



## M E M O R A N D U M

**DATE:** June 12, 2018

**TO:** Keller Development Corporation Board Members

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

**SUBJECT:** Proposed FY 2018-19 Keller Development Corporation Annual Budget

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Enclosed please find a copy of the proposed FY 2018-19 operating budget for KDC. Revenues and operational expenditures including debt service are anticipated to increase slightly, however, capital improvement project transfers are anticipated to increase significantly which should result in a 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.

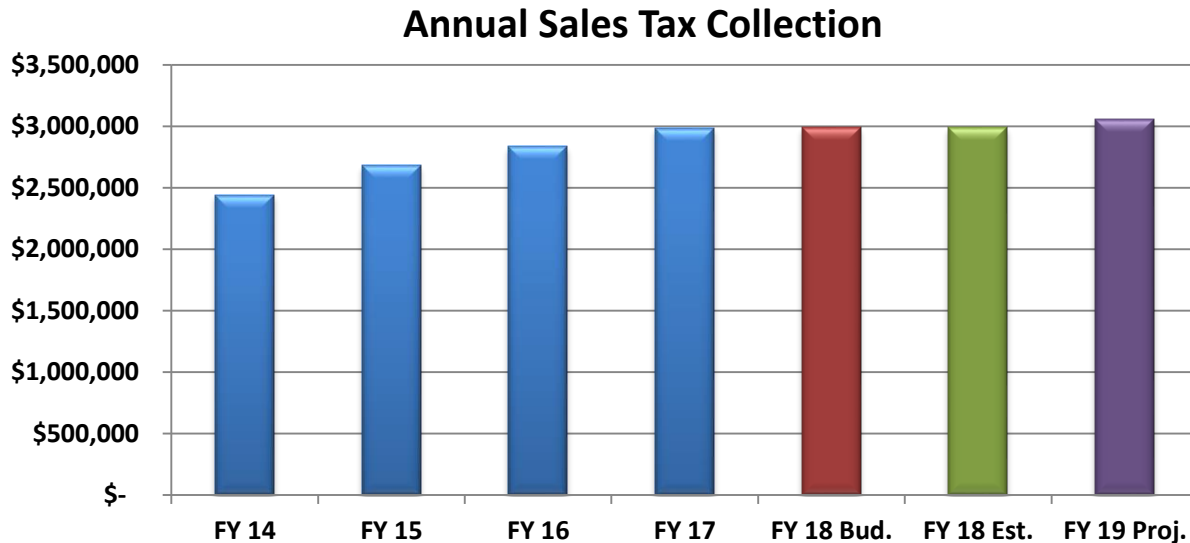
### FINANCIAL SUMMARY OF THE OPERATING BUDGET

**Revenues:** Total projected revenues for FY 2018-19 are \$3,087,407, an increase of \$76,760 or 2.5% over the current year adopted budget and is an increase of \$63,755 or 2.1% from year-end projections. A majority of the KDC revenue is related to sales tax which project to increase by 2.1% over budget, or 2.25% 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, 2018 were as follows:

SALES TAX SUMMARY – MAY REMITTANCE			
	KDC	Budget Analysis	
		Projected Total	Variance
Current Month	\$309,491	\$309,549	(\$58)
Same Month-Prior Year	\$287,036		-0.0%
<i>Incr (Decr)</i>	\$22,455		
<i>Pct change</i>	7.8%		
Current YTD	\$1,979,392	\$1,983,626	(\$4,234)
Last YTD	\$1,948,823		-0.2%
<i>Incr (Decr)</i>	\$30,569		
<i>Pct change</i>	1.6%		
<i>% of Budget</i>	66.2%		
<i>Avg. % of Budget</i>	66.3%		

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 slightly below budget, and the proposed budget projection of 2.25% 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 \$18,188 for interest income.

**Expenditures:** Total FY 2018-19 expenditures are proposed to be \$4,730,011 which is an increase of \$2,007,987 or 73.8% from the current year adopted budget. The proposed increase is mainly related to an increase in capital improvement project costs which increase from \$1,060,903 to \$3,062,603.

The following items are proposed for FY 2018-19:

- Operations & Maintenance – proposed budget is \$79,714 or an increase of \$4,787, or 6.4%, due largely to an increase in administrative transfers.
- Debt Service & Transfers – proposed budget is \$1,587,694 or an increase of \$1,500, or 0.1%, due to an increase in annual debt payments.
- Capital Expenditures – proposed projects total \$3,062,603, an increase of \$2,001,700 or 188.7% over prior year approved budget, and include the following projects:
  - Overton Ridge Park Development - \$2,472,603 is proposed to transform this undeveloped park into an active park. Components will include a playground, restroom facility, pavilion, trail system, parking lot, landscaping, trash cans and benches.

- Trail System Expansion - \$250,000 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 Park Additional Restroom/Storage Facility - \$240,000 is proposed to purchase and install an additional restroom facility to be located near the pickleball and basketball courts. A combination restroom/storage facility is requested to replace the existing 45 year old storage facility.
- Parks Capital Replacement Program - \$100,000 is proposed for park improvements or replacements of playgrounds, pavilions, restroom facilities, and other park components on an as-needed basis.

***Reserves and Fund Balances:*** The projected total ending fund balance at September 30, 2019 is \$2,247,330, a decrease of \$1,642,604 or 42.2% over the estimated ending balance for September 30, 2018 of \$3,889,934. An operating reserve of \$158,769 represents 10.0% of annual debt service payments. The remaining \$2,088,560 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 \$3,087,407 which is a slight increase and expenditures total \$4,730,011 which is a significant increase related to cash funding of capital projects. This results in a projected subtraction to fund balance of \$1,642,604.

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