

March 18, 2025

Whitley Penn, LLP
640 Taylor Street
Suite 2200
Fort Worth, Texas 76102

This representation letter is provided in connection with your audit of the financial statements, which comprise the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of City of Keller, Texas (the "City") as of September 30, 2024 and for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of the City in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information such that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of March 18, 2025.

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 2, 2024, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal controls to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- There have been no related party relationships or transactions that require disclosure in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.

- We are in agreement with the adjusting entries you have proposed, and they have been posted to the City's accounts. A list of entries posted to the City's accounts has been attached to this letter. We did not consider it necessary to post entries for presentation only to the City's accounts.
- We have consulted a lawyer concerning various litigation, claims, or assessments and we are not aware of any pending or threatened litigation, claims, or assessments, or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* (FASB Accounting Standards Codification (ASC) 450, Contingencies).
- All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- All funds and activities are properly classified.
- All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- All revenues within the statement of activities have been properly classified as program revenues or general revenues.
- All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- All interfund and intra-entity transactions and balances have been properly classified and reported.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- All required supplementary information is measured and presented within the prescribed guidelines.
- With regard to investments and other instruments reported at fair value:
 - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.
 - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
- Provisions for uncollectible receivables have been properly identified and recorded.
- Tax-exempt bonds issued have retained their tax-exempt status.
- We believe that the actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.
- We agree with the findings of specialists in evaluating the valuation of pension and OPEB liabilities, and related amounts, and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

- With respect to the nonattest services provided (assistance with preparation of the financial statements and related notes, and pension and OPEB journal entries), we have performed the following:
 - Made all management decisions and performed all management functions;
 - Assigned a competent individual to oversee the services;
 - Evaluated the adequacy of the services performed;
 - Evaluated and accepted responsibility for the result of the service performed; and
 - Established and maintained internal controls, including monitoring ongoing activities.

Information Provided

- We have provided you with:
 - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the City from whom you determined it necessary to obtain audit evidence.
- The financial statements and any other information included in the annual report are consistent with one another, and the other information does not contain any material misstatements.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud, and there is none to report.
- We have no knowledge of any fraud or suspected fraud that affects the City and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the City's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- We have disclosed to you all communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- The City has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which the City is contingently liable.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
 - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.

- Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
- Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62
- Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- The City has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- We have made all payments in a timely manner to the Texas Municipal Retirement System (TMRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies.
- There have been no cybersecurity breaches or other cyber events whose effects should be considered for disclosure in the financial statements, as a basis for recording a loss contingency, or otherwise considered when preparing the financial statements.
- We have provided you with complete and accurate information as it relates to the City's construction projects.

Federal Award Programs

- We are responsible for understanding and complying with and have complied with the requirements of Title 2 CFR *Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (the Uniform Guidance), including requirements relating to preparation of the schedule of expenditures of federal awards, or we acknowledge our responsibility for presenting the schedule of expenditures of federal awards (SEFA) in accordance with the requirements of the Uniform Guidance and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.
- If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.
- We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance, and included in the SEFA made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- We are responsible for understanding and complying with, and have complied with, the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal programs and have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major program.
- We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance requirements applicable to federal programs that provides reasonable assurance that we are managing our federal awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.
- We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.
- We have received no requests from a federal agency to audit one or more specific programs as a major program.
- We have complied with the direct and material compliance requirements, including when applicable, those set forth in the OMB Compliance Supplement, relating to federal awards.
- Amounts claimed or used for matching were determined in accordance with relevant guidelines in the Uniform Guidance.
- We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.

- We have made available to you all documentation related to compliance with the direct material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- No changes have been made in internal control over compliance or other factors that might significantly affect internal control subsequent to the date as of which compliance was audited.
- Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- We have charged costs to federal awards in accordance with applicable cost principles.
- We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.
- The data collection form does not contain any personally identifiable information.

Supplementary Information in Relation to the Financial Statements as a Whole

With respect to the combining and individual nonmajor fund financial statements and related budgetary comparison schedules (the "other supplementary information") accompanying the financial statements:

- We acknowledge our responsibility for the presentation of the supplementary information in accordance with accounting principles generally accepted in the United States of America.
- We believe the supplementary information including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America.
- The methods of measurement or presentation have not changed from those used in the prior period.
- When the supplementary information is not presented with the audited financial statements, management will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the City of the supplementary information and the auditor's report thereon.
- We acknowledge our responsibility to include the auditor's report on the supplementary information in any document containing the supplementary information and that indicates the auditor reported on such supplementary information.
- We acknowledge our responsibility to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the City of the supplementary information and the auditor's report thereon.

Required Supplementary Information

With respect to the management's discussion and analysis, pension information, budgetary comparison schedule for the general fund and crime control prevention district fund, and other post-employment benefit information (the "required supplementary information") accompanying the financial statements:

- We acknowledge our responsibility for the presentation of the required supplementary information in accordance with accounting principles generally accepted in the United States of America.
- We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with accounting principles generally accepted in the United States of America.
- The methods of measurement or presentation have not changed from those used in the prior period.

