

City of Keller, Texas

Audit Results
Fiscal Year 2025 Financial Statement Audit
and Federal Single Audit



THE AUDIT PROCESS



Planning
(Summer 2025)

1



Internal
Controls
(August 2025)

2



Understanding
&
Identifying Key
Controls &
Testing
Controls
(August 2025)

3



Substantive
Testing
(Jan/Feb 2026)

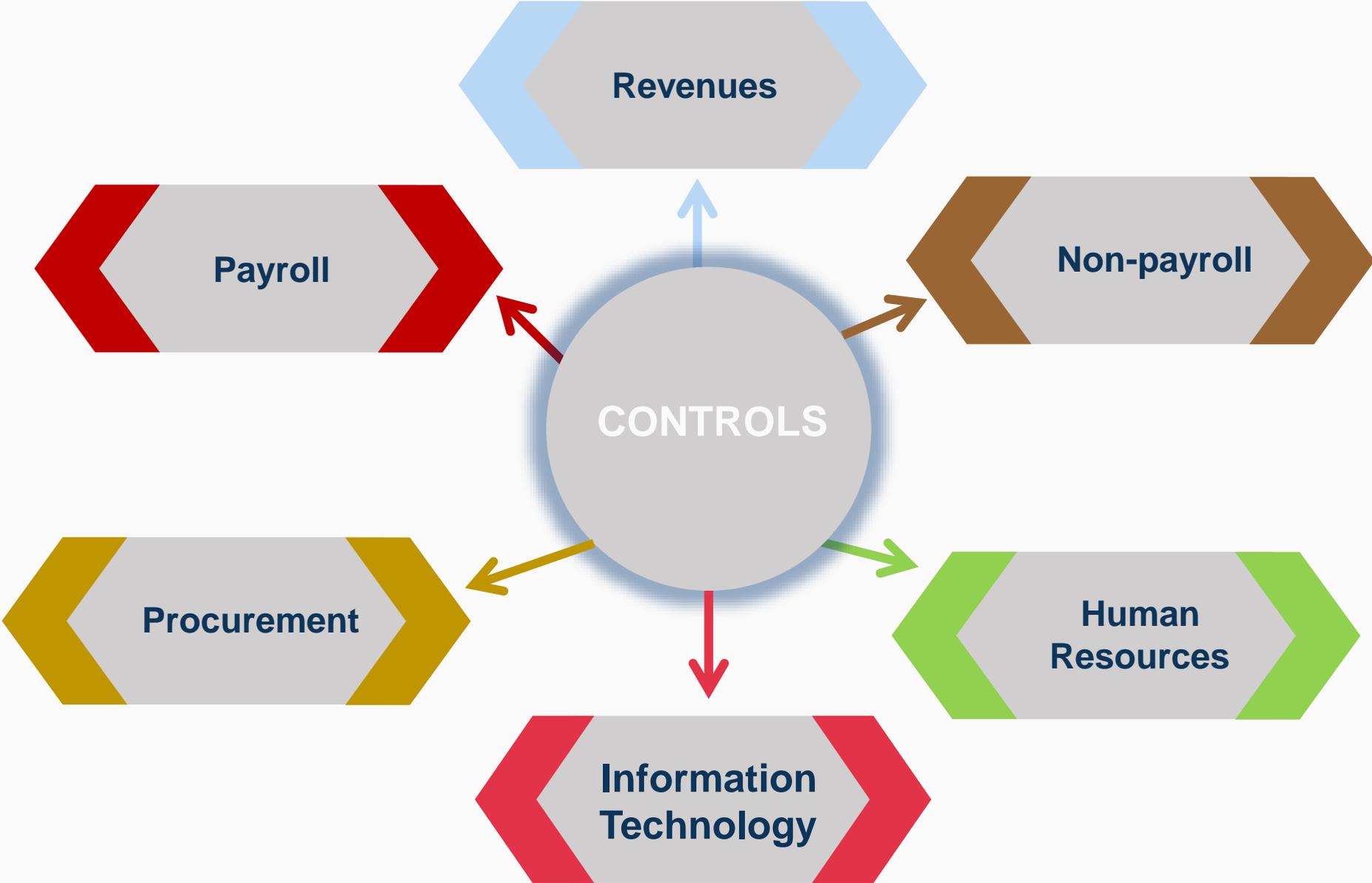
4



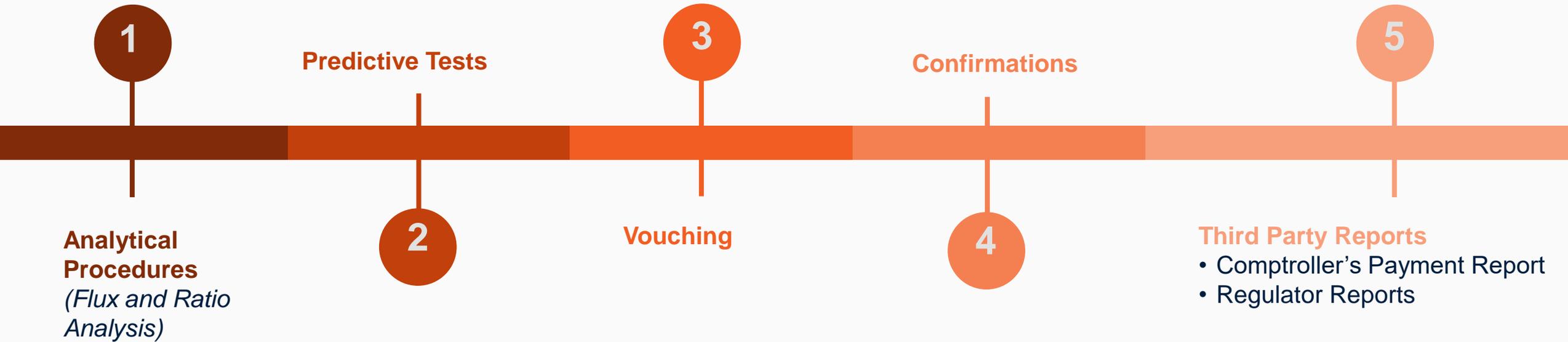
Opinion &
Report
Issuance
(March 2026)

