal court building and technology	-	-	-	-	265,179
Law enforcement	-	-	-	-	190,266
Cultural and recreation	-	-	-	-	809,126
Street maintenance	-	-	-	-	1,973,904
Public information and broadcasting	-	-	-	-	574,919
Total Fund Balances	4,457,572	1,269	3,944,669	8,403,510	15,906,807
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,457,572	\$ 1,269	\$ 4,193,839	\$ 8,652,680	\$ 16,417,438

CITY OF KELLER, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2023

	Special Revenue Funds				
	Library	Municipal Court	Public Safety	Public Art	Public Information and Broadcasting
Revenues					
Fines and forfeitures	\$ -	\$ 58,262	\$ -	\$ -	\$ -
Sales and use taxes	-	-	-	-	-
Special assessments and impact fees	-	-	-	-	-
Franchise taxes	-	-	-	-	85,528
Intergovernmental revenues	-	-	7,296	-	-
Donations	17,662	-	6,710	-	-
Investment earnings	6,188	10,254	6,971	11,306	18,206
Charges for services	-	-	-	1,534	-
Miscellaneous	-	-	882	4,090	-
Total Revenues	23,850	68,516	21,859	16,930	103,734
Expenditures					
Current:					
General government	-	27,403	-	12,960	17,802
Public safety	-	-	24,951	-	-
Public works	-	-	-	-	-
Community development	-	-	-	-	-
Economic development	-	-	-	-	-
Culture and recreation	12,664	-	-	-	-
Capital outlay	-	-	-	53,230	181,742
Debt service:					
Principal	-	-	-	-	60,804
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	12,664	27,403	24,951	66,190	260,348
Excess (Deficiency) of Revenues Over (Under) Expenditures	11,186	41,113	(3,092)	(49,260)	(156,614)
Other Financing Sources (Uses)					
Proceeds from SBITA subscriptions	-	-	-	-	181,742
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Proceeds from sales of assets	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	181,742
Change in Fund Balance	11,186	41,113	(3,092)	(49,260)	25,128
Fund Balances, Beginning	121,902	224,066	196,798	265,036	549,791
Fund Balances, Ending	\$ 133,088	\$ 265,179	\$ 193,706	\$ 215,776	\$ 574,919

CITY OF KELLER, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2023

Exhibit C-2
Page 2 of 3

	Special Revenue Funds				Total Special Revenue Funds
	Tree Restoration	Keller Development Corporation	Street and Sidewalk Improvements	Hotel Occupancy	
Revenues					
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -	\$ 58,262
Sales and use taxes	-	4,717,834	2,358,917	226,052	7,302,803
Special assessments and impact fees	-	-	16,500	-	16,500
Franchise taxes	-	-	-	-	85,528
Intergovernmental revenues	-	-	-	-	7,296
Donations	-	-	-	-	24,372
Investment earnings	26,919	172,261	65,834	3,820	321,759
Charges for services	170,635	16,000	-	-	188,169
Miscellaneous	-	-	-	-	4,972
Total Revenues	197,554	4,906,095	2,441,251	229,872	8,009,661
Expenditures					
Current:					
General government	-	-	-	-	58,165
Public safety	-	-	-	-	24,951
Public works	-	-	-	-	-
Community development	-	436,748	-	-	436,748
Economic development	-	-	-	180,000	180,000
Culture and recreation	8,535	-	-	-	21,199
Capital outlay	-	-	8,501	-	243,473
Debt service:					
Principal	-	1,495,000	-	-	1,555,804
Interest and fiscal charges	-	94,794	-	-	94,794
Total Expenditures	8,535	2,026,542	8,501	180,000	2,615,134
Excess (Deficiency) of Revenues Over (Under) Expenditures	189,019	2,879,553	2,432,750	49,872	5,394,527
Other Financing Sources (Uses)					
Proceeds from SBITA subscriptions	-	-	-	-	181,742
Transfers in	-	-	-	-	-
Transfers out	-	(4,686,481)	(2,100,000)	-	(6,786,481)
Proceeds from sales of assets	-	46,500	-	-	46,500
Total Other Financing Sources (Uses)	-	(4,639,981)	(2,100,000)	-	(6,558,239)
Change in Fund Balance	189,019	(1,760,428)	332,750	49,872	(1,163,712)
Fund Balances, Beginning	204,501	5,446,891	1,641,154	16,870	8,667,009
Fund Balances, Ending	\$ 393,520	\$ 3,686,463	\$ 1,973,904	\$ 66,742	\$ 7,503,297

CITY OF KELLER, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2023

Exhibit C-2
Page 3 of 3

	<u>Capital Projects Fund</u>				<u>Total Nonmajor Governmental Funds</u>
	<u>Roadway Impact Fees</u>	<u>Park Development Fee</u>	<u>Parks Capital Improvements</u>	<u>Total Capital Projects Funds</u>	
Revenues					
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -	\$ 58,262
Sales and use taxes	-	-	-	-	7,302,803
Special assessments and impact fees	175,124	-	-	175,124	191,624
Franchise taxes	-	-	-	-	85,528
Intergovernmental revenues	-	-	-	-	7,296
Donations	-	-	-	-	24,372
Investment earnings	224,341	47	63,493	287,881	609,640
Charges for services	-	-	-	-	188,169
Miscellaneous	-	-	-	-	4,972
Total Revenues	<u>399,465</u>	<u>47</u>	<u>63,493</u>	<u>463,005</u>	<u>8,472,666</u>
Expenditures					
Current:					
General government	-	-	-	-	58,165
Public safety	-	-	-	-	24,951
Public works	9,260	-	-	9,260	9,260
Community development	-	-	-	-	436,748
Economic development	-	-	-	-	180,000
Culture and recreation	-	-	12,110	12,110	33,309
Capital outlay	-	-	4,421,192	4,421,192	4,664,665
Debt service:					
Principal	-	-	-	-	1,555,804
Interest and fiscal charges	-	-	-	-	94,794
Total Expenditures	<u>9,260</u>	<u>-</u>	<u>4,433,302</u>	<u>4,442,562</u>	<u>7,057,696</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	390,205	47	(4,369,809)	(3,979,557)	1,414,970
Other Financing Sources (Uses)					
Proceeds from SBITA subscriptions	-	-	-	-	181,742
Transfers in	-	-	5,978,213	5,978,213	5,978,213
Transfers out	(5,000,000)	-	-	(5,000,000)	(11,786,481)
Proceeds from sales of assets	-	-	-	-	46,500
Total Other Financing Sources (Uses)	<u>(5,000,000)</u>	<u>-</u>	<u>5,978,213</u>	<u>978,213</u>	<u>(5,580,026)</u>
Change in Fund Balance	(4,609,795)	47	1,608,404	(3,001,344)	(4,165,056)
Fund Balances, Beginning	<u>9,067,367</u>	<u>1,222</u>	<u>2,336,265</u>	<u>11,404,854</u>	<u>20,071,863</u>
Fund Balances, Ending	<u>\$ 4,457,572</u>	<u>\$ 1,269</u>	<u>\$ 3,944,669</u>	<u>\$ 8,403,510</u>	<u>\$ 15,906,807</u>

CITY OF KELLER, TEXAS
MUNICIPAL COURT FUND
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2023

Exhibit C-3

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Fines and forfeitures	\$ 58,214	\$ 58,214	\$ 58,262	\$ 48
Interest income	473	473	10,254	9,781
Total Revenues	<u>58,687</u>	<u>58,687</u>	<u>68,516</u>	<u>9,829</u>
Expenditures				
Current:				
Finance Department and Municipal Court	55,358	55,358	27,403	27,955
Total Expenditures	<u>55,358</u>	<u>55,358</u>	<u>27,403</u>	<u>27,955</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,329</u>	<u>3,329</u>	<u>41,113</u>	<u>37,784</u>
Change in Fund Balance	3,329	3,329	41,113	37,784
Fund Balances, Beginning	<u>224,066</u>	<u>224,066</u>	<u>224,066</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 230,724</u>	<u>\$ 230,724</u>	<u>\$ 265,179</u>	<u>\$ 75,568</u>

CITY OF KELLER, TEXAS
PUBLIC INFORMATION AND BROADCASTING FUND
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2023

Exhibit C-4

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Franchise fees	\$ 70,248	\$ 70,248	\$ 85,528	\$ 15,280
Interest income	2,877	2,877	18,206	15,329
Total Revenues	<u>73,125</u>	<u>73,125</u>	<u>103,734</u>	<u>30,609</u>
Expenditures				
Current:				
Town Hall Operations	147,500	147,500	17,802	129,698
Capital outlay	-	-	181,742	(181,742)
Debt service::				
Principal	-	-	60,804	(60,804)
Total Expenditures	<u>147,500</u>	<u>147,500</u>	<u>260,348</u>	<u>(112,848)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(74,375)</u>	<u>(74,375)</u>	<u>(156,614)</u>	<u>(82,239)</u>
Other Financing Sources (Uses)				
Proceeds from SBITA subscriptions	-	-	181,742	181,742
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>181,742</u>	<u>181,742</u>
Change in Fund Balance	(74,375)	(74,375)	25,128	99,503
Fund Balances, Beginning	<u>549,791</u>	<u>549,791</u>	<u>549,791</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 475,416</u>	<u>\$ 475,416</u>	<u>\$ 574,919</u>	<u>\$ 99,503</u>

CITY OF KELLER, TEXAS
KELLER DEVELOPMENT CORPORATION
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2023

Exhibit C-5

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Sales taxes	\$ 4,218,050	\$ 4,218,050	\$ 4,717,834	\$ 499,784
Interest income	15,000	15,000	172,261	157,261
Charges for services	16,000	16,000	16,000	-
Total Revenues	4,249,050	4,249,050	4,906,095	657,045
Expenditures				
Current:				
Parks and recreations	387,149	430,465	436,748	(6,283)
Debt Service:				
Principal	1,495,000	1,495,000	1,495,000	-
Interest and other charges	94,044	94,044	94,794	(750)
Total Expenditures	1,976,193	2,019,509	2,026,542	(7,033)
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,272,857	2,229,541	2,879,553	650,012
Other Financing Sources (Uses)				
Transfers out	(2,062,750)	(4,686,483)	(4,686,481)	(2)
Proceeds from sale of assets			46,500	(46,500)
Total Other Financing Sources (Uses)	(2,062,750)	(4,686,483)	(4,639,981)	(46,502)
Change in Fund Balance	210,107	(2,456,942)	(1,760,428)	603,510
Fund Balances, Beginning	5,446,891	5,446,891	5,446,891	-
Fund Balances, Ending	\$ 5,656,998	\$ 2,989,949	\$ 3,686,463	\$ 603,510

