



CITY OF KELLER, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDING SEPT. 30, 2020

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**CITY OF KELLER, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FISCAL YEAR ENDED
SEPTEMBER 30, 2020**

**AS PREPARED BY THE
FINANCE DEPARTMENT**

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**CITY OF KELLER, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

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INTRODUCTORY SECTION

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March 30, 2021

Citizens of Keller, Honorable Mayor Armin Mizani,
Members of the City Council and City Manager
City of Keller, Texas:

The Comprehensive Annual Financial Report for the City of Keller, Texas (the City) for the fiscal year that ended September 30, 2020, is hereby submitted. Article VII, Section 8.15 of the Charter of the City of Keller requires an annual audit of all accounts of the City by an independent certified public accountant, selected by the City Council. This report is intended to meet that requirement, and the independent auditor's report has been included in this report. This report was prepared through the cooperative efforts of the City's Finance Department and independent auditors. The purpose of the report is to provide the City Council, management, staff, citizens, bondholders, and other interested parties with detailed information concerning the financial condition and activities of the City.

Responsibility for the accuracy and reliability of the presented data in this report, completeness and fairness of this report, and all disclosures, rests with City management. The City has established and maintains a system of internal accounting controls designed in part to provide a reasonable assurance that assets are safeguarded against loss, theft, or unauthorized use and that financial records can be relied upon to produce financial statements in accordance with generally accepted accounting principles (GAAP). The concept of reasonable assurance recognizes that the cost of maintaining the system of internal accounting controls should not exceed the benefits likely to be derived.

We believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Weaver, L.L.P., Certified Public Accountants, have issued an unmodified ("clean") opinion on the City's financial statements for the fiscal year ended September 30, 2020. The independent auditor's report is located at the front of the financial section of this report.

The comprehensive annual financial report (Annual Report) is organized in three sections: *Introductory*, *Financial* and *Statistical*. Included in the *Financial* section is the Management's Discussion and Analysis (MD&A), which provides users a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

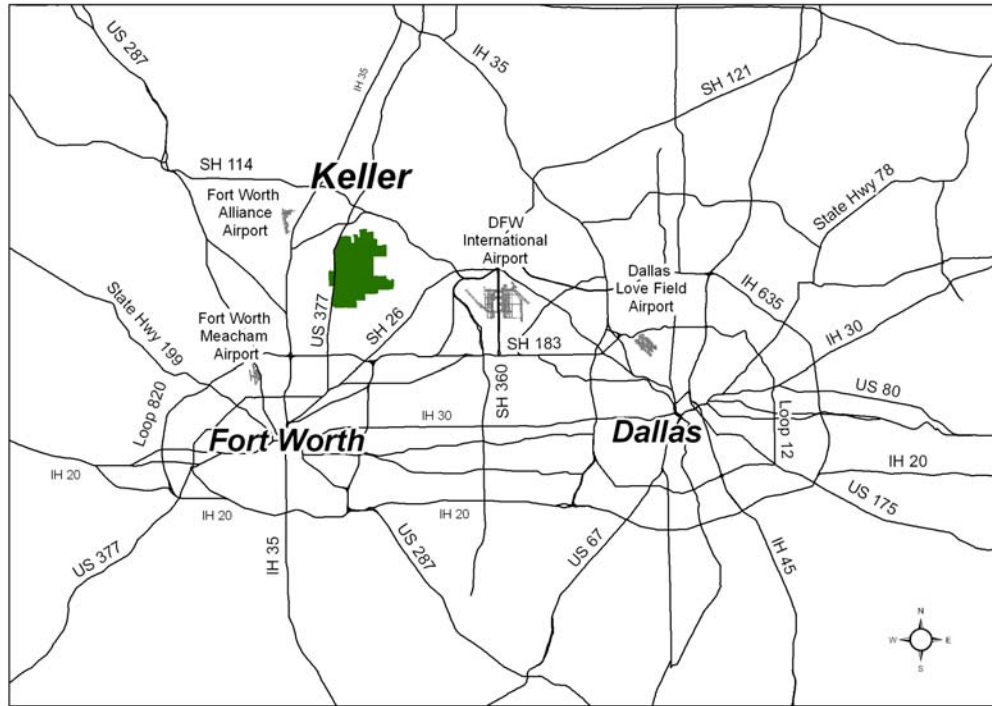
City Profile

The City was incorporated on November 16, 1955, under the general laws of the State of Texas, and the current home-rule charter was approved by the voters in 1982 and most recently amended in 2010. The City operates under the Council-Manager form of government. The Keller City Council is composed of a Mayor and six Council members in places designated as 1 through 6, all elected at-large by registered voters within the city limits of Keller. The Mayor and all Council members are elected for staggered three-year terms. The Mayor and City Council members, places 5 and 6, were elected for the initial three-year term in 2020 (terms expire May 2023). City Council members, places 1 and 2, were elected in 2018 (terms expire May 2021), and Council places 3 and 4 were elected in 2019 (terms expire May 2022). Under the provisions of the City Charter, and subject only to the limitations imposed by the Texas Constitution, State law and the City Charter, the City Council enacts local legislation, adopts the annual operating budget and sets policy. The City Manager, appointed by the City Council, is responsible to the Council for proper administration of the City's daily affairs and appointment of heads of the various departments.

The City of Keller is renowned for being a good place to live and work, delivering big-city comforts with small-town charm. In addition to the numerous departmental awards and recognitions the City receives annually, Keller has also received the following community-wide awards and recognitions for 2020:

- Top 10 Affordable, Kid-Friendly Suburbs that City Parents Won't Hate, Realtor.com
- Top 100 Safest Cities in the U.S., Neighborhood Scout
- Top 10 Safest Cities in Texas, USA Today
- Top 10 Cities & Towns for New Families in the U.S.
- The 10 Best Places to Live in Texas, HomeSnacks
- The Safest Cities in Texas 2018, National Council for Home Safety and Security
- Texas' 50 Safest Cities of 2018, Safewise.com
- 10 Safest Places in Texas, HomeSnacks
- Best Suburbs to Raise a Family in Texas, Niche
- Safest Suburbs in Texas, Niche
- Best Suburbs to Buy a House in Texas, Niche
- Best Places to Raise a Family in Texas, Niche
- 7 Dallas-Fort Worth Suburbs with the Best Downtowns, Neighborhoods.com
- Mother-Friendly Worksite, Texas Department of State Health Service
- Excellence in Environmental Public Education & Outreach Program, State of Texas Alliance for Recycling
- Scenic City Gold Status, Scenic City Texas
- Tree City USA 25th Anniversary, Arbor Day Foundation

Some of the items that contributed to these rankings include our extremely low crime rate, an excellent park and trail system, diverse and affordable housing opportunities, and an overall high quality of life. This ranking is a reflection of the dynamic community that Keller is becoming and its premier location in the heart of the DFW Metroplex. Keller is approximately midway between the Dallas/Fort Worth International and Alliance airports, both major employers for our community. The city is traversed by several major traffic corridors, including US Highway 377 (US 377) and Farm-to-Market Road 1709 (FM 1709). The city's quality school system, high residential growth rate, business-friendly atmosphere and low taxes make Keller an inviting destination for new commercial development projects.



The City of Keller is located in Northeast Tarrant County, Texas, approximately 10 miles north of Fort Worth on US 377, and 25 miles northwest of downtown Dallas. It is part of the 12-county "Metroplex" of North Central Texas, which includes the cities of Fort Worth and Dallas as well as surrounding communities, with an estimated population in the 12 county MPA exceeding 7.26 million in January 2018. The city limits of Keller currently encompass approximately 19 square miles.

The City provides a full range of municipal services, including general government, public safety (police and fire), streets, parks and recreation, community development, planning and zoning, code enforcement, public library, and business-type activities such as water, sewer and drainage utilities. Sanitation collection services are provided through a private contractor; customers contract through the City, with collection fees added to their municipal water, sewer and drainage utility bills.

Local Economy

Keller, part of the Dallas/Fort Worth Metroplex, maintains a strong economy and is consistently ranked among the best places to call home in Texas. A conservative personal and corporate tax climate, excellent schools, favorable right to work laws and an ongoing commitment to business make this community and the State of Texas attractive both to businesses looking to relocate and those starting new.

According to the Texas Workforce Commission, the City's civilian labor force was 24,646 in December 2019, compared to a total civilian labor force for Tarrant County of 1,092,836. Keller's unemployment rate in December 2019 was 2.8%, compared to the Tarrant County rate of 2.3%, a statewide rate of 2.3% and a nationwide rate of 3.74%. The unemployment rates are not seasonally adjusted.

The City continues to experience an increase in population. Official Census reported population figures of 27,345 for 2000 and 39,627 for 2010. The January 2019 population estimate was 45,090, representing an increase of 5,463 (13.8%) since the 2010 Census. The following table presents Keller's official Census population since 1970, as well as the current year estimated population.

	Population	Increase (Decrease)	Percent Change
1970 Census	1,474	NA	NA
1980 Census	4,156	2,682	182.0%
1990 Census	13,683	9,527	229.2%
2000 Census	27,345	13,662	99.8%
2010 Census	39,627	12,282	44.9%
2020 Estimate	45,400	5,773	14.6%

Since 1970, the total population increase has exceeded 43,926. This increasing population trend is anticipated to persist for several years, although at a slower pace. Tarrant County has experienced similar growth during the last 40 years, increasing from 715,587 in 1970 to 1,809,034 in 2010, and an increase of more than 167%. According to the North Central Texas Council of Governments' population projections, the population of Tarrant County in 2020 is anticipated to be 2,064,060, an increase of 255,026 or 14.1% since the 2010 Census.

Another factor in measuring the local economy is its overall appraised value. Since 2000, the appraised value of property within Keller has more than doubled. Most of the increase has been the result of new residential development. Overall appraised values provide a better indication of new development than do taxable values, since taxable values are derived after deducting the various allowable exemptions. For Keller, this growth trend moderated in recent years. The following table provides the total appraised values of the City of Keller since 2010.

<u>Year Ended September 30</u>	<u>Appraised Value (000's)</u>	<u>Percent Change</u>
2009	3,975,497.0	1.8%
2010	4,046,869.5	1.8%
2011	4,133,807.9	2.1%
2012	4,287,820.9	3.7%
2014	4,557,288.9	6.3%
2015	4,731,833.0	3.8%
2016	5,368,009.1	13.4%
2017	5,627,823.2	4.8%
2018	6,213,765.3	10.4%
2019	6,881,693.8	10.7%
2020	7,401,205.8	7.5%

As shown, the rates of change in the City's total appraised value are continually growing, including a 7.57 percent increase in 2020 over prior year. The rates of increase in taxable values can impact the City's general fund operations significantly, since property tax revenues comprise approximately 50% of the total revenues for the General Fund. City management continuously monitors local economic trends in order to maintain adequate fund balance reserve levels and to meet policy targets.

The City is approximately 85% developed and continues to grow primarily as a residential community. Most residents are employed by major companies located within a 15-mile radius of the City. Several manufacturing firms are located in the Keller area, as well as a variety of commercial establishments, medical facilities, restaurants, retail shops and grocery stores. The City continues to encourage quality commercial growth, which will benefit the entire community.

The value of new construction is included in both market and net taxable values. The net taxable value of new construction for calendar year 2019 (FY 2019-20) was \$131.8 million, compared to \$129.9 million for calendar year 2018 (FY 2018-19).

The net assessed taxable value for calendar year 2019 (FY 2019-20) increased by 5.2%, compared to an increase of 10.6% in calendar year 2018 (FY 2018-19), and the related levies grew by 1.8% and 46.1% respectfully. The City has been steady growth in property values over the past three years. As a result, the City was able to decrease the tax rate and increase the homestead exemption while still meeting the FY 2019-20 goals of the City, maintain excellent services, and adhere to the financial/budget targets to ensure the fiscal stability of the City's operations.

The expansion of retail within the City and increased on-line sales activity has also resulted in increases in sales tax collections. Total sales tax collections in FY 2019-20 represent the largest amount in the City's history, with collections totaling more than \$14.3 million; up from FY 2018-19 collections totaling \$12.7 million.

Long-term Financial Planning

The City maintains a five-year Capital Improvement Program (CIP). The CIP has been used exclusively as a planning tool, and therefore does not commit the City to any project or project funding. The intent of the CIP is to identify and prioritize specific capital improvements needed during the subsequent five years. The CIP is not a capital budget, and as such, only recommends projects, project costs and the proposed means of financing improvements. Recommended improvements are not approved until official action has been taken by the City Council to authorize funding for the improvement.

The five-year capital improvements program (CIP) for fiscal years 2019-20 through 2023-24 was developed by City staff and reviewed and adopted by the City Council as a part of the fiscal year 2019-20 budget. The total five-year program for FY 2019-20 identified \$76.4 million of proposed improvements.

When considering future financial impacts on operations resulting from issuing debt obligations for capital improvements, the Finance Department prepares an internal five-year financial forecast for the General and Debt Service Funds. The forecast is also used as an informational planning tool for the City Council.

Relevant Financial Policies

The City has strong financial management policies that provide the basis for the City's financial operations.

The unassigned fund balance in the General Fund is 77% of total General Fund expenditures which currently exceeds the requirements of the City's Financial Management Policies adopted by the City Council for budgetary and planning purposes (i.e., 25% of General Fund expenditures). In addition to providing financial stability and sustainability during difficult economic times, the City may use available fund balance reserves as a means to fund one-time, non-recurring projects or expenditures.

In December 2008, the City Council adopted a Financial Management Contingency Plan. The primary purpose of the Plan is to guide planning efforts for City management and is intended to assist in budget balancing strategies during periods of economic uncertainty. During fiscal year 2019-20, no specific provisions of the Contingency Plan were enacted.

In May 2012, the City's financial management policies were amended to increase the required unassigned fund balance in the General Fund from 60 to 70 days of expenditures. In May 2013, the City Council adopted an official GASB 54 fund balance policy. In July 2016, the City Council adopted revisions to the financial management policies which included creating a General Fund minimum of 19.2% (70 days) and a maximum fund balance of 50% (182 days). In November 2019, the City Council adopted revisions to the financial management policies which included creating a General Fund minimum of 25.0% and a maximum fund balance of 50%.

Major Initiatives

During FY 2019-20, the City issued \$8.0 million in General Obligation bonds related to the voter-approved new Senior Activity Center. Design and Engineering was near completion at the time of the issuance and construction is scheduled to start in the fall of 2020. The 2019-20 General Fund budget also included cash funding of \$2,000,000 for Johnson Road Reconstruction from Rufe Snow to Chandler which is part of a \$5.9 million reconstruction project of the road, \$1,229,000 for the Bear Creek and Whitley roundabout project, \$150,000 for North Tarrant Parkway & Lakeview road improvements, and \$150,000 for Union Pacific railroad pedestrian crossing improvements. For FY 2020-21, the General Fund budget included cash funding of \$1,000,000 for Shady Grove Reconstruction and \$830,000 for one-time bar ditch maintenance in North Keller. In the Water-Wastewater Fund, the second round of SWIFT debt is scheduled to be issued in November 2020 and will help fund water line replacements throughout the city.

Accounting System and Budgetary Control

The annual budget of the City serves as the foundation for its financial planning and control. The budget is proposed by the City Manager and adopted by the City Council in accordance with policies and procedures established by the City Charter, Council ordinances and policies. The budget is prepared and presented by fund (e.g., general fund), department (e.g., police) or function (e.g., debt service), and major cost category (e.g., personnel services). The budgetary process begins each year with the preparation of revenue estimates and budget instructions by the City's Finance Department staff, and expenditure estimates and requests by each City department. Estimates and requests are reviewed by the City Manager and evaluated within the total financial framework of the City. The City Manager makes final decisions regarding the budget recommendations that are submitted to the City Council. The City Charter requires that the City Manager's proposed budget be filed with the City Secretary no later than August 15. The City Manager's proposed budget is reviewed by the City Council and followed by a final public review process, including a required public hearing prior to budget adoption. The City Charter requires adoption of the City budget no later than the twenty-seventh (27) day of the last month of the fiscal year.

Budgetary reporting is provided at the department level within the individual fund. The legal level of control for budgeted expenditures is at the department level. Transfers of budget appropriations within funds may occur with the approval of the City Manager provided there is no increase in overall expenditures. Transfers of budget appropriations between funds, as well as any increase in total appropriations, require a formal budget amendment adopted by the City Council. Unless otherwise noted, except for capital projects funds, all appropriations lapse at year-end and excess funds become available for re-appropriation in the subsequent year. By policy, all encumbrances related to operating funds end at the end of the fiscal year, unless re-appropriated in the budget adoption. In addition, the financial policies placed capital projects and grants on a project life budget, rather than annual, and therefore encumbrances related to capital projects and grants are appropriated until related funds are spent or until the end of the project, whichever occurs first.

Budget amendments are presented to Council and adopted in accordance of the financial policies when budget adjustments are required. The amendments represent required budget adjustments determined either thru budget monitoring or required project funding changes. By Charter, budget amendments require a notice and public hearing similar to the adoption of the budget prior to approval by City Council.

Budget to actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented as required supplementary information. For governmental funds other than the general fund, with appropriated annual budgets, this comparison is presented in the major and non-major governmental fund sections of this report. All applicable financial targets were met or exceeded. Additional information regarding the annual budget is provided in the MD&A.

Finance Committee

The City Council formed a Finance Committee as a sub-committee of the City Council. The committee is composed of the Mayor, two Council members (appointed by the Mayor), the City Manager, and the Director of Administrative Services/Finance. The committee functions as an audit committee and reviews all recommendations made by the independent auditors. The committee also serves as the City's investment committee, and reviews other periodic investment and financial reports.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended that September 30, 2019; a reproduction of the certificate accompanies this report.

The City has received a Certificate of Achievement for thirty (31) consecutive fiscal years (FY1988-89 through FY 2018-19). In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized comprehensive annual financial report (Annual Report), the contents of which must conform to program standards. The Annual Report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for the period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition to the Certificate of Achievement, the City also received GFOA's Distinguished Budget Presentation Award for its FY 2019-20 annual budget document. In order to qualify for the award, the City's budget document was judged to be proficient in several categories, including policy documentation, financial planning and as an operations guide. The City has received the award for twenty-four (24) consecutive fiscal years (FY1996-97 through FY2019-20). Recognition by GFOA as evidenced by these two awards is verification of the Finance department's dedication to producing documents that effectively communicate the City's financial condition.

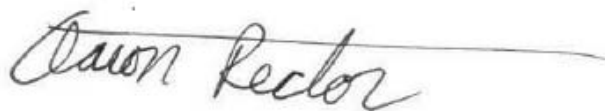
The City received three of five Transparency Stars from the Texas State Comptroller. The Traditional Finance Star requires providing information such as annual budgets, comprehensive annual financial reports, and check registers. The Contract and Procurement Star requires providing information such as annual bid solicited and contracts awarded. The Public Pension Star requires providing information such as retirement funding ratio, actuarially determined contribution rate, and unfunded actuarial accrued liability. As part of the City's goal of financial transparency, the City will continue applying for Transparency Stars until five stars are received.

The City's bonds are rated by both Moody's and Standard and Poor's. Moody's bond rating is Aaa, while Standard and Poor's bond rating is AAA. Both rating categories classify the City's debt obligations as high-quality investment grade. In June 2019, Moody's bond rating was upgraded to Aaa from Aa1 and Standard and Poor's confirmed their rating of AAA. In August 2020, Moody's confirmed their bond rating of Aaa and Standard and Poor's confirmed their rating of AAA.

The preparation of this report could not be accomplished without the dedicated services of the entire staff of the Finance Department. Many individuals devoted extra hours and exhibited dedicated effort in ensuring the accuracy and timeliness of this report. Appreciation is expressed to City employees throughout the organization, especially those responsible for the maintenance of records upon which this report is based. Acknowledgment is also given to representatives of Weaver, Certified Public Accountants, for their dedicated assistance in producing this report.

Finally, our appreciation is extended to the Mayor, City Council, and City Manager Mark Hafner for their interest and support in planning and conducting the financial operations of the City of Keller in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Aaron Rector", with a long horizontal line extending to the right.

Aaron Rector
Director of Administrative Services/Finance

A handwritten signature in dark ink, appearing to read "P. McGee", with a large, stylized initial "P" and "M".

Pamela McGee
Assistant Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Keller
Texas**

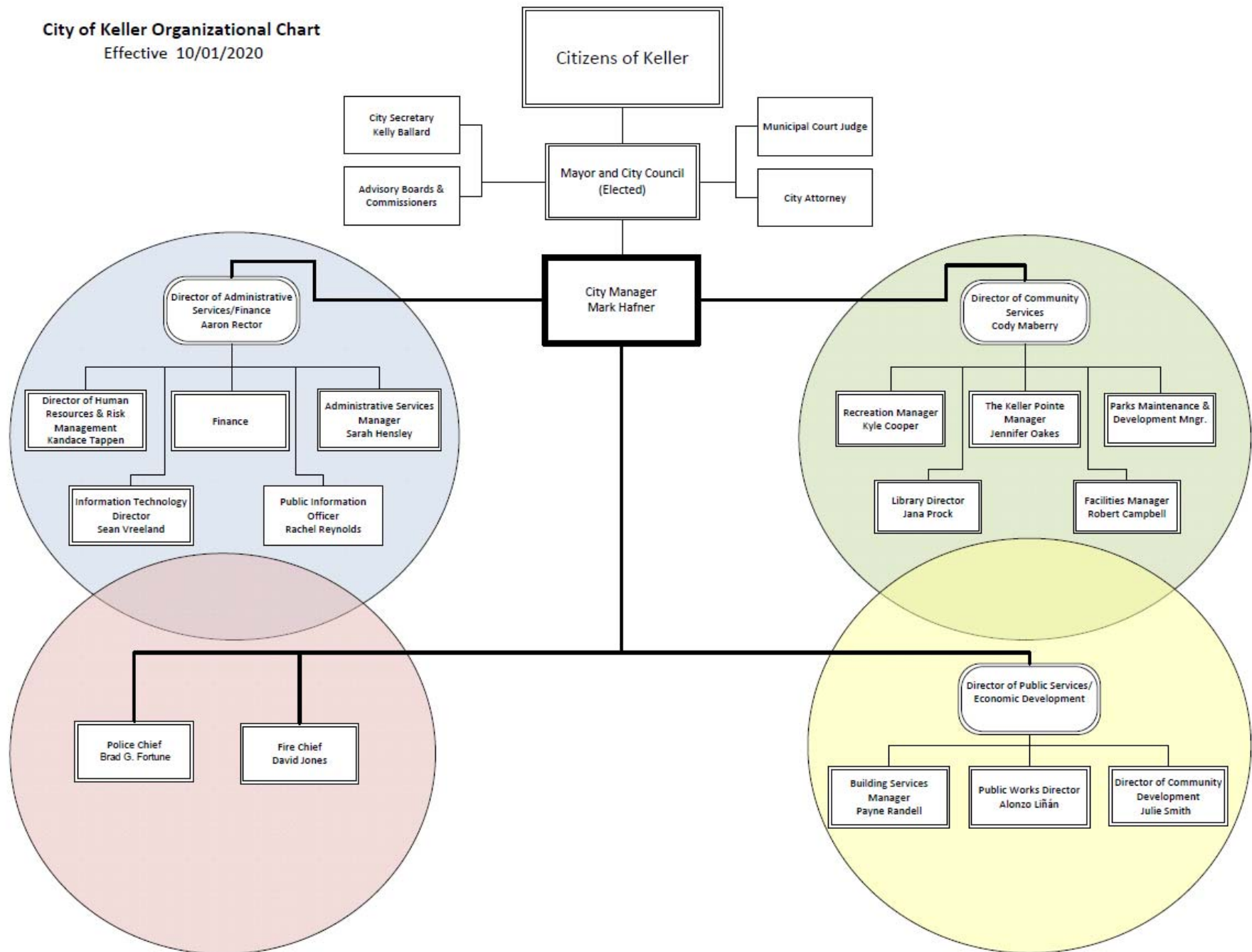
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

September 30, 2019

Christopher P. Morill

Executive Director/CEO

City of Keller Organizational Chart
Effective 10/01/2020





PRINCIPAL OFFICIALS

March 2021

ELECTED OFFICIALS

<i>Position</i>	<i>Incumbent</i>	<i>Elected</i>	<i>Term Expires</i>
Mayor	Armin Mizani	December 2020*	2023*
Council, Place 1	Mitch Holmes	May 2018	2021
Council, Place 2	Sean Hicks	Jun 2018	2021
Council, Place 3	Sheri Almond	May 2019	2022
Council, Place 4	Beckie Paquin	May 2019	2022
Council, Place 5	Chris Whatley	November 2020*	2023
Council, Place 6	Ross McMullin	November 2020*	2023

*On March 18, 2020, Governor Greg Abbott issued a proclamation authorizing political subdivisions that would otherwise hold elections on May 2, 2020, to move their general elections for 2020 to November 3, 2020, due to public health and safety concerns related to the novel coronavirus (COVID-19).

APPOINTED OFFICIALS

City Manager	Mark Hafner
City Secretary	Kelly Ballard
Director of Community Services	Cody Maberry
Director of Administrative Services/Finance	Aaron Rector
Interim Economic Development	Mary Culver
Interim Fire Chief	Shane Gainer
Police Chief	Brad G. Fortune
Public Works Director	Alonzo Liñán
Community Development Director	Julie Smith
Library Director	Jana Prock
Director of Human Resources and Risk Management	Kandace Tappen
Information Technology Director	Sean Vreeland

FINANCE DEPARTMENT

Director of Administrative Services/Finance	Aaron Rector
Assistant Director of Finance	Pamela McGee
Budget Analyst	Vacant
Purchasing Agent	Karla Parker
Senior Accountant	Violet Wangila
Accountant	Camie Orth
Sr. Accounting Technician	Geneva Dunn
Accounts Receivable Technician	Kristina Hataway
Accounting Technician Trainee	Matthew Bednorz

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FINANCIAL SECTION

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Independent Auditor's Report

Members of the City Council
City of Keller, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Keller, Texas (the City) as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

City management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension schedules, and other post-employment benefits schedules on pages 5 through 11, 64 through 66, 67 through 68, and 69 through 71, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and budgetary fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and budgetary fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and budgetary fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Members of the City Council
City of Keller, Texas

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* the City's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
March 26, 2021

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City of Keller, Texas
Management's Discussion and Analysis
September 30, 2020

As management of the City of Keller, Texas (the "City") we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the fiscal year ended September 30, 2020, by \$275,771,341 (net position). Of this amount, \$37,081,177 (unrestricted portion of net position) may be used to meet the government's ongoing obligations to citizens and creditors. Included in the unrestricted portion of net position are monies from all the City's various funds which are not restricted for other purposes.
- The City's total net position increased by \$15,917,894. The increase is attributable to increases in operating grants and contributions, sales taxes, and ad valorem being greater than the increases in operational expenses.
- Net position increased in the Enterprise Funds by \$3,290,598 and increased for the business-type activities by \$3,587,983 in comparison to the previous year. Business-type activities include an internal allocation for their portion of the internal service fund activity of \$767,873. Increases in water revenues, investment earnings and developer contributions were the primary reasons for the increases.
- The City's governmental funds reported combined ending fund balances of \$83,378,791, an increase of \$16,814,755 in comparison to the previous year.
- The unassigned portion of the General Fund fund balance at the end of the year was \$26,196,574 or 77% of total General Fund expenditures. This includes the 25% of General Fund expenditures which is required to be held in General Fund fund balance per the City Council approved Financial Management Policies. That amount is \$8,476,945. The remainder represents funds which may be used for one-time expenditures or unforeseen needs which the Council allocates for a specific purpose. The unassigned General Fund fund balance can be seen on page 18 of this report on the Balance Sheet-Governmental Funds. It is part of the total General Fund fund balances, September 30, 2020, shown on page 22 of this report on the Statement of Revenues, Expenditures, and Changes in Fund Balance.
- Total debt of the City increased by \$237,203 during the fiscal year due to the net effect of payments on bonded debt and the issuance of new debt.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances. This is done in a manner similar to a private-sector business. Two statements, the Statement of Net Position and the Statement of Activities, are utilized to provide this financial overview.