Aaron Rector, Director of Administrative Services

Pamela McGee, Assistant Director of Finance

Adjusting Journal Entries

Account	Description	Debit	Credit
Adjusting Journal Entries			
GASB 68/75 entry			
125-00-000-26610-000000	NET PENSION LIABILITY	128,300.00	
125-00-000-26630-000000	NET OPEB HEALTH LIABILITY	5,483.00	
125-00-000-26640-000000	NET PENSION LIAB-GASB 75 SDBF	2,500.00	
200-00-000-16630-000000	D/O OPEB HEALTH CONTRIBUTION	1,405.00	
200-00-000-26610-000000	NET PENSION LIABILITY	312,521.00	
200-00-000-26630-000000	NET OPEB HEALTH LIABILITY	13,270.00	
200-00-000-26640-000000	NET PENSION LIAB-GASB 75 SDBF	6,482.00	
200-70-701-50650-000000	RETIREMENT	14,279.00	
200-71-711-50650-000000	RETIREMENT	11,191.00	
200-71-712-50650-000000	RETIREMENT	6,696.00	
200-73-734-50650-000000	RETIREMENT	12,310.00	
200-73-735-50650-000000	RETIREMENT	12,735.00	
200-75-752-50650-000000	RETIREMENT	15,253.00	
200-77-772-50650-000000	RETIREMENT	3,686.00	
400-00-000-16620-000000	D/O OPEB SDBF CONTRIBUTION	526.00	
400-00-000-16630-000000	D/O OPEB HEALTH CONTRIBUTION	1,308.00	
400-81-815-50650-000000	RETIREMENT	80,061.00	
125-00-000-16600-000000	D/O/I PENSION-EARNINGS D/E		110,000.00
125-00-000-16620-000000	D/O OPEB SDBF CONTRIBUTION		800.00
125-00-000-16630-000000	D/O OPEB HEALTH CONTRIBUTION		116.00
125-00-000-26600-000000	D/O/I PENSION-ACTUARIAL L/G		8,300.00
125-00-000-26620-000000	NET OPEB SDBF LIABILITY		1,600.00
125-00-000-26650-000000	NET PENSIO LIAB-GASB 75 HEALTH		4,922.00
125-65-651-50650-000000	RETIREMENT		4,118.00
125-65-652-50650-000000	RETIREMENT		1,991.00
125-65-654-50650-000000	RETIREMENT		2,189.00
125-65-655-50650-000000	RETIREMENT		1,095.00
125-65-656-50650-000000	RETIREMENT		1,152.00
200-00-000-16600-000000	D/O/I PENSION-EARNINGS D/E		337,123.00
200-00-000-16620-000000	D/O OPEB SDBF CONTRIBUTION		1,458.00
200-00-000-26600-000000	D/O/I PENSION-ACTUARIAL L/G		32,882.00
200-00-000-26620-000000	NET OPEB SDBF LIABILITY		12,144.00

200-00-000-26650-000000	NET PENSIO LIAB-GASB 75 HEALTH	26,221.00
400-00-000-16600-000000	D/O/I PENSION-EARNINGS D/E	18,820.00
400-00-000-26600-000000	D/O/I PENSION- ACTUARIAL L/G	7,026.00
400-00-000-26610-000000	NET PENSION LIABILITY	38,854.00
400-00-000-26620-000000	NET OPEB SDBF LIABILITY	5,667.00
400-00-000-26630-000000	NET OPEB HEALTH LIABILITY	1,722.00
400-00-000-26640-000000	NET PENSION LIAB-GASB 75 SDBF	572.00
400-00-000-26650-000000	NET PENSIO LIAB-GASB 75 HEALTH	9,234.00
Total		<u>628,006.00</u>

Adjusting Journal Entries

Entry to reclass proceeds from sale of assets

100-00-000-49198-000000	TRANSFER FROM GENERAL GOVERNME	230,618.00
118-00-000-49198-000000	TRANSFER FROM GENERAL GOVERNME	18,621.00
170-00-000-49155-501603	TRANSFER-IN GEN BOND FUND	63,425.00
198-00-000-47030-000000	GAIN/LOSS ON DISP OF ASSETS	230,618.00
198-00-000-49999-000000	USE OF FUND BALANCE	44,964.00
200-00-000-49198-000000	TRANSFER FROM GENERAL GOVERNME	26,342.00
100-00-000-47030-000000	GAIN/LOSS ON DISP OF ASSETS	230,618.00
118-00-000-47030-000000	GAIN/LOSS ON DISP OF ASSETS	18,621.00
170-00-000-47030-000000	Gain/Loss on Disposal of asset	63,425.00
198-99-905-59100-000000	TRANSFER TO GENERAL FUND	230,618.00
198-99-905-59118-000000	TRANSFER TO KCCPD	18,621.00
198-99-905-59200-000000	TRANSFER TO WATER & W/W	26,343.00
200-00-000-47030-000000	GAIN/LOSS ON DISP OF ASSETS	26,342.00
Total		<u>614,588.00</u>