CITY OF KELLER, TEXAS
STREET/SIDEWALK IMPROVEMENT FUND
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2023

Exhibit C-6

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes:				
Sales taxes	\$ 2,109,025	\$ 2,109,025	\$ 2,358,917	\$ 249,892
Special assessments and impact fees	-	-	16,500	16,500
Interest income	1,530	1,530	65,834	64,304
Total Revenues	<u>2,110,555</u>	<u>2,110,555</u>	<u>2,441,251</u>	<u>330,696</u>
Expenditures				
Current:				
Capital outlay	10,000	10,000	8,501	1,499
Total Expenditures	<u>10,000</u>	<u>10,000</u>	<u>8,501</u>	<u>1,499</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,100,555	2,100,555	2,432,750	332,195
Other Financing Sources (Uses)				
Transfers out	(2,100,000)	(2,100,000)	(2,100,000)	-
Total Other Financing Sources (Uses)	<u>(2,100,000)</u>	<u>(2,100,000)</u>	<u>(2,100,000)</u>	<u>-</u>
Change in Fund Balance	555	555	332,750	332,195
Fund Balances, Beginning	<u>1,641,154</u>	<u>1,641,154</u>	<u>1,641,154</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 1,641,709</u>	<u>\$ 1,641,709</u>	<u>\$ 1,973,904</u>	<u>\$ 332,195</u>



Non-major Governmental Funds

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
INTERNAL SERVICE FUNDS
STATEMENT OF NET POSITION
For the Year Ended September 30, 2023

Exhibit C-7

	Information Technology	Equipment Replacement	Health Insurance	Total Internal Service Funds
Assets				
Current Assets:				
Cash and cash equivalents	\$ 1,931,727	\$ 4,024,252	\$ 917,250	\$ 6,873,229
Investments	535,846	1,034,891	6,291,979	7,862,716
Accounts receivable, net of allowance for doubtful accounts	16,800	-	-	16,800
Total Current Assets	2,484,373	5,059,143	7,209,229	14,752,745
Noncurrent Assets:				
Capital assets:				
Buildings	-	38,500	-	38,500
Equipment	5,830,449	10,166,516	-	15,996,965
RTU - SBITA asset	628,090	-	-	628,090
Less accumulated depreciation/amortization	(5,668,383)	(5,455,127)	-	(11,123,510)
Total Non-Current Assets	790,156	4,749,889	-	5,540,045
Total Assets	3,274,529	9,809,032	7,209,229	20,292,790
Deferred Outflows of Resources				
Deferred outflows related to pensions	306,648	-	-	306,648
Deferred outflows related to OPEB SDBF	5,100	-	-	5,100
Deferred outflows related to OPEB Health	6,373	-	-	6,373
Total Deferred Outflows of Resources	318,121	-	-	318,121
Liabilities				
Current liabilities:				
Accounts payable	223,372	188,865	225,420	637,657
Other payables and accruals	11,414	-	-	11,414
SBITA payable - current	216,458	-	-	216,458
Total Current Liabilities	451,244	188,865	225,420	865,529
Noncurrent Liabilities:				
SBITA payable	182,786	-	-	182,786
Net pension liability	634,490	-	-	634,490
Total OPEB liability (SDBF)	19,991	-	-	19,991
Total OPEB liability (Health Benefits)	27,393	-	-	27,393
Total Noncurrent Liabilities	864,660	-	-	864,660
Total Liabilities	1,315,904	188,865	225,420	1,730,189
Deferred Inflows of Resources				
Deferred inflows related to pensions	2,373	-	-	2,373
Deferred inflows related to OPEB SDBF	11,698	-	-	11,698
Deferred inflows related to OPEB Health	24,480	-	-	24,480
Total Deferred Inflows of Resources	38,551	-	-	38,551
Total OPEB liability				
Invested in capital assets	390,912	4,749,889	-	5,140,801
Unrestricted	1,847,283	4,870,278	6,983,809	13,701,370
Total Net Position	\$ 2,238,195	\$ 9,620,167	\$ 6,983,809	\$ 18,842,171

CITY OF KELLER, TEXAS

INTERNAL SERVICE FUNDS

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

For the Year Ended September 30, 2023

Exhibit C-8

	<u>Information Technology</u>	<u>Equipment Replacement</u>	<u>Health Insurance</u>	<u>Total Internal Service Funds</u>
Operating Revenues				
Fees	\$ 2,715,652	\$ 1,300,261	\$ 5,006,464	\$ 9,022,377
Total Operating Revenues	<u>2,715,652</u>	<u>1,300,261</u>	<u>5,006,464</u>	<u>9,022,377</u>
Operating Expenses				
Personnel	916,997	-	-	916,997
Supplies and materials	135,251	4,275	-	139,526
Services and other	1,272,630	1,076,145	4,071,363	6,420,138
Depreciation/Amortization	84,844	854,422	-	939,266
Total Operating Expenses	<u>2,409,722</u>	<u>1,934,842</u>	<u>4,071,363</u>	<u>8,415,927</u>
Operating Income (Loss)	<u>305,930</u>	<u>(634,581)</u>	<u>935,101</u>	<u>606,450</u>
Non-Operating Revenues				
Investment Earnings	85,685	204,406	262,797	552,888
Miscellaneous revenue	-	456,158	-	456,158
Gain/loss on disposal of capital assets	-	170,821	-	170,821
Total Non-Operating Revenues	<u>85,685</u>	<u>831,385</u>	<u>262,797</u>	<u>1,179,867</u>
Income (Loss) Before Contributions and Transfers	391,615	196,804	1,197,898	1,786,317
Contributions and Transfers				
Transfers from other funds	-	341,673	-	341,673
Total Contributions and Transfers	<u>-</u>	<u>341,673</u>	<u>-</u>	<u>341,673</u>
Change in Net Position	391,615	538,477	1,197,898	2,127,990
Net Position, Beginning	<u>1,846,580</u>	<u>9,081,690</u>	<u>5,785,911</u>	<u>16,714,181</u>
Net Position, Ending	<u>\$ 2,238,195</u>	<u>\$ 9,620,167</u>	<u>\$ 6,983,809</u>	<u>\$ 18,842,171</u>

CITY OF KELLER, TEXAS
INTERNAL SERVICE FUNDS
STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2023

Exhibit C-9

	Information Technology	Equipment Replacement	Health Insurance	Total Internal Service Funds
Cash Flows from Operating Activities				
Receipts from customers	\$ 2,717,000	\$ 1,300,261	\$ 5,006,464	\$ 9,023,725
Disbursed for personnel services	(908,778)	-	-	(908,778)
Disbursed for goods and services to suppliers	(1,359,755)	(1,922,895)	(3,971,278)	(7,253,928)
Net Cash Provided by Operating Activities	<u>448,467</u>	<u>(622,634)</u>	<u>1,035,186</u>	<u>861,019</u>
Cash Flows From Noncapital Financing Activities				
Transfer from other funds	-	341,673	-	341,673
Net Cash Provided (Used) by Noncapital Financial Activities	<u>-</u>	<u>341,673</u>	<u>-</u>	<u>341,673</u>
Cash Flows from Capital & Related Financing Activities				
Acquisition and construction of capital assets	(105,375)	(1,913,059)	-	(2,018,434)
Insurance recoveries	-	456,158	-	456,158
Proceeds from the sale of equipment	-	17,096	-	17,096
Principal payments on SBITA liability	(225,846)	-	-	(225,846)
Net Cash Provided by Capital & Related Financing Activities	<u>(331,221)</u>	<u>(1,439,805)</u>	<u>-</u>	<u>(1,771,026)</u>
Cash Flows from Investing Activities				
Purchase or sale of investments, net	194,320	(29,888)	(664,628)	(500,196)
Interest received	85,685	204,406	262,797	552,888
Net Cash Provided (Used) by Investing Activities	<u>280,005</u>	<u>174,518</u>	<u>(401,831)</u>	<u>52,692</u>
Net change in cash and cash equivalents	397,251	(1,546,248)	633,355	(515,642)
Cash and Cash Equivalents, Beginning	<u>1,534,476</u>	<u>5,570,500</u>	<u>283,895</u>	<u>7,388,871</u>
Cash and Cash Equivalents, Ending	<u>\$ 1,931,727</u>	<u>\$ 4,024,252</u>	<u>\$ 917,250</u>	<u>\$ 6,873,229</u>
Reconciliation of Operating Income (Loss) to				
Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ 305,930	\$ (634,581)	\$ 935,101	\$ 606,450
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	84,844	854,422	-	939,266
Decrease (increase) in accounts receivable	1,348	-	-	1,348
Decrease (increase) in deferred outflows	(222,474)	-	-	(222,474)
Increase (decrease) in accounts payable	89,206	(842,475)	98,324	(654,945)
Increase (decrease) in other payables and accruals	(41,080)	-	-	(41,080)
Increase (decrease) in pension and OPEB liability	431,175	-	-	431,175
Increase (decrease) in deferred inflows	(200,482)	-	-	(200,482)
(Increase) in prepaids	-	-	1,761	1,761
Net Cash Provided (Used) by Operating Activities	<u>\$ 448,467</u>	<u>\$ (622,634)</u>	<u>\$ 1,035,186</u>	<u>\$ 861,019</u>

STATISTICAL SECTION



STATISTICAL SECTION

This part of the City of Keller's annual comprehensive 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.

<u>Contents</u>	<u>Tables</u>
Financial Trends These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	1-5
Revenue Capacity These tables contain information to help the reader assess the City's two most significant local revenue sources, the property and sales taxes.	6-14
Debt Capacity 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.	15-19
Economic and Demographic Information These tables offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	20-21
Operating Information 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.	22-24

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial report for the relevant year. The City implemented GASB Statement 34 in fiscal year 2003; tables presenting government-wide information include information beginning in that year.

