



MEMORANDUM

DATE: June 9, 2020

TO: Keller Development Corporation Board Members

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

SUBJECT: Proposed FY 2020-21 Keller Development Corporation Annual Budget

Enclosed please find a copy of the proposed FY 2020-21 operating budget for KDC. Revenues are anticipated to decrease slightly. Operational expenditures will decrease and capital improvement project transfers are anticipated to increase significantly which should result in a slight decrease 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.

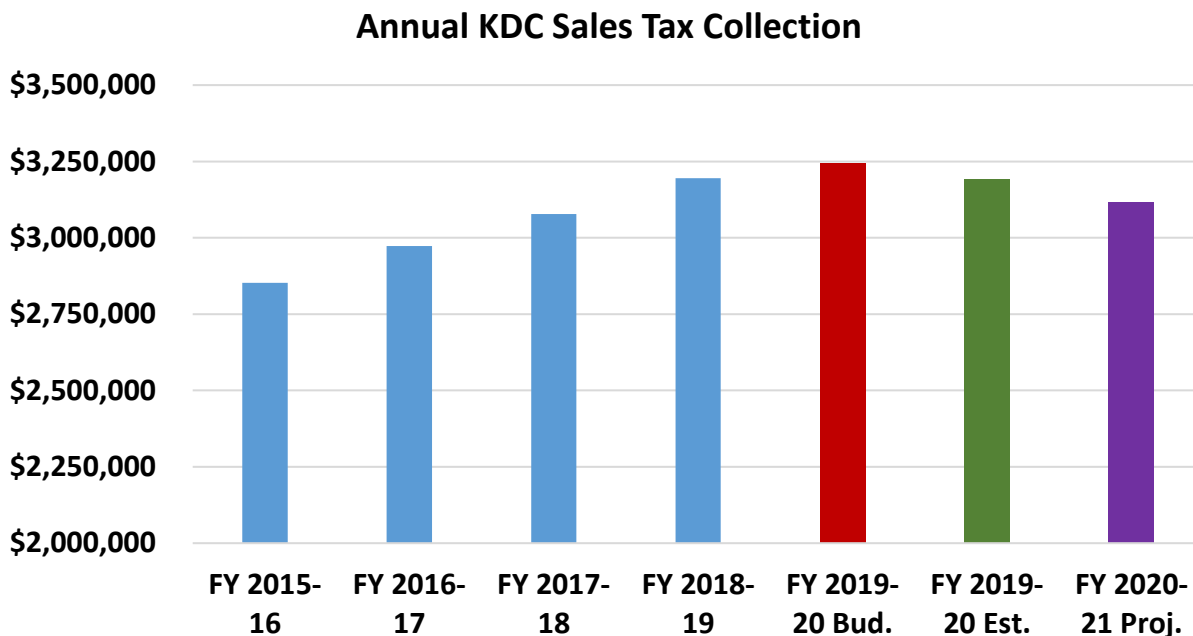
FINANCIAL SUMMARY OF THE OPERATING BUDGET

Revenues: Total projected revenues for FY 2020-21 are \$3,151,331, a decrease of \$147,900 or 4.5% over the current year adopted budget and is a decrease of \$96,062 or 3.0% from year-end projections. A majority of the KDC revenue is related to sales tax which project to decrease by 4.0% over budget, or 2.4% 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 May, 2020 were as follows:

| SALES TAX SUMMARY – MAY REMITTANCE | | | |
|------------------------------------|------------------|-----------------|------------|
| | KDC | Budget Analysis | |
| | | Projected Total | Variance |
| Current Month | \$304,963 | \$322,658 | (\$17,695) |
| Same Month-Prior Year | \$300,391 | | -5.5% |
| <i>Incr (Decr)</i> | <i>\$4,573</i> | | |
| <i>Pct change</i> | <i>1.5%</i> | | |
| Current YTD | \$2,270,486 | \$2,113,683 | \$155,797 |
| Last YTD | \$2,114,689 | | 7.42% |
| <i>Incr (Decr)</i> | <i>\$155,797</i> | | |
| <i>Pct change</i> | <i>7.37%</i> | | |
| <i>% of Budget</i> | <i>70.0%</i> | | |
| <i>Avg. % of Budget</i> | <i>65.2%</i> | | |

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 below budget, and the proposed budget projection decrease of 2.4% 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 \$19,547 for interest income.

Expenditures: Total FY 2020-21 expenditures are proposed to be \$3,167,734 which is an increase of \$614,829 or 24.1% from the current year adopted budget. The proposed increase is mainly related to an increase in capital improvement project transfers which increase from \$715,000 to \$1,515,000.

The following items are proposed for FY 2020-21:

- Operations & Maintenance – proposed budget is \$68,790 or a decrease of \$4,246, or 8.84% due to a decrease in the administrative transfer.
- Debt Service – proposed budget is \$1,583,944 or an increase of \$75, or 0.0%, due to an increase in annual debt payments.
- Capital Improvement Project Transfers – proposed projects total \$1,515,000, an increase of \$800,000 or 111.9% over prior year approved budget, and include the following projects:

- Parking Lot Improvements - \$825,000 is proposed to mill and overlay the Baseball parking lot at the Keller Sports Park, along with the south parking lot and maintenance parking lot at Bear Creek Park.
- Trail System Expansion - \$275,000 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.
- Bear Creek Pond Dredging - \$215,000 is proposed dredge the pond at Bear Creek Park.
- Playground Replacement - \$100,000 is proposed to replace the oldest playground in the parks system, currently designated as the playground at Bursey Ranch Park.
- Parks Capital Replacement Program - \$100,000 is proposed for park improvements or repairs of playgrounds, pavilions, restroom facilities, shade structures, and other park components on an as-needed basis.
- Capital Outlay – proposed capital outlay total \$0, a decrease of \$181,000 or 100.0% over prior year approved budget.

Reserves and Fund Balances: The projected total ending fund balance at September 30, 2021 is \$3,229,398, a decrease of \$16,403 or 0.5% over the estimated ending balance for September 30, 2020 of \$3,245,801. An operating reserve of \$158,394 represents 10.0% of annual debt service payments. The remaining \$3,071,004 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 \$3,151,331 which is a slight decrease and expenditures total \$3,167,734 which is a significant increase. This results in a projected decrease to fund balance of \$16,403.

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