



MEMORANDUM

DATE: June 14, 2022

TO: Keller Development Corporation Board Members

FROM: Cody Maberry, Director of Community Services
Aaron Rector, Director of Administrative Services

SUBJECT: Proposed FY 2022-23 Keller Development Corporation Annual Budget

Enclosed please find a copy of the proposed FY 2022-23 operating budget for KDC. Revenues are anticipated to increase. Operational expenditures will increase, capital improvement project transfers are anticipated to increase slightly, and capital outlay will increase which should result in a slight increase to fund balance. The purpose of this report is to provide a detailed explanation for the forecast for revenues, expenses and projects that demonstrate good stewardship in serving the citizens of the City of Keller for the purposes that the Keller Development Corporation was established.

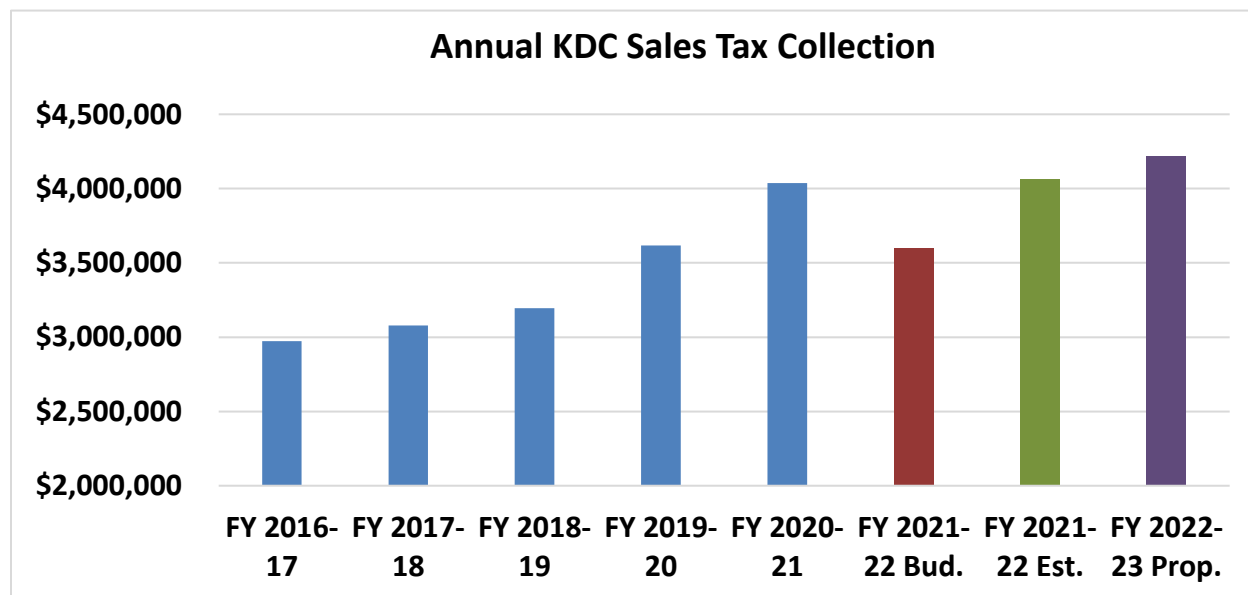
FINANCIAL SUMMARY OF THE OPERATING BUDGET

Revenues: Total projected revenues for FY 2022-23 are \$4,218,050, an increase of \$611,054 or 16.8% over the current year adopted budget and is an increase of \$163,263 or 4.0% from year-end projections. A majority of the KDC revenue is related to sales tax which is projected to increase by 17.6% over budget, or 3.8% from year-end projections.

Underlying Sales Tax estimate comes from analysis of historical Sales Tax receipts from the Texas State Comptroller. Collections of Sales Tax through April, 2022 were as follows:

SALES TAX SUMMARY – APRIL REMITTANCE			
	KDC	Budget Analysis	
		Projected Total	Variance
Current Month	\$265,551	\$234,050	\$31,501
Same Month-Prior Year	\$233,994		13.5%
<i>Incr (Decr)</i>	\$31,557		
<i>Pct change</i>	13.5%		
Current YTD	\$2,443,121	\$1,975,965	\$467,156
Last YTD	\$2,139,163		23.6%
<i>Incr (Decr)</i>	\$303,957		
<i>Pct change</i>	14.2%		
<i>% of Budget</i>	67.9%		
<i>Avg. % of Budget</i>	54.9%		

Below is an annual sales tax collection graph showing prior year actual collections in blue, current year budget in red, current year-end estimate in green, and proposed budget projection in purple. The graph highlights the growth in prior years, that current year is above budget, and the proposed budget projection increase of 4.0% growth from current year-end estimate.



Other Revenues includes \$16,000 for Rental Revenue, the proceeds from the Blue Sky Sports Center ground lease agreement, and \$15,000 for interest income.

Expenditures: Total FY 2022-23 expenditures are proposed to be \$4,036,373 which is an increase of \$399,774 or 11.0% from the current year adopted budget. The proposed increase is mainly related to an increase in capital outlay for equipment which increases from \$0 to \$215,000.

The following items are proposed for FY 2022-23:

- Operations & Maintenance – proposed budget is \$169,579 or an increase of \$101,899 or 404.5% due to an increase in grounds maintenance.
- Debt Service – proposed budget is \$1,589,044 or an increase of \$7,625, or 0.5%, due to a decrease in annual debt payments.
- Capital Improvement Project Transfers – proposed projects total \$2,062,750, an increase of \$75,250 or 3.8% over prior year approved budget, and include the following projects:
 - Public Water Feature - \$700,000 is proposed to create an interactive water feature for free public use during events and festivals.
 - Park Improvements - \$400,000 is proposed to add additional amenities, including pickleball courts, shade structures, grills, picnic tables, water fountains and benches, to one of Keller’s Parks.

- Parking Lot Improvements - \$380,000 is proposed to mill and overlay the Soccer B-Pad parking lot at the Keller Sports Park.
- Trail System Expansion - \$332,750 is proposed to design and construct additional multi-purpose hike and bike trails throughout the City. Priority will be placed on completing missing trail segments to allow more residents to have access to the entire trail system.
- Playground Replacement - \$150,000 is proposed to replace the oldest playground in the parks system, currently designated as the playground at the Parks at Town Center.
- Northeast Park Concept Plan Creation - \$100,000 is proposed to create a new concept plan for the development of Northeast Park.
- Capital Outlay – proposed capital outlay total \$215,000, an increase of \$215,000 from the prior year approved budget, to replace aging heavy park maintenance equipment, including a large loader, a small loader and a zero-turn mower.

Reserves and Fund Balances: The projected total ending fund balance at September 30, 2023 is \$5,155,605, an increase of \$212,677 or 4.3% over the estimated ending balance for September 30, 2022 of \$4,942,928. An operating reserve of \$158,904 represents 10.0% of annual debt service payments. The remaining \$4,996,701 in fund balance is considered unassigned (available) and could be made available for park improvements as determined by City Council.

Summary

In summary, revenues total \$4,249,050 and expenditures total \$4,036,373 both of which are an increase. This results in a projected increase to fund balance of \$211,280.

If you need additional information, please contact either of us at your convenience.