CITY OF KELLER, TEXAS
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)

Table 1
Page 1 of 2

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Governmental Activities					
Investment in capital assets	\$ 96,268,556	\$ 94,005,152	\$ 100,930,811	\$ 97,480,242	\$ 97,675,021
Restricted	22,061,750	29,873,687	32,312,302	32,049,412	36,243,225
Unrestricted	7,672,607	2,960,576	3,568,719	6,876,625	12,659,240
Total Governmental Activities					
Net Position	<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>
Business-type Activities					
Investment in capital assets	\$ 58,172,320	\$ 61,280,272	\$ 63,273,352	\$ 76,865,272	\$ 75,824,228
Restricted	7,781,518	1,169,197	4,777,236	17,275,318	17,601,201
Unrestricted	18,030,492	17,251,401	11,509,850	1,127,163	5,030,105
Total Business-type Activities					
Net Position	<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>
Primary Government					
Net investment in capital assets	\$ 154,440,876	\$ 155,285,424	\$ 164,204,163	\$ 174,345,514	\$ 173,499,249
Restricted	29,843,268	31,042,884	37,089,538	49,324,730	53,844,426
Unrestricted	25,703,100	20,211,977	15,078,569	8,003,788	17,689,345
Total Primary Government					
Net Position	<u>\$ 209,987,244</u>	<u>\$ 206,540,285</u>	<u>\$ 216,372,270</u>	<u>\$ 231,674,032</u>	<u>\$ 245,033,020</u>

CITY OF KELLER, TEXAS
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)

Table 1
Page 2 of 2

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Governmental Activities					
Investment in capital assets	\$ 101,125,405	\$ 103,266,045	\$ 102,376,998	\$ 99,447,718	\$ 112,697,918
Restricted	38,561,026	43,698,993	45,517,300	39,748,273	39,106,946
Unrestricted	17,489,706	22,541,010	28,841,506	47,510,368	44,167,460
Total Governmental Activities					
Net Position	<u>\$ 157,176,137</u>	<u>\$ 169,506,048</u>	<u>\$ 176,735,804</u>	<u>\$ 186,706,359</u>	<u>\$ 195,972,324</u>
Business-type Activities					
Investment in capital assets	\$ 82,146,631	\$ 87,307,591	\$ 84,752,502	\$ 83,241,339	\$ 84,846,088
Restricted	6,652,768	4,417,535	4,930,176	11,257,013	9,383,620
Unrestricted	13,877,911	14,540,167	15,320,483	13,642,617	20,710,562
Total Business-type Activities					
Net Position	<u>\$ 102,677,310</u>	<u>\$ 106,265,293</u>	<u>\$ 105,003,161</u>	<u>\$ 108,140,969</u>	<u>\$ 114,940,270</u>
Primary Government					
Net investment in capital assets	\$ 183,272,036	\$ 190,573,636	\$ 187,129,500	\$ 182,689,057	\$ 197,544,006
Restricted	45,213,794	48,116,528	50,447,476	51,005,286	48,490,566
Unrestricted	31,367,617	37,081,177	44,161,989	61,152,985	64,878,022
Total Primary Government					
Net Position	<u>\$ 259,853,447</u>	<u>\$ 275,771,341</u>	<u>\$ 281,738,965</u>	<u>\$ 294,847,328</u>	<u>\$ 310,912,594</u>

CITY OF KELLER, TEXAS
CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)

Table 2
Page 1 of 4

	2014	2015	2016	2017	2018
Expenses					
Governmental Activities					
General government	\$ 7,011,362	\$ 9,224,860	\$ 6,606,428	\$ 6,592,982	\$ 7,921,283
Public safety	16,756,956	20,941,821	20,789,609	21,542,266	19,093,622
Public works	2,490,468	3,138,376	5,715,323	4,289,043	6,722,250
Community Development	1,357,417	1,870,887	3,073,034	2,387,006	2,004,708
Culture and recreation	4,938,515	5,855,468	6,130,399	6,457,773	7,115,961
Interest on long-term debt	2,882,936	1,841,830	2,068,775	2,027,789	1,299,198
Total Governmental Activities Expenses	35,437,654	42,873,242	44,383,568	43,296,859	44,157,022
Business-type Activities					
Water services	18,496,707	20,294,433	23,446,287	23,661,400	24,203,826
Drainage Utility	2,040,218	2,172,976	2,391,244	2,352,482	2,750,456
Recreation/Aquatic Center	2,669,471	2,600,639	3,041,177	3,357,215	3,315,120
Total Business-type Activities Expenses	23,206,396	25,068,048	28,878,708	29,371,097	30,269,402
Total Primary Government Expenses	\$ 58,644,050	\$ 67,941,290	\$ 73,262,276	\$ 72,667,956	\$ 74,426,424
Program Revenues					
Governmental Activities					
Charges for services:					
Public works	\$ 79,719	\$ 82,024	\$ 93,881	\$ 105,136	\$ 100,696
Culture and recreation	915,060	544,882	566,112	453,852	511,755
Other Activities	4,891,778	4,334,299	6,081,145	5,629,579	4,739,512
Operating grants and contributions	3,590,362	3,373,672	3,878,523	3,620,161	4,209,216
Capital grants and contributions	251,533	285,924	1,881,643	1,242,726	20,227
Total Governmental Activities Program Revenues	9,728,452	8,620,801	12,501,304	11,051,454	9,581,406
Business-type Activities					
Charges for services:					
Water services	21,546,501	21,483,165	20,659,409	26,261,738	27,205,769
Drainage Utility	1,569,419	1,610,683	1,633,244	1,441,816	1,455,901
Recreation/Aquatic Center	3,029,667	2,982,350	3,095,309	3,408,147	3,410,350
Operating grants and contributions	-	-	-	53,222	-
Capital grants and contributions	4,977,753	1,243,665	3,994,015	2,012,753	987,138
Total Business-type Activities Program Revenues	31,123,340	27,319,863	29,381,977	33,177,676	33,059,158
Total Primary Government Program Revenues	\$ 40,851,792	\$ 35,940,664	\$ 41,883,281	\$ 44,229,130	\$ 42,640,564
Net (Expense)/Revenue					
Governmental activities	\$ (25,709,202)	\$ (34,252,441)	\$ (31,882,264)	\$ (32,245,405)	\$ (34,575,616)
Business-type activities	7,916,944	2,251,815	503,269	3,806,579	2,789,756
Total Primary Government Net Expense	\$ (17,792,258)	\$ (32,000,626)	\$ (31,378,995)	\$ (28,438,826)	\$ (31,785,860)

CITY OF KELLER, TEXAS
CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)

Table 2
Page 2 of 4

	2019	2020	2021	2022	2023
Expenses					
Governmental Activities					
General government	\$ 5,366,338	\$ 6,869,123	\$ 8,384,847	\$ 5,318,814	\$ 7,344,626
Public safety	20,083,209	18,811,465	19,297,660	20,468,163	25,014,372
Public works	10,340,308	11,550,285	12,698,624	13,207,020	14,165,549
Community Development	2,365,621	2,239,811	1,836,261	2,071,671	2,448,130
Culture and recreation	6,047,587	5,758,248	9,777,808	8,046,226	7,147,060
Interest on long-term debt	1,016,877	958,518	823,081	680,922	568,894
Total Governmental Activities Expenses	45,219,940	46,187,450	52,818,281	49,792,816	56,688,631
Business-type Activities					
Water services	23,129,976	23,565,553	24,628,884	27,459,747	27,541,102
Drainage Utility	2,348,274	2,660,241	2,192,325	1,871,299	2,133,582
Recreation/Aquatic Center	3,193,606	2,687,701	6,899,928	6,782,809	2,985,820
Total Business-type Activities Expenses	28,671,856	28,913,495	33,721,137	36,113,855	32,660,504
Total Primary Government Expenses	\$ 73,891,796	\$ 75,100,945	\$ 86,539,418	\$ 85,906,671	\$ 89,349,135
Program Revenues					
Governmental Activities					
Charges for services:					
Public works	\$ 118,938	\$ 94,067	\$ 100,074	\$ 35,049	\$ 35,219
Culture and recreation	456,286	149,659	200,913	300,153	270,869
Other Activities	4,924,041	4,497,172	5,811,205	6,008,440	5,894,095
Operating grants and contributions	4,363,634	6,710,961	6,013,508	3,359,341	3,862,614
Capital grants and contributions	2,023,535	1,826,542	740,219	1,265,346	1,949,663
Total Governmental Activities Program Revenues	11,886,434	13,278,401	12,865,919	10,968,329	12,012,460
Business-type Activities					
Charges for services:					
Water services	25,720,620	26,656,369	26,425,512	33,030,914	33,811,337
Drainage Utility	1,466,777	1,481,633	1,493,863	1,509,050	1,514,539
Recreation/Aquatic Center	3,295,577	1,914,081	2,516,213	2,589,946	3,070,174
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	2,460,465	2,089,853	1,891,912	1,820,925	114,311
Total Business-type Activities Program Revenues	32,943,439	32,141,936	32,327,500	38,950,835	38,510,361
Total Primary Government Program Revenues	\$ 44,829,873	\$ 45,420,337	\$ 45,193,419	\$ 49,919,164	\$ 50,522,821
Net (Expense)/Revenue					
Governmental activities	\$ (33,333,506)	\$ (32,909,049)	\$ (39,952,362)	\$ (38,824,487)	\$ (44,676,171)
Business-type activities	4,271,583	3,228,441	(1,393,637)	2,836,980	5,849,857
Total Primary Government Net Expense	\$ (29,061,923)	\$ (29,680,608)	\$ (41,345,999)	\$ (35,987,507)	\$ (38,826,314)

CITY OF KELLER, TEXAS
CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)

Table 2
Page 3 of 4

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Revenues and Other Changes in Net Position					
Governmental Activities					
Property taxes	\$ 21,526,556	\$ 22,777,252	\$ 24,046,908	\$ 26,040,551	\$ 27,517,501
Sales and use taxes	9,817,716	10,660,047	11,312,683	11,812,756	12,210,696
Franchise taxes	3,157,388	3,421,518	4,369,222	4,287,666	4,358,208
Mixed Beverages	128,832	192,912	176,434	147,297	158,011
Unrestricted investment earnings	180,677	160,938	153,866	733,658	1,070,649
Miscellaneous income	240,932	164,711	208,575	286,954	278,852
Gain/(Loss) on sale of capital assets	98,274	15,891	727,056	-	-
Transfers	3,826,555	3,342,990	859,937	(11,469,030)	9,908
Total Governmental Activities	<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>
Business-type Activities					
Investment earnings	121,260	80,990	61,385	297,571	532,012
Miscellaneous revenues (expense)	42,688	54,614	153,955	134,135	143,700
Gain (loss) on sale of capital assets	-	-	896	-	-
Transfers	(3,826,555)	(3,342,990)	(859,937)	11,469,030	(9,908)
Total Business-type Activities	<u>(3,662,607)</u>	<u>(3,207,386)</u>	<u>(643,701)</u>	<u>11,900,736</u>	<u>665,804</u>
Total Primary Government	<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>
Change in Net Position					
Governmental activities	\$ 4,724,489	\$ 8,853,995	\$ 9,609,276	\$ (2,735,764)	\$ 12,270,319
Business-type activities	(1,410,792)	(2,704,117)	3,162,878	14,690,492	4,937,387
Total Primary Government	<u>\$ 3,313,697</u>	<u>\$ 6,149,878</u>	<u>\$ 12,772,154</u>	<u>\$ 11,954,728</u>	<u>\$ 17,207,706</u>