City of Keller, Texas
Management's Discussion and Analysis
September 30, 2020

The Statement of Net Position presents information on all of the City's assets and liabilities deferred inflows and outflows of resources with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flow. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide statements distinguish between governmental activities and business-type activities. Governmental activities basically account for those activities supported by taxes and intergovernmental revenues. On the other hand, business-type activities are basically supported by user fees and charges. Most City services are reported in governmental activities while business-type activities are reported in the Enterprise Funds.

The City's internal service fund assets and liabilities are reported within Governmental activities. A portion of the City's internal service fund activities is allocated to business-type activities. This allocation is based on the services that the internal service fund provides to the Enterprise Funds.

Fund financial statements. The City, like other state and local governments, utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 15 individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, the General Obligation Debt Service Fund, Crime Control Prevention District, and Capital Projects Fund. Data from the other non-major funds are also combined and reported in a single column. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary funds. The City maintains two types of proprietary funds, enterprise and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and wastewater operations, drainage utility operations, and aquatics center activity. The City uses internal service funds to account for maintenance and replacement costs of information technology, and vehicles, and equipment and health services. These services benefit both the governmental and business-type activity functions and therefore, the internal service fund allocates a portion of its activities to the business-type activities.

City of Keller, Texas
Management's Discussion and Analysis
September 30, 2020

Proprietary funds financial statements provide the same type of information as the government-wide financial statements, only in more detail.

Notes to the financial statements. The notes provide additional information that is essential to gain a full understanding of the data provided in the government-wide and fund financial statements

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information can be found after the notes to the financial statements.

Government-Wide Financial Analysis

At the end of fiscal year 2020, the City's net position totaled \$275,771,341. This analysis focuses on the net position (Table 1) and changes in net position (Table 2).

Net Position. The largest portion of the City's net position, \$190,573,636, or 70%, reflects its investment in capital assets (land, buildings, improvements other than buildings, machinery and equipment, construction in progress), less any related debt used to acquire those assets that is still outstanding. The City uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City reports its capital assets net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$48,116,528, or 18% represents resources that are subject to external restrictions on how they may be used. The unrestricted portion of net position which is \$37,081,177 (12%) may be used to meet the government's ongoing obligations to citizens and creditors.

Table 1
Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 95,616,733	\$ 77,827,124	\$ 28,598,321	\$ 34,925,798	\$ 124,215,054	\$ 112,752,922
Capital assets	128,852,556	131,411,175	110,250,337	105,148,918	239,102,893	236,560,093
Total Assets	224,469,289	209,238,299	138,848,658	140,074,716	363,317,947	349,313,015
Deferred outflows of resources	3,438,469	7,003,108	582,676	1,192,993	4,021,145	8,196,101
Other liabilities	3,709,825	4,328,637	5,161,908	7,514,260	8,871,733	11,842,897
Long term liabilities	51,649,795	54,188,449	27,558,981	31,030,878	79,208,776	85,219,327
Total liabilities	55,359,620	58,517,086	32,720,889	38,545,138	88,080,509	97,062,224
Deferred inflows of resources	3,042,090	548,184	445,152	45,261	3,487,242	593,445
Net Position:						
Net investment in capital assets	103,266,045	101,125,405	87,307,591	82,146,631	190,573,636	183,272,036
Restricted for debt service	3,229,975	2,699,936	-	-	3,229,975	2,699,936
Restricted for capital projects	29,002,765	26,163,602	4,417,535	6,652,768	33,420,300	32,816,370
Restricted for parks development	3,742,458	2,551,313	-	-	3,742,458	2,551,313
Restricted for other	7,723,795	7,146,175	-	-	7,723,795	7,146,175
Unrestricted	22,541,010	17,489,706	14,540,167	13,877,911	37,081,177	31,367,617
Total Net Position	\$ 169,506,048	\$ 157,176,137	\$ 106,265,293	\$ 102,677,310	\$ 275,771,341	\$ 259,853,447

City of Keller, Texas
Management's Discussion and Analysis
September 30, 2020

Changes in Net Position. The net position of the City increased by \$15,917,894 for the fiscal year ended September 30, 2020.

Governmental Activities. Governmental activities increased the City's net position by \$12,329,911 from the prior year. This was primarily due to a decrease in net pension liability, increase in sales tax revenues, increase in operating grants and contributions, and decrease in interest on long term debt.

Business-type Activities. Business-type activities net position increased by \$3,587,983 from the prior year. This increase is primarily due to higher revenues for charges for services than in the prior year.

Table 2
Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 4,740,898	\$ 5,499,265	\$ 30,052,083	\$ 30,482,974	\$ 34,792,981	\$ 35,982,239
Operating grants and contributions	6,710,961	4,363,634	-	-	6,710,961	4,363,634
Capital grants and contributions	1,826,542	2,023,535	2,089,853	2,460,465	3,916,395	4,484,000
General revenues:						
Ad valorem taxes	24,016,772	23,534,184	-	-	24,016,772	23,534,184
Sales taxes	14,358,763	12,681,216	-	-	14,358,763	12,681,216
Other taxes and fees	4,529,524	4,773,885	-	-	4,529,524	4,773,885
Interest	1,296,970	1,726,322	497,252	820,151	1,794,222	2,546,473
Gain (loss) disposal of capital assets	-	-	-	-	-	-
Miscellaneous	727,029	183,918	172,192	162,674	899,221	346,592
Total revenues	58,207,459	54,785,959	32,811,380	33,926,264	91,018,839	88,712,223
Expenses:						
General government	6,869,123	5,366,338	-	-	6,869,123	5,366,338
Public safety	18,811,465	20,083,209	-	-	18,811,465	20,083,209
Public works	11,550,285	10,340,308	-	-	11,550,285	10,340,308
Community development	2,239,811	2,365,621	-	-	2,239,811	2,365,621
Recreation and Leisure	5,758,248	6,047,587	-	-	5,758,248	6,047,587
Interest on long-term debt	958,518	1,016,877	-	-	958,518	1,016,877
Water and wastewater operations	-	-	23,565,553	23,129,976	23,565,553	23,129,976
Drainage utility	-	-	2,660,241	2,348,274	2,660,241	2,348,274
Recreation aquatics center	-	-	2,687,701	3,193,606	2,687,701	3,193,606
Total expenses	46,187,450	45,219,940	28,913,495	28,671,856	75,100,945	73,891,796
Increase (decrease) in net position before transfers	12,020,009	9,566,019	3,897,885	5,254,408	15,917,894	14,820,427
Transfers	309,902	1,032,632	(309,902)	(1,032,632)	-	-
Increase (decrease) in net position	12,329,911	10,598,651	3,587,983	4,221,776	15,917,894	14,820,427
Net position - October 1	157,176,137	146,577,486	102,677,310	98,455,534	259,853,447	245,033,020
Net position - September 30	\$ 169,506,048	\$ 157,176,137	\$ 106,265,293	\$ 102,677,310	\$ 275,771,341	\$ 259,853,447

Government-Wide Financial Analysis

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

City of Keller, Texas
Management's Discussion and Analysis
September 30, 2020

As of year-end of the current fiscal year, the City's governmental funds reported combined fund balances of \$83,378,791.

The General Fund is the main operating fund of the City. At the end of the current fiscal year, unassigned fund balance was \$26,196,574. There was an increase in General Fund balance of \$3,671,330 during the current fiscal year. This increase is primarily due to less operational costs than revenues which includes grant revenue of \$2,321,824 for use of emergency care due to the pandemic.

The General Obligation Debt Service Fund had an increase of \$517,039 in fund balance. These funds are specifically restricted for the payment of debt service. The Crime Control Prevention District Fund increased \$360,138 due to more sales tax revenue than expenditures. The Capital Projects Fund had an increase of \$10,863,118 due primarily to transfers in of \$6,033,204 from the general fund and non-major funds and a bond issuance of \$6,690,000 for future capital projects. Other governmental funds' combined fund balances increased \$1,403,130 which is primarily due to sales tax revenues for the Keller Developer Corporation exceeding the debt service payment.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide statements, but in more detail.

The net position of the Water and Wastewater Utilities Fund at the end of the year was \$73,622,585. This represents a decrease of \$1,846,162 which was the result of transfers to the Drainage Utility Fund. This year's operating income was \$3,592,925. This income is attributable to significant increases in water and sewer charges for service revenue.

The net position of the Drainage Utility Fund at the end of the year was \$20,055,247. This represents an increase of \$5,537,495 due primarily to transfers from the Water and Wastewater Utilities Fund of \$5,669,522 for capital assets. This year's operating loss was \$1,178,608. This loss is attributable to an increase in operational costs.

The proprietary funds also included a decrease in net position from the Recreation/Aquatic Center and an increase in internal service funds. The Recreation/Aquatic Center fund had a decrease of \$400,735 primarily due to less revenues for the City's recreational center than operational expenses. The internal service fund had an increase of \$2,759,186 due to more revenues from the other funds for equipment replacement, information technology, and funding of future health insurance.

General Fund Budgetary Highlights. In FY2020, the General Fund expenditure budget was decreased by \$1,000,000 from the 2020 original budget. Each year the City performs a mid-year review of the budget. If the City Manager determines that funds are available, certain amendments are proposed to the City Council for their review and approval. Expenditures were amended throughout the year with the majority occurring during mid-year reviews. These amendments decreased General Fund appropriations by 2.95%.

In the General Fund, the actual revenue received in comparison to the final budget was greater by \$2,825,217. This positive variance is most noticeable in intergovernmental revenues which was \$2,473,015 over budget. General Fund expenditures had a final budget to actual positive variance of \$2,124,957 prior to other financing sources/uses. This amount is attributable to intentional savings made by all departments.

Capital Assets and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2020, amounts to \$239,102,893 (net of accumulated depreciation). The investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, and construction in progress. The total increase in the City's investment in capital assets for the current year was 1.07%.

City of Keller, Texas
Management's Discussion and Analysis
September 30, 2020

Table 3
Capital Assets at Year-end
Net of Accumulated Depreciation (000's)

Asset	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 34,383	\$ 34,271	\$ 2,018	\$ 2,004	\$ 36,401	\$ 36,275
Capacity rights	-	-	1,086	1,243	1,086	1,243
Buildings	28,759	26,968	10,673	10,595	39,431	37,563
Improvements	56,885	55,798	78,643	70,239	135,528	126,037
Machinery and equipment	6,119	4,839	852	333	6,971	5,172
Construction in progress	2,708	9,535	16,978	20,733	19,686	30,268
	<u>\$ 128,853</u>	<u>\$ 131,411</u>	<u>\$ 110,250</u>	<u>\$ 105,149</u>	<u>\$ 239,103</u>	<u>\$ 236,559</u>

Additional information on the City's capital assets can be found in the notes to the financial statements on pages 43-44.

Debt Administration. At the end of the current fiscal year, the City had total debt outstanding of \$60,884,396 which was backed by the full faith and credit of the City in addition to unamortized premiums.

Table 4
Outstanding Debt at Year End (000's)

Type of Debt	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
General Obligation	\$ 23,485	\$ 16,713	\$ 6,020	\$ 6,827	\$ 29,505	\$ 23,540
Certificates/Contractual Obligations	9,140	14,760	17,650	19,470	26,790	34,230
Unamortized bond premium	3,561	1,886	1,028	991	4,589	2,877
Total	<u>\$ 36,186</u>	<u>\$ 33,359</u>	<u>\$ 24,698</u>	<u>\$ 27,288</u>	<u>\$ 60,884</u>	<u>\$ 60,647</u>

The City continues to maintain favorable ratings from bond rating agencies. The current General Obligation, Combination Tax and Revenue Certificates of Obligation, and Revenue Bonds ratings are as follows.

	Moody's Investors Service	Standard & Poor's
General obligation bonds	Aaa	AAA
Certificates of obligation	Aaa	AAA

Additional information on the City's long-term debt can be found in the notes to the financial statements on pages 46-48.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In the next year's adopted fiscal year (FY) 2020-21 budget, total General Fund revenues (including transfers-in) are budgeted to decrease by \$194,383 (0.5%) from the final FY 2019-20 Budget and increase by \$100,990 (2.6%) from the FY 2019-20 year-end projection, with general property taxes comprising about 50.8% of General Fund budgeted revenues and transfers-in. Certified taxable assessed valuations (after adjustments) decreased 1.3% over the prior year, compared to an increase of 5.2% prior year which is due in part to the increasing the homestead exemption by 2%. Even with the slight decrease in taxable valuations, continued conservative budgeting helped the city reduce the FY 2020-21 tax rate to \$0.3995 per \$100 of valuation from \$0.3999 per \$100 of valuation and increased the homestead exemption from 12% to 14%. The tax rate is the lowest rate in over twenty years, and the homestead exemption is the highest ever.

No increase is projected for sales tax receipts for FY 2020-21 as the city anticipates sales tax to stabilize after significant growth during FY 2019-20. While retail sales tax activity has continued steady annually grow, the city saw significant growth in on-line sales tax due to changes in State law. For FY 2019-20, sales tax is \$14.7 which is an increase of \$2.2 million (14.0%) from FY 2018-19. For FY 2020-21, the City anticipates the impact of the new sales tax law to normalize and collections should be near the FY 2019-20.

Expenditures for the 2020-21 adopted budget represents a decrease of \$1,332,087 (3.3%) from the FY 2019-20 budget. The FY 2020-21 budget includes one-time expenditures of \$2,177,865 of which \$1,961,865 relates to cash-funding capital improvements rather than issuing debt. The budget includes one-time funding for Shady Grove Reconstruction, bar ditch Maintenance, sidewalk maintenance, a crack sealer replacement, a senior bus replacement, and way-finding sign replacements. With the one-time expenditures removed from FY 2019-20 and FY 2020-21, adopted budget represents an increase of \$628,354 or 2.2%.

Conservative revenue and expenditure budgeting resulted in a balanced budget that meets the City Council goals and directions, continues to provide excellent service levels, and maintains ending fund balances as required by the city's financial policies. The FY 2020-21 estimated ending unassigned fund balance at September 30, 2021 is \$22,164,078 which equals 61.9% of on-going expenditures. The estimated fund balance is above the policy required minimum balance of 25.0% and the policy maximum of 50.0%. The City will be looking to further cash fund capital projects as a way to reduce the fund balance below the policy maximum.

The City is able to maintain its financial position because of having a stable tax and retail base, as well as a competitive tax rate. The City's property tax rate for FY 2020-21 ranks as one of the lowest among neighboring Tarrant County area cities.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, P.O. Box 770, Keller, Texas 76244-0770, call (817) 743-4025, or email at finance@CityofKeller.com.

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BASIC FINANCIAL STATEMENTS

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**CITY OF KELLER, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020**

EXHIBIT A-1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and equivalents	\$ 39,843,400	\$ 6,846,095	\$ 46,689,495
Investments	52,023,082	8,251,337	60,274,419
Receivables (net of allowance for uncollectibles)	4,403,384	4,588,685	8,992,069
Inventories	101,184	280,771	381,955
Prepaid items	13,556	301,790	315,346
Internal balances	(767,873)	767,873	-
Restricted assets:			
Investments	-	7,561,770	7,561,770
Capital assets (net of accumulated depreciation):			
Land	34,383,198	2,017,914	36,401,112
Construction in progress	2,707,553	16,978,033	19,685,586
Buildings	28,758,656	10,672,724	39,431,380
Improvement other than buildings	56,884,206	78,642,907	135,527,113
Capacity rights	-	1,086,393	1,086,393
Machinery and equipment	6,118,943	852,366	6,971,309
Total Assets	224,469,289	138,848,658	363,317,947
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding	632,592	94,539	727,131
Deferred outflows related to pensions	2,465,022	429,950	2,894,972
Deferred outflows related to OPEB - SDBF	139,580	23,795	163,375
Deferred outflows related to OPEB Health Benefits	201,275	34,392	235,667
Total deferred outflows of resources	3,438,469	582,676	4,021,145
LIABILITIES			
Accounts payable and other current liabilities	2,512,245	3,229,234	5,741,479
Accrued interest payable	89,181	82,199	171,380
Customer deposits	269,703	1,314,311	1,584,014
Escrow payables	377,260	-	377,260
Unearned revenue	461,436	536,164	997,600
Non-current liabilities:			
Due within one year	6,073,162	2,468,334	8,541,496
Due in more than one year:	45,576,633	25,090,647	70,667,280
Total Liabilities	55,359,620	32,720,889	88,080,509
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	2,775,443	399,768	3,175,211
Deferred inflows related to OPEB - SDBF	54,121	9,291	63,412
Deferred inflows related to OPEB Health Benefits	212,526	36,093	248,619
Total deferred inflows of resources	3,042,090	445,152	3,487,242
NET POSITION			
Net investment in capital assets	103,266,045	87,307,591	190,573,636
Restricted for:			
Debt service	3,229,975	-	3,229,975
Capital projects	29,002,765	4,417,535	33,420,300
Parks development	3,742,458	-	3,742,458
Other	7,723,795	-	7,723,795
Unrestricted	22,541,010	14,540,167	37,081,177
Total Net Position	\$ 169,506,048	\$ 106,265,293	\$ 275,771,341

The accompanying notes to the basic financial statements
are an integral part of this statement.

CITY OF KELLER, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	\$ 6,869,123	\$ 1,071,896	\$ 59,497	\$ -
Public safety	18,811,465	1,656,717	6,139,262	-
Public works	11,550,285	94,067	481,918	1,826,542
Community and economic development	2,239,811	1,768,559	30,284	-
Recreation and cultural	5,758,248	149,659	-	-
Interest on long-term debt	958,518	-	-	-
Total governmental activities	46,187,450	4,740,898	6,710,961	1,826,542
Business-type activities:				
Water and wastewater utility	23,565,553	26,656,369	-	1,107,863
Drainage utility	2,660,241	1,481,633	-	981,990
Recreation/Aquatic Center	2,687,701	1,914,081	-	-
Total business-type activities	28,913,495	30,052,083	-	2,089,853
Total primary government	\$ 75,100,945	\$ 34,792,981	\$ 6,710,961	\$ 3,916,395
General revenues:				
Ad valorem taxes				
Sales taxes				
Franchise taxes				
Mixed drink taxes				
Investment earnings				
Miscellaneous income				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - Beginning of year				
Net position - Ending				

The accompanying notes to the basic financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (5,737,730)	\$ -	\$ (5,737,730)
(11,015,486)	-	(11,015,486)
(9,147,758)	-	(9,147,758)
(440,968)	-	(440,968)
(5,608,589)	-	(5,608,589)
(958,518)	-	(958,518)
(32,909,049)	-	(32,909,049)
-	4,198,679	4,198,679
-	(196,618)	(196,618)
-	(773,620)	(773,620)
-	3,228,441	3,228,441
(32,909,049)	3,228,441	(29,680,608)
24,016,772	-	24,016,772
14,358,763	-	14,358,763
4,414,447	-	4,414,447
115,077	-	115,077
1,296,970	497,252	1,794,222
727,029	172,192	899,221
309,902	(309,902)	-
45,238,960	359,542	45,598,502
12,329,911	3,587,983	15,917,894
157,176,137	102,677,310	259,853,447
\$ 169,506,048	\$ 106,265,293	\$ 275,771,341

CITY OF KELLER, TEXAS
BALANCE SHEET-GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

	<u>General Fund</u>	<u>General Obligation Debt Service</u>	<u>Crime Control Prevention District</u>	<u>Capital Projects Fund</u>
ASSETS				
Cash and equivalents	\$ 25,775,283	\$ 35,927	\$ 900,911	\$ 966,648
Investments	1,266,196	3,211,230	4,453,173	30,553,890
Receivables (net of allowance for uncollectibles):				
Ad valorem taxes	198,580	65,215	-	-
Franchise taxes	593,271	-	-	-
Sales taxes	1,246,128	-	289,260	-
Accounts	530,345	1,744	-	-
Interest and Other	66,229	5,040	29,521	966
Due from other governments	102,105	-	-	-
Inventories, at cost	101,184	-	-	-
Prepaid items	13,556	-	-	-
Total assets	<u>\$ 29,892,877</u>	<u>\$ 3,319,156</u>	<u>\$ 5,672,865</u>	<u>\$ 31,521,504</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	\$ 943,055	\$ -	\$ 17,493	\$ 357,412
Other payables and accruals	816,625	-	3,495	-
Customer deposits	265,281	-	-	-
Escrow payables	-	-	-	-
Unearned revenue	356,109	-	-	-
Total liabilities	<u>2,381,070</u>	<u>-</u>	<u>20,988</u>	<u>357,412</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable resources	525,468	65,215	-	-
Total deferred inflows of resources	<u>525,468</u>	<u>65,215</u>	<u>-</u>	<u>-</u>
FUND BALANCES:				
Nonspendable				
Inventory and prepaids	114,740	-	-	-
Restricted				
Debt service	-	3,253,941	-	-
Capital projects	-	-	-	27,785,905
Park Development	-	-	-	-
Municipal court	-	-	-	-
Law Enforcement	-	-	5,651,877	-
Recreation and Cultural	240,919	-	-	-
Public information and broadcasting	-	-	-	-
Community clean up	324,867	-	-	-
Public safety and public works grants	109,239	-	-	-
Assigned				
Capital projects	-	-	-	3,378,187
Unassigned	26,196,574	-	-	-
Total fund balances	<u>26,986,339</u>	<u>3,253,941</u>	<u>5,651,877</u>	<u>31,164,092</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 29,892,877</u>	<u>\$ 3,319,156</u>	<u>\$ 5,672,865</u>	<u>\$ 31,521,504</u>

The accompanying notes to the basic financial statements
are an integral part of this statement.

Non major Governmental Funds	Total Governmental Funds
\$ 4,470,682	\$ 32,149,451
11,458,228	50,942,717
-	263,795
-	593,271
973,691	2,509,079
14,765	546,854
12,464	114,220
47,174	149,279
-	101,184
-	13,556
<u>\$ 16,977,004</u>	<u>\$ 87,383,406</u>
\$ 159,279	\$ 1,477,239
7,118	827,238
4,422	269,703
377,260	377,260
105,327	461,436
<u>653,406</u>	<u>3,412,876</u>
<u>1,056</u>	<u>591,739</u>
<u>1,056</u>	<u>591,739</u>
-	114,740
-	3,253,941
11,184,247	38,970,152
3,742,458	3,742,458
226,765	226,765
225,526	5,877,403
351,889	592,808
591,657	591,657
-	324,867
-	109,239
-	3,378,187
-	26,196,574
<u>16,322,542</u>	<u>83,378,791</u>
<u>\$ 16,977,004</u>	<u>\$ 87,383,406</u>

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**CITY OF KELLER, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2020**

EXHIBIT A-4

Total fund balance-governmental funds balance sheet	\$ 83,378,791
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet. Excludes governmental portion of the internal service funds of \$4,401,655.	124,450,901
Deferred losses on refunding are reported as deferred outflows of resources in the government-wide statement of net position.	632,592
Revenues earned but not available within sixty days of the fiscal year-end are not recognized as revenue in the fund financial statements.	591,739
Deferred outflows, \$2,709,947, and inflows, (\$2,930,760), of resources related to the City's net pension and other post employment benefit liabilities results in an increase in net position in the government-wide financial statements (including internal service fund activity). This amount excludes the internal service funds' deferred outflows of \$95,930 and inflows of (\$111,330).	(220,813)
Interest payable on long-term debt does not require current financial resources, therefore interest payable is not reported as a liability in the governmental funds balance sheet.	(89,181)
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported in the fund financial statements.	(36,186,490)
Net pension liability, \$11,396,362, compensated absences, \$1,703,290, and total other post employment benefit obligation (OPEB), \$1,914,744, are not due and payable in the current period, and therefore are not reported in the fund financial statements. This amount excludes governmental portion of the internal service fund net pension liability of \$383,343 and OPEB liability \$65,566.	(15,014,396)
Internal service funds are used by management to charge the costs of capital assets to individual funds. This amount represents the net position of the internal service fund, excluding \$767,873 allocated to the business-type activities.	11,962,905
NET POSITION OF GOVERNMENTAL ACTIVITIES - statement of net position	<u>\$169,506,048</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

**CITY OF KELLER, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

EXHIBIT A-5

	General Fund	General Obligation Debt Service	Crime Control Prevention District	Capital Projects Fund	Non major Governmental Funds	Total Governmental Funds
REVENUES						
Ad valorem taxes	\$ 19,811,014	\$ 4,273,350	\$ -	\$ -	\$ -	\$ 24,084,364
Sales taxes	7,234,231	-	1,698,664	-	5,425,868	14,358,763
Franchise fees	4,302,230	-	-	-	112,217	4,414,447
Mixed drink tax	115,077	-	-	-	-	115,077
Licenses and permits	1,061,240	-	-	-	-	1,061,240
Intergovernmental	5,924,285	-	20,000	-	924,972	6,869,257
Charges for services	2,964,470	-	-	-	40,929	3,005,399
Fines and forfeitures	602,757	-	-	-	71,879	674,636
Special assessments and impact fees	-	-	-	-	481,918	481,918
Donations	41,222	-	-	-	24,950	66,172
Interest income	312,127	76,470	107,688	431,034	279,713	1,207,032
Miscellaneous income	344,869	-	-	-	16,000	360,869
Total revenues	42,713,522	4,349,820	1,826,352	431,034	7,378,446	56,699,174
EXPENDITURES						
Current:						
General government	5,431,399	-	-	-	214,447	5,645,846
Public safety	17,879,726	-	348,034	-	117,972	18,345,732
Public works	3,260,195	-	-	250	24,229	3,284,674
Community and economic development	2,313,705	-	-	-	134,479	2,448,184
Recreation and cultural	4,734,642	-	-	-	34,223	4,768,865
Capital outlay	288,111	-	652,448	3,600,870	1,902,878	6,444,307
Debt service:						
Principal	-	3,191,207	390,000	-	1,365,000	4,946,207
Interest and fiscal charges	-	706,910	135,450	107,272	219,234	1,168,866
Total expenditures	33,907,778	3,898,117	1,525,932	3,708,392	4,012,462	47,052,681
Excess (deficiency) of revenues under expenditures	8,805,744	451,703	300,420	(3,277,358)	3,365,984	9,646,493
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	6,033,204	499,000	6,532,204
Transfers out	(5,147,840)	-	-	-	(2,516,609)	(7,664,449)
Issuance of bonds	-	4,170,000	-	6,690,000	-	10,860,000
Premium on bonds issued	-	677,795	-	1,417,272	-	2,095,067
Payment to refunding bond escrow agent	-	(4,782,459)	-	-	-	(4,782,459)
Proceeds from sale of property	13,426	-	59,718	-	54,755	127,899
Total other financing sources (uses)	(5,134,414)	65,336	59,718	14,140,476	(1,962,854)	7,168,262
Net change in fund balances	3,671,330	517,039	360,138	10,863,118	1,403,130	16,814,755
Fund balances, October 1	23,315,009	2,736,902	5,291,739	20,300,974	14,919,412	66,564,036
Fund balances, September 30	\$ 26,986,339	\$ 3,253,941	\$ 5,651,877	\$ 31,164,092	\$ 16,322,542	\$ 83,378,791

The accompanying notes to the basic financial statements
are an integral part of this statement.