5

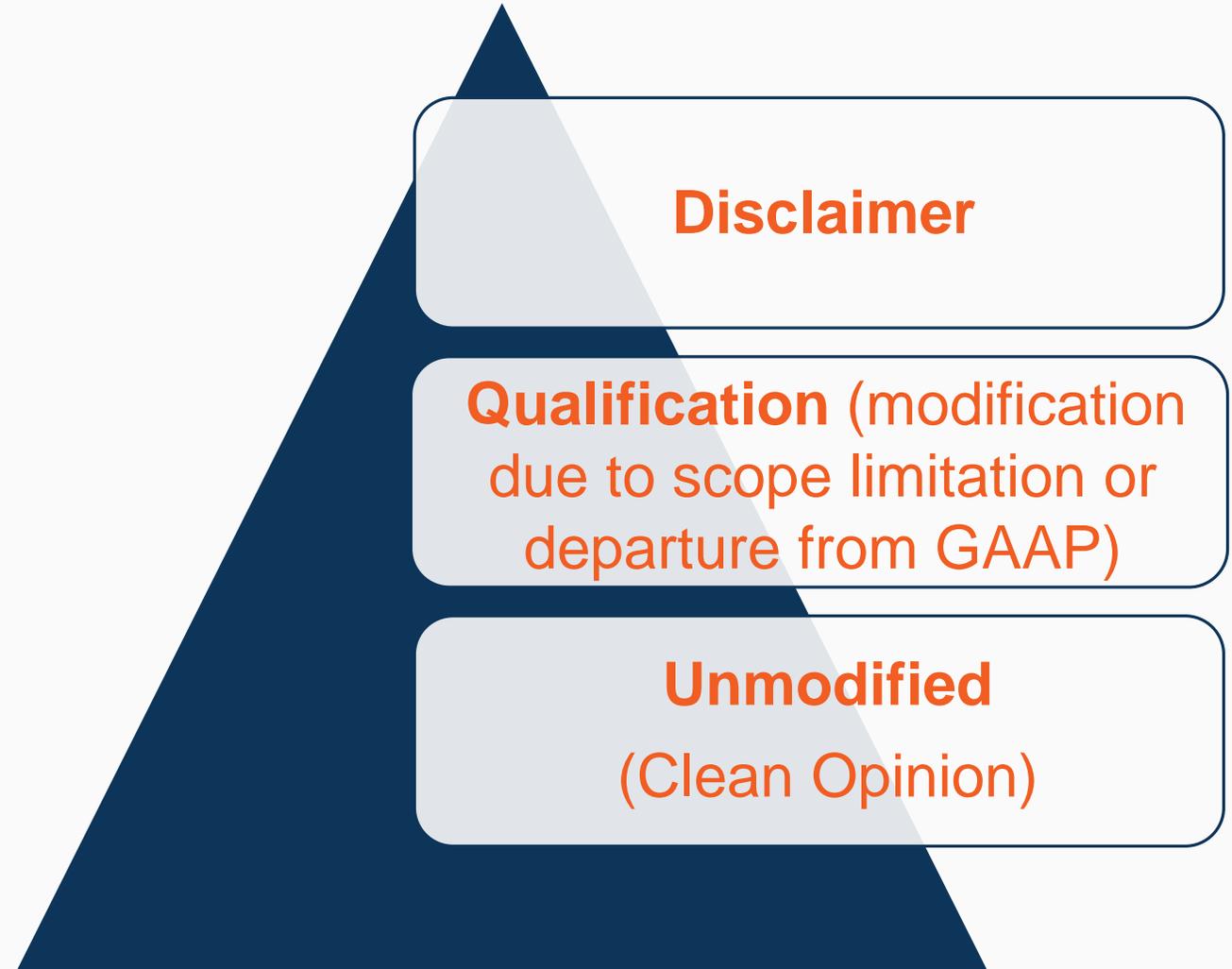
FINANCIAL INTERNAL CONTROLS



SUBSTANTIVE PROCEDURES



THE OPINION ON THE REPORT



PURPOSE OF THE AUDIT

AUDITOR'S REPORT ON INTERNAL CONTROL AND COMPLIANCE

Audit in Accordance With:

- Generally Accepted Auditing Standards (GAAS)
- Generally Accepted Government Auditing standards (GAGAS)

Auditor's Report on the Financial Statements

- Unmodified or “Clean” Opinion

Auditor's Report on Internal Control and Compliance

- No significant deficiencies or material weaknesses over internal controls.
- No instances of noncompliance material to the financial statements noted.

FEDERAL SINGLE AUDIT REPORT

- **Major Programs:**
 - ARPA: Coronavirus State and Local Fiscal Recovery Funds
 - Highway Planning and Construction Cluster
- **Unmodified opinion on compliance**
- **No internal control findings related to each major program**
- **No instances of noncompliance or questioned costs were noted**

GOVERNMENT-WIDE STATEMENT OF NET POSITION (\$ IN THOUSANDS)

	2025	2024	\$ Change	% Change