CITY OF KELLER, TEXAS
CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)

Table 2
Page 4 of 4

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General Revenues and Other Changes in Net Position					
Governmental Activities					
Property taxes	\$ 23,534,184	\$ 24,016,772	\$ 24,136,514	\$ 23,867,927	\$ 23,709,717
Sales and use taxes	12,681,216	14,358,763	16,025,875	18,092,391	18,725,089
Franchise taxes	4,626,857	4,414,447	4,452,725	4,861,663	5,201,069
Mixed Beverages	147,028	115,077	148,376	188,557	217,097
Unrestricted investment earnings	1,726,322	1,296,970	419,517	693,947	4,525,031
Miscellaneous income	183,918	727,029	1,768,131	1,200,968	1,332,034
Gain/(Loss) on sale of capital assets	-	-	-	-	-
Transfers	1,032,632	309,902	230,980	(110,411)	232,099
Total Governmental Activities	<u>43,932,157</u>	<u>45,238,960</u>	<u>47,182,118</u>	<u>48,795,042</u>	<u>53,942,136</u>
Business-type Activities					
Investment earnings	820,151	497,252	168,286	177,072	1,292,168
Miscellaneous revenues (expense)	162,674	172,192	194,199	13,345	(110,625)
Gain (loss) on sale of capital assets	-	-	-	-	-
Transfers	(1,032,632)	(309,902)	(230,980)	110,411	(232,099)
Total Business-type Activities	<u>(49,807)</u>	<u>359,542</u>	<u>131,505</u>	<u>300,828</u>	<u>949,444</u>
Total Primary Government	<u>\$ 43,882,350</u>	<u>\$ 45,598,502</u>	<u>\$ 47,313,623</u>	<u>\$ 49,095,870</u>	<u>\$ 54,891,580</u>
Change in Net Position					
Governmental activities	\$ 11,023,108	\$ 5,286,598	\$ 7,229,756	\$ 9,970,555	\$ 9,265,965
Business-type activities	3,178,634	(1,034,095)	(1,262,132)	3,137,808	6,799,301
Total Primary Government	<u>\$ 14,201,742</u>	<u>\$ 4,252,503</u>	<u>\$ 5,967,624</u>	<u>\$ 13,108,363</u>	<u>\$ 16,065,266</u>

CITY OF KELLER, TEXAS
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

Table 3
Page 1 of 2

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Fund					
Nonspendable	\$ 108,298	\$ 127,462	\$ 487,348	\$ 138,601	\$ 130,875
Assigned	6,849,905	10,081,509	-	-	-
Restricted	-	-	515,348	565,045	660,444
Unassigned	9,380,730	9,923,578	11,891,652	16,073,653	20,851,712
Total General Fund	<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>
All Other Governmental Funds					
Assigned	\$ 2,007,357	\$ 2,660,466	\$ -	\$ -	\$ -
Nonspendable	-	-	-	-	7,500
Restricted:					
Debt Service	931,773	1,382,935	3,700,651	2,409,305	2,829,355
Capital Projects	12,480,371	15,784,265	21,088,314	24,572,209	24,834,143
Other	3,274,935	3,671,650	7,166,769	8,781,887	10,031,105
Unassigned	(156,535)	-	-	-	-
Total All Other Governmental Funds	<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>

CITY OF KELLER, TEXAS
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

Table 3
Page 2 of 2

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General Fund					
Nonspendable	\$ 155,116	\$ 114,740	\$ 157,774	\$ 140,016	\$ 132,330
Assigned	-	-	-	-	-
Restricted	596,748	675,025	820,292	784,845	1,113,987
Unassigned	22,563,145	26,196,574	30,558,505	30,297,602	30,822,396
Total General Fund	<u>\$ 23,315,009</u>	<u>\$ 26,986,339</u>	<u>\$ 31,536,571</u>	<u>\$ 31,222,463</u>	<u>\$ 32,068,713</u>
All Other Governmental Funds					
Assigned	\$ 3,024,681	\$ 3,378,187	\$ 1,493,197	\$ 18,043,354	\$ 16,465,324
Nonspendable	1,868	-	-	-	3,440
Restricted:					
Debt Service	2,736,902	3,253,941	3,353,780	3,280,054	3,813,699
Capital Projects	28,387,810	38,970,152	37,804,984	21,423,177	18,596,356
Other	9,097,766	10,790,172	13,594,458	16,026,455	15,671,412
Unassigned	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 43,249,027</u>	<u>\$ 56,392,452</u>	<u>\$ 56,246,419</u>	<u>\$ 58,773,040</u>	<u>\$ 54,550,231</u>

CITY OF KELLER, TEXAS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(accrual basis of accounting)

Table 4
Page 1 of 2

	2014	2015	2016	2017	2018
Revenues					
Taxes	\$ 34,626,731	\$ 37,018,059	\$ 40,009,553	\$ 42,379,848	\$ 44,241,735
Licenses and permits	2,300,895	2,079,019	1,771,594	1,218,057	1,228,907
Intergovernmental	3,611,678	3,101,589	3,009,267	3,059,876	3,600,871
Charges for services	1,498,686	1,565,049	3,394,410	3,587,619	3,071,536
Fines and forfeitures	1,326,291	1,143,499	1,313,744	1,445,115	996,983
Special assessments and impact fees	885,077	576,321	964,589	468,342	529,129
Donations	96,580	108,456	132,944	132,988	99,216
Interest	180,496	861,762	146,360	710,497	1,030,333
Miscellaneous	295,074	224,804	208,575	191,609	229,357
Total Revenues	44,821,508	46,678,558	50,951,036	53,193,951	55,028,067
Expenditures					
General government	6,269,082	6,753,694	4,939,940	5,315,834	5,221,329
Public safety	14,968,628	15,281,088	15,547,033	16,490,424	17,091,966
Public works	2,224,682	2,289,850	4,463,711	2,841,693	2,628,395
Community development	1,212,552	1,365,628	2,327,242	1,958,408	2,285,144
Culture and recreation	4,411,469	4,272,027	4,627,717	4,903,681	4,966,960
Capital outlay	9,000,163	4,791,333	7,471,482	4,840,540	4,578,424
Debt service:					
Principal	7,156,404	7,583,160	7,273,304	12,100,180	8,458,077
Interest	2,871,535	2,340,333	2,136,540	2,091,739	1,465,568
Other debt service expenditures	-	-	-	-	-
Total Expenditures	48,114,515	44,677,113	48,786,969	50,542,499	46,695,863
Excess (deficiency) of Revenues Over (under) Expenditures	(3,293,007)	2,001,445	2,164,067	2,651,452	8,332,204
Other Financing Sources (Uses)					
Proceeds from SBITAS	-	-	-	-	-
Sale of capital assets	103,861	97,503	732,629	70,204	49,408
Transfers in	5,200,474	4,546,770	16,789,409	1,827,507	6,722,938
Transfers out	(1,373,919)	(1,203,780)	(16,578,599)	(2,227,507)	(8,300,116)
Refunding bonds issued	-	19,580,000	-	12,340,000	-
Premium on refunding bonds issued	-	294,213	-	901,059	-
Payment to refunding bond escrow agent	-	(16,561,118)	-	(7,872,097)	-
Total Other Financing Sources (Uses)	3,930,416	6,753,588	943,439	5,039,166	(1,527,770)
Net Change in Fund Balances	\$ 637,409	\$ 8,755,033	\$ 3,107,506	\$ 7,690,618	\$ 6,804,434
Debt service as a percentage of noncapital expenditures	25.6%	16.1%	22.8%	31.1%	23.3%

CITY OF KELLER, TEXAS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(accrual basis of accounting)

Table 4
Page 2 of 2

	2019	2020	2021	2022	2023
Revenues					
Taxes	\$ 40,910,092	\$ 42,972,651	\$ 44,749,833	\$ 47,205,812	\$ 48,149,709
Licenses and permits	1,341,453	1,061,240	1,835,800	1,324,100	1,012,700
Intergovernmental	3,731,604	6,869,257	4,441,035	4,100,217	6,184,203
Charges for services	3,208,548	3,005,399	3,487,179	3,592,240	3,617,408
Fines and forfeitures	810,175	674,636	461,825	500,748	523,763
Special assessments and impact fees	635,248	481,918	1,774,447	269,832	191,624
Donations	98,067	66,172	74,002	121,572	99,358
Interest	1,629,306	1,207,032	391,667	587,066	3,972,143
Miscellaneous	138,971	360,869	389,342	527,221	309,721
Total Revenues	52,503,464	56,699,174	57,605,130	58,228,808	64,060,629
Expenditures					
General government	4,825,048	5,645,846	5,640,639	5,390,471	5,767,916
Public safety	18,205,998	18,345,732	19,344,466	20,653,628	22,502,977
Public works	2,729,907	3,284,674	3,588,162	3,372,930	3,329,359
Community development	2,552,132	2,448,184	1,993,194	2,324,819	2,894,921
Culture and recreation	4,917,778	4,768,865	5,046,739	5,570,860	5,792,288
Capital outlay	6,759,665	6,444,307	10,946,279	14,320,084	21,787,529
Debt service:					
Principal	5,024,046	4,946,207	4,725,000	4,810,000	4,670,804
Interest	1,165,948	1,168,866	1,049,298	939,528	775,056
Other debt service expenditures	-	-	-	22,736	83,246
Total Expenditures	46,180,522	47,052,681	52,333,777	57,405,056	67,604,096
Excess (deficiency) of Revenues Over (under) Expenditures	6,322,942	9,646,493	5,271,353	823,752	(3,543,467)
Other Financing Sources (Uses)					
Proceeds from SBITAS	-	-	-	-	181,742
Sale of capital assets	65,460	127,899	261,432	45,403	94,740
Transfers in	12,507,397	6,532,204	6,142,462	13,395,238	19,937,733
Transfers out	(11,676,897)	(7,664,449)	(7,271,048)	(12,051,880)	(20,047,307)
Refunding bonds issued	-	10,860,000	-	-	-
Premium on refunding bonds issued	-	2,095,067	-	-	-
Payment to refunding bond escrow agent	-	(4,782,459)	-	-	-
Total Other Financing Sources (Uses)	895,960	7,168,262	(867,154)	1,388,761	166,908
Net Change in Fund Balances	\$ 7,218,902	\$ 16,814,755	\$ 4,404,199	\$ 2,212,513	\$ (3,376,559)
Debt service as a percentage of noncapital expenditures	15.7%	15.1%	14.0%	13.3%	11.9%