CITY OF KELLER, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO
THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

EXHIBIT A-6

Net change in fund balances- total governmental funds.	\$ 16,814,755
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Excludes capital asset changes in the internal service fund of \$2,118,475.	6,444,307
Developers contributions are not reported in governmental funds.	1,140,156
Depreciation expense on capital assets is reported in the statement of activities but does not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds. Excludes depreciation expense of \$1,131,902 from internal service fund.	(10,964,218)
Disposal of capital assets not reported in governmental funds. Excludes internal service fund disposals of \$159,698.	(5,739)
The repayment of the principal of long term debt consumes the current financial resources of governmental funds, but has no effect on net position. The amortization of bond premiums and deferred gain/loss on refunding of long term debt is reported in statement of activities but does not require the use of current financial resources. Therefore the effect of the amortization of these various items are not reported in the statement of revenues, expenses, and changes in fund balance.	
This amount represents the net effect of the following items:	
o Repayments of principal	4,946,207
o Issuance of debt	(10,860,000)
o Premium on issuance of debt	(2,095,067)
o Payment to escrow agent to refund debt	4,782,459
o Amortization/refunding of premium on bonds	419,724
o Amortization/refunding of deferred loss on refunding	(237,243)
Implementation of GASB 68 requires certain expenditures to be de-expended and recorded as deferred. The following is the net effect of current year pension expense and contributions made after the measurement date. Excludes changes in pension activity of \$13,997 that are from the internal service funds.	(381,377)
Implementation of GASB 75 requires certain expenditures to be de-expended and recorded as deferred. The following is the net effect of current year Other Post Employment Benefits (OPEB) expense and contributions made after the measurement date. Excludes changes in OPEB activity of \$4,845 that are from the internal service funds.	(132,053)
Current year changes in accrued interest payable does not require the use of current financial resources; and therefore, are not reported as expenditures in governmental funds.	27,867
Current year changes in the long-term liability for compensated absences do not require the use of current financial resources; and therefore, are not reported as expenditures in governmental funds.	56,301
Certain revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.	(87,969)
Internal service funds are used by management to share the costs of capital assets to individual funds. This is the amount of change in net position allocated to governmental activities.	2,461,801
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES - statement of activities	\$ 12,329,911

The accompanying notes to the basic financial statements are an integral part of this statement.

CITY OF KELLER, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2020

	Water and Wastewater Utilities	Drainage Utility	Recreation/ Aquatic Center	Total Enterprise Funds	Non-Major Total Internal Service Funds
ASSETS					
Current assets					
Cash and equivalents	\$ 3,719,685	\$ 1,744,673	\$ 1,381,737	\$ 6,846,095	\$ 7,693,949
Investments	6,331,850	1,879,411	40,076	8,251,337	1,080,365
Accounts receivables (net of allowances for uncollectibles)	4,435,918	63,100	28,758	4,527,776	226,651
Interest receivable	44,390	12,654	3,865	60,909	235
Due from other funds	-	-	-	-	-
Inventories, at cost	270,888	-	9,883	280,771	-
Prepaid items	301,790	-	-	301,790	-
Restricted assets					
Investments	7,561,770	-	-	7,561,770	-
Total current assets	22,666,291	3,699,838	1,464,319	27,830,448	9,001,200
Non-current assets					
Capital assets:					
Land	1,956,642	61,272	-	2,017,914	-
Water and sewer system	117,064,963	34,337,923	-	151,402,886	-
Buildings	19,790	-	18,887,475	18,907,265	38,500
Machinery and equipment	2,017,394	373,289	1,525,154	3,915,837	12,958,650
Capacity rights	6,281,781	-	-	6,281,781	-
Construction in progress	16,244,371	733,662	-	16,978,033	-
Accumulated depreciation	(61,478,811)	(18,711,930)	(9,062,638)	(89,253,379)	(8,595,495)
Total capital assets (net of accumulated depreciation)	82,106,130	16,794,216	11,349,991	110,250,337	4,401,655
Total non-current assets	82,106,130	16,794,216	11,349,991	110,250,337	4,401,655
Total assets	104,772,421	20,494,054	12,814,310	138,080,785	13,402,855
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refunding	94,539	-	-	94,539	-
Deferred outflows related to pensions	302,276	60,839	66,835	429,950	84,175
Deferred outflows related to SDBF	16,665	3,362	3,768	23,795	4,830
Deferred outflows related to OPEB Health Benefits	24,120	4,844	5,428	34,392	6,925
Total deferred outflows of resources	437,600	69,045	76,031	582,676	95,930

The accompanying notes to the basic financial statements
are an integral part of this statement.

	Water and Wastewater Utilities	Drainage Utility	Recreation/ Aquatic Center	Total Enterprise Funds	Non-Major Total Internal Service Funds
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 2,909,599	\$ 40,089	\$ 109,083	\$ 3,058,771	\$ 167,254
Other payables and accruals	116,758	19,622	34,083	170,463	40,514
Unearned revenue	109,220	-	426,944	536,164	-
Compensated absences payable - current	160,843	32,491	-	193,334	-
General obligation bonds payable - current	1,285,000	-	-	1,285,000	-
Certificates of obligations - current	990,000	-	-	990,000	-
Accrued interest payable	82,199	-	-	82,199	-
Customer deposits	1,307,897	-	6,414	1,314,311	-
Total current liabilities	6,961,516	92,202	576,524	7,630,242	207,768
Non-current liabilities:					
Compensated absences payable	32,537	7,526	-	40,063	-
General obligation bonds payable	5,762,906	-	-	5,762,906	-
Certificate of obligations	16,660,000	-	-	16,660,000	-
Net pension liability	1,622,792	294,798	367,190	2,284,780	383,343
Total OPEB Liability (SDBF)	87,405	17,115	19,493	124,013	23,975
Total OPEB Liability (Health Benefits)	154,625	29,967	34,293	218,885	41,591
Total noncurrent liabilities	24,320,265	349,406	420,976	25,090,647	448,909
Total liabilities	31,281,781	441,608	997,500	32,720,889	656,677
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions	273,818	59,737	66,213	399,768	102,001
Deferred inflows related to SDBF	6,564	1,328	1,399	9,291	1,863
Deferred inflows related to OPEB Health Benefits	25,273	5,179	5,641	36,093	7,466
Total deferred inflows of resources	305,655	66,244	73,253	445,152	111,330
NET POSITION					
Net investment in capital assets	59,163,384	16,794,216	11,349,991	87,307,591	4,401,655
Restricted for construction	4,417,535	-	-	4,417,535	-
Unrestricted	10,041,666	3,261,031	469,597	13,772,294	8,329,123
Total net position	\$ 73,622,585	\$ 20,055,247	\$ 11,819,588	105,497,420	\$ 12,730,778
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				767,873	
Total Business-type Activities' Net Position per Government-Wide Financial Statements				<u>\$ 106,265,293</u>	

CITY OF KELLER, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND
NET POSITION – PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

EXHIBIT A-8

	Water and Wastewater Utilities	Drainage Utility	Recreation/ Aquatic Center	Total Enterprise Funds	Non-Major Total Internal Service Funds
OPERATING REVENUES					
Water	\$ 18,775,612	\$ -	\$ -	\$ 18,775,612	\$ -
Sewer	7,831,080	-	-	7,831,080	-
Drainage revenue	-	1,481,633	-	1,481,633	-
Recreation/Aquatic center revenue	-	-	1,914,081	1,914,081	-
Tap and connection fees	49,677	-	-	49,677	-
Miscellaneous	153,926	-	3,986	157,912	4,365,584
Total operating revenues	26,810,295	1,481,633	1,918,067	30,209,995	4,365,584
OPERATING EXPENSES					
Personnel services	3,051,548	592,503	1,117,746	4,761,797	860,636
Supplies and maintenance	183,937	28,917	90,278	303,132	193,569
Services and other	5,644,572	661,187	842,288	7,148,047	1,196,376
Wholesale water purchases	8,745,082	-	-	8,745,082	-
Wastewater services contracted	3,206,122	-	-	3,206,122	-
Depreciation	2,386,109	1,377,634	637,389	4,401,132	1,131,902
Total operating expenses	23,217,370	2,660,241	2,687,701	28,565,312	3,382,483
Operating income (loss)	3,592,925	(1,178,608)	(769,634)	1,644,683	983,101
NON-OPERATING REVENUES (EXPENSES)					
Investment revenue	403,976	64,591	28,685	497,252	89,938
Gain or (loss) on sale of property	6,614	-	7,666	14,280	244,000
Interest expense	(645,568)	-	-	(645,568)	-
Total non-operating revenues (expenses)	(234,978)	64,591	36,351	(134,036)	333,938
Net income (loss) before transfers and contributions	3,357,947	(1,114,017)	(733,283)	1,510,647	1,317,039
TRANSFERS AND CONTRIBUTIONS					
Developer contributions	1,107,863	981,990	-	2,089,853	-
Transfers in	-	5,669,522	332,548	6,002,070	1,442,147
Transfers out	(6,311,972)	-	-	(6,311,972)	-
Total transfers and contributions	(5,204,109)	6,651,512	332,548	1,779,951	1,442,147
Change in net position	(1,846,162)	5,537,495	(400,735)	3,290,598	2,759,186
Net position, October 1	75,468,747	14,517,752	12,220,323		9,971,592
Net position, September 30	\$ 73,622,585	\$ 20,055,247	\$ 11,819,588		\$ 12,730,778
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				297,385	
Change in Net Position Business-type Activities				\$ 3,587,983	

The accompanying notes to the basic financial statements
are an integral part of this statement.

**CITY OF KELLER, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

EXHIBIT A-9

	Water and Wastewater Utilities	Drainage Utility	Recreation/ Aquatic Center	Total Enterprise Funds	Non-Major Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 27,442,595	\$ 1,487,429	\$ 1,843,341	\$ 30,773,365	\$ 4,148,538
Cash payments to employees for services	(2,939,923)	(583,913)	(1,100,717)	(4,624,553)	(836,038)
Cash payments to other suppliers for goods and services	(19,915,621)	(674,916)	(1,045,570)	(21,636,107)	(2,018,381)
Net cash provided by (used in) operating activities	4,587,051	228,600	(302,946)	4,512,705	1,294,119
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers from other funds	-	5,669,522	332,548	6,002,070	1,442,147
Transfers to other funds	(6,311,972)	-	-	(6,311,972)	-
Net cash provided by (used in) non-capital financing activities	(6,311,972)	5,669,522	332,548	(309,902)	1,442,147
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal and interest paid	(4,786,521)	-	-	(4,786,521)	-
Bond proceeds	1,534,304	-	-	1,534,304	-
Acquisition or construction of capital assets net of contributions	(1,006,880)	(5,562,755)	(843,063)	(7,412,698)	(2,118,475)
Proceeds from sale of capital assets	6,614	-	7,666	14,280	403,698
Net cash used in capital and related financing activities	(4,252,483)	(5,562,755)	(835,397)	(10,650,635)	(1,714,777)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase or sale of investments	(740,894)	(16,882)	173,296	(584,480)	139,651
Interest and dividends on investments	403,976	64,591	28,685	497,252	89,938
Net cash provided by (used in) investing activities	(336,918)	47,709	201,981	(87,228)	229,589
Net increase (decrease) in cash and cash equivalents	(6,314,322)	383,076	(603,814)	(6,535,060)	1,251,078
Cash and cash equivalents at beginning of year	10,034,007	1,361,597	1,985,551	13,381,155	6,442,871
Cash and cash equivalents at end of year	\$ 3,719,685	\$ 1,744,673	\$ 1,381,737	\$ 6,846,095	\$ 7,693,949
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating income (loss)	\$ 3,592,925	\$ (1,178,608)	\$ (769,634)	\$ 1,644,683	\$ 983,101
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	2,386,109	1,377,634	637,389	4,401,132	1,131,902
Effects of changes in assets and liabilities:					
Decrease (increase) in receivables	608,934	(988)	12,741	620,687	(225,557)
Decrease (increase) in inventories and prepaid items	22,949	-	(4,256)	18,693	977
Decrease (increase) in interest receivables	23,526	6,784	4,592	34,902	8,511
Decrease (increase) in deferred outflows	414,127	82,921	91,015	588,063	113,341
Increase (decrease) in accounts payable	(2,158,857)	15,188	(108,748)	(2,252,417)	(629,413)
Increase (decrease) in other payables and accruals	26,170	2,346	2,761	31,277	5,756
Increase (decrease) in compensated absences	22,640	(6,692)	-	15,948	-
Increase (decrease) in customer deposits	(35,540)	-	(24,118)	(59,658)	-
Increase (decrease) in unearned revenue	35,380	-	(67,941)	(32,561)	-
Increase (decrease) in pension and OPEB liability	(626,584)	(129,043)	(142,308)	(897,935)	(187,959)
Increase (decrease) in deferred inflows	275,272	59,058	65,561	399,891	93,460
Total adjustments	994,126	1,407,208	466,688	2,868,022	311,018
Net cash provided by (used in) operating activities	\$ 4,587,051	\$ 228,600	\$ (302,946)	\$ 4,512,705	\$ 1,294,119
NONCASH ITEMS					
Developer contributions of capital assets	\$ 1,107,863	\$ 981,990	\$ -	\$ 2,089,853	\$ -

The accompanying notes to the basic financial statements
are an integral part of this statement.

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CITY OF KELLER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Keller (the City) was incorporated in 1955. The City operates under a Council-Manager form of government as a duly incorporated home rule charter approved in 1982. The City provides the following services: public safety (police and fire), streets, water, sewer and storm water drainage, public improvements, culture, planning and zoning, parks and recreation, and general administrative services.

The City reports in accordance with accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB). The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this Note. The remainder of the notes are organized to provide concise explanations, including required disclosures of budgetary matters, assets, liabilities, fund equity, revenues, expenditures/expenses, and other information considered important to gaining a clear picture of the City's financial activities for the fiscal year ended September 30, 2020.

A. Financial Statement Presentation

The basic financial statements are prepared in conformity with GASB Statement No. 34, which requires the government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities, business-type activities and activities of its discretely presented component unit on the statement of net position and statement of activities. Significantly, the City's statement of net position includes both noncurrent assets and noncurrent liabilities of the City. In addition, the government-wide statement of activities reflects depreciation expenses on the City's capital assets, including infrastructure.

In addition to the government-wide financial statements, the City has prepared fund financial statements, which use the modified accrual basis of accounting and the current financial resources measurement focus for the governmental funds. The accrual basis of accounting is utilized by proprietary funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The City also presents Management's Discussion and Analysis, which includes an analytical overview of the City's financial activities. In addition, a budgetary comparison schedule is presented that compares the original adopted and final amended General Fund budget with actual results.

B. Financial Reporting Entity

The City's basic financial statements include the accounts of all City operations. In evaluating how to define the government for financial reporting purposes, management has considered all entities for which the City is considered to be financially accountable. The City is a home-rule municipality governed by an elected Mayor and six-member City Council, who appoint a City Manager. As required by GAAP, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. All of the City's component units are presented as a blended component unit.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

B. Financial Reporting Entity – Continued

Blended Component Unit

Keller Development Corporation (KDC) – The City created the Keller Development Corporation for the purpose of implementing its Parks Master Plan and appointed a seven-member Board of Directors, four of whom are required to be members of the City Council. The remaining three members are residents of the City. All Board members are appointed by the City Council. KDC is authorized to sell bonds or other forms of indebtedness. In the event of dissolution of KDC, the assets of KDC will be distributed to the City.

Since the KDC Board of Directors act primarily in an advisory role to the Keller City Council, who exercise the ultimate financial control over the recommendations of the KDC Board and there is either a financial benefit or burden relationship between the City and KDC, the financial information of KDC is blended as a governmental fund into the primary government.

Keller Crime Control Prevention District (KCCPD) – In accordance with Section 363 of the Texas Local Government Code, the City Council appointed a temporary KCCPD Board, who then developed and proposed a two-year financial plan to the residents of the City for a public vote. In November 2001, the residents of the City, by referendum, approved an additional three-eighths of one percent (0.375%) sales and use tax to be used for public safety crime control and prevention programs, including public safety equipment, and improvements to public safety facilities. Following voter approval of KCCPD, a Board of Directors was officially appointed by the City Council, and the two-year budget was then adopted by the Board and City Council. By statute, the life of KCCPD cannot exceed five years without re-authorization by another referendum. The additional sales tax became effective in April 2002. The tax was authorized for an initial period of five years. In May 2006, voters re-authorized the tax for an additional period of 15 years. In November 2007, voters authorized a reduction in the rate from three-eighths of one percent (0.375%) to one-quarter of one percent (0.25%).

Since the KCCPD Board acts primarily in an advisory role to the Keller City Council, who exercises the ultimate financial control over the recommendations of the KCCPD Board and the KCCPD provides services entirely, or almost entirely, to the City or otherwise exclusively, or almost exclusively, benefits the City even though it does not provide services directly to it, the financial information for KCCPD is blended as a governmental fund into the primary government. Separate financial statements for the component units are not prepared.

C. Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for support. Additionally, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (Public Safety, Public Works, etc.) or program are offset by program revenues. Direct expenses are those that are clearly identifiable with specific function or program. Program revenues include: a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program, b) grants and contributions that are restricted to meeting the operational requirements of a particular function or program, or c) grants and contributions that are restricted to meeting the capital requirements of a particular function or program. Taxes and other items not properly included among program revenues are reported instead as general revenues. Internally dedicated resources are also reported as general revenues rather than as program revenues.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

C. Government-Wide and Fund Financial Statements - Continued

Separate fund financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The major governmental funds are the general fund, the general obligation debt service fund, the Crime Control Prevention District, and the capital projects fund. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements. The non-major funds are detailed in the combining section of the financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Interfund services provided and used are not eliminated in the process of consolidation.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The government-wide and proprietary fund financial statements follow the accounting set forth by the Governmental Accounting Standards Board.

Governmental fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. The governmental fund financial statements follow the accounting set forth by the Governmental Accounting Standards Board.

Property taxes, franchise fees, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales taxes collected and held by the State and merchants at year-end on behalf of the City are also recognized as revenue. All other revenue items are considered to be measurable and available only when cash is received by the government.

CITY OF KELLER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation – Continued

Fund Accounting

The following major funds are used by the City:

1. Governmental Funds:

Governmental Funds are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is on determination of changes in financial position, rather than on net income determination. The following is a description of the major Governmental Funds of the City:

- a. The **General Fund** is the operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.
- b. The **General Obligation Debt Service Fund** accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.
- c. The **Crime Control Prevention District Special Revenue Fund** is used to account for collection of sales and use taxes, in accordance with Section 363 of the Texas Local Government Code, to be used for public safety crime control and prevention programs.
- d. The **Capital Projects Fund** is used to account for construction and progress capital outlay or long-term repair contract expenditures.

In addition, the City reports the following non-major governmental funds.

Non-major Special Revenue Funds are used to account for the specific revenues that are legally restricted to expenditure for particular purposes.

Library Fund – This fund accounts for public donations and revenues restricted for Library improvements

Municipal Court Fund – This fund accounts for technology and building security fees collected from Municipal Court citations. Expenditures from these fees are specifically restricted by state law for court technology and security.

Public Safety Fund – This fund accounts for revenues derived from forfeiture and seizure of assets resulting from illegal narcotic activity. Expenditures are restricted for the Police Department to be used in illegal narcotic enforcement.

Public Art Fund – This fund is to account for contributions, donations, and other resources that are restricted for specific uses or purposes.

Public Information and Broadcasting – This fund is used to account for collection of franchise taxes from cable fees. Expenditures are restricted for the use of communications throughout the City.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation – Continued

Tree Restoration Fund – This fund accounts for charges for services restricted for the use of restoring trees around the City.

Keller Development Corporation Fund – This fund is used to account for collection of sales and use taxes for the payment of bonds or other forms of indebtedness to finance the cost of Keller parks.

The **Nonmajor Capital Projects Funds** account for all resources used for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

Roadway Impact Fees Fund – This fund is used to account for revenues that are restricted for roadway improvements. Authorized expenditures include improvements and engineering.

Park Development Fee Fund – This fund is used to account for resources received primarily from park development fees and expenditures for specific park improvements

Street/Sidewalk Improvement Fund – This fund is used to account for revenues that are restricted for street and sidewalk improvements. Authorized expenditures include improvements and related engineering.

Parks Capital Improvement Fund – This fund is to account for acquisition or construction of capital assets.

Governmental funds with legally adopted annual budgets include the General Fund, the General Obligation Debt Service Fund, Crime Control Prevention District, Municipal Court fund, Public Safety, Public Information and Broadcasting, Keller Development Corporation, and the Street/Sidewalk Improvement fund. The legal level of control and budget to actual expenditure comparison is reported at the department level. The City notes that actual expenditures were in excess of the budgeted expenditures for the police department within the public safety nonmajor special revenue fund by \$52,820.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation – Continued

2. Proprietary Funds:

Proprietary Funds are accounted for using an economic resources measurement focus. The accounting objectives are a determination of net income, financial position, and changes in cash flows. All assets and liabilities associated with a proprietary fund's activities are included on its statement of net position.

The proprietary funds are financed and operated in a manner similar to private business enterprise. The costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges. Periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The City reports proprietary funds that are considered to be enterprise and internal service funds.

The following proprietary funds are reported as enterprise funds:

Water and Wastewater Utilities Fund – This fund is used to account for the operations of the water distribution system, wastewater pumping stations and collection systems. The City reports the water and wastewater utilities fund as a major fund.

Drainage Utility Fund – This fund is used to account for the operations of the City's drainage system for storm water control. The City reports the drainage utility fund as a major fund.

Recreation/Aquatic Center Fund – This fund is considered a non-major fund for reporting purposes and is used to account for customer activity at the City's recreation and pool facilities.

The City's enterprise funds are reported in the business-type activities on the governmental-wide financial statements.

The City reports the following non-major internal service funds:

Information Technology Fund – This fund is used to account for replacements of computers and software for the City's departments.

Equipment Replacement Fund – This fund is used to account for replacement of vehicles and other equipment that are City owned.

Health Insurance Fund – This fund is used to pay for the City's current employee's health insurance.

The City's internal service funds account for the financing of goods and services provided by one department to other City departments or to other governmental units on a cost-reimbursement basis. The City's internal service funds are reported with the governmental activities with an allocation to the business-type activities on the government-wide financial statements.

CITY OF KELLER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

E. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Substantially all operating cash and cash equivalents are maintained in consolidated cash accounts or individual fund investment accounts.

State statutes authorize the City to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligation, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States; (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (5) certificates of deposit by state and national banks domiciled in this state that are (A) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or (B) secured by obligations that are described by (1), pledged with third party selected or approved by the City, and placed through a primary government securities dealer.

Investments, except for the investment pools and money market mutual funds are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost. Money market mutual funds are accessible at any time and therefore are also reported at amortized cost.

F. Inventories and Prepaid Items

Inventory is valued at cost (first-in, first-out). The cost of governmental fund type inventory is recorded as an expenditure when consumed rather than when purchased. Reported inventories are equally offset by non-spendable fund balance, which indicates that they do not constitute "available, spendable resources" even though they are a component of fund balance. The City is not required to maintain a minimum level of inventory. Inventories in the Proprietary Funds consist of supplies and are recorded at cost when consumed rather than when purchased.

Prepaid balances are for payments made by the City for which benefits extend beyond September 30, 2020, and the non-spendable fund balance has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures. The cost of prepaid services is recorded based on when prepaids was consumed rather than when purchased.

G. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by non-spendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 60 days comprise the trade accounts receivable allowance for uncollectibles.

The governmental and proprietary funds report grant receivables as earned upon the time when eligible to receive reimbursement if collected within a year after fiscal year end.

CITY OF KELLER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

H. Restricted Assets

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants or contractual agreements.

Customer deposits received for water and wastewater service are, by law, considered to be restricted assets. These balances are included in the proprietary funds.

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20 - 40
Improvements other than buildings	20 - 40
Water, sewer, and drainage system	20 - 40
Capacity rights	40
Machinery, vehicle, and other equipment	3 - 20

J. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation is accrued depending on level of employment and years of service. Vacation can be accrued up to 240 to 400 hours depending on years of service with the City. Accrued vacation is paid upon retirement or termination. Sick leave is accrued at 8 hours per month with no limitations. Accrued sick leave expires and is not paid upon retirement or termination. Unused compensatory time for nonexempt employees is paid upon termination. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they are matured, for example, unused reimbursable leave payable as a result of employee resignations and retirements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

K. Long-term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Losses on refunding are deferred and amortized over the life of the new issuance or the existing debt using the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

L. Pensions and Other Post-Employment Benefits (OPEB)

The City has Pension and OPEB for supplemental death benefits fund (SDBF) with the Texas Municipal Retirement System (TMRS) and has OPEB for health insurance. For purposes of measuring the net pension and total OPEB liability from TMRS, pension/OPEB related deferred outflows and inflows of resources, and pension/OPEB expense, City specific information about its Fiduciary Net Position in TMRS and additions to/deductions from the City's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions to TMRS are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's Total Pension and Total OPEB Liabilities is obtained from TMRS through reports prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statements No. 68 and 75. The OPEB for health benefits is an unfunded plan. The same actuaries used for pensions and OPEB from TMRS are used to provide the reporting information for the OPEB for health benefits.

M. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will sometimes report separate sections for deferred outflows and inflows of resources. These separate financial statement elements, deferred outflows and inflows of resources, represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow or inflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in these categories:

Deferred Loss on Refunding – these deferred outflows result from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Pensions and OPEB – these deferred outflows result from pension and OPEB contributions after the measurement date (deferred and recognized as a reduction of the pension/OPEB liability in the following fiscal year). There are also deferred outflows and inflows based on changes in actuarial assumptions and differences between expected and actual economic experience (deferred and amortized over the average remaining service life of participants) and differences between projected and actual investment earnings (deferred and amortized over a closed 5 year period).

