



MEMORANDUM

DATE: May 9, 2023

TO: Keller Development Corporation Board Members

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

SUBJECT: Proposed FY 2023-24 Keller Development Corporation Annual Budget

Enclosed please find a copy of the proposed FY 2023-24 operating budget for KDC. Revenues are anticipated to increase. FY 2023-24 anticipates the issuances of \$25 million in debt for the sports park project with an estimated annual impact of \$2.4 million. The FY 2023-24 operational expenditures will remain the same, capital improvement project transfers are anticipated to decrease slightly, and capital outlay will decrease which should result in an 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

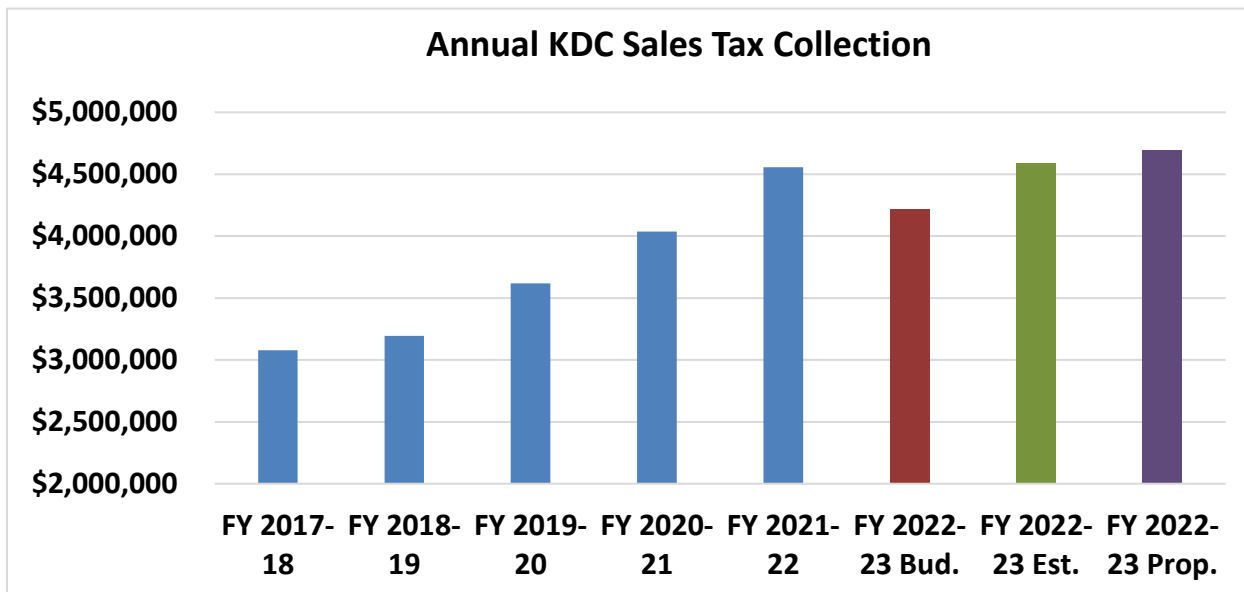
Revenues: Total projected revenues for FY 2023-24 are \$4,736,828, an increase of \$487,778 or 11.5% over the current year adopted budget and is an increase of \$34,621 or 0.7% from year-end projections. A majority of the KDC revenue is related to sales tax which is projected to increase by 11.2% over budget, or 2.5% 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, 2023 were as follows:

SALES TAX SUMMARY – APRIL REMITTANCE			
	KDC	Budget Analysis	
		Projected Total	Variance
Current Month	\$321,323	\$268,623	\$52,700
Same Month-Prior Year	\$265,551		19.6%
<i>Incr (Decr)</i>	<i>\$55,772</i>		
<i>Pct change</i>	<i>21.0%</i>		
Current YTD	\$2,669,821	\$2,299,677	\$370,144
Last YTD	\$2,443,121		16.1%
<i>Incr (Decr)</i>	<i>\$226,661</i>		
<i>Pct change</i>	<i>9.9%</i>		

% of Budget	64.3%		
Avg. % of Budget	54.5%		

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 2.5% 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 \$30,000 for interest income.

Expenditures: Total FY 2023-24 expenditures are proposed to be \$4,605,738 which is an increase of \$566,759 or 14% from the current year adopted budget. The proposed increase is related to the issuance of the Sports Park debt.

The following items are proposed for FY 2023-24:

- Operations & Maintenance – proposed budget is \$174,916 or an increase of \$2,767 or 1.6%.
- Debt Service – proposed budget is \$2,617,822 or an increase of \$1,028,778, or 64.7%, due to the Sports Park debt issuance.
- Capital Improvement Project Transfers – proposed projects total \$1,800,000, a decrease of \$262,750 or 12.7% over prior year approved budget, and include the following projects:
 - Splashpad - \$750,000 is proposed to create a splashpad for free public use in one of the parks.
 - Trail System Expansion - \$750,000 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.

- Playground Replacement - \$300,000 is proposed to replace the oldest playgrounds in the parks system, currently designated as the two playgrounds at the Keller Sports Park.
- Capital Outlay – proposed capital outlay total \$13,000, a decrease of \$202,000 from the prior year approved budget, to replace aging heavy park maintenance equipment, including a small utility vehicle.

Reserves and Fund Balances: The projected total ending fund balance at September 30, 2024 is \$6,223,024, an increase of \$131,090 or 1.5% over the estimated ending balance for September 30, 2023 of \$6,091,934. An operating reserve of \$261,782 represents 10.0% of annual debt service payments. The remaining \$5,961,242 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 \$4,736,828 and expenditures total \$4,605,738 both of which are an increase. This results in a projected increase to fund balance of \$131,090.

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