CITY OF KELLER, TEXAS
TAX REVENUES BY SOURCE
GOVERNMENTAL FUNDS
Last Ten Fiscal Years

Table 5

Fiscal Year	Property Tax	Sales and Use Tax	Franchise Tax	Mixed Beverage Tax	Total
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
2020	24,084,364	14,358,763	4,414,447	115,077	42,972,651
2021	24,122,857	16,025,875	4,452,725	148,376	44,749,833
2022	23,867,927	18,092,391	4,861,663	188,557	47,010,538
2023	23,709,717	18,725,089	5,201,069	217,097	47,852,972

Percent Change

2014-2023	10.2%	90.7%	64.7%	68.5%	38.2%
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CITY OF KELLER, TEXAS
ASSESSED VALUE AND ESTIMATED VALUE
OF TAXABLE PROPERTY
Last Ten Fiscal Years

Table 6
Page 1 of 2

Fiscal Year	Residential Property	Commercial & Industrial Property	Undeveloped Vacant Property	Less Other Tax-Exempt Property
2014	\$ 3,403,293,010	\$ 639,069,078	\$ 1,526,697	\$ 443,957,738
2015	3,625,917,225	676,781,328	1,336,029	415,216,570
2016	3,793,250,339	685,548,240	3,984,800	501,821,781
2017	4,189,986,101	800,619,329	567,960	666,074,543
2018	4,541,681,247	692,354,454	430,477	1,066,446,124
2019	5,000,642,127	787,573,892	600,985	963,947,456
2020	5,277,268,282	811,872,981	646,921	1,262,116,360
2021	5,153,549,974	854,288,438	514,915	1,819,083,490
2022	5,179,870,520	859,080,353	1,160,664	1,895,157,642
2023	5,871,352,281	902,702,357	1,006,833	2,093,934,674

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 years. Tarrant Appraisal District's current policy is to conduct a general appraisal of real and business personal property value annually, meaning that a property's appraised value is established and reviewed for equality and uniformity each year. The district conducts an onsite field review of real property in a portion of the county annually as part of a reappraised cycle. Tax rates are per \$100 of assessed value.

Source - Tarrant Appraisal District.
 Budget

CITY OF KELLER, TEXAS
ASSESSED VALUE AND ESTIMATED VALUE
OF TAXABLE PROPERTY
Last Ten Fiscal Years

Table 6
Page 2 of 2

Fiscal Year	Total Taxable Assessed Value	Total Direct Tax	Estimated Actual Taxable Value	Assessed Value as a Percent of Actual Taxable Value
2014	\$ 4,043,888,767	0.44219	\$ 4,043,888,767	100%
2015	4,304,034,581	0.43719	4,304,034,581	100%
2016	4,482,783,378	0.43469	4,482,783,378	100%
2017	4,991,173,391	0.43000	4,991,173,391	100%
2018	5,234,466,178	0.42750	5,234,466,178	100%
2019	5,788,817,004	0.41325	5,788,817,004	100%
2020	6,089,788,184	0.39990	6,089,788,184	100%
2021	6,008,353,327	0.39500	6,008,353,327	100%
2022	6,040,111,537	0.39500	6,040,111,537	100%
2023	6,775,061,471	0.35450	6,775,061,471	100%

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 years. Tarrant Appraisal District's current policy is to conduct a general appraisal of real and business personal property value annually, meaning that a property's appraised value is established and reviewed for equality and uniformity each year. The district conducts an onsite field review of real property in a portion of the county annually as part of a reappraised cycle. Tax rates are per \$100 of assessed value.

Source - Tarrant Appraisal District.
 Budget

CITY OF KELLER, TEXAS
PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years

Table 7
Page 1 of 2

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
City of Keller by fund:					
Basic Rate	0.326460	0.320090	0.323170	0.313578	0.318985
General Obligation Debt Service	0.115730	0.117100	0.111520	0.116422	0.108515
Total Direct Rates	<u>0.442190</u>	<u>0.437190</u>	<u>0.434690</u>	<u>0.430000</u>	<u>0.427500</u>
Carroll Independent School District	1.400000	1.400000	1.395000	1.395000	1.385000
Keller Independent School District	1.540000	1.540000	1.540000	1.520000	1.520000
Northwest Independent School District	1.452500	1.452500	1.452500	1.452500	1.490000
Tarrant County	0.264000	0.264000	0.264000	0.254000	0.244000
Tarrant County Community College District	0.149500	0.149500	0.149500	0.144730	0.140060
Tarrant County Hospital District	0.227897	0.227897	0.227897	0.227897	0.224429
Total Direct and Overlapping Rates	<u>2.483587</u>	<u>2.478587</u>	<u>2.471087</u>	<u>2.451627</u>	<u>2.420989</u>

Note 1: Tax rates per \$100 of assessed valuation

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

Source: Tarrant Appraisal District - Rates, 2022 Tax Rates

CITY OF KELLER, TEXAS
PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years

Table 7
Page 2 of 2

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
City of Keller by fund:					
Basic Rate	0.332943	0.318276	0.324190	0.336030	0.299234
General Obligation Debt Service	0.080307	0.081624	0.070810	0.058970	0.055266
Total Direct Rates	<u>0.413250</u>	<u>0.399900</u>	<u>0.395000</u>	<u>0.395000</u>	<u>0.354500</u>
Carroll Independent School District	1.300000	1.300000	1.286400	1.268600	1.218800
Keller Independent School District	1.510000	1.408300	1.394700	1.344000	1.272900
Northwest Independent School District	1.490000	1.420000	1.336300	2.292000	1.274600
Tarrant County	0.234000	0.234000	0.234000	0.229000	0.224000
Tarrant County Community College District	0.130170	0.130170	0.130170	0.130170	0.130170
Tarrant County Hospital District	0.224429	0.224429	0.224429	0.224429	0.224429
Total Direct and Overlapping Rates	<u>2.301849</u>	<u>2.396799</u>	<u>2.378299</u>	<u>2.322599</u>	<u>2.205999</u>

Note 1: Tax rates per \$100 of assessed valuation

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

Source: Tarrant Appraisal District - Rates, 2022 Tax Rates

CITY OF KELLER, TEXAS
PRINCIPAL TAXPAYERS
Current and Nine Years Ago

Table 8

Taxpayer	2023		Rank	Taxpayer	2014	
	Taxable Assessed Value	% of Total Taxable Assessed Value			Taxable Assessed Value	% of Total Taxable Assessed Value
WW 1300 Keller Parkway LLC/ WW 400/300 Bourland Road	\$ 126,700,000	1.87%	1	SC Dominion SPE	\$ 32,680	0.00%
T Arthouse TX LLC	44,200,000	0.65%	2	Art House	24,200	0.00%
Conservatory Senior Housing	32,800,000	0.48%	3	SC Stone Glen SPE	22,000	0.00%
Grand Estates At Keller LP	29,600,000	0.44%	4	Ktc Seniors, Ltd	20,905	0.00%
Atmos Energy/Mid Tex Division	27,647,480	0.41%	5	Regency Centers, LP	17,480	0.00%
Regency Centers LP	21,975,893	0.32%	6	Grand Estates at Keller LP	16,800	0.00%
Jahco Keller Crossing LLC	16,402,891	0.24%	7	T Keller LLC	15,109	0.00%
Oncor Electric Delivery Co LLC	16,308,520	0.24%	8	GTE/Verizon	13,793	0.00%
Keller Senior Community LP	16,300,000	0.24%	9	TXU/Oncor Electric	12,990	0.00%
Sam's East Inc/Sam's Real Estate Business Trust	14,216,410	0.21%	10	Lowe's Home Centers	11,264	0.00%
Subtotal	346,151,194	5.11%		Subtotal	187,221	0.00%
Remaining Taxpayers	6,428,910,277	94.89%		Remaining Taxpayers	4,043,701,546	100.00%
	<u>\$ 6,775,061,471</u>	<u>100.00%</u>			<u>\$ 4,043,888,767</u>	<u>100.00%</u>

CITY OF KELLER, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Table 9

Fiscal Year Ended September 30	Taxes levied for Fiscal Year ¹	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2014	\$ 18,673,531	\$ 18,595,909	99.6%	\$ 77,622	\$ 18,673,531	100.0%
2015	19,600,902	19,504,832	99.5%	80,755	19,585,587	99.9%
2016	20,447,244	20,353,791	99.5%	86,196	20,439,987	100.0%
2017	21,443,866	21,311,811	99.4%	107,402	21,419,213	99.9%
2018	22,236,247	22,209,513	99.9%	(18,907)	22,190,606	99.8%
2019	23,522,677	23,459,887	99.7%	40,784	23,500,671	99.9%
2020	24,051,471	23,956,583	99.6%	81,229	24,037,812	99.9%
2021	24,024,461	23,962,424	99.7%	34,252	23,996,676	99.9%
2022	23,846,391	23,749,105	99.6%	-	23,749,105	99.6%
2023	23,773,028	23,714,457	99.8%	-	23,714,457	99.8%

Note: ¹ Adjusted through September 30, 2023
Tarrant County Report

CITY OF KELLER, TEXAS
TAXABLE SALES BY CATEGORY
Last Ten Fiscal Years

Table 10
Page 1 of 2

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Agriculture	\$ -	\$ 1,089,345	\$ 2,005,802	\$ 1,239,543	\$ 265,661
Construction	7,891,854	12,821,202	13,812,476	15,467,581	22,812,969
Transportation, communications	12,219,719	466,802	284,331	330,672	121,666
Utilities	32,061,719	-	-	-	-
Manufacturing	273,857	7,645,207	7,705,891	7,522,275	8,630,626
Wholesale Trade	9,763,717	5,716,252	6,083,749	6,855,175	6,996,887
Retail Trade	129,472,431	203,026,544	212,017,360	226,236,171	240,057,381
Information	42,655,529	11,315,499	10,734,580	10,486,745	11,826,647
Finance and insurance	4,114,482	650,957	695,072	937,513	666,554
Real estate, rental and leasing	12,632,715	9,780,246	10,522,350	11,295,610	11,329,430
Professional, scientific and technical services	5,987,358	5,552,779	5,073,683	5,522,265	5,466,886
Administrative and support services	14,024,258	8,197,071	8,730,188	10,208,026	12,260,349
Educational services	406,363	571,395	568,353	554,771	426,142
Arts, entertainment and recreation	3,086,830	6,878,244	6,111,532	6,462,801	6,630,300
Accommodation and food services	49,744,779	67,237,109	71,488,743	71,309,997	71,649,558
Other Services except PA	9,012,614	15,080,031	15,801,339	16,597,441	17,610,587
Other	73,637,665	408,476	-	-	-
Total	<u>\$ 406,985,890</u>	<u>\$ 356,437,159</u>	<u>\$ 371,635,449</u>	<u>\$ 391,026,586</u>	<u>\$ 416,751,643</u>