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

N. Fund Equity

The City has adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*. The objective of the statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing government fund type definitions. The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, under GASB 54 are Nonspendable, Restricted, Committed, Assigned, and Unassigned.

These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of constraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance.

In accordance with GASB 54, the City classifies governmental fund balances as follows:

Nonspendable fund balance – includes amounts that are not in a spendable form or are required to be maintained intact. (i.e. inventories, prepaid items)

Restricted fund balance – includes amounts that can be spent only for the specific purposes stipulated by external resource providers either constitutionally or through enabling legislation. (i.e. debt service, capital projects, economic development, municipal court security, municipal court technology, tourism)

Committed fund balance – includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority (City Council). Commitments may be changed or lifted only by the government taking the same formal action (resolution) that imposed the constraint originally (i.e. park acquisition and improvement, recreation, fire training, fire development, public arts).

Assigned fund balance – comprises amounts intended to be used by the government for specific purposes. Per the fund balance policy, intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority. The City Council has authorized the City Manager as the official authorized to assign fund balance to a specific purpose as approved by the fund balance policy.

Unassigned fund balance – is the residual classification of the general fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose.

Order of Expenditure of Funds – When multiple categories of fund balance are available for expenditure, the City will start with the most restricted category and spend those funds first before moving down to the next category with available funds.

The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

CITY OF KELLER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

O. Property Taxes

Property taxes are levied for appropriation for the fiscal year beginning on October 1, are due October 1, attach as an enforceable lien on property as of January 1, and become delinquent on February 1. Property taxes are accrued based on the period for which they are levied and available. Delinquent taxes estimated not to be available are treated as deferred revenue in the governmental fund financial statements. Property taxes for cities, including those applicable to debt service, are limited by the Texas Constitution to \$2.50 per \$100 of assessed valuation. The City's current tax rate is \$0.3999 per \$100 of assessed valuation and assessed valuation is approximately 100% of estimated value.

P. Use of Estimates

The preparation of financial statements, in conformity with GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. CASH, INVESTMENTS, AND DEPOSITS

At year end, the carrying amount of the City's interest bearing bank deposits and money market funds was \$46,684,570 and the bank balance was \$46,614,673. All of the bank balances were covered by federal deposit insurance and collateralized by the pledging financial institution's City's safekeeping account at the Federal Reserve or held by a third party custodian. The custodian serves contractually as the City's agent. The City's cash and equivalents also included cash drawers of \$4,925.

Additionally, the City has an account under a safekeeping agreement with Frost Bank, TX. The U.S. Government Treasury and Agency investments clear via the Federal Reserve System through this account upon purchase, sale, or maturity. All assets in the account are held in the City's name.

The table below identifies the investment types that are authorized for the City by the Public Funds Investment Act. (Government Code Chapter 2256) The table also identifies certain provisions of the City's investment policy that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
U.S Treasury Obligations	3 years	100%	None
U.S. Agency Obligations	3 years	80%	None
State Agency Obligations	3 years	40%	None
Certificate of Deposits	3 years	80%	None
Investment Pools	3 years	80%	None
Repurchase Agreement	3 years	40%	None
Money Market Mutual Funds	3 years	40%	None
Money Market Accounts	3 years	80%	None

CITY OF KELLER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

NOTE 2. CASH, INVESTMENTS, AND DEPOSITS – CONTINUED

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, Fair Value Measurement and Application, provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs—other than quoted prices included within Level 1—that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Investment Pools are measured at amortized cost and are exempt for fair value reporting.

Certificates of Deposit classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

The City has recurring fair value measurements as presented in the table below. The City's investment balances and weighted average maturity of such investments are as follows:

	Fair Value	Level 1 Inputs	Level 2 Inputs	Percent of Total Investments	Weighted Average Maturity (Days)	Credit Risk	Rating Agency
Investments measured at amortized cost							
Investment Pools							
TexPool	\$ 32,115,329	\$ -	\$ -	47.34%	38	AAAm	S&P
Investments by fair value level							
Certificates of Deposit	35,720,860	35,720,860	-	52.66%	140	AA+/Aaa	S&P
Total	<u>\$ 67,836,189</u>	<u>\$ 35,720,860</u>	<u>\$ -</u>	<u>100.00%</u>			
Portfolio Weighted Average Maturity					<u>92</u>		

Weighted average maturity of the portfolio by investment type reflected in the table is stated in days. For investment pools, the recent weighted average maturity is presented based on the statewide investment pool. Interest bearing bank deposits is not included in the portfolio's weighted average maturity presented.

Interest Rate Risk

In compliance with the City's Investment Policy, as of September 30, 2020, the City minimized the interest rate risk, the risk relating to the decline in market value of securities in the portfolio, by: limiting the weighted average maturity to 365 days and the stated maturity to two years or less, with the exception of securities purchases related to reserve funds; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the secondary market prior to maturity; monitoring credit ratings of portfolio positions to assure compliance with rating requirements imposed by the PFIA; and investing funds primarily in money market mutual funds, government investment pools, and shorter-term securities with a weighted average maturity of less than 200 days.

CITY OF KELLER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

NOTE 2. CASH, INVESTMENTS, AND DEPOSITS – CONTINUED

Interest Rate Risk – Continued

The following table details the maturity schedule for the City's investments as of September 30, 2020:

<u>Maturity Schedule</u>	<u>Book Value</u>	<u>Fair Value</u>	<u>% of Portfolio</u>
Less than 1 Month	\$ 2,047,541	\$ 2,047,541	3%
1 to 6 Months	55,634,661	55,634,661	82%
6 to 9 Months	6,151,953	6,151,953	9%
9 to 12 Months	4,002,034	4,002,034	6%
Total	<u>\$ 67,836,189</u>	<u>\$ 67,836,189</u>	<u>100%</u>

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. It is the City's policy to limit its investment types with an investment quality rating not less than AAA or its equivalent by a national recognized statistical rating organization.

The City's investment policy does not allow for an investment in any one issuer (other than investment pools) that is in excess of five percent of the fair value of the City's total investments.

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

The Public Funds Investment Act does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits:

The Public Funds Investment Act requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least the bank balance less the FDIC insurance at all times.

The City requires all deposits to be covered by Federal Depository Insurance Corporation (FDIC) insurance and/or collateralized by qualified securities pledged by the City's depository in the City's name and held by the depository's agent.

The State Comptroller of Public Accounts exercises responsibility over TexPool. This oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. TexPool operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized costs rather than market value to report net position to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares. There are no significant limitations or restrictions on participant withdrawals.

CITY OF KELLER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

NOTE 3. RECEIVABLES

Year-end receivable balances for the government's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Governmental Funds	Governmental Funds					Total
	General	General Obligation Debt Service	Crime Control Prevention District	Capital Projects Fund	Non Major Governmental Funds	
Receivables						
Property taxes	\$ 226,948	\$ 74,531	\$ -	\$ -	\$ -	\$ 301,479
Franchise taxes	593,271	-	-	-	-	593,271
Sales taxes	1,246,128	-	289,260	-	973,691	2,509,079
Accounts	1,124,551	-	-	-	14,765	1,139,316
Other	66,229	5,040	29,521	966	12,464	114,220
Due from other Governments	102,105	-	-	-	47,174	149,279
Gross receivables	3,359,232	79,571	318,781	966	1,048,094	4,806,644
Less: allowance	(622,574)	(7,572)	-	-	-	(630,146)
Net total receivables	<u>\$ 2,736,658</u>	<u>\$ 71,999</u>	<u>\$ 318,781</u>	<u>\$ 966</u>	<u>\$ 1,048,094</u>	<u>\$ 4,176,498</u>

Year-end receivable balances for the government's individual proprietary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Proprietary Funds	Proprietary Funds				
	Water and Wastewater Utilities	Drainage Utility	Non-Major Recreation Aquatic Center	Total Enterprise Funds	Non-Major Internal Service Fund
Receivables					
Accounts	\$ 4,568,466	\$ 80,052	\$ 28,758	\$ 4,677,276	\$ 226,651
Interest	44,390	12,654	3,865	60,909	235
Gross receivables	4,612,856	92,706	32,623	4,738,185	226,886
Less: allowance	(132,548)	(16,952)	-	(149,500)	-
Net total receivables	<u>\$ 4,480,308</u>	<u>\$ 75,754</u>	<u>\$ 32,623</u>	<u>\$ 4,588,685</u>	<u>\$ 226,886</u>

CITY OF KELLER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2020 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 34,270,888	\$ 112,310	\$ -	\$ -	\$ 34,383,198
Construction in progress	9,534,564	1,568,260	-	(8,395,271)	2,707,553
Total capital assets, not being depreciated	<u>43,805,452</u>	<u>1,680,570</u>	<u>-</u>	<u>(8,395,271)</u>	<u>37,090,751</u>
Capital assets being depreciated:					
Buildings	48,898,519	359,259	-	2,977,315	52,235,093
Improvements other than buildings	199,326,453	4,373,978	-	5,417,956	209,118,387
Machinery and equipment	<u>22,572,395</u>	<u>3,289,131</u>	<u>(1,219,493)</u>	<u>-</u>	<u>24,642,033</u>
Total capital assets being depreciated	<u>270,797,367</u>	<u>8,022,368</u>	<u>(1,219,493)</u>	<u>8,395,271</u>	<u>285,995,513</u>
Less accumulated depreciation for:					
Buildings	(21,930,287)	(1,546,150)	-	-	(23,476,437)
Improvements other than buildings	(143,528,599)	(8,705,582)	-	-	(152,234,181)
Machinery and equipment	<u>(17,732,758)</u>	<u>(1,844,388)</u>	<u>1,054,056</u>	<u>-</u>	<u>(18,523,090)</u>
Total accumulated depreciation	<u>(183,191,644)</u>	<u>(12,096,120)</u>	<u>1,054,056</u>	<u>-</u>	<u>(194,233,708)</u>
Total capital assets being depreciated, net	<u>87,605,723</u>	<u>(4,073,752)</u>	<u>(165,437)</u>	<u>8,395,271</u>	<u>91,761,805</u>
Governmental activities capital assets, net	<u>\$ 131,411,175</u>	<u>\$ (2,393,182)</u>	<u>\$ (165,437)</u>	<u>\$ -</u>	<u>\$ 128,852,556</u>

Governmental activities include internal service fund machinery and equipment of \$12,997,150 with accumulated depreciation of \$8,595,495 as of September 30, 2020.

Depreciation expense was charged to governmental activity functions as follows:

Governmental Activities:	
General government	\$ 1,850,251
Public safety	358,067
Public works	8,474,012
Community development	1,355,305
Recreation and cultural	<u>58,485</u>
Total depreciation expense - governmental activities	<u>\$ 12,096,120</u>

Governmental activities portion of the internal service fund depreciation expense of \$1,131,902 is allocated within each function.

CITY OF KELLER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

NOTE 4. CAPITAL ASSETS – CONTINUED

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 2,004,255	\$ 13,659	\$ -	\$ -	\$ 2,017,914
Construction in progress	20,733,117	1,204,170	-	(4,959,254)	16,978,033
Total capital assets, not being depreciated	22,737,372	1,217,829	-	(4,959,254)	18,995,947
Capital assets being depreciated:					
Buildings	18,019,337	887,928	-	-	18,907,265
Utility facilities	139,773,603	6,670,029	-	4,959,254	151,402,886
Machinery and equipment	3,954,742	726,765	(765,670)	-	3,915,837
Capacity rights	6,281,781	-	-	-	6,281,781
Total capital assets being depreciated	168,029,463	8,284,722	(765,670)	4,959,254	180,507,769
Less accumulated depreciation for:					
Buildings	(7,424,121)	(810,420)	-	-	(8,234,541)
Utility facilities	(69,534,209)	(3,225,770)	-	-	(72,759,979)
Machinery and equipment	(3,621,244)	(207,897)	765,670	-	(3,063,471)
Capacity rights	(5,038,343)	(157,045)	-	-	(5,195,388)
Total accumulated depreciation	(85,617,917)	(4,401,132)	765,670	-	(89,253,379)
Total capital assets being depreciated, net	82,411,546	3,883,590	-	4,959,254	91,254,390
Business-type activities capital assets, net	\$ 105,148,918	\$ 5,101,419	\$ -	\$ -	\$ 110,250,337

Business-type activities depreciation expense as follows:

Business-type activities:	
Water and wastewater utilities	\$ 2,386,109
Drainage utility	1,377,634
Recreation / aquatic center	637,389
Total depreciation expense - business-type activities	<u>\$ 4,401,132</u>

Construction Commitments

The City has active construction projects as of September 30, 2020. The projects include construction, park improvements, and drainage improvements.

Significant Commitments for construction in progress are composed of the following:

Project Name	Budget	Y-T-D	Remaining
Senior Activity Center	\$ 9,600,000	\$ 657,646	\$ 8,942,354
Keller Hicks Road Expansion	2,195,000	246,951	1,948,049
Johnson Road/Keller-Smithfield Roundabout	925,000	128,082	796,918
Johnson Road Reconstruction	5,016,000	462,650	4,553,350
Bear Creek / Whitely Roundabout	2,154,000	325,440	1,828,560
Overton Ridge Park	2,549,249	67,542	2,481,707
Big Bear Creek Interceptor II	861,384	335,614	525,770
US 377 SS Extension Project	1,450,000	1,009,917	440,083
Barbara Lane Drainage	700,000	60,293	639,707
	<u>\$ 25,450,633</u>	<u>\$ 3,294,135</u>	<u>\$ 22,156,498</u>

CITY OF KELLER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

NOTE 5. TRANSFERS

Transfers are used to provide funds for debt service, contributions for capital construction or reimbursement for capital asset purchases, cost allocations and other operational costs as determined by the City's annual budget. Transfers between funds during the year were as follows:

Transfers In	Transfers Out	Amount	Purpose
Capital Projects Fund	Nonmajor Governmental Funds	\$ 2,184,061	Transfer for roadway and street and sidewalk capital projects
Capital Projects Fund	General Fund	3,406,693	Transfers for capital projects
Nonmajor Governmental Funds	General Fund	499,000	Transfer for parks improvement match
Internal Service Fund	General Fund	1,242,147	Transfer for more funding for the City's health insurance fund
Internal Service Fund	Water and Wastewater Fund	200,000	Transfer for more funding for the City's health insurance fund
Recreation/Aquatics Center	Nonmajor Governmental Funds	332,548	Transfer for capital assets
Capital Projects Fund	Water and Wastewater Fund	442,450	Transfer for capital assets
Drainage	Water and Wastewater Fund	5,669,522	Transfer for capital assets
	Total Transfers	<u>\$ 13,976,421</u>	

NOTE 6. DEFERRED INFLOWS OF RESOURCES

Governmental funds report *deferred inflows of resources* in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of deferred inflows of resources reported in the governmental funds were as follows:

	General Fund	General Obligation Debt Service	Nonmajor Governmental Funds	Total
Deferred inflows of resources:				
Property taxes	\$ 198,580	\$ 65,215	\$ -	\$ 263,795
Court fines	39,195	-	1,056	40,251
Emergency services	287,693	-	-	287,693
Total	<u>\$ 525,468</u>	<u>\$ 65,215</u>	<u>\$ 1,056</u>	<u>\$ 591,739</u>

CITY OF KELLER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

NOTE 7. LONG-TERM DEBT

General Obligation Bonds, Certificates of Obligation and Contractual Obligations

The City issues general obligation bonds, certificates of obligation bonds, and contractual obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental which includes blended component units and business-type activities. These issues are direct obligations and pledge the full faith and credit of the City.

General Obligation Bonds	Final Maturity	Interest Rates	Component Unit Portion	City Portion	Total Governmental	Business- Type
\$9,860,000 Series 2011* Refunding	2023	0.55 - 5.00%	\$ 3,835,000	\$ 260,000	\$ 4,095,000	\$ -
\$11,465,000 Series 2012 Refunding	2024	2.00 - 5.00%	-	1,865,000	1,865,000	3,015,000
\$10,475,000 Series 2015 Refunding	2026	2.00 - 4.00%	-	-	-	1,645,000
\$7,350,000 Series 2017 Refunding	2029	2.00 - 3.00%	-	6,665,000	6,665,000	-
\$12,220,000 Series 2020 Refunding and Improvement	2035	2.00 - 5.00%	-	10,860,000	10,860,000	1,360,000
Total General Obligation Bonds			<u>\$ 3,835,000</u>	<u>\$ 19,650,000</u>	<u>\$ 23,485,000</u>	<u>\$ 6,020,000</u>

*Component Unit Portion is with Keller Development Corp.

Certificates of Obligation	Final Maturity	Interest	Component Unit Portion	City Portion	Total Governmental	Business- Type
\$5,835,000 Series 2012 Improvements (CWSRF)	2032	0.05 - 2.20%	\$ -	\$ -	\$ -	\$ 3,785,000
\$6,000,000 Series 2012 Improvement	2027	2.00 - 5.00%	-	3,285,000	3,285,000	-
\$3,870,000 Series 2015* Improvements	2034	2.00 - 3.13%	2,905,000	-	2,905,000	-
\$4,060,000 Series 2016 Improvements	2031	0.53 - 1.93%	-	-	-	3,025,000
\$9,250,000 Series 2017 Tax and Revenue	2037	2.00 - 4.00%		2,950,000	2,950,000	4,050,000
\$7,045,000 Series 2019 Tax and Revenue	2039	2.00 - 2.65%		-	-	6,790,000
Total Certificates of Obligation			<u>\$ 2,905,000</u>	<u>\$ 6,235,000</u>	<u>\$ 9,140,000</u>	<u>\$ 17,650,000</u>

*Component Unit Portion is with Keller Development Corp.

In September 2020, the City issued \$12,220,000 in General Obligation Refunding and Improvement bonds, Series 2020 at a premium of \$2,269,371. \$8,000,000 of proceeds were used for capital projects for governmental-type activities and \$6,296,881 was placed with an escrow agent to pay the obligations of the \$6,270,000 series 2010 bonds which were refunded. The difference between the debt service of the old and new debt is \$860,999, resulting in an economic gain of \$819,441.

CITY OF KELLER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

NOTE 7. LONG-TERM DEBT – CONTINUED

Changes in Long-term Liabilities – Continued

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2020, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due within One year
Governmental activities:					
General obligation bonds	\$ 16,713,230	\$ 10,860,000	\$ (4,088,230)	\$ 23,485,000	\$ 3,440,000
Certificate of obligations	14,760,000	-	(5,620,000)	9,140,000	1,285,000
Unamortized bond premium (discount)	1,886,147	2,095,067	(419,724)	3,561,490	-
Total bonds payable	33,359,377	12,955,067	(10,127,954)	36,186,490	4,725,000
Compensated absences	1,759,591	1,559,206	(1,615,507)	1,703,290	1,348,162
Net pension liability*	17,266,431	-	(5,486,726)	11,779,705	-
Total OPEB liability - SDBF*	571,179	147,065	-	718,244	-
Total OPEB liability health benefits*	1,231,871	30,195	-	1,262,066	-
Total governmental activities	\$ 54,188,449	\$ 14,691,533	\$ (17,230,187)	\$ 51,649,795	\$ 6,073,162

*Net pension and OPEB liabilities from the internal service fund are reported within governmental activities. Sources from the general fund are used to liquidate net pension/OPEB liabilities for governmental funds.

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due within One year
Business-type activities:					
General obligation bonds	\$ 6,826,770	\$ 1,360,000	\$ (2,166,770)	\$ 6,020,000	\$ 1,285,000
Certificate of obligations	19,470,000	-	(1,820,000)	17,650,000	990,000
Unamortized bond premium (discount)	991,046	174,304	(137,444)	1,027,906	-
Total bonds payable	27,287,816	1,534,304	(4,124,214)	24,697,906	2,275,000
Compensated absences	217,449	193,769	(177,821)	233,397	193,334
Net pension liability	3,212,693	-	(927,913)	2,284,780	-
Total OPEB liabilities-SDBF	99,141	24,872	-	124,013	-
Total OPEB liabilities-health benefits	213,779	5,106	-	218,885	-
Total business-type activities	\$ 31,030,878	\$ 1,758,051	\$ (5,229,948)	\$ 27,558,981	\$ 2,468,334

CITY OF KELLER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

NOTE 7. LONG-TERM DEBT – CONTINUED

General Obligation Bonds

Fiscal Year Ending September 30,	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 3,440,000	\$ 785,183	\$ 4,225,183	\$ 1,285,000	\$ 218,443	\$ 1,503,443
2022	3,475,000	718,644	4,193,644	1,340,000	170,675	1,510,675
2023	3,235,000	597,156	3,832,156	1,110,000	116,375	1,226,375
2024	1,900,000	499,300	2,399,300	1,170,000	65,550	1,235,550
2025	1,450,000	440,700	1,890,700	370,000	33,950	403,950
2026-2030	7,275,000	1,323,100	8,598,100	745,000	51,525	796,525
2031-2035	2,710,000	282,875	2,992,875	-	-	-
Total	<u>\$ 23,485,000</u>	<u>\$ 4,646,958</u>	<u>\$ 28,131,958</u>	<u>\$ 6,020,000</u>	<u>\$ 656,518</u>	<u>\$ 6,676,518</u>

Certificate of Obligations

Fiscal Year Ending September 30,	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 1,285,000	\$ 260,119	\$ 1,545,119	\$ 990,000	\$ 455,645	\$ 1,445,645
2022	1,335,000	219,444	1,554,444	1,015,000	438,378	1,453,378
2023	1,375,000	177,150	1,552,150	1,030,000	419,931	1,449,931
2024	1,420,000	134,344	1,554,344	1,045,000	401,068	1,446,068
2025	675,000	102,919	777,919	1,075,000	378,844	1,453,844
2026-2030	2,060,000	263,843	2,323,843	5,800,000	1,480,824	7,280,824
2031-2035	990,000	62,841	1,052,841	4,310,000	700,533	5,010,533
2036-2040	-	-	-	2,385,000	132,850	2,517,850
Total	<u>\$ 9,140,000</u>	<u>\$ 1,220,660</u>	<u>\$ 10,360,660</u>	<u>\$ 17,650,000</u>	<u>\$ 4,408,073</u>	<u>\$ 22,058,073</u>

Conduit Debt

Certain revenue bonds have been issued in the past to provide financial assistance to nonprofit and public entities for acquisition and construction of educational and student housing facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the entities served by the bonds. The City is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of September 30, 2020, there was one series of revenue bonds outstanding. The aggregate principal amount payable for the issues was \$22,345,000.

Compensated Absences

Compensated absences represent the estimated liability for employees' vacation leave for which employees are entitled to be paid upon termination. The retirement of this liability is typically paid from the General Fund and Enterprise Funds based on the assignment of an employee at termination. Business-type activities records all of the compensated absences balance as due within one year since the balance has typically been paid within the following year.

CITY OF KELLER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

NOTE 8. PENSION PLAN

Plan Description

The City participates as one of 888 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (Annual Report) that can be obtained at www.tmrs.com.

All eligible employees of the City are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount at least equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, or 200%) of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and city matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

Members can retire at ages 60 and above with 5 or more years of service or with 20 years of service. A member is vested after 5 years. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	172
Inactive employees entitled to but not yet receiving benefits	216
Activity employees	<u>289</u>
Total	<u><u>677</u></u>

CITY OF KELLER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

NOTE 8. PENSION PLAN – CONTINUED

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 15.45% in calendar year 2019 and 15.83% in calendar year 2020, respectively. The City's contributions to TMRS for the year ended September 30, 2020 were \$3,062,263, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2019 and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The Total Pension Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll, closed

Salary increases were based on a service-related table. Mortality rates for post-retirement were based on the 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Mortality rates for pre-retirement were based on PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Actuarial assumptions used in the December 31, 2019 valuation were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were first adopted in 2019 and first used in the December 31, 2019 actuarial valuation.

CITY OF KELLER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

NOTE 8. PENSION PLAN – CONTINUED

Net Pension Liability – Continued

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

The target allocation and best estimates of real rates of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global equity	30.0%	5.30%
Core fixed income	10.0%	1.25%
Non-core fixed income	20.0%	4.14%
Real return	10.0%	3.85%
Real estate	10.0%	4.04%
Absolute return	10.0%	3.48%
Private equity	10.0%	7.75%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Allocations

The City's net pension liability, pension expense, and deferred outflows of resources related to TMRS have been allocated between governmental activities, business-type activities, and the internal service fund using a contribution-based method. The internal service fund portion of the pension activity is recorded within governmental activities at the governmental wide financial statements.

CITY OF KELLER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

NOTE 8. PENSION PLAN – CONTINUED

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2018	\$ 103,816,007	\$ 83,336,883	\$ 20,479,124
Changes for the year:			
Service Cost	3,298,258	-	3,298,258
Interest	6,989,780	-	6,989,780
Change of benefit terms	-	-	-
Difference between expected and actual experience	(94,235)	-	(94,235)
Changes of assumptions	527,715	-	527,715
Contributions - employer	-	2,971,278	(2,971,278)
Contributions - employee	-	1,346,228	(1,346,228)
Net investment income	-	12,893,636	(12,893,636)
Benefit payments, including refunds of employee contributions	(3,825,677)	(3,825,677)	-
Administrative expense	-	(72,799)	72,799
Other changes	-	(2,186)	2,186
Net Changes	6,895,841	13,310,480	(6,414,639)
Balance at 12/31/19	\$ 110,711,848	\$ 96,647,363	\$ 14,064,485

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following represents the net pension (asset) liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower (5.75%) or 1% higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Net pension liability	\$ 30,965,170	\$ 14,064,485	\$ 314,310

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained at www.tmrs.com.

CITY OF KELLER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

NOTE 8. PENSION PLAN – CONTINUED

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – Continued

For the year ended September 30, 2020, the City recognized pension expense of \$3,497,541.

At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 78,018	\$ 263,005
Changes in actuarial assumptions	477,789	-
Difference between projected and actual investment earnings	-	2,912,206
Contributions subsequent to the measurement date	2,339,165	-
Total	<u>\$ 2,894,972</u>	<u>\$ 3,175,211</u>

The \$2,339,165 reported as deferred outflows of resources related to pensions result from contributions subsequent to the measurement date and will reduce the net pension liability during the fiscal year ended September 30, 2021. The other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended Sept. 30:	Net Deferred Outflows (Inflows)
2021	\$ (765,844)
2022	(779,369)
2023	339,188
2024	<u>(1,413,379)</u>
Total	<u>\$ (2,619,404)</u>

NOTE 9. OTHER POST EMPLOYMENT BENEFITS (OPEB)

The City provides for two other post-employment benefits (OPEB) plans; one provides for post-employment health insurance benefits through a single-employer defined benefit medical plan (City of Keller Retiree Health Care Plan), and the other is The Texas Municipal Retirement System Supplemental Death Benefits Fund, a single employer defined benefit OPEB plan. Both plans are described in detail below. Aggregate amounts for the two OPEB plans are as follows:

	Retiree Healthcare Plan	TMRS SDBF	Total
OPEB liability	\$ 1,480,951	\$ 842,257	\$ 2,323,208
Deferred outflows of resources	235,667	163,375	399,042
Deferred inflows of resources	248,619	63,412	312,031
OPEB expense	125,973	75,206	201,179

CITY OF KELLER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

NOTE 9. OTHER POST EMPLOYMENT BENEFITS (OPEB) – CONTINUED

CITY OF KELLER RETIREE HEALTH CARE PLAN

Plan Description and Benefits Provided

The City provides other postemployment benefits (OPEB) in the form of health insurance benefits through a single-employer defined benefit medical plan. Regular full-time employees retiring from the City with 20 years of service or five years of service if over 60, have the option to continue medical insurance coverage for themselves and their families until the retiree becomes eligible for Medicare or is eligible to be covered under another medical plan. The retired employee pays 100% of the premium which was \$818 to \$2,238 depending on what plan the retiree chooses. A third-party administrator is utilized to provide claims administration and payment of claims.