Current and other assets	\$187,735	\$204,526	\$(16,791)	(8.2)%
Capital assets	288,663	257,223	31,440	12.2%
Total Assets	476,398	461,749	14,649	3.2%
Def Outflows	5,025	7,615	(2,590)	(34.0)%
Other liabilities	25,567	27,796	(2.2)	(8.0)%
Long-term liabilities	92,842	103,569	(10,727)	(10.4)%
Total Liabilities	118,409	131,365	(12,956)	(9.9)%
Def Inflows	2,904	1,859	1,045	56.2%
Net Position	\$360,110	\$336,140	\$23,970	7.1%

LONG-TERM LIABILITIES (\$ IN THOUSANDS)

Total Primary Government (Governmental and Business-type Activities)	September 30, 2025	September 30, 2024	\$ Change
General obligation bonds	\$10,730	\$12,550	\$(1,820)
Certificate of obligation bonds	56,850	61,320	(4,470)
Unamortized premiums	5,985	6,602	(617)
SBITA liability	-	243	(243)
Net pension liability	15,107	18,491	(3,384)
Total OPEB liability	1,680	1,609	71
Compensated absences	2,490	2,755	(265)
Total	\$92,842	\$103,570	\$(10,728)

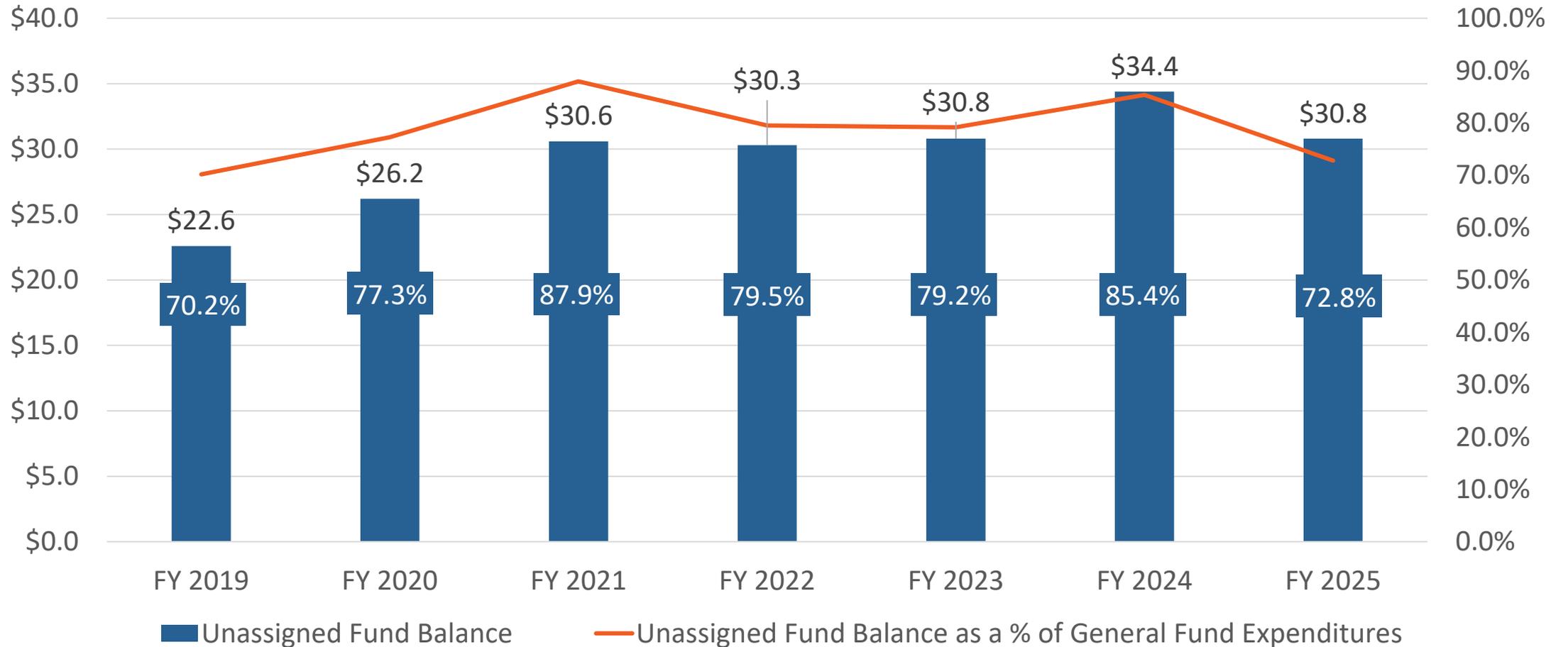
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS (\$ IN THOUSANDS)