Notes:

comptroller.texas.gov

- taxes
- sales taxes
- additional resources
- sales and use tax statistical data
- quarterly sales tax historical data by city
- report by city/county/msa

Select selector: choose each category by year
 must add 4th qtr from previous year to audit year
 numbers sb available for 3rd qtr in February

* 4th quarter sales are estimates

CITY OF KELLER, TEXAS
TAXABLE SALES BY CATEGORY
Last Ten Fiscal Years

Table 10
Page 2 of 2

	2019	2020	2021	2022	2023
Agriculture	\$ 47,440	\$ -	\$ 885,472	\$ 4,260,961	\$ 3,614,438
Construction	22,208,393	22,041,417	26,902,387	34,864,047	40,388,848
Transportation, communications	283,975	452,283	450,246	278,788	375,262
Utilities	-	-	-	-	-
Manufacturing	8,023,080	6,664,093	7,800,183	9,617,138	8,976,466
Wholesale Trade	6,317,931	7,999,082	11,426,160	15,958,454	12,612,522
Retail Trade	245,795,426	261,886,786	303,129,369	321,342,570	315,109,434
Information	11,653,603	6,105,492	4,691,387	4,768,242	3,040,494
Finance and insurance	556,242	359,015	404,552	382,313	381,988
Real estate, rental and leasing	9,154,172	8,322,233	4,587,269	4,914,356	5,578,532
Professional, scientific and technical services	5,222,917	4,613,765	6,612,501	12,382,358	15,568,350
Administrative and support services	13,957,499	11,415,176	12,622,563	12,582,841	12,618,104
Educational services	337,792	298,032	472,089	400,913	342,836
Arts, entertainment and recreation	6,674,013	5,470,054	7,713,459	9,849,146	11,124,082
Accommodation and food services	75,145,668	64,807,368	85,887,800	93,171,189	97,011,116
Other Services except PA	19,075,893	15,641,276	18,122,142	20,531,328	21,595,710
Other	-	-	-	-	7,169
Total	\$ 424,454,044	\$ 416,076,072	\$ 491,707,579	\$ 545,304,644	\$ 548,345,351

Notes:

comptroller.texas.gov

- taxes
- sales taxes
- additional resources
- sales and use tax statistical data
- quarterly sales tax historical data by city
- report by city/county/msa

Select selector: choose each category by year
 must add 4th qtr from previous year to audit year
 numbers sb available for 3rd qtr in February

* 4th quarter sales are estimates

CITY OF KELLER, TEXAS
DIRECT AND OVERLAPPING SALES TAX REVENUE
Last Ten Fiscal Years

Table 11

Fiscal Year	State of Texas	Keller Direct Rate	Keller Development Corporation	Keller Crime Control District ²	Keller Street Maintenance ³	Totals
2014	6.25%	1.00%	0.50%	0.38%	0.13%	8.25%
2015	6.25%	1.00%	0.50%	0.38%	0.13%	8.25%
2016	6.25%	1.00%	0.50%	0.38%	0.13%	8.25%
2017	6.25%	1.00%	0.50%	0.25%	0.25%	8.25%
2018	6.25%	1.00%	0.50%	0.25%	0.25%	8.25%
2019	6.25%	1.00%	0.50%	0.25%	0.25%	8.25%
2020	6.25%	1.00%	0.50%	0.25%	0.25%	8.25%
2021	6.25%	1.00%	0.50%	0.25%	0.25%	8.25%
2022	6.25%	1.00%	0.50%	0.25%	0.25%	8.25%
2023	6.25%	1.00%	0.50%	0.25%	0.25%	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 12

Sector	2023				2014			
	Number of Payers	Percent of Total	Tax ¹	Percentage of Total	Number of Payers	Percent of Total	Tax ²	Percentage of Total
Agriculture	4	0.08%	\$ 104	0.00%				
Construction	160	3.22%	349,903	2.10%	531	7.68%	\$ 138,107	1.97%
Transportation, Communications & Warehousing	6	0.12%	23,419	0.14%	16	0.23%	213,845	3.05%
Utilities, Mining	42	0.84%	444,566	2.67%	97	1.40%	561,080	8.00%
Manufacturing	381	7.66%	481,884	2.90%	139	2.01%	4,793	0.07%
Wholesale Trade	611	12.28%	560,016	3.37%	1,079	15.60%	170,865	2.44%
Retail Trade	1,742	35.01%	8,048,161	48.36%	841	12.16%	2,265,768	32.29%
Information	566	11.37%	1,224,321	7.36%	661	9.55%	746,472	10.64%
Finance & Insurance	51	1.02%	27,471	0.17%	109	1.58%	72,003	1.03%
Real Estate, Rental & Leasing	74	1.49%	543,707	3.27%	192	2.78%	221,072	3.15%
Professional, Scientific, and Technical Services	380	7.64%	348,396	2.09%	491	7.10%	-	0.00%
Admin & Support Svcs	172	3.46%	396,497	2.38%	608	8.79%	244,790	3.49%
Educational Services	34	0.68%	5,755	0.03%	92	1.33%	7,111	0.10%
Arts, Entertainment & Recreation	22	0.44%	80,929	0.49%	56	0.81%	54,020	0.77%
Accommodation & Food Services	101	2.03%	1,668,359	10.03%	189	2.73%	870,534	12.41%
Other Services except PA ³	106	2.13%	244,869	1.47%	334	4.83%	157,721	2.25%
Other	524	10.53%	2,192,421	13.17%	1,483	21.44%	1,288,344	18.36%
Total	4,976	100.00%	\$ 16,640,778	100.00%	6,918	100.00%	\$ 7,016,525	100.00%

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.

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

² Direct Sales Tax Rate 1%, Keller Development Corporation .5%

³ PA- Public Administration, per naics.com

CITY OF KELLER, TEXAS

TEN LARGEST WATER CUSTOMERS BY CONSUMPTION

Current and Four Years Ago

Table 13

2023				2019			
Customer	Total 2023 Consumption (000's)	Sales	Pct of Total Usage	Customer	Total 2019 Consumption (000's)	Sales	Pct of Total Usage
City of Keller	25,032.4	\$ 128,734	0.72%	City of Keller	45,160.4	\$ 221,159	1.68%
City of Southlake	20,757.8	75,279	0.60%	Keller Independent School District	37,106.6	301,604	1.38%
Olympus Town Center	14,917.0	172,140	0.43%	Hidden Lakes Home Owner Ass'n	14,788.6	112,376	0.55%
Keller Independent School District	12,700.4	153,391	0.37%	City of Keller Town Center Lakes Well	12,457.2	20,118	0.46%
Olympus Stone Glen	8,651.9	119,451	0.25%	Grand Estates at Keller, LP	9,662.5	74,295	0.36%
City of Keller Irrigation	8,033.8	31,045	0.23%	Olympus Stone Glen	8,991.0	69,281	0.33%
Conservatory Senior Housing	7,764.1	88,107	0.22%	Olympus Town Center	8,345.5	64,491	0.31%
Heritage House C/O Apex Healthcare	7,697.5	87,131	0.22%	Keller Senior Community, LP	7,752.6	59,323	0.29%
Grand Estates at Keller, LP	7,177.4	93,486	0.21%	Conservatory Senior Housing	7,282.0	55,115	0.27%
Hidden Lakes HOA	7,048.7	57,500	0.20%	Keller Oaks Healthcare Center	5,396.6	40,164	0.20%
Subtotal	119,781.0	1,006,264	3.45%	Subtotal	156,943.0	1,017,926	5.82%
Other customers	3,357,019.0	22,930,416	96.55%	Other customers	2,537,397.0	16,601,730	94.18%
Total	3,476,800.0	\$ 23,936,680	100.00%	Total	2,694,340.0	\$ 17,619,656	100.00%

Source: City of Keller

CITY OF KELLER, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years (Unaudited)

Table 14

Fiscal Year Ended September 30	Governmental Activities				Business-type Activities			Total Primary Government	% of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Obligation	SBITA Liability	Premiums/ Discounts	General Obligation Bonds	Certificates of Obligation	Premiums/ Discounts			
2014	\$ 19,970,000	\$45,353,000	\$ -	\$2,144,397	\$ 9,145,000	\$ 9,959,000	\$ 794,714	\$87,366,111	4.72%	\$ 2,078
2015	17,231,728	43,893,112	-	1,965,055	10,759,160	6,765,000	962,073	81,576,128	4.19%	1,902
2016	27,300,533	24,945,000	-	1,762,737	11,299,467	6,080,000	849,666	72,237,403	3.71%	1,640
2017	23,661,353	21,014,940	-	2,469,547	9,868,647	13,810,000	958,834	71,783,321	3.24%	1,609
2018	22,542,351	19,779,881	-	2,177,847	9,419,099	16,278,563	835,348	71,033,089	3.00%	1,581
2019	16,713,230	14,760,000	-	1,886,147	6,826,770	19,470,000	991,046	60,647,193	2.41%	1,345
2020	23,485,000	9,140,000	-	3,561,491	6,020,000	17,650,000	1,027,906	60,884,397	2.25%	1,341
2021	20,045,000	7,855,000	-	3,164,222	4,735,000	20,455,000	874,362	57,128,584	2.33%	1,251
2022	16,570,000	6,520,000	-	2,766,951	3,395,000	19,180,000	720,818	49,152,769	1.58%	1,067
2023	13,335,000	5,145,000	520,182	2,369,689	2,285,000	17,890,000	567,273	42,112,144	1.35%	895

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

CITY OF KELLER, TEXAS
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years

Table 15

Fiscal Year	General Obligation Bonds	Certificates of Obligation	Total	% of Estimated Actual Taxable Value of Property	Per Capita
2014	\$ 29,115,000	\$ 55,312,000	\$ 84,427,000	2.09%	\$ 2,008
2015	27,990,888	50,658,112	78,649,000	1.83%	1,834
2016	38,600,000	31,025,000	69,625,000	1.55%	1,581
2017	33,530,000	34,824,940	68,354,940	1.37%	1,532
2018	31,961,450	36,058,444	68,019,894	1.30%	1,514
2019	23,540,000	34,230,000	57,770,000	1.00%	1,281
2020	29,505,000	26,790,000	56,295,000	0.92%	1,240
2021	24,780,000	28,310,000	53,090,000	0.88%	1,163
2022	19,965,000	25,700,000	45,665,000	0.76%	991
2023	15,620,000	23,035,000	38,655,000	0.57%	832

Note 1: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Note 2: Population data can be found in the demographic and economic statistics table.