The Plan does not issue a separate financial report.

Employees Covered by Benefit Terms

The following table provides a summary of the number of participants in the plan as of December 31, 2019:

Inactive employees or beneficiaries currently receiving benefits	3
Inactive employees entitled to but not yet receiving benefits	-
Activity employees	<u>284</u>
Total	<u><u>287</u></u>

Contributions

The City's plan is a pay-as-you-go plan in which the City does not contribute to a trust to fund future benefits. The City's contributions during the fiscal year ending September 30, 2020 of \$37,270 all of which were for the benefit payments and were paid by the City using its own assets. The benefit payments were determined in a manner similar to how the benefit payments for the measurement period were developed. The City through its budgeting process determines the annual contributions to the Plan based on the actuarially determined contribution and the availability of funds.

Total OPEB Liability

Total OPEB liability reported at September 30, 2020 was measured as of December 31, 2019, and based on actuarial valuation performed as of December 31, 2019.

CITY OF KELLER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

NOTE 9. OTHER POST EMPLOYMENT BENEFITS (OPEB) – CONTINUED

CITY OF KELLER RETIREE HEALTH CARE PLAN – CONTINUED

Actuarial Assumptions

The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Individual Entry-Age Normal
Discount rate	2.75% as of December 31, 2019
Inflation	2.50%
Salary increases	3.50% to 11.50%, including inflation
Demographic assumptions	Based on the experience study covering the four-year period ending December 31, 2018 as conducted for the Texas Municipal Retirement System.
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables to account for future mortality improvements.
Healthcare cost trend rates	Initial rate of 7.00% declining to an ultimate rate of 4.15% after 15 years
Participation rates	17% for employees retiring on or after the age of 50 and 0 % for employees retiring before age 50

For plans that do not have formal assets, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purpose of this valuation, the municipal bond rate is 2.75% (based on the daily rate closest to but not later than the measurement date of the Fidelity “20-Year Municipal GO AA Index”). The discount rate was 3.71% as of the prior measurement date.

There are no plan assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/2018	\$ 1,445,650
Changes for the year:	
Service Cost	75,552
Interest on the total OPEB liability	54,374
Difference between expected and actual experience	(223,895)
Changes of assumptions	164,885
Benefit payments	(35,615)
Net Changes	35,301
Balance at 12/31/19	\$ 1,480,951

Total OPEB liability for health care insurance as a percentage of covered payroll was 7.89%.

CITY OF KELLER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

NOTE 9. OTHER POST EMPLOYMENT BENEFITS (OPEB) – CONTINUED

CITY OF KELLER RETIREE HEALTH CARE PLAN – CONTINUED

The benefit payments during the measurement period were determined as follows:

Age-adjusted premiums (retiree contributions * 1.888)	\$ 75,722
Retiree contributions	<u>(40,107)</u>
Total benefit payments	<u>\$ 35,615</u>

The 1.888 factor equals the ratio of the expected retiree claims to the expected retiree contributions. The underlying retiree claims were estimated using age-adjusted premiums.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates

Regarding the sensitivity of the total OPEB liability to changes in the Single Discount Rate, the following presents the plan's total OPEB liability, calculated using a discount rate of 2.75%, as well as what the plan's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

	<u>1% Decrease in Discount Rate (1.75%)</u>	<u>Discount Rate (2.75%)</u>	<u>1% Increase in Discount Rate (3.75%)</u>
Total OPEB liability	\$ 1,635,890	\$ 1,480,951	\$ 1,339,717

Regarding the sensitivity of the total OPEB liability to changes in the healthcare cost trend rates, the following presents the plan's total OPEB liability, calculated using the assumed trend rates as well as what the plan's total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate Assumption</u>	<u>1% Increase</u>
Total OPEB liability	\$ 1,288,415	\$ 1,480,951	\$ 1,712,318

CITY OF KELLER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

NOTE 9. OTHER POST EMPLOYMENT BENEFITS (OPEB) – CONTINUED

CITY OF KELLER RETIREE HEALTH CARE PLAN – CONTINUED

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended December 31, 2019, the City recognized OPEB expense of \$125,973. At September 30, 2020, the reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	\$ 197,598	\$ 47,144
Difference between projected and actual experience	7,194	201,475
Contributions subsequent to the measurement date	30,875	-
Total	<u>\$ 235,667</u>	<u>\$ 248,619</u>

The \$30,875 reported as deferred outflows of resources related to OPEB result from contributions subsequent to the measurement date and will reduce the total OPEB liability during the fiscal year ending September 30, 2021.

The other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended Sept. 30:	Net Deferred Outflows (Inflows)
2021	\$ (3,953)
2022	(3,953)
2023	(3,953)
2024	(3,953)
2025	(3,953)
Thereafter	(24,062)
Total	<u>\$ (43,827)</u>

Differences between expected and actual experience and changes in assumptions are recognized in OPEB expense using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the OPEB plan (active employees and inactive employees) determined as of the beginning of the measurement period.

At the beginning of the current measurement period, the expected remaining service lives of all active employees in the plan was approximately 2,866 years. Additionally, the total plan membership (active employees and inactive employees) was 287. As a result, the average of the expected remaining service lives for purposes of recognizing the applicable deferred outflows and inflows of resources established in the current measurement period is 9.9865 years.

NOTE 9. OTHER POST EMPLOYMENT BENEFITS (OPEB) – CONTINUED

OTHER POST EMPLOYMENT BENEFITS – TMRS SUPPLEMENTAL DEATH BENEFIT FUND

Plan Description

Texas Municipal Retirement System (“TMRS”) administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (“SDBF”). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. Employers may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1. The City has elected to participate in the SDBF for its active members including retirees. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded single-employer OPEB plan (i.e. no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75) for City reporting.

Benefits Provided

The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit (“OPEB”) and is a fixed amount of \$7,500.

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	107
Inactive employees entitled to but not yet receiving benefits	55
Active employees	<u>289</u>
Total	<u><u>451</u></u>

Contributions

The member city contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees’ entire careers.

Contributions are made monthly based on the covered payroll of employee members of the participating member city. The contractually required contribution rate is determined annually for each city. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the city. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The funding policy of this plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year.

The retiree portion of contribution rates to the SDBF for the City was 0.02% in calendar years 2019 and 2020. The City’s contributions to the SDBF for the year ended September 30, 2020 were \$3,859, and were equal to the required contributions.

NOTE 9. OTHER POST EMPLOYMENT BENEFITS (OPEB) – CONTINUED

OTHER POST EMPLOYMENT BENEFITS – TMRS SUPPLEMENTAL DEATH BENEFIT FUND – CONTINUED

Total OPEB Liability

The City’s Total OPEB Liability (TOL) was measured as of December 31, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total OPEB Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Salary increases	3.50% to 10.51%, including inflation
Discount Rate	2.75%
Retiree's share of benefit-related costs	0.00%
Actuarial cost method	Entry Age Normal
Amortization Method	Level percentage of payroll, closed

Salary increases were based on a service-related table. Salary increases were based on a service-related table. Mortality rates for post-retirement were based on the 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Mortality rates for pre-retirement were based on PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Actuarial assumptions used in the December 31, 2019 valuation were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were first adopted in 2019 and first used in the December 31, 2019 actuarial valuation.

The discount rate used to measure the Total OPEB Liability was 2.75% and was based on the Fidelity Index’s “20-Year Municipal GO AA Index” rate as of December 31, 2019.

CITY OF KELLER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

NOTE 9. OTHER POST EMPLOYMENT BENEFITS (OPEB) – CONTINUED

OTHER POST EMPLOYMENT BENEFITS SUPPLEMENTAL DEATH BENEFIT FUND – CONTINUED

Changes in Total OPEB Liability

Balance at 12/31/2018	\$	670,320
Changes for the year:		
Service Cost		30,771
Interest		25,368
Difference between expected and actual experience		(26,911)
Changes in assumptions or other inputs		146,555
Benefit payments		(3,846)
Net Changes		171,937
Balance at 12/31/19	\$	842,257

The OPEB liability for supplemental death benefits as a percentage of covered payroll was 4.38%.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, calculated using the discount rate of 2.75%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (1.75%) or 1 percentage-point higher (3.75%) than the current rate:

	1% Decrease in Discount Rate (1.75%)	Discount Rate (2.75%)	1% Increase in Discount Rate (3.75%)
Total OPEB liability	\$ 1,049,018	\$ 842,257	\$ 684,970

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2020, the City recognized OPEB expense of \$75,206. At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	\$ 158,625	\$ 40,597
Differences between expected and actual economic experience	1,819	22,815
Contributions subsequent to the measurement date	2,931	-
Total	\$ 163,375	\$ 63,412

CITY OF KELLER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

NOTE 9. OTHER POST EMPLOYMENT BENEFITS (OPEB) – CONTINUED

OTHER POST EMPLOYMENT BENEFITS – TMRS SUPPLEMENTAL DEATH BENEFIT FUND – CONTINUED

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – Continued

The \$2,931 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will reduce the Total OPEB liability during the year ending September 30, 2021. The other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended Sept. 30:	Net Deferred Outflows (Inflows)
2021	\$ 19,067
2022	19,067
2023	19,065
2024	18,808
2025	10,644
Thereafter	10,381
Total	<u>\$ 97,032</u>

NOTE 10. OTHER INFORMATION

Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such agencies. Any disallowed claims, including amounts already collected may constitute a liability of the applicable funds. The amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

The City periodically is a defendant in various lawsuits. At September 30, 2020, after consultation with the City's attorney, the City is not aware of any pending litigation.

The City contracts for garbage disposal with a third party. Under the terms of the agreement the City bills and collects the residential billing and remits that amount to the contracting party. The contractor bills the commercial customers and remits a franchise fee to the City based on total revenues received from the contract.

Risk Management

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee health benefits; and other claims of various natures. The City purchases commercial insurance to indemnify it in event of loss. For the past three years, settlements did not exceed coverage.

CITY OF KELLER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

NOTE 11. TAX ABATEMENTS

The City enters into economic development agreements authorized under Chapter 380 of the Texas Local Government Code. These agreements are planning tools designed to stimulate economic activity, redevelopment, community improvement, and provide a return on investment for the community. These programs abate or rebate property and/or sales taxes on investment for the incentive payments such as fee reductions or construction costs reimbursements. Economic development agreements are considered on a case-by-case basis by the City Council and generally contain recapture provisions, which may require repayment or termination if recipients do not meet the required provisions of the economic incentives.

Chapter 380 of the Texas Local Government Code allows the City to provide reimbursements to developers for building permits paid to the City after the developers building plans are approved. Based on City Council agreements with developers, the City reimbursed \$155,380 to developers for fiscal year ending September 30, 2020 for building permits paid to the City.

NOTE 12. SUBSEQUENT EVENTS

The City has evaluated all events or transactions that occurred after September 30, 2020 up through March 26, 2021, the date the financial statements were issued. During this period, there were no material subsequent events.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF KELLER, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

EXHIBIT A-10

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amount	
REVENUES				
Ad valorem taxes	\$ 19,992,361	\$ 19,992,361	\$ 19,811,014	\$ (181,347)
Sales taxes	6,488,274	6,488,274	7,234,231	745,957
Franchise fees	4,259,853	4,259,853	4,302,230	42,377
Mixed drink tax	161,814	161,814	115,077	(46,737)
Licenses and permits	1,123,593	1,123,593	1,061,240	(62,353)
Intergovernmental	3,451,270	3,451,270	5,924,285	2,473,015
Charges for services	3,053,538	3,053,538	2,964,470	(89,068)
Fines and forfeitures	964,568	964,568	602,757	(361,811)
Donations	59,250	59,250	41,222	(18,028)
Interest income	265,785	265,785	312,127	46,342
Miscellaneous income	67,999	67,999	344,869	276,870
Total revenues	39,888,305	39,888,305	42,713,522	2,825,217
EXPENDITURES				
Current				
Administration	2,644,284	2,627,284	2,358,994	268,290
Town Hall Operations	622,654	620,754	528,041	92,713
Mayor and Council	59,790	59,790	35,697	24,093
Finance and Municipal Court	1,735,615	1,718,669	1,696,042	22,627
Human Resources	900,878	858,878	812,625	46,253
Police Department	9,780,369	9,295,715	9,273,123	22,592
Fire Department	9,162,317	8,957,317	8,825,502	131,815
Street Maintenance	3,540,960	3,517,960	3,329,407	188,553
Library	1,664,142	1,646,642	1,540,841	105,801
Parks and Recreation	3,634,798	3,549,798	3,193,801	355,997
Economic Development	1,699,357	1,699,357	1,008,823	690,534
Community Development	1,587,571	1,480,571	1,304,882	175,689
Total expenditures	37,032,735	36,032,735	33,907,778	2,124,957
Excess of revenues over expenditures	2,855,570	3,855,570	8,805,744	4,950,174
OTHER FINANCING SOURCES (USES)				
Transfers out	(3,905,693)	(4,905,693)	(5,147,840)	(242,147)
Proceeds from sale of property	-	-	13,426	13,426
Total other financing sources (uses)	(3,905,693)	(4,905,693)	(5,134,414)	(228,721)
Net change in fund balances	(1,050,123)	(1,050,123)	3,671,330	4,721,453
Fund balances, October 1	23,315,009	23,315,009	23,315,009	-
Fund balances, September 30	\$ 22,264,886	\$ 22,264,886	\$ 26,986,339	\$ 4,721,453

**CITY OF KELLER, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET (GAAP BASIS) AND ACTUAL
CRIME CONTROL PREVENTION DISTRICT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

EXHIBIT A-11

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Sales Taxes	\$ 1,546,477	\$ 1,546,477	\$ 1,698,664	\$ 152,187
Intergovernmental	20,000	20,000	20,000	-
Interest income	100,000	100,000	107,688	7,688
Total revenues	<u>1,666,477</u>	<u>1,666,477</u>	<u>1,826,352</u>	<u>159,875</u>
EXPENDITURES				
Current:				
Police Department	1,466,924	1,466,924	1,000,482	466,442
Debt service:				
Principal	395,000	394,050	390,000	4,050
Interest and other charges	134,500	135,450	135,450	-
Total expenditures	<u>1,996,424</u>	<u>1,996,424</u>	<u>1,525,932</u>	<u>470,492</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(329,947)</u>	<u>(329,947)</u>	<u>300,420</u>	<u>630,367</u>
Other financing sources				
Proceeds from sale of capital assets	50,000	50,000	59,718	9,718
Total other financing sources	<u>50,000</u>	<u>50,000</u>	<u>59,718</u>	<u>9,718</u>
Net change in fund balances	<u>(279,947)</u>	<u>(279,947)</u>	<u>360,138</u>	<u>640,085</u>
Fund balances, October 1	<u>5,291,739</u>	<u>5,291,739</u>	<u>5,291,739</u>	<u>-</u>
Fund balances, September 30	<u>\$ 5,011,792</u>	<u>\$ 5,011,792</u>	<u>\$ 5,651,877</u>	<u>\$ 640,085</u>

**CITY OF KELLER, TEXAS
NOTES TO BUDGET COMPARISON SCHEDULES
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

The City follows the following procedures in establishing the budgetary data reflected in the financial statements:

1. Public hearings are conducted to obtain taxpayer comments.
2. Prior to October 1, the budget is legally enacted through passage of an ordinance.
3. The City Council must authorize amendments to budgeted amounts between departments within any fund. Therefore the department level is the legal level of control and budget to actual expenditure comparisons is reported at the department level.
4. All transfers to and from budgeted funds must be approved by the City Council unless related to grant or bond activities.
5. Budgeted amounts are as originally adopted or as amended by the City Council. During 2020, individual amendments were not material in relation to the original appropriations for expenditures. All budget appropriations automatically lapse at year-end.
6. Formal budgetary integration is employed as a management control device during the year. The legally adopted budget is adopted on a basis consistent with generally accepted accounting principles.

CITY OF KELLER, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST SIX MEASUREMENT YEARS
(UNAUDITED)

EXHIBIT A-12

	Measurement Year 2019	Measurement Year 2018	Measurement Year 2017	Measurement Year 2016	Measurement Year 2015	Measurement Year 2014
Total pension liability:						
Service cost	\$ 3,298,258	\$ 3,212,200	\$ 3,157,398	\$ 3,108,994	\$ 2,979,303	\$ 2,982,697
Interest	6,989,780	6,584,504	6,208,840	5,809,689	5,555,939	5,216,622
Changes of benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	(94,235)	134,966	(297,161)	(233,586)	(270,677)	(993,549)
Change in assumptions	527,715	-	-	-	1,065,970	-
Benefit payments, including refunds of employee contributions	(3,825,677)	(4,115,526)	(2,946,666)	(2,645,244)	(2,747,691)	(1,953,842)
Net change in total pension liability	6,895,841	5,816,144	6,122,411	6,039,853	6,582,844	5,251,928
Total pension liability - beginning	103,816,007	97,999,863	91,877,452	85,837,599	79,254,755	74,002,827
Total pension liability - ending (a)	110,711,848	103,816,007	97,999,863	91,877,452	85,837,599	79,254,755
Plan fiduciary net position:						
Contributions - employer	2,971,278	2,898,267	2,858,974	2,693,980	2,732,236	2,678,823
Contributions - employee	1,346,228	1,308,051	1,289,486	1,263,085	1,233,387	1,223,684
Net investment income	12,893,636	(2,574,087)	10,318,203	4,632,668	99,266	3,537,194
Benefit payments, including refunds of employee contributions	(3,825,677)	(4,115,526)	(2,946,666)	(2,645,244)	(2,747,691)	(1,953,842)
Administrative expense	(72,799)	(49,714)	(53,441)	(52,297)	(60,456)	(36,922)
Other	(2,186)	(2,558)	(2,711)	(2,818)	(2,987)	(3,036)
Net change in plan fiduciary net position	13,310,480	(2,535,567)	11,463,845	5,889,374	1,253,755	5,445,901
Plan fiduciary net position - beginning	83,336,883	85,872,450	74,408,605	68,519,231	67,265,476	61,819,575
Plan fiduciary net position - ending (b)	96,647,363	83,336,883	85,872,450	74,408,605	68,519,231	67,265,476
Net pension liability - ending (a) - (b)	\$ 14,064,485	\$ 20,479,124	\$ 12,127,413	\$ 17,468,847	\$ 17,318,368	\$ 11,989,279
Plan fiduciary net position as a percentage of total pension liability	87.30%	80.27%	87.63%	80.99%	79.82%	84.87%
Covered payroll	\$ 19,231,826	\$ 18,686,443	\$ 18,421,226	\$ 18,044,073	\$ 17,556,292	\$ 17,462,991
Net pension liability as a percentage of covered payroll	73.13%	109.59%	65.83%	96.81%	98.64%	68.66%

Note: Only six years of data is presented in accordance with GASB #68. Paragraph 138. "The information for all period for the 10-year schedules that are required to be presented as required supplementary information may be available initially. In these cases, during the transition period, that information should be presented for as many periods as are available. The schedules should not include information that is not measured in accordance with requirements of this statement. Additional years' information will be displayed as it becomes available."

**CITY OF KELLER, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF PENSION CONTRIBUTIONS
LAST SIX FISCAL YEARS
(UNAUDITED)**

EXHIBIT A-13

	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
Actuarially determined contribution	\$ 3,062,263	\$ 2,984,650	\$ 2,919,456	\$ 2,842,339	\$ 2,828,969	\$ 2,711,603
Contribution in relation of the actuarially determined contribution	3,062,263	2,984,650	2,919,456	2,842,339	2,828,969	2,711,603
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 19,294,644	\$ 19,127,201	\$ 18,656,792	\$ 18,325,278	\$ 18,575,332	\$ 17,520,409
Contributions as a percentage of covered payroll	15.87%	15.60%	15.65%	15.51%	15.23%	15.48%

Note: GASB #68, paragraph 81.2.b requires that the data in this schedule be presented as of the City's fiscal year as opposed to the time period covered by the measurement date.

Note: Only six years of data is presented in accordance with GASB #68. Paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many periods as are available. The schedules should not include information that is not measured in accordance with requirements of this statement. Additional years' information will be displayed as it becomes available."

CITY OF KELLER, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM FOR SDBF
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST THREE MEASUREMENT YEARS
(UNAUDITED)

EXHIBIT A-14

	Measurement Year 2019*	Measurement Year 2018	Measurement Year 2017
Total OPEB liability:			
Service cost	\$ 30,771	\$ 35,504	\$ 29,474
Interest	25,368	22,710	21,710
Change in benefit terms	-	2,550	-
Difference between expected and actual experience	(26,911)	-	-
Change in assumptions	146,555	(56,935)	60,354
Benefit payments	(3,846)	(3,737)	(1,842)
Net change in total OPEB liability	171,937	92	109,696
Total OPEB liability - beginning	670,320	670,228	560,532
Total OPEB liability - ending (a)	\$ 842,257	\$ 670,320	\$ 670,228
Covered payroll	\$ 19,231,826	\$ 18,686,443	\$ 18,421,226
Total OPEB liability as a percentage of covered payroll	4.38%	3.59%	3.64%

Note: Only three years of data is presented in accordance with GASB #75. Additional years' information will be displayed as it becomes available.

The TMRS Supplementary Death Benefit Fund (SDBF) is considered to be an unfunded OPEB plan; therefore, no plan fiduciary net position and related ratios are reported in the above schedule.

**CITY OF KELLER, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM FOR SDBF
SCHEDULE OF OPEB CONTRIBUTIONS
LAST THREE FISCAL YEARS
(UNAUDITED)**

EXHIBIT A-15

	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018
Actuarially determined contribution	\$ 3,859	\$ 3,825	\$ 3,281
Contribution in relation of the actuarially determined contribution	3,859	3,825	3,281
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 19,294,644	\$ 19,127,201	\$ 18,656,792
Contributions as a percentage of covered payroll	0.02%	0.02%	0.02%

Note: GASB #75, paragraph 57 requires that the data in this schedule be presented as of the City's fiscal year as opposed to the time period covered by the measurement date.

Note: Only three years of data is presented in accordance with GASB #75. Additional years' information will be displayed as it becomes available.

The TMRS Supplementary Death Benefit Fund (SDBF) is considered to be an unfunded OPEB plan; therefore, no plan fiduciary net position and related ratios are reported in the above schedule.

RETIREE HEALTH BENEFITS PLAN

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

LAST THREE MEASUREMENT YEARS

(UNAUDITED)

	Measurement Year 2019	Measurement Year 2018	Measurement Year 2017
Total OPEB liability:			
Service cost	\$ 75,552	\$ 75,886	\$ 66,467
Interest	54,374	47,242	48,385
Difference between expected and actual experience	(223,895)	8,944	-
Change in assumptions	164,885	(58,608)	69,663
Benefit payments	(35,615)	(34,269)	(29,461)
Net change in total OPEB liability	35,301	39,195	155,054
Total OPEB liability - beginning	1,445,650	1,406,455	1,251,401
Total OPEB liability - ending (a)	\$ 1,480,951	\$ 1,445,650	\$ 1,406,455
Covered payroll	\$ 18,781,278	\$ 19,602,257	\$ 18,421,226
Total OPEB liability as a percentage of covered payroll	7.89%	7.37%	7.63%

Note: Only three years of data is presented in accordance with GASB #75. Additional years' information will be displayed as it becomes available.

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**COMBINING AND BUDGETARY FUND
FINANCIAL STATEMENTS AND SCHEDULES**

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CITY OF KELLER, TEXAS
BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)
GENERAL OBLIGATION DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

EXHIBIT A-18

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Ad valorem taxes	\$ 4,369,666	\$ 4,369,666	\$ 4,273,350	\$ (96,316)
Interest income	10,686	10,686	76,470	65,784
Total revenues	<u>4,380,352</u>	<u>4,380,352</u>	<u>4,349,820</u>	<u>(30,532)</u>
EXPENDITURES				
Debt service				
Principal	3,910,736	3,910,736	3,191,207	719,529
Interest and fiscal charges	645,642	710,978	706,910	4,068
Total debt service	<u>4,556,378</u>	<u>4,621,714</u>	<u>3,898,117</u>	<u>723,597</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(176,026)</u>	<u>(241,362)</u>	<u>451,703</u>	<u>693,065</u>
Other financing sources (uses):				
Issuance of bonds	-	4,170,000	4,170,000	-
Premium on bonds issued	-	677,795	677,795	-
Payments to escrow agent	-	(4,782,459)	(4,782,459)	-
Total other financing sources (uses)	<u>-</u>	<u>65,336</u>	<u>65,336</u>	<u>-</u>
Net change in fund balances	<u>(176,026)</u>	<u>(176,026)</u>	<u>517,039</u>	<u>693,065</u>
Fund balances, October 1	<u>2,736,902</u>	<u>2,736,902</u>	<u>2,736,902</u>	<u>-</u>
Fund balances, September 30	<u>\$ 2,560,876</u>	<u>\$ 2,560,876</u>	<u>\$ 3,253,941</u>	<u>\$ 693,065</u>

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NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

LIBRARY FUND

This fund accounts for public donations and revenues designed for Library improvements.

MUNICIPAL COURT FUND

This fund accounts for technology and building security fees collected from Municipal Court citations. Expenditures from these fees are specifically designated by state law.

PUBLIC SAFETY FUND

This fund accounts for revenues derived from forfeiture and seizure of assets resulting from illegal narcotic activity. Expenditures are restricted for the Police Department to be used in illegal narcotic enforcement.

PUBLIC ART FUND

This fund is to account for contributions, donations, and other resources that are dedicated for specific uses or purposes.

PUBLIC INFORMATION AND BROADCASTING

This fund is used to account for revenue received from PEG fees and expenditures to enhance public communication.

TREE RESTORATION FUND

This fund accounts for public donations and charges for services designed for Library preservation of trees throughout the City.

KELLER DEVELOPMENT CORPORATION FUND

This fund is used to account for collection of sales and use taxes for the payment of bonds or other forms of indebtedness to finance the cost of Keller parks.

CAPITAL PROJECT FUNDS

ROADWAY IMPACT FEES FUND

This fund is used to account for revenues that are restricted for roadway improvements. Authorized expenditures include improvements and engineering.