Year ended September 30, 2025	General	Debt Service	Crime Control Prevention	Capital Projects	Parks Capital Imp.	Non-major	Total
Total revenues	\$50,467	\$4,215	\$2,556	\$2,380	\$417	\$8,749	\$68,784
Total expenditures	(42,273)	(3,596)	(2,837)	(14,886)	(19,812)	(3,151)	(86,555)
Total other financing sources (uses), net	(11,359)	-	(536)	3,466	16,549	(9,156)	(1,036)
Net change in fund balances	(3,165)	619	(817)	(9,040)	(2,846)	(3,558)	(18,807)
Fund balance – beginning	36,315	5,094	4,019	51,951	8,758	10,929	117,066
Fund balance - ending	\$33,150	\$5,713	\$3,202	\$42,911	\$5,912	\$7,371	\$98,259

**FY 2025
BUDGET AND ACTUAL
– GENERAL FUND**

- Revenues of \$50.5M were greater than final budgeted revenues by \$4.3M
- Expenditures of \$42.3M were less than final budgeted expenditures by \$1.6M
- Other uses exceeded other sources by \$11.4M (fund balance decreased by this amount)
- Fund balance as of September 30, 2025, totaled \$33.1M
 - Nonspendable fund balance - \$164K
 - Restricted fund balance - \$2.2M
 - Unassigned fund balance - \$30.8M

Unassigned General Fund Balance (\$M)



STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION – ENTERPRISE FUNDS (\$ IN THOUSANDS)

	Water and Wastewater	Drainage Utility	Rec/Aquatic Center	Year Ended September 30, 2025
Operating revenues	\$31,188	\$1,536	\$3,532	\$36,186
Operating expenses	(27,721)	(2,379)	(3,682)	(33,782)
Non-operating revenues (expenses), net	1,289	201	79	1,569
Capital contributions and transfers, net	1,637	(953)	0	684
Change in net position	6,323	(1,595)	(71)	4,657
Net Position – Beginning	99,911	18,671	3,986	122,568
Net Position – Ending	\$106,234	\$17,076	\$3,915	\$127,225

REQUIRED COMMUNICATIONS

Significant Accounting Policies

- The City's accounting policies and methods are appropriate and in accordance with industry standards.
- GASB 101 – *Compensated Absences*

Accounting Estimates

- The preparation of the financial statements requires that certain estimates and judgments be made by management. These judgments and estimates include:
 - No significant accounting estimates
- We concluded that management has a reasonable basis for significant judgments and estimates that impact the financial statements.

REQUIRED COMMUNICATIONS

Significant Risks in a Financial Statement Audit (not specific to the City)

- Improper revenue recognition

Difficulties Encountered in Performing the Audit

- We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected or Uncorrected Misstatements

- All adjustments were reviewed and approved by management.

Disagreements with Management

- We had no disagreements with management over the application of accounting principles or management's judgments about accounting estimates.

REQUIRED COMMUNICATIONS

Management Representations

- We have requested certain representations from management.

Consultation with Other Accountants

- We are not aware of any situations in which management consulted with other accountants on accounting or financial reporting matters.

Major Issues Discussed with Management Prior to Retention

- We discussed the application of accounting principles and auditing standards, however, our responses were not a condition to our retention.

QUESTIONS?

