



M E M O R A N D U M

DATE: June 11, 2019

TO: Keller Development Corporation Board Members

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

SUBJECT: Proposed FY 2019-20 Keller Development Corporation Annual Budget

Enclosed please find a copy of the proposed FY 2019-20 operating budget for KDC. Revenues are anticipated to increase slightly, however operational expenditures including debt service and capital improvement project transfers are anticipated to decrease significantly 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.

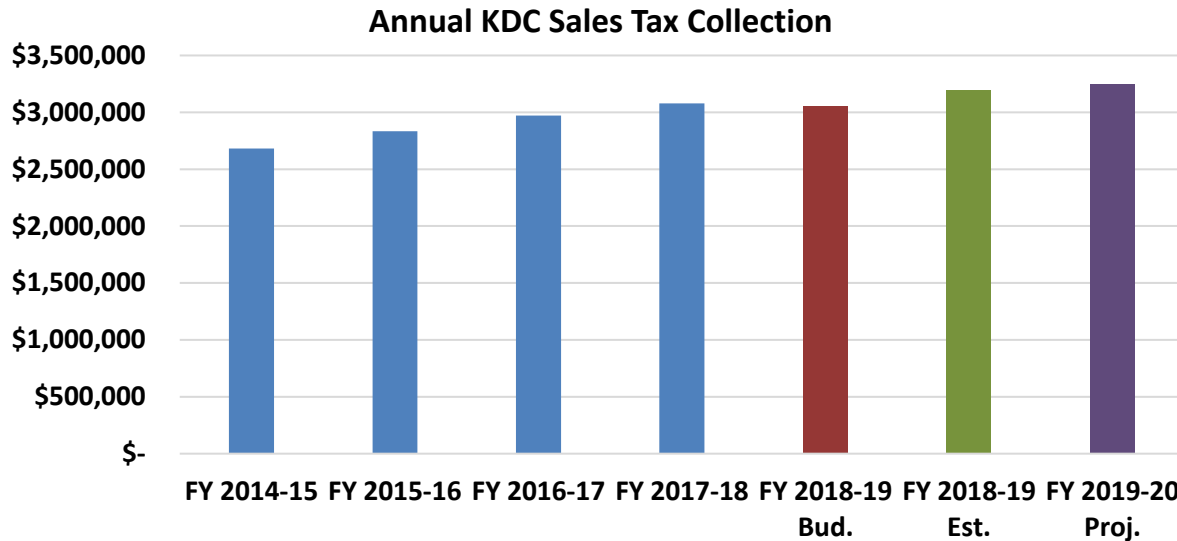
FINANCIAL SUMMARY OF THE OPERATING BUDGET

Revenues: Total projected revenues for FY 2019-20 are \$3,299,231, an increase of \$211,824 or 6.8% over the current year adopted budget and is an increase of \$47,551 or 1.5% 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 6.3% 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, 2019 were as follows:

SALES TAX SUMMARY – MAY REMITTANCE			
	KDC	Budget Analysis	
		Projected Total	Variance
Current Month	\$299,451	\$310,385	(\$10,220)
Same Month-Prior Year	\$310,385		-3.3%
<i>Incr (Decr)</i>	(\$10,933)		
<i>Pct change</i>	-3.5%		
Current YTD	\$2,112,767	\$2,002,582	\$110,185
Last YTD	\$1,957,337		5.5%
<i>Incr (Decr)</i>	\$155,430		
<i>Pct change</i>	7.94%		
<i>% of Budget</i>	69.2%		
<i>Avg. % of Budget</i>	65.6%		

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 of 1.5% 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 \$39,094 for interest income.

Expenditures: Total FY 2019-20 expenditures are proposed to be \$2,614,683 which is a decrease of \$2,115,328 or 44.7% from the current year adopted budget. The proposed decrease is mainly related to a decrease in capital improvement project transfers which decrease from \$3,062,603 to \$715,000.

The following items are proposed for FY 2019-20:

- Operations & Maintenance – proposed budget is \$76,814 or a decrease of \$2,900, or 3.6%, due largely to a decrease in attorney and legal services.
- Debt Service – proposed budget is \$1,583,869 or a decrease of \$3,825, or 0.2%, due to a decrease in annual debt payments.
- Capital Improvement Project Transfers – proposed projects total \$715,000, a decrease of \$2,347,603 or 76.7% over prior year approved budget, and include the following projects:
 - 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.
 - Parking Lot Improvements - \$185,000 is proposed to mill and overlay the C Pad parking lot at the soccer fields of the Keller Sports Park.

- Playground Replacement - \$180,000 is proposed to replace the oldest playground in the parks system, currently designated as the “boat” playground at Bear Creek 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 \$239,000, an increase of \$239,000 or 100.0% over prior year approved budget, and include the following projects:
 - Large Mower Replacements - \$133,000 is proposed to replace one 5-gang mower at the Keller Sports Park, and one batwing mower for Bear Creek Park.
 - Tractor Replacement - \$67,000 is proposed to replace an eighteen year old tractor to increase productivity and reduce downtime due to equipment maintenance.
 - Utility Vehicle Replacement - \$24,000 is proposed to replace three various aged utility vehicles to increase productivity and reduce downtime due to equipment maintenance.
 - Zero-Turn Mower Replacement - \$15,000 is proposed to replace a ten year old mower at the Keller Sports Park to increase productivity and reduce downtime due to equipment maintenance.

Reserves and Fund Balances: The projected total ending fund balance at September 30, 2020 is \$3,110,912, an increase of \$684,548 or 28.2% over the estimated ending balance for September 30, 2019 of \$2,426,364. An operating reserve of \$158,387 represents 10.0% of annual debt service payments. The remaining \$2,952,525 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 \$3,299,231 which is a slight increase and expenditures total \$2,614,683 which is a significant decrease. This results in a projected addition to fund balance of \$684,548.

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