PARK DEVELOPMENT FEE FUND

This fund is used to account for resources received primarily from park development fees and expenditures to specific park improvements.

STREET/SIDEWALK IMPROVEMENTS FUND

This fund is used to account for revenues that are restricted for street and sidewalk improvements. Authorized expenditures include improvements and engineering.

PARKS CAPITAL IMPROVEMENT FUND

This fund is to account for acquisition or construction of capital assets.

**CITY OF KELLER, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020**

Special Revenue Funds						
	Library	Municipal Court	Public Safety	Public Art	Public Information and Broadcasting	Tree Restoration
ASSETS						
Cash and equivalents	\$ 101,005	\$ 155,175	\$ 75,639	\$ 166,312	\$ 198,723	\$ 427,344
Investments	936	75,478	227,114	24,644	380,099	9,410
Receivables: (net of allowances for uncollectibles)						
Sales taxes	-	-	-	-	24,116	-
Accounts	-	1,056	-	-	-	-
Interest and Other	-	-	-	-	448	-
Due from other governments	576	2,104	44,494	-	-	-
Total assets	\$ 102,517	\$ 233,813	\$ 347,247	\$ 190,956	\$ 603,386	\$ 436,754
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Accounts payable	\$ 51	\$ 5,992	\$ 9,969	\$ 107	\$ 11,729	\$ -
Other payables and accruals	-	-	2,923	-	-	-
Escrow payable	-	-	-	-	-	377,260
Customer deposits	-	-	4,422	-	-	-
Unearned revenue	-	-	104,407	920	-	-
Total liabilities	51	5,992	121,721	1,027	11,729	377,260
DEFERRED INFLOWS OF RESOURCES						
Unavailable resources	-	1,056	-	-	-	-
Total deferred inflows of resources	-	1,056	-	-	-	-
FUND BALANCES						
Restricted						
Capital Projects	-	-	-	-	-	-
Park Development	-	-	-	-	-	-
Municipal court	-	226,765	-	-	-	-
Law Enforcement	-	-	225,526	-	-	-
Recreation and Cultural	102,466	-	-	189,929	-	59,494
Public information and broadcasting	-	-	-	-	591,657	-
Total fund balances	102,466	226,765	225,526	189,929	591,657	59,494
Total liabilities and deferred inflows of resources and fund balances	\$ 102,517	\$ 233,813	\$ 347,247	\$ 190,956	\$ 603,386	\$ 436,754

Special Revenue Fund					
Capital Projects					
Keller Development Corporation	Roadway Impact Fees	Park Development Fee	Street/ Sidewalk Improvements	Parks Capital Improvements	Total Nonmajor Governmental Funds
\$ 62,817	\$ 1,490,547	\$ 179,853	\$ 104,631	\$ 1,508,636	\$ 4,470,682
3,031,922	5,681,115	282,208	218,554	1,526,748	11,458,228
633,050	-	-	316,525	-	973,691
13,709	-	-	-	-	14,765
5,740	6,203	-	73	-	12,464
-	-	-	-	-	47,174
<u>\$ 3,747,238</u>	<u>\$ 7,177,865</u>	<u>\$ 462,061</u>	<u>\$ 639,783</u>	<u>\$ 3,035,384</u>	<u>\$ 16,977,004</u>
\$ 585	\$ 34,760	\$ 280	\$ 56	\$ 95,750	\$ 159,279
4,195	-	-	-	-	7,118
-	-	-	-	-	377,260
-	-	-	-	-	4,422
-	-	-	-	-	105,327
<u>4,780</u>	<u>34,760</u>	<u>280</u>	<u>56</u>	<u>95,750</u>	<u>653,406</u>
-	-	-	-	-	1,056
-	-	-	-	-	1,056
-	7,143,105	461,781	639,727	2,939,634	11,184,247
3,742,458	-	-	-	-	3,742,458
-	-	-	-	-	226,765
-	-	-	-	-	225,526
-	-	-	-	-	351,889
-	-	-	-	-	591,657
<u>3,742,458</u>	<u>7,143,105</u>	<u>461,781</u>	<u>639,727</u>	<u>2,939,634</u>	<u>16,322,542</u>
<u>\$ 3,747,238</u>	<u>\$ 7,177,865</u>	<u>\$ 462,061</u>	<u>\$ 639,783</u>	<u>\$ 3,035,384</u>	<u>\$ 16,977,004</u>

CITY OF KELLER, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE- NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Special Revenue Funds					
	Library	Municipal Court	Public Safety	Public Art	Public Information and Broadcasting	Tree Restoration
REVENUES						
Sales taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise taxes	-	-	-	-	112,217	-
Intergovernmental	1,629	-	236,957	-	-	-
Charges for services	-	-	-	26,379	-	14,550
Fines and forfeitures	-	71,879	-	-	-	-
Special assessments and impact fees	-	-	-	-	-	-
Donations	23,195	-	1,755	-	-	-
Interest income	1,939	9,860	3,322	3,580	10,242	-
Miscellaneous income	-	-	-	-	-	-
Total revenues	26,763	81,739	242,034	29,959	122,459	14,550
EXPENDITURES						
Current:						
General government	-	75,692	-	13,540	66,505	-
Public safety	-	-	117,972	-	-	-
Public works	-	-	-	-	-	-
Community development	-	-	-	-	-	71,572
Recreation and cultural	34,223	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	34,223	75,692	117,972	13,540	66,505	71,572
Excess (deficiency) of revenues over (under) expenditures	(7,460)	6,047	124,062	16,419	55,954	(57,022)
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
Proceeds from sale of property	-	-	1,255	-	-	-
Total other financing sources (uses)	-	-	1,255	-	-	-
Net change in fund balances	(7,460)	6,047	125,317	16,419	55,954	(57,022)
Fund balances, October 1	109,926	220,718	100,209	173,510	535,703	116,516
Fund balances, September 30	\$ 102,466	\$ 226,765	\$ 225,526	\$ 189,929	\$ 591,657	\$ 59,494

Special Revenue Fund		Capital Projects Funds			
Keller Development Corporation	Roadway Impact Fees	Park Development Fee	Street/ Sidewalk Improvements	Parks Capital Improvements	Total Nonmajor Governmental Funds
\$ 3,617,227	\$ -	\$ -	\$ 1,808,641	\$ -	\$ 5,425,868
-	-	-	-	-	112,217
-	-	-	-	686,386	924,972
-	-	-	-	-	40,929
-	-	-	-	-	71,879
-	478,054	-	3,864	-	481,918
-	-	-	-	-	24,950
47,169	131,794	8,810	9,090	53,907	279,713
16,000	-	-	-	-	16,000
<u>3,680,396</u>	<u>609,848</u>	<u>8,810</u>	<u>1,821,595</u>	<u>740,293</u>	<u>7,378,446</u>
-	58,710	-	-	-	214,447
-	-	-	-	-	117,972
-	-	-	-	24,229	24,229
62,907	-	-	-	-	134,479
-	-	-	-	-	34,223
180,610	-	-	-	1,722,268	1,902,878
1,365,000	-	-	-	-	1,365,000
219,234	-	-	-	-	219,234
<u>1,827,751</u>	<u>58,710</u>	<u>-</u>	<u>-</u>	<u>1,746,497</u>	<u>4,012,462</u>
<u>1,852,645</u>	<u>551,138</u>	<u>8,810</u>	<u>1,821,595</u>	<u>(1,006,204)</u>	<u>3,365,984</u>
-	-	-	-	499,000	499,000
(715,000)	-	-	(1,801,609)	-	(2,516,609)
53,500	-	-	-	-	54,755
<u>(661,500)</u>	<u>-</u>	<u>-</u>	<u>(1,801,609)</u>	<u>499,000</u>	<u>(1,962,854)</u>
1,191,145	551,138	8,810	19,986	(507,204)	1,403,130
2,551,313	6,591,967	452,971	619,741	3,446,838	14,919,412
<u>\$ 3,742,458</u>	<u>\$ 7,143,105</u>	<u>\$ 461,781</u>	<u>\$ 639,727</u>	<u>\$ 2,939,634</u>	<u>\$ 16,322,542</u>

**CITY OF KELLER, TEXAS
BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)
MUNICIPAL COURT FUND
SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

EXHIBIT C-1

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Fines and forfeitures	\$ 109,146	\$ 109,146	\$ 71,879	\$ (37,267)
Interest income	2,975	2,975	9,860	6,885
Total revenues	<u>112,121</u>	<u>112,121</u>	<u>81,739</u>	<u>(30,382)</u>
EXPENDITURES				
Current				
Finance Department and Municipal Court	<u>102,092</u>	<u>102,092</u>	<u>75,692</u>	<u>26,400</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,029</u>	<u>10,029</u>	<u>6,047</u>	<u>(3,982)</u>
Fund balances, October 1	<u>220,718</u>	<u>220,718</u>	<u>220,718</u>	-
Fund balances, September 30	<u>\$ 230,747</u>	<u>\$ 230,747</u>	<u>\$ 226,765</u>	<u>\$ (3,982)</u>

**CITY OF KELLER, TEXAS
BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)
PUBLIC SAFETY FUND
SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

EXHIBIT C-2

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ 68,078	\$ 68,078	\$ 236,957	\$ 168,879
Donations	-	-	1,755	1,755
Interest income	-	-	3,322	3,322
Total revenues	<u>68,078</u>	<u>68,078</u>	<u>242,034</u>	<u>173,956</u>
EXPENDITURES				
Current				
Police Department	<u>65,152</u>	<u>65,152</u>	<u>117,972</u>	<u>(52,820)</u>
Total expenditures	<u>65,152</u>	<u>65,152</u>	<u>117,972</u>	<u>(52,820)</u>
Excess of revenues over expenditures	<u>2,926</u>	<u>2,926</u>	<u>124,062</u>	<u>121,136</u>
Other financing sources (uses)				
Proceeds from sale of property	<u>-</u>	<u>-</u>	<u>1,255</u>	<u>1,255</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>1,255</u>	<u>1,255</u>
Net change in fund balances	<u>2,926</u>	<u>2,926</u>	<u>125,317</u>	<u>122,391</u>
Fund balances, October 1	<u>100,209</u>	<u>100,209</u>	<u>100,209</u>	<u>-</u>
Fund balances, September 30	<u>\$ 103,135</u>	<u>\$ 103,135</u>	<u>\$ 225,526</u>	<u>\$ 122,391</u>

CITY OF KELLER, TEXAS
BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)
PUBLIC INFORMATION AND BROADCASTING FUND
SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

EXHIBIT C-3

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Franchise fees	\$ 159,672	\$ 159,672	\$ 112,217	\$ (47,455)
Interest income	5,600	5,600	10,242	4,642
Total revenues	<u>165,272</u>	<u>165,272</u>	<u>122,459</u>	<u>(42,813)</u>
EXPENDITURES				
Current				
Town Hall Operations	<u>78,600</u>	<u>78,600</u>	<u>66,505</u>	<u>12,095</u>
Total expenditures	<u>78,600</u>	<u>78,600</u>	<u>66,505</u>	<u>12,095</u>
Excess of revenues over expenditures	<u>86,672</u>	<u>86,672</u>	<u>55,954</u>	<u>(30,718)</u>
Fund balances, October 1	<u>535,703</u>	<u>535,703</u>	<u>535,703</u>	<u>-</u>
Fund balances, September 30	<u>\$ 622,375</u>	<u>\$ 622,375</u>	<u>\$ 591,657</u>	<u>\$ (30,718)</u>

**CITY OF KELLER, TEXAS
BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)
KELLER DEVELOPMENT CORPORATION
SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

EXHIBIT C-4

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Sales taxes	\$ 3,244,137	\$ 3,244,137	\$ 3,617,227	\$ 373,090
Interest income	39,094	39,094	47,169	8,075
Miscellaneous income	16,000	16,000	16,000	-
Total revenues	<u>3,299,231</u>	<u>3,299,231</u>	<u>3,680,396</u>	<u>381,165</u>
EXPENDITURES				
Current				
Parks and Recreation	252,836	252,836	243,517	9,319
Debt service				
Principal	1,365,000	1,365,000	1,365,000	-
Interest and other charges	220,069	220,069	219,234	835
Total expenditures	<u>1,837,905</u>	<u>1,837,905</u>	<u>1,827,751</u>	<u>10,154</u>
Excess of revenues over expenditures	<u>1,461,326</u>	<u>1,461,326</u>	<u>1,852,645</u>	<u>391,319</u>
Other financing (uses)				
Transfers (out)	(715,000)	(715,000)	(715,000)	-
Proceeds from sale of property	-	-	53,500	53,500
Total other financing sources (uses)	<u>(715,000)</u>	<u>(715,000)</u>	<u>(661,500)</u>	<u>53,500</u>
Net change in fund balances	<u>746,326</u>	<u>746,326</u>	<u>1,191,145</u>	<u>444,819</u>
Fund balances, October 1	<u>2,551,313</u>	<u>2,551,313</u>	<u>2,551,313</u>	<u>-</u>
Fund balances, September 30	<u>\$ 3,297,639</u>	<u>\$ 3,297,639</u>	<u>\$ 3,742,458</u>	<u>\$ 444,819</u>

CITY OF KELLER, TEXAS
BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)
STREET/SIDEWALK IMPROVEMENT FUND
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

EXHIBIT C-5

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Sales taxes	\$ 1,622,069	\$ 1,622,069	\$ 1,808,641	\$ 186,572
Special assessments and impact fees	38,651	38,651	3,864	(34,787)
Interest income	7,247	7,247	9,090	1,843
Total revenues	<u>1,667,967</u>	<u>1,667,967</u>	<u>1,821,595</u>	<u>153,628</u>
Other financing sources (uses)				
Transfers (out)	(1,801,609)	(1,801,609)	(1,801,609)	-
Total other financing sources (uses)	<u>(1,801,609)</u>	<u>(1,801,609)</u>	<u>(1,801,609)</u>	<u>-</u>
Net change in fund balances	<u>(133,642)</u>	<u>(133,642)</u>	<u>19,986</u>	<u>153,628</u>
Fund balances, October 1	<u>619,741</u>	<u>619,741</u>	<u>619,741</u>	<u>-</u>
Fund balances, September 30	<u>\$ 486,099</u>	<u>\$ 486,099</u>	<u>\$ 639,727</u>	<u>\$ 153,628</u>

NONMAJOR INTERNAL SERVICE FUNDS

INFORMATION TECHNOLOGY FUND

This fund is used to account for replacement costs of City owned computer equipment/software.

EQUIPMENT REPLACEMENT FUND

This fund is used to account for maintenance and replacement costs of City owned vehicles and heavy equipment.

HEALTH INSURANCE FUND

This fund is used to account for the City's employee health insurance plan.

**CITY OF KELLER, TEXAS
STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2020**

EXHIBIT D-1

	Information Technology	Equipment Replacement	Health Insurance	Total Internal Service Funds
ASSETS				
Current assets				
Cash and equivalents	\$ 1,593,627	\$ 2,458,175	\$ 3,642,147	\$ 7,693,949
Investments	90,739	989,626	-	1,080,365
Accounts receivables	-	226,651	-	226,651
Interest receivable	235	-	-	235
Total current assets	1,684,601	3,674,452	3,642,147	9,001,200
Non-current assets				
Capital assets:				
Buildings	-	38,500	-	38,500
Machinery and equipment	5,492,022	7,466,628	-	12,958,650
Accumulated depreciation	(5,204,919)	(3,390,576)	-	(8,595,495)
Total capital assets	287,103	4,114,552	-	4,401,655
(net of accumulated depreciation)				
Total assets	1,971,704	7,789,004	3,642,147	13,402,855
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	84,175	-	-	84,175
Deferred outflows related to OPEB SDBF	4,830	-	-	4,830
Deferred outflows related to OPEB Health	6,925	-	-	6,925
Total deferred outflows of resources	95,930	-	-	95,930
LIABILITIES				
Current liabilities:				
Accounts payable	138,825	28,429	-	167,254
Other payables and accruals	40,514	-	-	40,514
Total current liabilities	179,339	28,429	-	207,768
Non-current liabilities:				
Net pension liability	383,343	-	-	383,343
Total OPEB liability (SDBF)	23,975	-	-	23,975
Total OPEB liability (Health)	41,591	-	-	41,591
Total noncurrent liabilities	448,909	-	-	448,909
Total liabilities	628,248	28,429	-	656,677
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	102,001	-	-	102,001
Deferred inflows related to OPEB SDBF	1,863	-	-	1,863
Deferred inflows related to OPEB Health	7,466	-	-	7,466
Total deferred inflows of resources	111,330	-	-	111,330
NET POSITION				
Net investment in capital assets	287,103	4,114,552	-	4,401,655
Unrestricted	1,040,953	3,646,023	3,642,147	8,329,123
Total net position	\$ 1,328,056	\$ 7,760,575	\$ 3,642,147	\$ 12,730,778

**CITY OF KELLER, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

EXHIBIT D-2

	Information Technology	Equipment Replacement	Health Insurance	Total Internal Service Funds
OPERATING REVENUES				
Fees	\$ 2,304,385	\$ 2,061,199	\$ -	\$ 4,365,584
Total operating revenues	<u>2,304,385</u>	<u>2,061,199</u>	<u>-</u>	<u>4,365,584</u>
OPERATING EXPENSES				
Personnel	860,636	-	-	860,636
Supplies and maintenance	193,569	-	-	193,569
Services and other	1,128,722	67,654	-	1,196,376
Depreciation	144,862	987,040	-	1,131,902
Total operating expenses	<u>2,327,789</u>	<u>1,054,694</u>	<u>-</u>	<u>3,382,483</u>
Operating income (loss)	<u>(23,404)</u>	<u>1,006,505</u>	<u>-</u>	<u>983,101</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment revenue	25,992	63,946	-	89,938
Gain or (loss) on sale of property	-	244,000	-	244,000
Total non-operating revenues (expenses)	<u>25,992</u>	<u>307,946</u>	<u>-</u>	<u>333,938</u>
Net income before transfers and contributions	<u>2,588</u>	<u>1,314,451</u>	<u>-</u>	<u>1,317,039</u>
TRANSFERS AND CONTRIBUTIONS				
Transfers in	-	-	1,442,147	1,442,147
Total transfers and contributions	<u>-</u>	<u>-</u>	<u>1,442,147</u>	<u>1,442,147</u>
Change in net position	2,588	1,314,451	1,442,147	2,759,186
Net position, October 1	<u>1,325,468</u>	<u>6,446,124</u>	<u>2,200,000</u>	<u>9,971,592</u>
Net position, September 30	<u>\$ 1,328,056</u>	<u>\$ 7,760,575</u>	<u>\$ 3,642,147</u>	<u>\$ 12,730,778</u>

**CITY OF KELLER, TEXAS
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

EXHIBIT D-3

	Information Technology	Equipment Replacement	Health Insurance	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 2,308,133	\$ 1,840,405	\$ -	\$ 4,148,538
Cash payments to employees for services	(836,038)	-	-	(836,038)
Cash payments to other suppliers for goods and services	(1,297,635)	(720,746)	-	(2,018,381)
Net cash provided by operating activities	174,460	1,119,659	-	1,294,119
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers from other funds	-	-	1,442,147	1,442,147
Net cash provided by non-capital financing activities	-	-	1,442,147	1,442,147
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition or construction of capital assets	-	(2,118,475)	-	(2,118,475)
Proceeds from sale of capital assets	-	403,698	-	403,698
Net cash used in capital and related financing activities	-	(1,714,777)	-	(1,714,777)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase or sale of investments	(60,705)	200,356	-	139,651
Interest and dividends on investments	25,992	63,946	-	89,938
Net cash provided by (used in) investing activities	(34,713)	264,302	-	229,589
Net increase (decrease) in cash and cash equivalents	139,747	(330,816)	1,442,147	1,251,078
Cash and cash equivalents at beginning of year	1,453,880	2,788,991	2,200,000	6,442,871
Cash and cash equivalents at end of year	\$ 1,593,627	\$ 2,458,175	\$ 3,642,147	\$ 7,693,949
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ (23,404)	\$ 1,006,505	\$ -	\$ 983,101
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	144,862	987,040	-	1,131,902
Effects of changes in assets and liabilities:				
Decrease (increase) in receivables	1,094	(226,651)	-	(225,557)
Decrease (increase) in inventories and prepaid items	977	-	-	977
Decrease (increase) in interest receivables	2,654	5,857	-	8,511
Decrease (increase) in deferred outflows	113,341	-	-	113,341
Increase (decrease) in accounts payable	23,679	(653,092)	-	(629,413)
Increase (decrease) in other payables and accruals	5,756	-	-	5,756
Increase (decrease) in pension and OPEB liability	(187,959)	-	-	(187,959)
Increase (decrease) in deferred inflows	93,460	-	-	93,460
Total adjustments	197,864	113,154	-	311,018
Net cash provided by operating activities	\$ 174,460	\$ 1,119,659	\$ -	\$ 1,294,119

STATISTICAL SECTION

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CITY OF KELLER, TEXAS
STATISTICAL SECTION
TABLE OF CONTENTS

This part of the City of Keller's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures, and required supplementary information says about the City's overall financial health. This information has not been audited by the independent auditor.

<u>Contents</u>	<u>Table #s</u>
Financial Trends These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	1-5
Revenue Capacity These tables contain information to help the reader assess the City's two most significant local revenue sources, the property and sales taxes.	6-14
Debt Capacity These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	15-19
Economic and Demographic Information These tables offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	20-21
Operating Information These tables contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides.	22-24

Source: Unless otherwise noted, the information in these labels is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in fiscal year 2003: tables pressing government-wide information include information beginning in that year.

CITY OF KELLER, TEXAS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS (UNAUDITED)

	Fiscal Year			
	2011	2012	2013	2014
Governmental Activities				
Net Investment in Capital Assets	\$ 75,942,510	\$ 77,053,091	\$ 81,997,316	\$ 96,268,556
Restricted	17,554,282	20,931,028	22,640,243	22,061,750
Unrestricted	7,784,575	10,160,534	9,007,099	7,672,607
Total Governmental Activities Net Position	<u>\$ 101,281,367</u>	<u>\$ 108,144,653</u>	<u>\$ 113,644,658</u>	<u>\$ 126,002,913</u>
Business-type Activities				
Net Investment in Capital Assets	\$ 61,139,904	\$ 60,610,385	\$ 60,654,886	\$ 58,172,320
Restricted	9,453,952	8,219,575	8,219,575	7,781,518
Unrestricted	9,177,880	11,001,160	11,139,589	18,030,492
Total Business-type Activities Net Position	<u>\$ 79,771,736</u>	<u>\$ 79,831,120</u>	<u>\$ 80,014,050</u>	<u>\$ 83,984,330</u>
Primary Government				
Net Investment in Capital Assets	\$ 137,082,414	\$ 137,663,476	\$ 142,652,202	\$ 154,440,876
Restricted	27,008,234	29,150,603	30,859,818	29,843,268
Unrestricted	16,962,455	21,161,694	20,146,688	25,703,099
Total Primary Government Net Position	<u>\$ 181,053,103</u>	<u>\$ 187,975,773</u>	<u>\$ 193,658,708</u>	<u>\$ 209,987,243</u>

Note: The City began to report pension and OPEB liability after implementing GASB Statement 68 in fiscal year 2015 and GASB Statement 75 in fiscal year 2018.

TABLE 1

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 94,005,152	\$ 100,930,811	\$ 97,480,242	\$ 97,675,021	\$ 101,125,405	\$ 103,266,045
29,873,687	32,312,302	32,049,412	36,243,225	38,561,026	43,698,993
2,960,576	3,568,719	6,876,625	12,659,240	17,489,706	22,541,010
<u>\$ 126,839,415</u>	<u>\$ 136,811,832</u>	<u>\$ 136,406,279</u>	<u>\$ 146,577,486</u>	<u>\$ 157,176,137</u>	<u>\$ 169,506,048</u>
\$ 61,280,272	\$ 63,273,352	\$ 76,865,272	\$ 75,824,228	\$ 82,146,631	\$ 87,307,591
1,169,197	4,777,236	17,275,318	17,601,201	6,652,768	4,417,535
17,251,401	11,509,850	1,127,163	5,030,105	13,877,911	14,540,167
<u>\$ 79,700,870</u>	<u>\$ 79,560,438</u>	<u>\$ 95,267,753</u>	<u>\$ 98,455,534</u>	<u>\$ 102,677,310</u>	<u>\$ 106,265,293</u>
\$ 155,285,424	\$ 164,204,163	\$ 174,345,514	\$ 173,499,249	\$ 183,272,036	\$ 190,573,636
31,042,884	37,089,538	49,324,730	53,844,426	45,213,794	48,116,528
20,211,977	15,078,569	8,003,788	17,689,345	31,367,617	37,081,177
<u>\$ 206,540,285</u>	<u>\$ 216,372,270</u>	<u>\$ 231,674,032</u>	<u>\$ 245,033,020</u>	<u>\$ 259,853,447</u>	<u>\$ 275,771,341</u>

CITY OF KELLER, TEXAS
EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE
LAST TEN FISCAL YEARS (UNAUDITED)

	Fiscal Year			
	2011	2012	2013	2014
Expenses				
Governmental Activities:				
General Government	\$ 7,618,197	\$ 7,470,050	\$ 7,973,740	\$ 7,011,362
Public Safety	17,358,623	18,753,263	19,415,960	16,756,956
Public Works	2,560,006	2,823,250	2,981,588	2,490,468
Community Development	1,183,353	1,283,179	1,425,851	1,357,417
Recreation and Leisure	4,866,264	5,125,705	5,345,157	4,938,515
Interest and Fiscal Charges	3,632,289	3,213,594	3,277,731	2,882,936
Total Governmental Activities Expenses	<u>37,218,732</u>	<u>38,669,041</u>	<u>40,420,027</u>	<u>35,437,654</u>
Business-type Activities				
Water and Wastewater utilities	17,807,093	16,757,059	17,055,816	18,496,707
Drainage Utility	1,987,027	2,054,396	2,004,342	2,040,218
Recreation / Aquatic Center	2,854,913	2,892,151	3,080,094	2,669,471
Total Business-type Activities Expenses	<u>22,649,033</u>	<u>21,703,606</u>	<u>22,140,252</u>	<u>23,206,396</u>
Total Primary Government Expenses	<u>\$ 59,867,765</u>	<u>\$ 60,372,647</u>	<u>\$ 62,560,279</u>	<u>\$ 58,644,050</u>
Program Revenues				
Governmental Activities:				
Charges for Services:				
Public Works	\$ 35,207	\$ 39,828	\$ 56,267	\$ 79,719
Recreation and Leisure	329,768	283,440	628,121	915,060
Other Activities	3,442,865	3,501,127	4,004,921	4,891,778
Operating Grants and Contributions	5,300,350	2,301,766	2,751,993	3,590,362
Capital Grants and Contributions	630,960	3,969,333	1,117,756	251,533
Total Governmental Activities Program Revenues	<u>9,739,150</u>	<u>10,095,494</u>	<u>8,559,058</u>	<u>9,728,452</u>
Business-type Activities:				
Charges for Services:				
Water and Wastewater Utilities	21,461,471	20,316,352	20,518,382	21,546,501
Drainage Utility	1,484,183	1,505,930	1,540,590	1,569,419
Recreation / Aquatic Center	3,002,013	3,026,909	3,087,021	3,029,667
Operating Grants and Contributions	-	-	-	-
Capital Grants and Contributions	3,902,205	294,957	1,010,366	4,977,753
Total Business-type Activities Program Revenues	<u>29,849,872</u>	<u>25,144,148</u>	<u>26,156,359</u>	<u>31,123,340</u>
Total Primary Government Programs Revenues	<u>\$ 39,589,022</u>	<u>\$ 35,239,642</u>	<u>\$ 34,715,417</u>	<u>\$ 40,851,792</u>
Net (Expense)/Revenue				
Governmental Activities	\$ (27,479,582)	\$ (28,573,547)	\$ (31,860,969)	\$ (25,709,202)
Business-type Activities	<u>7,200,839</u>	<u>3,440,542</u>	<u>4,016,107</u>	<u>7,916,944</u>
Total Primary Government Net Expense	<u>\$ (20,278,743)</u>	<u>\$ (25,133,005)</u>	<u>\$ (27,844,862)</u>	<u>\$ (17,792,258)</u>

Note: The City began to report pension and OPEB liabilities after implementing GASB Statement 68 in fiscal year 2015 and GASB Statement 75 in fiscal year 2018.