CITY OF KELLER, TEXAS

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
(UNAUDITED)**

Table 16

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable¹</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Carroll Independent School District	\$ 288,580,000	0.63%	\$ 1,818,054
Keller Independent School District	782,924,989	30.70%	240,357,972
Northwest Independent School District	1,807,155,334	0.10%	1,807,155
Tarrant County General Obligations Debt	376,120,000	2.95%	11,095,540
Tarrant County College District	591,230,000	2.95%	17,441,285
Tarrant County Hospital District	<u>448,410,000</u>	2.95%	13,228,095
Total Net Overlapping Debt	<u>\$ 4,294,420,323</u>		285,748,101
City of Keller Direct Debt²		100.00%	<u>38,655,000</u>
Total Direct and Overlapping Debt			<u>\$ 324,403,101</u>

Notes:

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

² Includes both tax-supported self-supported debt of the water and wastewater utility, drainage utility, Keller Development Corporation, Keller Crime Control and Prevention District and the Tax Increment Reinvestment Zone No. 1.

³ www.mactexas.com

CITY OF KELLER, TEXAS
LEGAL DEBT MARGIN INFORMATION (UNAUDITED)
Last Ten Fiscal Years

Table 17
Page 1 of 2

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt Limit	\$ 2.50000	\$ 2.50000	\$ 2.50000	\$ 2.50000	\$ 2.50000
Adopted Tax Rate	0.44219	0.44219	0.43469	0.43000	0.42750
Additional Rate Available	2.05781	2.05781	2.06531	2.07000	2.07250
Legal Debt Margin	<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>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	17.69%	17.49%	17.39%	17.20%	17.10%

Legal Debt Margin Calculation for the Current Fiscal Year

Maximum allowable tax rate	\$ 2.50000	\$ 2.50000	\$ 2.50000
Adopted tax rate	<u>0.43469</u>	<u>0.43000</u>	<u>0.42750</u>
Additional rate available	<u>2.06531</u>	<u>2.07000</u>	<u>2.07250</u>
Total Taxable Value	<u>\$ 4,482,783,378</u>	<u>\$ 4,991,173,391</u>	<u>\$ 5,234,466,178</u>
Additional tax levy available	92,583,373	103,317,289	108,484,312
Less: amount set aside for repayment of general	<u>9,396,967</u>	<u>-</u>	<u>-</u>
Legal Debt Margin	<u>\$ 83,186,406</u>	<u>\$ 103,317,289</u>	<u>\$ 108,484,312</u>

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.

CITY OF KELLER, TEXAS
LEGAL DEBT MARGIN INFORMATION (UNAUDITED)
Last Ten Fiscal Years

Table 17
Page 2 of 2

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Debt Limit	\$ 2.50000	\$ 2.50000	\$ 2.50000	\$ 2.50000	\$ 2.50000
Adopted Tax Rate	0.41325	0.39990	0.39500	0.39500	0.35450
Additional Rate Available	2.08675	2.10010	2.10500	2.10500	2.14550
Legal Debt Margin	<u>\$ 120,798,139</u>	<u>\$ 127,891,642</u>	<u>\$ 126,475,838</u>	<u>\$ 127,144,348</u>	<u>\$ 145,358,944</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	16.53%	16.00%	15.80%	15.80%	14.18%
Legal Debt Margin Calculation for the Current Fiscal Year					
Maximum allowable tax rate	\$ 2.50000	\$ 2.50000	\$ 2.50000	\$ 2.50000	\$ 2.50000
Adopted tax rate	0.41325	0.39990	0.39990	0.39500	0.35450
Additional rate available	<u>2.07250</u>	<u>2.10010</u>	<u>2.10010</u>	<u>2.10500</u>	<u>2.14550</u>
Total Taxable Value	<u>\$ 5,788,817,005</u>	<u>\$ 6,089,788,184</u>	<u>\$ 6,008,353,327</u>	<u>\$ 6,040,111,537</u>	<u>\$ 6,775,061,472</u>
Additional tax levy available	120,798,139	127,891,642	126,475,838	127,144,348	145,358,944
Less: amount set aside for repayment of general	-	-	-	-	-
Legal Debt Margin	<u>\$ 120,798,139</u>	<u>\$ 127,891,642</u>	<u>\$ 126,475,838</u>	<u>\$ 127,144,348</u>	<u>\$ 145,358,944</u>

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CITY OF KELLER, TEXAS
PLEDGED REVENUE COVERAGE (UNAUDITED)
Last Ten Fiscal Years

Table 18

Fiscal Year	Utility Service Charges ¹	Less: Operating Expenses ²	Net Available Revenue	Debt Service ³		Total	Coverage
				Principal	Interest		
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
2020	27,217,639	26,176,181	5,979,034	-	-	-	N/A
2021	26,553,463	21,340,231	4,929,701	-	-	-	N/A
2022	33,030,914	27,240,245	6,193,005	-	-	-	N/A
2023	33,811,335	30,185,291	3,626,044	-	-	-	N/A

¹ Includes total operating revenue of the Water and Wastewater Utilities Enterprise Fund

² Includes operating expenses of the Water and Wastewater Utilities 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 (UNAUDITED)
Last Ten Fiscal Years

Table 19

Fiscal Year Ended September 30	Population ¹	Personal Income	Per Capita Personal Income	Median Age	School Enrollment KISD ²	National Unemployment Rate ⁴
2014	42,040	\$ 1,852,618,720	\$ 44,068 ³	41	33,440	5.9%
2015	42,890	1,947,849,350	45,415	41	33,619	5.1%
2016	44,050	1,945,820,650	44,173	40	34,180	4.7%
2017	44,620 ¹	2,213,865,920	49,616 ³	40	34,600	4.1%
2018	44,940 ¹	2,368,652,580	52,707 ³	38 ⁵	34,937	3.7%
2019	45,090 ¹	2,514,083,130	55,757 ³	41 ⁶	34,888	3.6%
2020	45,400 ¹	2,700,437,400	59,481	40	35,267	7.9%
2021	45,660 ¹	2,449,795,980	53,653	35	34,319	4.6%
2022	46,060 ¹	3,113,471,760	67,596	42	34,813	3.5%
2023	46,454	3,378,599,420	72,730	39	34078	3.7%

Data sources:

¹ North Central Texas Council of Governments (NCTCOG)

² Keller Independent School District (KISD)

⁴ Bureau of Labor Statistics



CITY OF KELLER, TEXAS
PRINCIPAL EMPLOYERS (UNAUDITED)
Current and Nine Years Ago

Table 20

2023			2019		
Employer	Employees	Percentage of Total City Employment	Employer	Employees	Percentage of Total City Employment
Keller ISD	4,324	17.91%	Keller ISD	4,339	10.68%
City of Keller	349	1.45%	City of Keller	343	0.84%
Lowe's	149	0.62%	Lowe's	162	0.40%
Home Depot	130	0.54%	Sam's Club	132	0.32%
Kohl's	125	0.52%	Kohl's	130	0.32%
Kroger(Rufe Snow)	114	0.47%	Home Depot	130	0.32%
Sam's Club	110	0.46%	Kroger(Rufe Snow)	125	0.31%
Texas Rehab Hospital of Keller	110	0.46%	Heritage House at Keller	120	0.30%
Heritage House of Keller	100	0.41%	Super Surface Inc	100	0.25%
Super Surface	100	0.41%	Sky Creek Ranch Golf Club	57	0.14%
Subtotal	<u>5,611</u>	<u>23.23%</u>	Subtotal	<u>5,638</u>	<u>13.88%</u>
Total Employment	<u><u>24,149</u></u>	<u><u>100.00%</u></u>	Total Employment	<u><u>40,625</u></u>	<u><u>100.00%</u></u>

Sources:

Texas Workforce Commission
Keller Business Human Resource Departments
Demographics provided by The Retail Coach

CITY OF KELLER, TEXAS
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION/PROGRAM (UNAUDITED)
Last Ten Fiscal Years

Table 21
Page 1 of 2

Function	Full-time Equivalent Employees as of September 30				
	2014	2015	2016	2017	2018
General government					
Administration	8.00	9.00	9.48	9.48	7.48
Finance & Accounting	7.00	7.50	7.50	7.50	8.00
Town Hall Operations	3.00	3.00	3.00	3.00	3.00
Human Resources	5.00	5.00	5.48	5.48	5.48
Economic Development	2.50	1.78	1.78	1.78	2.48
Municipal Court		-	-	-	-
Community Development	11.96	12.41	12.41	12.66	12.27
Information Technology	8.00	7.00	7.00	7.00	7.00
Police					
Officers	50.00	49.00	49.00	49.00	49.00
Civilians	35.48	37.48	37.48	38.48	39.44
Fire					
Firefighters and officers	57.00	55.00	55.00	55.00	55.00
Civilians	2.00	2.00	2.00	2.00	2.00
Public works					
Administration	2.50	2.50	2.50	2.50	3.00
Engineering	3.00	3.00	3.00	3.00	3.00
Street Maintenance	9.60	9.83	9.83	9.83	9.50
Recreation and Culture					
Parks & Recreation Dept	28.20	28.06	28.56	28.56	28.56
Pointe	47.40	46.00	43.46	42.46	43.72
Library	15.42	15.48	15.48	15.49	15.52
Water					
Wastewater	30.67	30.17	30.17	32.17	31.50
	9.50	11.50	11.50	10.50	10.50
Drainage					
	8.50	8.50	8.50	8.50	8.50
Total	344.73	344.21	343.13	344.39	344.95

Source: City of Keller

CITY OF KELLER, TEXAS
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION/PROGRAM (UNAUDITED)
Last Ten Fiscal Years