TABLE 2

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 9,224,860	\$ 6,606,428	\$ 6,592,982	\$ 7,921,283	\$ 5,366,338	\$ 6,869,123
20,941,821	20,789,609	21,542,266	19,093,622	20,083,209	18,811,465
3,138,376	5,715,323	4,289,043	6,722,250	10,340,308	11,550,285
1,870,887	3,073,034	2,387,006	2,004,708	2,365,621	2,239,811
5,855,468	6,130,399	6,457,773	7,115,961	6,047,587	5,758,248
1,841,830	2,068,775	2,027,789	1,299,198	1,016,877	958,518
42,873,242	44,383,568	43,296,859	44,157,022	45,219,940	46,187,450
20,294,433	23,446,287	23,661,400	24,203,826	23,129,976	23,565,553
2,172,976	2,391,244	2,352,482	2,750,456	2,348,274	2,660,241
2,600,639	3,041,177	3,357,215	3,315,120	3,193,606	2,687,701
25,068,048	28,878,708	29,371,097	30,269,402	28,671,856	28,913,495
\$ 67,941,290	\$ 73,262,276	\$ 72,667,956	\$ 74,426,424	\$ 73,891,796	\$ 75,100,945
\$ 82,024	\$ 93,881	\$ 105,136	\$ 100,696	\$ 118,938	\$ 94,067
544,882	566,112	453,852	511,755	456,286	149,659
4,334,299	6,081,145	5,629,579	4,739,512	4,924,041	4,497,172
3,373,672	3,878,523	3,620,161	4,209,216	4,363,634	6,710,961
285,924	1,881,643	1,242,726	20,227	2,023,535	1,826,542
8,620,801	12,501,304	11,051,454	9,581,406	11,886,434	13,278,401
21,483,165	20,659,409	26,261,738	27,205,769	25,720,620	26,656,369
1,610,683	1,633,244	1,441,816	1,455,901	1,466,777	1,481,633
2,982,350	3,095,309	3,408,147	3,410,350	3,295,577	1,914,081
-	-	53,222	-	-	-
1,243,665	3,994,015	2,012,753	987,138	2,460,465	2,089,853
27,319,863	29,381,977	33,177,676	33,059,158	32,943,439	32,141,936
\$ 35,940,664	\$ 41,883,281	\$ 44,229,130	\$ 42,640,564	\$ 44,829,873	\$ 45,420,337
\$ (34,252,441)	\$ (31,882,264)	\$ (32,245,405)	\$ (34,575,616)	\$ (33,333,506)	\$ (32,909,049)
2,251,815	503,269	3,806,579	2,789,756	4,271,583	3,228,441
\$ (32,000,626)	\$ (31,378,995)	\$ (28,438,826)	\$ (31,785,860)	\$ (29,061,923)	\$ (29,680,608)

CITY OF KELLER, TEXAS
GENERAL REVENUES AND TOTAL CHANGE IN NET POSITION
LAST TEN FISCAL YEARS (UNAUDITED)

	Fiscal Year			
	2011	2012	2013	2014
Net (Expense)/Revenue				
Governmental Activities	\$ (27,479,582)	\$ (28,573,547)	\$ (31,860,969)	\$ (25,709,202)
Business-type Activities	7,200,839	3,440,542	4,016,107	7,916,944
Total Primary Government Net Expense	<u>(20,278,743)</u>	<u>(25,133,005)</u>	<u>(27,844,862)</u>	<u>(17,792,258)</u>
Governmental Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes				
Property Taxes	19,794,916	20,036,667	20,691,721	21,526,556
Sales Taxes	8,087,781	8,615,790	9,184,887	9,817,716
Franchise Taxes	2,988,616	2,830,981	2,850,968	3,157,388
Mixed Beverage	64,242	61,567	92,029	128,832
Unrestricted Investment Earnings	280,809	192,931	153,767	180,677
Miscellaneous Income	295,808	270,763	295,807	240,932
Gain (loss) on disposal of capital assets	-	18,508	104,855	98,274
Transfers	3,652,445	3,549,470	3,986,940	3,826,555
Total Governmental Activities	<u>35,164,617</u>	<u>35,576,677</u>	<u>37,360,974</u>	<u>38,976,930</u>
Business-type Activities:				
Investment Earnings	137,567	122,036	102,252	121,260
Miscellaneous Revenue (Expense)	59,619	46,276	51,511	42,688
Gain (loss) on sale of capital assets	-	-	-	-
Transfers	(3,661,483)	(3,549,470)	(3,986,940)	(3,826,555)
Total Business-type Activities	<u>(3,464,297)</u>	<u>(3,381,158)</u>	<u>(3,833,177)</u>	<u>(3,662,607)</u>
Total Primary Government	<u>\$ 31,700,320</u>	<u>\$ 32,195,519</u>	<u>\$ 33,527,797</u>	<u>\$ 35,314,323</u>
Change in Net Position				
Governmental Activities	\$ 7,685,035	\$ 7,003,130	\$ 5,500,005	\$ 13,267,728
Business-type Activities	3,736,542	59,384	182,930	4,254,337
Total Primary Government	<u>\$ 11,421,577</u>	<u>\$ 7,062,514</u>	<u>\$ 5,682,935</u>	<u>\$ 17,522,065</u>

Note: The city began to report pension and OPEB liabilities after implementing GASB Statement 68 in fiscal year 2015 and GASB Statement 75 in fiscal year 2018.

TABLE 3

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ (34,252,441)	\$ (31,882,264)	\$ (32,245,405)	\$ (34,575,616)	\$ (33,333,506)	\$ (32,909,049)
2,251,815	503,269	3,806,579	2,789,756	4,271,583	3,228,441
(32,000,626)	(31,378,995)	(28,438,826)	(31,785,860)	(29,061,923)	(29,680,608)
22,777,252	24,046,908	26,040,551	27,517,501	23,534,184	24,016,772
10,660,047	11,312,683	11,812,756	12,210,696	12,681,216	14,358,763
3,421,518	4,369,222	4,287,666	4,358,208	4,626,857	4,414,447
192,912	176,434	147,297	158,011	147,028	115,077
160,938	153,866	733,658	1,070,649	1,726,322	1,296,970
164,711	208,575	286,954	278,852	183,918	727,029
15,891	727,056	-	-	-	-
3,342,990	859,937	(11,469,030)	9,908	1,032,632	309,902
40,736,259	41,854,681	31,839,852	45,603,825	43,932,157	45,238,960
80,990	61,385	297,571	532,012	820,151	497,252
54,614	153,955	134,135	143,700	162,674	172,192
-	896	-	-	-	-
(3,342,990)	(859,937)	11,469,030	(9,908)	(1,032,632)	(309,902)
(3,207,386)	(643,701)	11,900,736	665,804	(49,807)	359,542
\$ 37,528,873	\$ 41,210,980	\$ 43,740,588	\$ 46,269,629	\$ 43,882,350	\$ 45,598,502
\$ 6,483,818	\$ 9,972,417	\$ (405,553)	\$ 11,028,209	\$ 10,598,651	\$ 12,329,911
(955,571)	(140,432)	15,707,315	3,455,560	4,221,776	3,587,983
\$ 5,528,247	\$ 9,831,985	\$ 15,301,762	\$ 14,483,769	\$ 14,820,427	\$ 15,917,894

CITY OF KELLER, TEXAS
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS (UNAUDITED)

	Fiscal Year			
	2011	2012	2013	2014
General Fund				
Nonspendable	\$ 437,749	\$ 70,120	\$ 72,597	\$ 108,298
Assigned	655,573	941,993	5,646,441	6,849,905
Restricted	-	-	-	-
Unassigned	11,596,853	11,375,745	9,362,608	9,380,730
Total General Fund	<u>\$ 12,690,175</u>	<u>\$ 12,387,858</u>	<u>\$ 15,081,646</u>	<u>\$ 16,338,933</u>
All Other Governmental Funds				
Assigned	\$ -	\$ -	\$ 1,056,122	\$ 2,007,357
Nonspendable	1,251	1,771	125	-
Restricted				
Debt service	564,353	545,493	690,229	931,773
Capital Projects	12,410,163	9,985,464	11,114,335	12,480,371
Other	4,579,766	11,083,156	6,296,968	3,274,935
Unassigned	-	-	-	(156,535)
Total All Other Governmental Funds	<u>\$ 17,555,533</u>	<u>\$ 21,615,884</u>	<u>\$ 19,157,779</u>	<u>\$ 18,537,901</u>

TABLE 4

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 127,462	\$ 487,348	\$ 138,601	\$ 130,875	\$ 155,116	\$ 114,740
10,081,509	-	-	-	-	-
-	515,348	565,045	660,444	596,748	675,025
9,923,578	11,891,652	16,073,653	20,851,712	22,563,145	26,196,574
<u>\$ 20,132,549</u>	<u>\$ 12,894,348</u>	<u>\$ 16,777,299</u>	<u>\$ 21,643,031</u>	<u>\$ 23,315,009</u>	<u>\$ 26,986,339</u>
\$ 2,660,466	\$ -	\$ -	\$ -	\$ 3,024,681	\$ 3,378,187
-	-	-	7,500	1,868	-
1,382,935	3,700,651	2,409,305	2,829,355	2,736,902	3,253,941
15,784,265	21,088,314	24,572,209	24,834,143	28,387,810	38,970,152
3,671,650	7,166,769	8,781,887	10,031,105	9,097,766	10,790,172
-	-	-	-	-	-
<u>\$ 23,499,316</u>	<u>\$ 31,955,734</u>	<u>\$ 35,763,401</u>	<u>\$ 37,702,103</u>	<u>\$ 43,249,027</u>	<u>\$ 56,392,452</u>

CITY OF KELLER, TEXAS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS (UNAUDITED)

	Fiscal Year			
	2011	2012	2013	2014
Revenues				
Taxes	\$ 30,917,467	\$ 31,604,211	\$ 32,846,813	\$ 34,626,731
Licenses, fees and permits	1,271,576	1,313,373	2,214,199	2,300,895
Intergovernmental	5,521,904	5,752,557	2,915,931	3,611,678
Charges for services	1,473,354	1,429,532	1,409,324	1,498,686
Fines	883,816	923,809	901,147	1,326,291
Special assessments and impact fees	406,801	576,455	906,533	885,077
Donations	65,986	75,915	102,617	96,580
Interest income	280,479	192,931	153,767	180,496
Miscellaneous income	350,563	325,397	350,608	295,074
Total Revenues	<u>41,171,946</u>	<u>42,194,180</u>	<u>41,800,939</u>	<u>44,821,508</u>
Expenditures				
General government	6,029,397	5,770,520	6,077,590	6,269,082
Public safety	14,183,759	14,486,660	14,628,765	14,968,628
Public works	2,091,785	2,180,925	2,272,568	2,224,682
Community development	966,920	991,240	1,086,784	1,212,552
Recreation and leisure	3,976,232	3,959,543	4,074,082	4,411,469
Capital Outlay	8,784,499	11,072,371	8,219,386	9,000,163
Debt Service				
Principal	6,555,603	6,876,829	6,730,769	7,156,404
Interest and fiscal charges	3,486,895	2,925,696	3,200,476	2,871,535
Bond issuance costs	-	331,775	-	-
Advance refunding escrow		14,549,637	-	-
Total Expenditures	<u>46,075,090</u>	<u>63,145,196</u>	<u>46,290,420</u>	<u>48,114,515</u>
Excess (deficiency) of Revenues				
Over (Under) Expenditures	<u>(4,903,144)</u>	<u>(20,951,016)</u>	<u>(4,489,481)</u>	<u>(3,293,007)</u>
Other Financing Sources (Uses)				
Sale of capital assets	53,670	80,100	110,724	103,861
Transfers In	5,094,970	4,620,375	4,924,073	5,200,474
Transfers Out	(1,442,525)	(1,070,905)	(910,633)	(1,373,919)
Bonds issued	-	19,450,000	601,000	-
Bond premium	-	1,769,323	-	-
Payment to refunded bond escrow agent	-	-	-	-
Total Other Financing				
Sources (Uses)	<u>3,706,115</u>	<u>24,848,893</u>	<u>4,725,164</u>	<u>3,930,416</u>
Net Change in Fund Balances	<u>\$ (1,197,029)</u>	<u>\$ 3,897,877</u>	<u>\$ 235,683</u>	<u>\$ 637,409</u>
Debt Service as a Percentage				
of Noncapital Expenditures	26.9%	18.8%	26.1%	25.6%

TABLE 5

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 37,018,059	\$ 40,009,553	\$ 42,379,848	\$ 44,241,735	\$ 40,910,092	\$ 42,972,651
2,079,019	1,771,594	1,218,057	1,228,907	1,341,453	1,061,240
3,101,589	3,009,267	3,059,876	3,600,871	3,731,604	6,869,257
1,565,049	3,394,410	3,587,619	3,071,536	3,208,548	3,005,399
1,143,499	1,313,744	1,445,115	996,983	810,175	674,636
576,321	964,589	468,342	529,129	635,248	481,918
108,456	132,944	132,988	99,216	98,067	66,172
861,762	146,360	710,497	1,030,333	1,629,306	1,207,032
224,804	208,575	191,609	229,357	138,971	360,869
46,678,558	50,951,036	53,193,951	55,028,067	52,503,464	56,699,174
6,753,694	4,939,940	5,315,834	5,221,329	4,825,048	5,645,846
15,281,088	15,547,033	16,490,424	17,091,966	18,205,998	18,345,732
2,289,850	4,463,711	2,841,693	2,628,395	2,729,907	3,284,674
1,365,628	2,327,242	1,958,408	2,285,144	2,552,132	2,448,184
4,272,027	4,627,717	4,903,681	4,966,960	4,917,778	4,768,865
4,791,333	7,471,482	4,840,540	4,578,424	6,759,665	6,444,307
7,583,160	7,273,304	12,100,180	8,458,077	5,024,046	4,946,207
2,340,333	2,136,540	2,091,739	1,465,568	1,165,948	1,168,866
-	-	-	-	-	-
-	-	-	-	-	-
44,677,113	48,786,969	50,542,499	46,695,863	46,180,522	47,052,681
2,001,445	2,164,067	2,651,452	8,332,204	6,322,942	9,646,493
97,503	732,629	70,204	49,408	65,460	127,899
4,546,770	16,789,409	1,827,507	6,722,938	12,507,397	6,532,204
(1,203,780)	(16,578,599)	(2,227,507)	(8,300,116)	(11,676,897)	(7,664,449)
19,580,000	-	12,340,000	-	-	10,860,000
294,213	-	901,059	-	-	2,095,067
(16,561,118)	-	(7,872,097)	-	-	(4,782,459)
6,753,588	943,439	5,039,166	(1,527,770)	895,960	7,168,262
\$ 8,755,033	\$ 3,107,506	\$ 7,690,618	\$ 6,804,434	\$ 7,218,902	\$ 16,814,755
24.9%	16.1%	31.1%	23.3%	15.7%	15.1%

CITY OF KELLER, TEXAS
TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS (UNAUDITED)

TABLE 6

Fiscal Year	Property Tax	Sales and Use Tax	Franchise Tax	Mixed Beverage Tax	Total
2011	\$ 19,543,407	\$ 8,087,781	\$ 2,988,615	\$ 64,242	\$ 30,684,045
2012	19,631,878	8,670,174	2,695,881	61,567	31,059,500
2013	19,625,642	9,184,887	2,842,453	92,029	31,745,011
2014	21,522,795	9,817,715	3,157,388	128,832	34,626,730
2015	22,743,582	10,660,047	3,421,518	192,912	37,018,059
2016	20,571,134	11,312,683	3,112,221	176,434	35,172,472
2017	21,501,554	11,812,755	4,287,666	147,297	37,749,272
2018	23,443,551	12,210,696	3,112,256	158,011	38,924,514
2019	23,454,991	12,681,216	4,626,857	147,028	40,910,092
2020	24,084,364	14,358,763	4,414,447	115,077	42,972,651
Percent Change 2010-2019	16.8%	59.7%	65.9%	141.3%	32.5%

Note: ¹ Percent Change 2010-2019

CITY OF KELLER, TEXAS
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS (UNAUDITED)

TABLE 7

Fiscal Year	Residential Property	Commercial & Industrial Property	Undeveloped Vacant Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax	Estimated Actual Taxable	Tax Assessed Value as a Percentage of Actual Taxable Value
2011	\$ 3,195,061,371	\$ 577,254,245	\$ 3,857,525	\$ 349,431,177	\$ 3,776,173,141	0.44219	\$ 3,776,173,141	100.00%
2012	3,257,571,151	584,583,948	3,431,274	401,546,015	3,845,586,373	0.44219	3,845,586,373	100.00%
2013	3,320,504,448	616,284,918	2,739,515	448,986,161	3,939,528,881	0.44219	3,939,528,881	100.00%
2014	3,403,293,010	639,069,078	1,526,679	443,957,738	4,043,888,767	0.44219	4,043,888,767	100.00%
2015	3,625,917,225	676,781,328	1,336,029	415,216,470	4,304,034,581	0.43719	4,304,034,581	100.00%
2016	3,793,250,339	685,548,240	3,984,800	501,821,781	4,482,783,378	0.43469	4,482,783,378	100.00%
2017	4,189,986,101	800,619,329	567,960	666,074,543	4,991,173,391	0.43000	4,991,173,391	100.00%
2018	4,541,681,247	692,354,454	430,477	1,066,446,124	5,234,466,178	0.42750	5,234,466,178	100.00%
2019	5,000,642,127	787,573,892	600,985	963,947,456	5,788,817,004	0.41325	5,788,817,005	100.00%
2020	5,277,268,282	811,872,981	646,921	1,262,116,360	6,089,788,184	0.39990	6,089,788,184	100.00%

Note 1: Beginning with fiscal year 2006, Tax-Exempt Property includes exempt values from over-65 and disabled tax ceilings.

Note 2: The Texas Property Tax Code, under Sec. 25.18, requires each appraisal office to implement a plan to update appraised values for real property at least once every three years. Tarrant Appraisal District's current policy is to conduct a general reappraisal of real and business personal property value annually, meaning that a property's appraised value is established and reviewed for equality and uniformity each year. The district conducts an onsite field review of real property in a portion of the county annually as part of a reappraisal cycle. Tax rates are per \$100 of assessed value.

Source: Tarrant Appraisal District.

Budget

**CITY OF KELLER, TEXAS
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS (UNAUDITED)**

TABLE 8

Fiscal Year	City Direct Rates			Overlapping Rates						Total Direct & Overlapping Rates
	Basic Rate	General Obligation Debt Service	Total Direct Rate	Carroll Independent School District	Keller Independent School District	Northwest Independent School District	Tarrant County	Tarrant County Community College District	Tarrant County Hospital District	
2011	0.292780	0.149410	0.442190	1.4150	1.5400	1.3550	0.2640	0.14897	0.227897	2.498057
2012	0.298870	0.143320	0.442190	1.4150	1.5400	1.3750	0.2640	0.14897	0.227897	2.498057
2013	0.325520	0.116670	0.442190	1.4000	1.5400	1.4525	0.2640	0.14950	0.227897	2.483587
2014	0.326460	0.115730	0.442190	1.4000	1.5400	1.4525	0.2640	0.14950	0.227897	2.483587
2015	0.330480	0.167100	0.437190	1.4000	1.5400	1.4525	0.2640	0.14950	0.227897	2.478587
2016	0.323170	0.111520	0.434690	1.3950	1.5400	1.4525	0.2640	0.14950	0.227897	2.471087
2017	0.313578	0.116422	0.430000	1.3950	1.5200	1.4525	0.2540	0.14473	0.227897	2.451627
2018	0.318985	0.108515	0.427500	1.3850	1.5200	1.4900	0.2440	0.14006	0.224429	2.420989
2019	0.332943	0.080307	0.413250	1.3000	1.4083	1.4200	0.2340	0.13017	0.224429	2.301849
2020	0.318276	0.081624	0.399900	1.3000	1.4083	1.4200	0.2340	0.13017	0.224429	2.396799

Note 1: Rates are per \$100 valuation.

Note 2: Tax Rates for the Carroll, Keller and Northwest Independent School Districts have been averaged in determining the Direct and Overlapping Rates.

Each Keller taxpayer remits school district taxes to only one school district.

Source: Tarrant Appraisal District
Budget

**CITY OF KELLER, TEXAS
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO (UNAUDITED)**

TABLE 9

FY2020				FY2011		
Taxpayer ¹	Market Value	Percentage of Total City Market Value	Rank	Taxpayer ¹	Market Value	Percentage of Total City Market Value
WW 1300 Keller Parkway LLC/ WW						
400/300 Bourland Road	\$ 105,700,000	1.74%	1	Capri W Dtc	\$ 32,800,000	0.87%
Conservatory Senior Housing	56,093,580	0.92%	2	Art House	20,000,000	0.53%
T Arthouse TX LLC	37,000,000	0.61%	3	Ktc Seniors Ltd	17,500,000	0.46%
Grand Estates At Keller LP	25,000,000	0.41%	4	GTE/Verizon	15,490,270	0.41%
Regency Centers LP	19,449,972	0.32%	5	Regency Centers LP	14,033,682	0.37%
Jahco Keller Crossing LLC	19,306,880	0.32%	6	T Keller LLC-Tabani	12,810,415	0.34%
Atmos Energy/Mid Tex Division	18,645,880	0.31%	7	Lowe's Home Centers	12,808,732	0.34%
Bear Creek Plaza LTD	17,068,307	0.28%	8	TXU/Oncor Electric	12,425,400	0.33%
Keller Senior Community LP	13,600,000	0.22%	9	Grand Estates at Keller LP	12,050,000	0.32%
Charter Communications LLC	13,248,454	0.22%	10	Home Depot USA	10,816,211	0.29%
Subtotal	325,113,073	5.34%			160,734,710	4.26%
Remaining Taxpayers	5,764,675,111	94.66%		Remaining Taxpayers	3,615,438,431	95.74%
Total	<u>\$ 6,089,788,184</u>	<u>100.00%</u>			<u>\$ 3,776,173,141</u>	<u>100.00%</u>

Source: ¹Tarrant Appraisal District

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**CITY OF KELLER, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS (UNAUDITED)**

TABLE 10

Fiscal Year Ended September 30	Taxes Levied for the Fiscal Year ¹	Collected Within the Fiscal Year of the Levy		Delinquent Tax Collections	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2011	\$ 17,370,019	\$ 17,212,260	99.09%	\$ 151,656	\$ 17,363,916	99.96%
2012	17,645,180	17,538,272	99.39%	102,211	17,640,483	99.97%
2013	18,027,081	17,946,631	99.55%	80,450	18,027,081	100.00%
2014	18,673,531	18,595,909	99.58%	77,622	18,673,531	100.00%
2015	19,600,902	19,504,832	99.51%	83,034	19,587,866	99.93%
2016	20,447,244	20,353,791	99.54%	86,196	20,439,987	99.96%
2017	21,443,866	21,311,811	99.38%	114,602	21,426,413	99.92%
2018	22,236,247	22,209,513	99.88%	-	22,209,513	99.88%
2019	23,522,677	23,459,887	99.73%	30,571	23,490,458	99.86%
2020	24,053,471	23,956,583	99.60%	-	23,956,583	99.60%

Note: ¹ Adjusted through September 30, 2020

Tarrant County Report

CITY OF KELLER, TEXAS
TAXABLE SALES BY CATEGORY
LAST TEN CALENDAR YEARS (UNAUDITED)

	2011	2012	2013	2014
Agriculture	\$ -	\$ -	\$ -	\$ -
Construction	7,487,590	5,690,397	8,628,139	7,891,854
Transportation, communications	6,981,819	11,695,882	12,048,822	12,219,719
Utilities	38,586,553	35,396,073	34,432,043	32,061,719
Manufacturing	320,998	523,381	337,657	273,857
Wholesale Trade	7,824,042	7,861,903	9,018,601	9,763,717
Retail Trade	108,724,134	116,508,313	124,257,630	129,472,431
Information	40,204,903	41,788,728	44,491,839	42,655,529
Finance and insurance	3,418,573	4,544,921	4,732,909	4,114,482
Real estate, rental and leasing	9,610,727	12,667,771	13,332,200	12,632,715
Professional, scientific and technical services	4,585,668	5,642,146	5,334,402	5,987,358
Administrative and support services	11,397,517	11,689,606	14,142,641	14,024,258
Educational services	437,575	269,071	351,655	406,363
Arts, entertainment and recreation	4,379,237	4,522,275	4,207,107	3,086,830
Accommodation and food services	38,757,393	42,932,278	47,229,686	49,744,779
Other Services except PA	6,876,945	8,273,649	8,864,231	9,012,614
Other	53,445,162	56,115,562	61,564,107	73,637,665
Total	<u>\$ 343,038,836</u>	<u>\$ 366,121,956</u>	<u>\$ 392,973,669</u>	<u>\$ 406,985,890</u>

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of revenue. The tax liability includes the City sales tax rate of one percent and the blended component unit rate of one-half percent.