Table 21
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Function	Full-time Equivalent Employees as of September 30				
	2019	2020	2021	2022	2023
General government					
Administration	7.48	7	7.00	7.00	7.00
Finance & Accounting	8.00	8.00	8.00	8.00	8.00
Town Hall Operations	3.00	3.00	3.00	3.00	3.00
Human Resources	5.48	5.48	5.48	5.48	5.48
Economic Development	2.48	2.48	2.48	2.48	2.48
Municipal Court	-	-	-	-	-
Community Development	12.27	13.00	13.00	13.00	13.00
Information Technology	7.00	7.00	7.00	7.00	7.00
Police					
Officers	49.75	50.75	50.50	50.75	52.75
Civilians	40.44	41.44	41.00	42.00	42.00
Fire					
Firefighters and officers	55.00	55.00	55.00	55.00	55.00
Civilians	2.00	2.00	2.00	2.00	2.00
Public works					
Administration	3.00	3.00	3.00	3.00	3.00
Engineering	3.00	3.00	4.00	4.00	4.00
Street Maintenance	9.50	9.50	9.50	9.50	9.50
Recreation and Culture					
Parks & Recreation Dept	28.56	23	22.00	22.00	22.00
Pointe	43.72	43.72	42.68	43.2	43.20
Library	15.52	15.52	15.52	15.52	15.52
Water					
Wastewater	31.98	31.98	31.98	31.98	30.98
	10.50	10.50	10.50	10.50	10.50
Drainage	8.50	8.50	8.50	8.50	8.50
Total	347.18	343.87	342.14	343.91	344.91

Source: City of Keller

CITY OF KELLER, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM(UNAUDITED)
Last Ten Fiscal Years

Table 22
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Function	2014	2015	2016	2017	2018
General Government					
Council and work sessions held	32	52	39	29	29
Cable broadcasts	7,305	7,646	7,646	7,436	7,465
Birth/death certificates issued	436	195	200	81	-
Building Permits issued	300	275	290	310	170
New construction plan review	385	325	370	385	176
Police					
Physical arrests	1,540	1,324	1,334	1,011	832
Total citations issued	10,500	11,271	11,271	12,485	7,255
Total emergency 911 calls	39,761	40,738	40,939	41,200	38,505
Netcom calls	-	-	-	-	-
Calls for service	257,664	292,784	294,000	115,434	79,852
Animal control					
Animals adopted/redeemed	679	641	660	624	725
Animal Service Calls	-	-	-	-	-
Animals impounded	850	886	832	695	704
Animal bite investigations	82	105	100	56	62
Fire					
Emergency responses	3,298	3,369	3,556	3,714	2,429
Calls for service, excludes EMS	1,185	1,098	1,150	1,327	1,426
Fire hydrants maintained	2,195	2,237	4,190	2,723	2,472
Inspections	1,641	1,998	2,300	1,738	1,915
Finance					
Accounts payable checks processed	4,342	4,100	4,200	4,138	4,028
Payroll checks processed	10,987	10,900	11,000	11,375	11,283
Journal entries posted	4,597	4,300	4,500	4,547	4,480
Purchase orders processed	380	285	300	261	278

CITY OF KELLER, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM(UNAUDITED)
Last Ten Fiscal Years

Table 22
Page 2 of 4

Function	2019	2020	2021	2022	2023
General Government					
Council and work sessions held	31	27	34	27	25
Cable broadcasts	7,438	7,451	7,284	7,306	7,306
Birth/death certificates issued	-	-	-	-	-
Building Permits issued	117	98	119	72	36
New construction plan review	117	98	144	79	65
Police					
Physical arrests	1,743	1,578	1,270	1,914	2,373
Total citations issued	5,788	9,548	9,127	8,243	8,741
Total emergency 911 calls	38,209	33,058	30,529	38,811	41,550
Netcom calls	125,567	11,355	119,098	77,749	74,614
Calls for service	76,328	211,729	73,576	209,810	245,381
Animal control					
Animals adopted/redeemed	756	764	1,160	538	722
Animal Service Calls	3,349	3,332	1,104	4,247	3,578
Animals impounded	813	822	836	769	963
Animal bite investigations	74	473	171	174	141
Fire					
Emergency responses	2,405	2,338	2,642	2,880	2,442
Calls for service, excludes EMS	1,367	1,334	1,611	1,487	1,697
Fire hydrants maintained	2,623	1,657	2,201	1,795	1,639
Inspections	1,985	1,571	1,765	1,293	1,407
Finance					
Accounts payable checks processed	3,936	3,930	8,174	9,525	8,227
Payroll checks processed	10,928	9,869	9,589	9,659	10,341
Journal entries posted	4,761	4,096	3,107	3,002	2,946
Purchase orders processed	540	612	668	318	348

CITY OF KELLER, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM(UNAUDITED)
Last Ten Fiscal Years

Table 22
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Function	2014	2015	2016	2017	2018
Human Resources					
Applications processed	2,895	2,755	3,628	3,596	4,625
Vacancies filled	219	253	228	237	257
Turnover rate	15%	16%	16%	11%	35%
Safety classes conducted	33	42	36	38	68
Workers compensation claims	37	27	33	33	22
Municipal court					
Citations processed	11,176	10,526	10,800	12,801	8,449
Warrants processed	2,000	2,000	2,275	3,150	2,100
Court sessions	47	47	70	70	70
Defendant requests for court date	4,200	4,200	4,350	4,100	3,005
Public Works					
Review CIP designated by others	12	10	10	10	48
Street Resurfacing (miles)	16	10	16	20	1
Sidewalks repaired (linear feet)	1,769	1,500	1,000	4,000	1,872
Parks and Recreation					
Park acreage	491	491	491	491	491
Facility reservations	975	978	1,000	1,192	1,128
Program attendance (incl. Sr. programs)	40,412	41,985	44,000	51,526	37,838
Athletic field permits issued	N/A	N/A	N/A	N/A	N/A
Recreation programs provided (incl. Sr. programs)	1,679	1,828	1,850	1,792	1,816
Library					
Library customer visits	229,020	227,000	228,000	227,227	213,252
Total volumes borrowed	516,693	495,395	500,000	438,874	465,921
Volumes in collection	127,663	138,663	149,663	117,158	82,549
Water					
New customers (net)	326	255	240	155	151
Water Main breaks	27	14	14	17	25
Average daily consumption (gallons)	8,400	7,692	7,565	8,018	9,382
Peak daily consumption (million gallons)	18.981	21.591	18.299	19.360	20.280
Water purchased (million gallons)	2,843.5	2,807.7	2,642.6	2,927.0	3,063.0
Wastewater					
Average daily sewage treatment (million gallons)	2.950	2.950	3.290	3.290	3.446

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

³ Trinity River Authority-annual audits

CITY OF KELLER, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM(UNAUDITED)
Last Ten Fiscal Years

Table 22
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Function	2019	2020	2021	2022	2023
Human Resources					
Applications processed	4,297	704	1,360	1,506	4,304
Vacancies filled	376	143	168	191	225
Turnover rate	24%	14%	16%	16%	18%
Safety classes conducted	57	41	13	15	14
Workers compensation claims	25	31	64	61	23
Municipal court					
Citations processed	8,200	6,675	4,633	5,827	5,429
Warrants processed	2,315	3,159	125	-	-
Court sessions	94	80	58	119	115
Defendant requests for court date	2,650	2,450	1,038	1,363	1,062
Public Works					
Review CIP designated by others	15	20	24	10	12
Street Resurfacing (miles)	1.45	2.62	1.85	2.1	1.2
Sidewalks repaired (linear feet)	2,873	2,214	3,828	21,872	21,121
Parks and Recreation					
Park acreage	491	491	491	491	491
Facility reservations	957	540	751	884	821
Program attendance (incl. Sr. programs)	45,240	29,491	59,278	109,477	113,775
Athletic field permits issued	N/A	1	1	n/a	n/a
Recreation programs provided (incl. Sr. programs)	2,024	938	817	1,677	2,113
Library					
Library customer visits	200,581	129,129	126,375	134,804	188,296
Total volumes borrowed	634,134	502,949	463,720	467,689	569,297
Volumes in collection	86,493	101,191	82,697	82,877	86,740
Water					
New customers (net)	129	134	123	104	86
Water Main breaks	17	23	21	18	19
Average daily consumption (gallons)	7,382	8,463	8,090	10,025	9,525
Peak daily consumption (million gallons)	19.000	23.850	17.630	28.918	24.697
Water purchased (million gallons)	2,694	3,089	2,953	3,659	3,477
Wastewater					
Average daily sewage treatment (million gallons)	3.908	3.837	7.406	6.030	5.845

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

³ Trinity River Authority-annual audits

CITY OF KELLER, TEXAS
CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Table 23
Page 1 of 2

Function	2014	2015	2016	2017	2018
Police Stations					
Stations	1	1	1	1	1
Patrol units	23	29	29	29	10
Fire Stations					
Stations	3	3	3	3	3
Engines/trucks	5	5	5	5	5
Public Works					
Streets (miles)	475	485	495	497	447
Alleys (miles)	2,487	2,605	2,625	2,752	3,167
Traffic signals	0	10	10	11	11
Parks and Receptions					
Acreage	491	491	491	491	491
Playgrounds	9	9	9	9	9
Baseball/softball fields	11	11	11	11	11
Soccer/football fields	9	9	9	9	9
Community Centers	1	2	2	1	1
Water					
Water mains (miles)	288	286	288	284	275
Storage capacity (million gallons)	10	10	10	10	10
Wastewater					
Sanitary sewers (miles)	192	196	197	210	208
Storm sewers (miles)	50.15	50.15	50.15	75.00	71.00
Treatment capacity (million gallons)	10	10	10	10	10

Source - Information provided by city staff.

CITY OF KELLER, TEXAS
CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Table 23
Page 2 of 2

Function	2019	2020	2021	2022	2023
Police Stations					
Stations	1	1	1	1	1
Patrol units	10	13	15	15	16
Fire Stations					
Stations	3	3	3	3	3
Engines/trucks	5	5	5	5	5
Public Works					
Streets (miles)	446	447	444	444	446
Alleys (miles)	2,794	2,800	2,792	2,764	2,785
Traffic signals	11	12	12	12	12
Parks and Receptions					
Acreage	491	491	491	491	491
Playgrounds	9	9	9	9	9
Baseball/softball fields	11	11	11	11	11
Soccer/football fields	9	9	10	10	9
Community Centers	1	1	1	1	1
Water					
Water mains (miles)	278	281	283	285	296
Storage capacity (million gallons)	10	10	10	10	10
Wastewater					
Sanitary sewers (miles)	211	212	214	215	215
Storm sewers (miles)	72.00	71.70	71.50	71.60	72.13
Treatment capacity (million gallons)	10	10	10	10	10

Source - Information provided by city staff.