TABLE 11

2015	2016	2017	2018	2019	2020
\$ 1,089,345	\$ 2,005,802	\$ 1,239,543	\$ 265,661	\$ 63,253	\$ -
12,821,202	13,812,476	15,467,581	22,812,969	21,667,288	23,544,176
466,802	284,331	330,672	121,666	135,953	603,044
-	-	-	-	-	-
7,645,207	7,705,891	7,522,275	8,716,574	8,589,725	6,985,356
5,716,252	6,083,749	6,855,175	6,984,374	6,155,647	7,814,116
203,026,544	212,017,360	226,236,171	240,057,381	244,431,561	264,266,537
11,315,499	10,734,580	10,486,745	12,235,473	12,818,196	6,482,151
650,957	695,072	937,513	666,554	606,312	478,687
9,780,246	10,522,350	11,295,610	11,278,413	7,627,825	9,168,640
5,552,779	5,073,683	5,522,265	5,466,886	5,187,301	5,203,593
8,197,071	8,730,188	10,208,026	12,260,349	13,900,063	12,275,685
571,395	568,353	554,771	429,241	305,304	276,261
6,878,244	6,111,532	6,462,801	6,630,300	6,420,200	6,754,333
67,237,109	71,488,743	71,309,997	71,649,558	74,597,663	71,441,996
15,080,031	15,801,339	16,597,441	17,610,598	18,712,139	16,588,932
408,476	-	-	-	-	-
<u>\$ 356,437,159</u>	<u>\$ 371,635,449</u>	<u>\$ 391,026,586</u>	<u>\$ 417,185,997</u>	<u>\$ 421,218,430</u>	<u>\$ 431,883,508</u>

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**CITY OF KELLER, TEXAS
DIRECT AND OVERLAPPING SALES TAX REVENUE
LAST TEN FISCAL YEARS (UNAUDITED)**

TABLE 12

<u>Fiscal Year</u>	<u>State of Texas</u>	<u>Keller Direct Rate</u>	<u>Keller Development Corporation</u>	<u>Keller Crime Control District (2)</u>	<u>Keller Street Maintenance (3)</u>	<u>Totals</u>
2011	6.25%	1.00%	0.50%	0.375%	0.125%	8.25%
2012	6.25%	1.00%	0.50%	0.375%	0.125%	8.25%
2013	6.25%	1.00%	0.50%	0.375%	0.125%	8.25%
2014	6.25%	1.00%	0.50%	0.375%	0.125%	8.25%
2015	6.25%	1.00%	0.50%	0.375%	0.125%	8.25%
2016	6.25%	1.00%	0.50%	0.375%	0.125%	8.25%
2017	6.25%	1.00%	0.50%	0.250%	0.250%	8.25%
2018	6.25%	1.00%	0.50%	0.250%	0.250%	8.25%
2019	6.25%	1.00%	0.50%	0.250%	0.250%	8.25%
2020	6.25%	1.00%	0.50%	0.250%	0.250%	8.25%

Note 1: Effective 1992

Note 2: Effective April, 2002; November 2007, voters authorized a reduction to 0.25% effective April 1, 2008.

Note 3: Effective April, 2004; November 2007, voters authorized an increase to 0.25% effective April 1, 2008.

**CITY OF KELLER, TEXAS
SALES TAXPAYER BY INDUSTRY
CURRENT YEAR AND NINE YEARS AGO (UNAUDITED)**

TABLE 13

Sector	2020				2011			
	Number of Payers	Percent of Total	Tax*	Percentage of Total	Number of Payers	Percent of Total	Tax**	Percentage of Total
Agriculture	4	0.07%	\$ 2,682	0.02%				
Construction	293	4.91%	241,960	1.93%	298	7.79%	\$ 131,033	2.16%
Transportation, Communications & Warehousing	-	0.00%	-	0.00%	21	0.55%	122,182	2.01%
Utilities, Mining	47	0.78%	281,334	2.24%	41	1.07%	675,265	11.11%
Manufacturing	505	8.45%	338,368	2.69%	78	2.04%	5,617	0.09%
Wholesale Trade	817	13.68%	315,952	2.51%	641	16.75%	136,921	2.25%
Retail Trade	2,062	34.54%	6,033,855	48.03%	460	12.02%	1,902,672	31.30%
Information	484	8.11%	1,214,281	9.67%	330	8.63%	703,586	11.57%
Finance & Insurance	71	1.18%	30,461	0.24%	61	1.59%	59,825	0.98%
Real Estate, Rental & Leasing	109	1.82%	492,861	3.92%	111	2.90%	168,188	2.77%
Professional, Scientific, and Technical Services	348	5.83%	185,066	1.47%	293	7.66%	156,664	2.58%
Admin & Support Svcs	257	4.30%	353,207	2.81%	360	9.41%	199,457	3.28%
Educational Services	49	0.82%	5,060	0.04%	42	1.10%	7,658	0.13%
Arts, Entertainment & Recreation	23	0.39%	34,187	0.27%	37	0.97%	76,637	1.26%
Accommodation & Food Services	115	1.93%	1,247,689	9.93%	107	2.80%	678,254	11.16%
Other Services except PA ³	163	2.72%	229,589	1.83%	191	4.99%	120,347	1.98%
Other	625	10.47%	1,556,221	12.39%	755	19.73%	935,290	15.38%
Total	<u>5,970</u>	<u>100%</u>	<u>\$ 12,562,772</u>	<u>100.00%</u>	<u>3,826</u>	<u>100%</u>	<u>\$ 6,079,595</u>	<u>100.00%</u>

Notes: Due to confidentiality issues, the names of the ten largest revenue payors are not available. The sectors presented are intended to provide alternative information regarding the sources of revenue. Information is provided by State Comptroller of Public Accounts.

¹ Direct Sales Tax Rate 1%, Keller Development Corporation .5%, Street Maintenance .25%, Crime Control District .25%

² Direct Sales Tax Rate 1%, Keller Development Corporation .5%

³ PA- Public Administration, per naics.com

**CITY OF KELLER, TEXAS
TEN LARGEST WATER CUSTOMERS BY CONSUMPTION
CURRENT YEAR AND FOUR YEARS AGO (UNAUDITED)**

TABLE 14

2020				2016			
Customer	Total 2020 Consumption (000's)	Sales	Pct of Total Usage	Customer	Total 2016 Consumption (000's)	Sales	Pct of Total Usage
City of Keller	52,406.2	\$ 232,187	1.70%	City of Keller	46,185.4	\$ 170,832	1.64%
Keller Independent School District	34,779.9	282,517	1.13%	Keller Independent School District	36,385.8	237,841	1.29%
City of Keller Town Center Lakes Well	16,169.1	32,922	0.52%	Hidden Lakes Home Owner Ass'n	19,075.1	107,057	0.68%
Hidden Lakes Home Owner Ass'n	13,974.0	105,997	0.45%	Keller Senior Community, LP	8,588.9	52,089	0.30%
Olympus Stone Glen	10,747.0	80,919	0.35%	Conservatory Senior Housing	8,536.7	51,934	0.30%
Grand Estates at Keller, LP	10,153.5	76,697	0.33%	Grand Estates at Keller, LP	8,154.5	50,984	0.29%
Olympus Town Center	8,910.5	67,533	0.29%	SC Town Center LP	7,207.0	45,096	0.26%
Conservatory Senior Housing	8,586.0	63,656	0.28%	SC Stone Glen, LP	6,948.4	43,673	0.25%
Keller Senior Community, LP	7,456.7	54,250	0.24%	Keller Oaks Healthcare Center	5,480.6	32,689	0.19%
Gean Estates HOA	4,666.5	34,195	0.15%	Gean Estates HOA	4,502.5	27,533	0.16%
Subtotal	167,849.4	1,030,873	5.43%	Subtotal	151,065	819,728	5.36%
Other customers	2,921,022.6	18,117,195	94.57%	Other customers	2,667,656.8	12,706,895	94.64%
TOTAL	3,088,872.0	\$ 19,148,069	100.00%	TOTAL	2,818,721.7	\$ 13,526,623	100.00%

Source: City of Keller
STW Report

CITY OF KELLER, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS (UNAUDITED)

Fiscal Year	Governmental Activities			
	General Obligation Bonds	Certificates of Obligation	KDC Revenue Bonds	Premiums / Discounts
2011	\$ 21,945,000	\$ 56,923,550	\$ 275,000	\$ -
2012	24,580,000	53,730,020	140,000	-
2013	22,415,000	50,002,894	-	2,384,865
2014	19,970,000	45,353,000	-	2,144,397
2015	17,231,728	43,893,112	-	1,965,055
2016	27,300,533	24,945,000	-	1,762,737
2017	23,661,353	21,014,940	-	2,469,547
2018	22,542,351	19,779,881	-	2,177,847
2019	16,713,230	14,760,000	-	1,886,147
2020	23,485,000	9,140,000	-	3,561,490

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

TABLE 15

Business-type Activities					Total Primary Government	Percentage of Personal Income	Per Capita
General Obligation Bonds	Certificates of Obligation	Revenue Bonds	TRA - Other	Premiums / Discounts			
\$ 5,585,000	\$21,040,000	\$ -	\$521,228	\$ -	\$ 106,289,778	6.16%	\$ 2,669
10,560,000	11,765,000	-	139,037	-	100,914,057	5.32%	2,460
9,700,000	11,042,000	-	241,691	885,923	96,672,373	5.29%	2,355
9,145,000	9,959,000	-	-	794,714	87,366,111	4.72%	2,037
10,759,160	6,653,940	-	-	962,073	81,465,068	4.19%	1,902
11,299,467	6,080,000	-	-	849,666	72,237,403	3.71%	1,640
9,868,647	13,810,000	-	-	958,834	71,783,321	3.71%	1,640
9,419,099	16,278,563	-	-	835,348	71,033,089	2.87%	1,514
6,826,770	19,470,000	-	-	991,046	60,647,193	2.99%	1,514
6,020,000	17,650,000	-	-	1,027,906	60,884,397	2.25%	1,341

CITY OF KELLER, TEXAS
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS (UNAUDITED)

TABLE 16

Fiscal Year	<u>General Bonded Debt Outstanding</u>		Less: Debt Service	Total	Percentage Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Certificates of Obligation				
2011	27,530,000	77,963,550	564,353	104,929,197	3.06%	2,666
2012	35,140,000	65,495,000	545,493	100,089,507	2.90%	2,505
2013	32,115,000	61,044,894	690,229	92,469,665	2.61%	2,283
2014	29,115,000	55,312,000	931,771	83,495,229	2.32%	2,025
2015	27,990,888	50,658,112	1,382,935	77,266,065	1.99%	1,855
2016	29,865,000	39,760,000	3,541,871	66,083,129	1.73%	1,581
2017	33,530,000	34,824,940	2,268,163	66,086,777	1.49%	1,581
2018	31,961,450	36,058,444	2,749,561	65,270,333	1.33%	1,514
2019	25,686,974	34,960,219	2,699,936	57,947,257	1.06%	1,514
2020	33,250,913	27,633,483	3,229,975	57,654,421	0.95%	1,270

**CITY OF KELLER, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
(UNAUDITED)**

TABLE 17

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Carroll Independent School District	\$ 346,705,000	0.62%	\$ 2,149,571
Keller Independent School District	992,714,060	31.64%	314,094,729
Northwest Independent School District	1,065,295,272	0.12%	1,278,354
Tarrant County General Obligation Debt	240,445,000	2.98%	7,165,261
Tarrant County College District	264,175,000	2.98%	7,872,415
Tarrant County Hospital District	16,135,000	2.98%	480,823
Subtotal, overlapping debt			<u>333,041,153</u>
City of Keller direct debt		100.00%	<u>36,186,490</u>
Total direct and overlapping debt			<u>\$ 369,227,643</u>

Notes:

¹ Percentage of government unit's total the property value located within Keller city limits.

² Includes both tax-supported self-supported debt of the water and wastewater utility, drainage utility, Keller Development Corporation, Keller Crime Control and Prevention District and the Tax Increment Reinvestment Zone No. 1.

³ www.mactexas.com

**CITY OF KELLER, TEXAS
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS (UNAUDITED)**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Debt Limit	\$ 2.500000	\$ 2.500000	\$ 2.500000	\$ 2.500000
Adopted Tax Rate	<u>0.44219</u>	<u>0.44219</u>	<u>0.44219</u>	<u>0.44219</u>
Additional Rate Available	<u>2.05781</u>	<u>2.05781</u>	<u>2.05781</u>	<u>2.05781</u>
Legal Debt Margin	<u>\$ 81,114,904</u>	<u>\$ 82,600,785</u>	<u>\$ 84,589,531</u>	<u>\$ 87,755,004</u>
Total Net Debt Applicable to the Limit as a percentage of Debt Limit	17.69%	17.69%	17.69%	17.69%

Legal Debt Margin Calculation for the Current Fiscal Year

Maximum allowable tax rate

Adopted tax rate

Additional rate available

Total taxable value

Additional tax levy available

Less: amount set aside for repayment of general

Legal Debt Margin

As a home rule city, the City of Keller is not legally limited by law in the amount of debt it may issue.

The City's Charter Section 8.16., states:

The City Council shall have the power under the provisions of state law to levy, assess and collect an annual tax upon taxable property within the City, the tax not to exceed the rate as provided for by state law governing cities with a population in excess of five thousand (5,000) inhabitants.

Article II, Section 5 of the State of Texas Constitution states in part:

No tax for any purpose shall ever be lawful for any one year, which shall exceed two and one-half percent of the taxable property of such city.

Legal debt margin presented at fiscal year 2016, 2017, and 2018 and will be added to going forward.

TABLE 18

2015	2016	2017	2018	2019	2020
\$ 2.500000	\$ 2.500000	\$ 2.500000	\$ 2.500000	\$ 2.500000	\$ 2.500000
0.44219	0.43469	0.43000	0.42750	0.41325	0.39990
2.05781	2.06531	2.07000	2.07250	2.08675	2.10010
<u>\$ 93,614,599</u>	<u>\$ 92,583,373</u>	<u>\$ 103,317,289</u>	<u>\$ 108,484,312</u>	<u>\$ 120,798,139</u>	<u>\$ 127,891,642</u>
17.49%	17.39%	17.20%	17.10%	16.53%	16.00%
	\$ 2.50000	\$ 2.50000	\$ 2.50000	\$ 2.50000	\$ 2.50000
	0.43469	0.43000	0.42750	0.41325	0.39990
	<u>\$ 2.06531</u>	<u>\$ 2.07000</u>	<u>\$ 2.07250</u>	<u>\$ 2.07250</u>	<u>\$ 2.10010</u>
	\$ 4,482,783,378	\$ 4,991,173,391	\$ 5,234,466,178	\$ 5,788,817,005	\$ 6,089,788,184
	92,583,373	103,317,289	108,484,312	120,798,139	127,891,642
	9,396,967				
	<u>\$83,186,406</u>	<u>\$103,317,289</u>	<u>\$108,484,312</u>	<u>\$120,798,139</u>	<u>\$127,891,642</u>

CITY OF KELLER, TEXAS
PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS (UNAUDITED)

TABLE 19

Fiscal Year	Water Revenue Bonds			Debt Service (3)		Total	Coverage
	Utility Service Charges (1)	Less: Operating Expenses (2)	Net Available Revenue	Principal	Interest		
2011	\$ 21,507,180	\$ 13,675,260	\$ 7,831,920	\$ -	\$ -	\$ -	N/A
2012	19,856,182	15,515,102	4,341,080	-	-	-	N/A
2013	20,010,038	12,010,745	7,999,293	-	-	-	N/A
2014	20,574,607	14,865,050	5,709,557	-	-	-	N/A
2015	21,521,901	19,788,960	1,732,941	-	-	-	N/A
2016	20,988,935	19,926,117	1,062,818	-	-	-	N/A
2017	26,432,673	20,050,056	6,382,617	-	-	-	N/A
2018	28,321,744	24,826,771	3,494,973	-	-	-	N/A
2019	25,863,325	20,819,309	5,044,016	-	-	-	N/A
2020	26,810,295	20,831,261	5,979,034	-	-	-	N/A

(1) Includes total operating revenue of the Water and Wastewater Utilities Enterprise Fund

(2) Includes operating expenses of the Water and Wastewater Utilities Enterprise Fund, less depreciation expense.

(3) Debt service requirements includes principal and interest payments on revenue bonds.

**CITY OF KELLER, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS (UNAUDITED)**

TABLE 20

<u>Calendar Year</u>	<u>Population (1)</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>School Enrollment (KISD)</u>	<u>National Unemployment (3)</u>
2011	39,940	1,731,039,540	43,341 ⁸	32.0 ⁶	32,796	8.5%
2012	40,440	1,896,838,200	46,905 ⁸	36.9 ⁹	33,130	7.8%
2013	41,090	1,828,422,820	44,498 ³	39.9 ⁹	33,367	7.2%
2014	42,040	1,852,618,720	44,068 ³	41.1	33,440	5.9%
2015	42,890	1,947,849,350	45,415	41.3	33,619	5.1%
2016	44,050	1,945,820,650	44,173	40.3	34,180	4.7%
2017	44,620 ¹	2,213,865,920	49,616 ³	40.2	34,600	4.1%
2018	44,940 ¹	2,368,652,580	52,707 ³	38.1 ⁹	34,937	3.7%
2019	45,090	2,514,083,130	55,757	41.0	34,888	3.6%
2020	45,400 ¹	2,700,437,400	59,481	40.1	35,267	7.9%

Source:

¹ North Central Texas Council of Governments (NCTCOG)

² Keller Independent School District (KISD)

³ Bureau of Census

⁴ Bureau of Labor Statistics

⁵ www.idcide.com, © 2008

⁶ US Census 2007 Data and *American Community Survey*

⁷ Dallas Morning News, Business Section D, 11-1-10

⁸ BEA.gov

⁹ IndexMundi

¹⁰ US Census 2010

**CITY OF KELLER, TEXAS
PRINCIPAL EMPLOYERS
CURRENT YEAR AND FOUR YEARS AGO (UNAUDITED)**

TABLE 21

2020				2016		
Local Area Employers	Employees	Percentage of Total City Employment	Rank	Local Area Employers	Employees	Percentage of Total City Employment
Keller ISD	5,802	21.97%	1	Keller Independent School District	1,328	3.30%
City of Keller	324	1.23%	2	City of Keller	349	0.87%
Lowe's	149	0.56%	3	Kroger	220	0.55%
Sam's Club	132	0.50%	4	Home Depot	161	0.40%
Home Depot	130	0.49%	5	Lowe's	150	0.37%
Kohl's	125	0.47%	6	Keller Oaks Healthcare Center	150	0.37%
Kroger(Rufe Snow)	125	0.47%	7	Heritage House	138	0.34%
Moviehouse Eatery	120	0.45%	8	Kohl's Department Store	130	0.32%
Heritage House at Keller	100	0.38%	9	Tom Thumb	115	0.29%
Super Surface Inc	100	0.38%	10	Walmart Neighborhood Market	85	0.21%
Subtotal	7,107	26.92%		Subtotal	2,826	16.53%
Total Employment	26,403	100.00%		Total Employment	40,286	100.00%

Sources:

Texas Workforce Commission

Keller Business Human Resource Departments

Demographics provided by The Retail Coach

CITY OF KELLER, TEXAS
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS (UNAUDITED)

TABLE 22

Function/Program	Full-Time Equivalent Employees as of Year End									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government										
Administration	8.00	8.00	8.00	8.00	8.00	9.48	9.48	7.48	7.48	7.00
Finance	6.50	7.00	7.00	7.00	7.00	7.50	7.50	8.00	8.00	8.00
Planning	11.00	11.00	12.00	11.96	12.41	12.66	12.45	12.27	12.27	13.00
Town Hall operations	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Other	16.50	16.50	14.75	15.50	13.78	14.26	14.26	14.96	14.96	14.96
Police										
Officers	79.00	50.50	51.50	50.00	49.00	49.00	49.00	49.00	49.75	50.75
Civilians	4.00	34.00	34.00	35.48	37.48	37.48	38.48	39.44	40.44	41.44
Fire										
Firefighters and officers	57.00	57.00	57.00	57.00	55.00	55.00	55.00	55.00	55.00	55.00
Civilians	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Public works										
Engineering	3.50	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Other	10.83	10.83	11.73	12.10	12.33	12.33	12.33	12.50	13.00	12.98
Parks and recreation	71.64	74.16	76.22	75.22	74.07	70.86	70.90	71.85	71.85	66.29
Library	15.42	15.42	15.42	15.42	15.48	15.48	15.49	15.49	15.52	15.52
Water	33.67	30.30	30.67	30.67	31.17	30.17	32.17	31.50	31.50	31.50
Wastewater	9.50	9.50	9.50	9.50	11.50	11.50	10.50	10.50	10.50	10.50
Drainage	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50
Total	340.06	340.71	344.29	344.35	343.72	342.22	344.06	344.49	346.77	343.44

Source: City of Keller

CITY OF KELLER, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS (UNAUDITED)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Function/Program				
General Government				
Council and work sessions held	45	32	33	32
Cable broadcasts	7,338	406	7,305	7,305
Birth/death certificates issued	833	-	364	436
Building Permits Issued	250	250	250	300
New construction plan review	350	350	315	385
Police				
Physical Arrests	1,625	1,550	1,190	1,540
Total citations issued	11,800	10,000	9,300	10,500
Total emergency 911 calls	36,400	39,000	30,000	39,764
Netcom Calls	-	-	-	-
Calls for service	220,000	232,180	245,484	257,664
Animal control				
Animals adopted/redeemed	556	724	911	679
Animal Service Calls	-	-	-	-
Animals impounded	1,293	1,114	970	850
Animal bite investigations	70	68	68	82
Fire				
Emergency responses	2,980	2,180	2,124	3,298
Calls for service, excludes EMS	1,139	1,225	1,217	1,185
Fire hydrants maintained	2,063	2,077	2,077	2,195
Inspections	720	300	300	1,641
Finance				
Accounts payable checks processed	5,600	3,500	4,400	4,342
Payroll checks processed	11,800	10,200	11,700	10,987
Journal entries posted	5,500	5,000	5,000	4,597
Purchase orders processed	357	300	300	380

TABLE 23

2015	2016	2017	2018	2019	2020
52	39	29	29	31	27
7,646	7,646	7,436	7,465	7,438	7,451
195	200	81	-	-	-
275	290	310	170	117	98
325	370	385	176	117	98
1,324	1,334	1,011	832	1,743	1,578
11,271	11,271	12,485	7,255	5,788	9,548
40,738	40,939	41,200	38,505	38,209	33,058
-	-	-	-	125,567	11,355
292,784	294,000	115,434	79,852	76,328	211,729
641	660	624	725	756	764
-	-	-	-	3,349	3,332
886	832	695	704	813	822
105	100	56	62	74	43
3,369	3,556	3,714	2,429	2,405	2,338
1,098	1,150	1,327	1,426	1,367	1,334
2,237	4,190	2,723	2,472	2,623	1,657
1,998	2,300	1,738	1,915	1,985	1,571
4,100	4,200	4,138	4,028	3,936	3,930
10,900	11,000	11,375	11,283	10,928	9,869
4,300	4,500	4,548	4,480	4,761	4,096
285	300	261	278	540	612

CITY OF KELLER, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM, (CONTINUED)
LAST TEN FISCAL YEARS (UNAUDITED)

	2011	2012	2013	2014
Human resources				
Applications processed	1,604	2,013	1,967	2,895
Vacancies filled	98	175	174	219
Turnover rate	10%	15%	7%	15%
Safety classes conducted	5	5	5	33
Workers compensation claims	55	55	30	37
Municipal court				
Citations processed	11,800	11,000	10,800	11,176
Warrants processed	2,000	2,000	2,275	2,000
Court sessions	189	208	100	47
Defendant requests for court date	6,950	6,300	4,350	4,200
Public Works				
Review CIP designated by others	12	12	12	12
Street Resurfacing (miles)	14.00	14.00	14.00	16.00
Sidewalks repaired (linear feet)	750	1,000	1,700	1,769
Parks and Recreation				
Park acreage	456	456	491	491
Facility reservations	840	975	1,000	975
Program attendance (incl. Sr. programs)	22,000	18,307	15,007	40,412
Athletic field permits issued	N/A	N/A	N/A	N/A
Recreation programs provided (incl. Sr. programs)	1,050	410	410	1,679
Library				
Library customer visits	300,000	232,000	231,500	229,020
Total volumes borrowed	450,000	579,500	563,000	516,693
Volumes in collection	84,358	100,363	114,363	127,663
Water				
New customers (net)	201	179	254	326
Water Main Breaks	42	29	22	27
Average Daily Consumption (gallons)	9,784	8,838	8,297	8,400
Peak daily consumption (million gallons)	22.565	20.551	23.465	18.981
Water purchased (million gallons)	2,571.3	3,225.9	3,028.5	2,843.5
Wastewater				
Average daily sewage treatment (million gallons)	2.865	2.866	2.876	2.950

Source: ¹ Information provided by city staff. Information was not collected, and therefore not available where 'n/a' is shown.

² Decrease due to actual verification by city staff for 2011. Only an estimate in previous years.

³ Trinity River Authority-annual audits

TABLE 23

2015	2016	2017	2018	2019	2020
2,755	3,628	3,596	4,625	4,297	704
253	228	237	257	376	143
16%	16%	11%	35%	24%	14%
42	36	38	68	57	41
27	33	33	22	25	31
10,526	10,800	12,801	8,449	8,200	6,675
2,000	2,275	3,150	2,100	2,315	3,159
47	70	70	70	94	80
4,200	4,350	4,100	3,005	2,650	2,450
10	10	10	48	15	20
10.00	16.00	20.00	0.62	1.45	2.62
1,500	1,000	4,000	1,872	2,873	2,214
491	491	491	491	491	491
978	1,000	1,192	1,128	957	540
41,985	44,000	51,526	37,838	45,240	29,491
N/A	N/A	N/A	N/A	N/A	1
1,828	1,850	1,792	1,816	2,024	938
227,000	228,000	227,227	213,252	200,581	129,129
495,396	500,000	438,874	465,921	634,134	502,949
138,663	149,663	117,158	82,549	86,493	101,191
255	240	155	151	129	134
14	14	17	25	17	23
7,692	7,868	8,018	8,392	7,382	8,463
21.591	18.299	19.360	20.280	19.000	23.85
2,807.7	2,642.6	2,927	3,063	2,694	3,089
2.950	3.290	3.390	3.446	3.908	3.837

CITY OF KELLER, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS (UNAUDITED)

TABLE 24

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police Stations										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	21	23	23	23	29	29	29	10	10	13
Fire Stations										
Stations	3	3	3	3	3	3	3	3	3	3
Engines/trucks	5	4	5	5	5	5	5	5	5	5
Public Works										
Streets (miles)	418	477	477	475	485	495	497	447	446	447
Alleys (miles)	2,500	2,505	2,585	2,487	2,605	2,625	2,752	3,167	2794	2800
Traffic Signals	6	10	10	-	10	10	11	11	11	12
Parks and Recreation										
Acreage	456	456	491	491	491	491	491	491	491	491
Playgrounds	9	9	9	9	9	9	9	9	9	9
Baseball/softball fields	11	11	11	11	11	11	11	11	11	11
Soccer/football fields	9	9	9	9	9	9	9	9	9	9
Community Centers	1	1	1	1	2	2	1	1	1	1
Water										
Water mains (miles)	260	190	290	288	286	288	284	275	278	281
Storage capacity (million gallons)	10	10	10	10	10	10	10	10	10	10
Wastewater										
Sanitary Sewers (miles)	193	193	192	192	196	197	210	208	211	212
Storm sewers (miles)	50.15	50.15	50.15	50.15	50.15	50.15	75.00	71.00	72.00	71.70
Treatment capacity (million gallons)	10	10	10	10	10	10	10	10	10	10

Source: Information provided by city staff.