

Keller Independent School District

Keller, Texas



Annual Comprehensive
Financial Report

Year Ended June 30, 2023

Keller
Independent School District

Keller, Texas



Annual Comprehensive
Financial Report

For the Year Ended June 30, 2023

Prepared by the Finance Department

Scott Wrehe, C.P.A. Chief Financial Officer
Kristin Williams, C.P.A., RTSBA Director of Finance

Keller Independent School District
 Annual Comprehensive Financial Report
 Year Ended June 30, 2023
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Introductory Section

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Certificate of Board

| | | |
|---------------------------------------|---------|------------------------|
| Keller Independent School District | Tarrant | 220-907 |
| Name of Local Education Agency | County | County-District-Number |

We, the undersigned, certify that the attached annual financial report of the above named school district was reviewed and

Approved

Disapproved

7

0

for the year ended June 30, 2023, at a meeting of the Board of Trustees of such school district on the
__th day of November, 2023.



Signature of Board Secretary



Signature of Board President

If the Board of Trustees disapproved the auditor's report, the reason(s) for disapproving it is (are):

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OFFICE OF THE SUPERINTENDENT

KELLER INDEPENDENT SCHOOL DISTRICT

350 KELLER PARKWAY
KELLER, TEXAS 76248
PHONE: 817-744-1000
FAX: 817-744-1261

November 13, 2023

To the Board of Trustees and Taxpayers of the Keller Independent School District:

The Texas Education Code requires that all school districts file a set of financial statements with the Texas Education Agency (TEA) within 150 days of the close of each fiscal year. The financial statements must be presented in conformity with generally accepted accounting principles (GAAP) and audited by a firm of licensed certified public accountants in accordance with generally accepted auditing standards. Pursuant to this requirement, we hereby issue the Annual Comprehensive Financial Report of the Keller Independent School District (the district) for the fiscal year ended June 30, 2023.

This report consists of management's representations concerning the finances of the district. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the district has established a comprehensive internal control framework that is designed to protect the district's assets from loss, theft, or misuse. Additionally, the internal control framework is designed to compile sufficient reliable information for the preparation of the district's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the costs of internal controls should not outweigh their benefits, the district's comprehensive framework of internal controls has been designed to provide reasonable assurance rather than absolute assurance that the financial statements will be free from material misstatement. To the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The financial statements of the district have been audited by Weaver and Tidwell, L.L.P, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the district for the fiscal year ended June 30, 2023, are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Based upon the audit, the independent auditors concluded that there was a reasonable basis for rendering an unmodified opinion that the district's financial statements for the year ended June 30, 2023, are presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The district includes all funds of its governmental operations that are controlled by or dependent upon the district as determined on a basis of financial accountability. Financial accountability includes appointment of the organization's governing body, imposition of will, and fiscal dependency. The district is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity". The accompanying financial statements include only those funds of the district, as there are no other organizations for which it has financial accountability.

The district is also required to undergo an annual "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements for the administration of federal awards. The results of the district's single audit for the fiscal year ended June 30, 2023, provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

These reports are available in the Single Audit Section of this report.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

KISD management is directly responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the district are protected from loss, theft, or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of "reasonable assurance" recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived from its implementation; and (2) the valuation of cost and benefit requires estimates and judgments by management. KISD management believes that the internal controls adequately meet these objectives.

The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Trustees. Every school district in Texas is required by law to prepare and file a budget with the Texas Education Agency. Activities of the General, Child Nutrition (special revenue) and Debt Service funds are included in the district's budget. Budgets for Special Revenue funds (other than the Child Nutrition Fund) and Capital Projects Fund are prepared on a project basis, based on grant regulations or applicable bond ordinances. Budgetary control (the level at which expenditures may not exceed appropriations) is maintained at the functional category level within each fund. These functional categories are defined by the Texas Education Agency and identify the purpose of transactions. The district also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year-end. However, encumbrances outstanding at year-end generally roll over to and are absorbed by the following year's budget.

As demonstrated by the statements and schedules included in the financial section of this report, the district continues to meet its responsibility for sound financial management.

Governing Body

The Board of Trustees consists of seven members who serve, without compensation, a three-year term in office. On a rotating basis, two or three places are filled during annual elections held on the second Saturday of May. Vacancies may be filled by appointment until the next election. Candidates must be qualified voters of the district.

Regular meetings are normally scheduled on the fourth Monday of each month and are held at the Keller ISD Education Center. Special meetings and work sessions are scheduled as needed and announced in compliance with public notice requirements.

The Board has final control over local school matters limited only by the state legislature, by the courts, and by the will of the people as expressed in school Board elections. Board decisions are based on a majority vote of those present.

In general, the Board adopts policies, sets direction for curriculum, employs the Superintendent, and oversees the operations of the district and its schools. Besides general Board business, Trustees are charged with numerous statutory regulations including calling trustee and other school elections and canvassing the results, organizing the Board, and electing its officers. The Board is also responsible for setting the tax rate, setting salary schedules, and acting as a board of appeals in personnel and student matters, confirming recommendations for textbook adoptions and adopting and amending the annual budget.

The Board solicits and evaluates community input and support concerning actual policies.

Economic Conditions and Outlook

The financial statements are best understood when they are considered from the perspective of the environment in which the district operates.

The Keller Independent School District is situated in the northeast section of Tarrant County. Keller's 51 square miles lies 17 miles due north of downtown Fort Worth. As Keller ISD is almost built out, enrollment growth has slowed. Until the 2011–2012-year, enrollment was increasing more than 1,000 students per year. Between 2015-16 and 2019-2020 the district's enrollment decreased year over year by an average of 122 students per year. In 2020-2021 mostly due to the pandemic the fall student enrollment dropped by 948 students. The actual fall enrollment for 2021-22 was 34,813, an increase of 494 students over 2020-2021. The actual fall enrollment for 2022-23 was 34,078. This was a decrease of 735 students from 2021-22. District enrollment is expected to decrease by approximately 982 students during the next five years, declining to 33,096 by 2027-2028 and 31,646 by the fall of 2032.

Area Development

The residential growth of the district has been on pace with that of the Fort Worth/Dallas Metroplex and has been aided by the district's proximity to both the Dallas/Fort Worth International Airport and Fort Worth's Alliance Airport. Though most of the district's growth has been in residential housing, many businesses are opening to support the growing population. Many of the residents of the new housing developments are employed by the Alliance Industrial Park businesses surrounding and utilizing the Fort Worth's Alliance Airport. In addition, the Alliance Town Center was built to support the needs of the fast growth portion of northeast Tarrant County and has become one of the largest retail anchored mixed-use developments in Texas.

Housing. Housing development growth in the district is slowing as the district builds out of available land and as the price points of new homes rise. According to the Texas A&M University real estate center, the 2023 Average Home sales price in the DFW area increased from \$488,947 in August 2022 to \$504,412 in August 2023, an increase of 3.16%. Months inventory for single-unit residential housing rose from 2.2 to 2.7 months supply while days to sell rose from 58 to 72. The average home sales in the Keller area rose from \$735,734 in August 2022 to \$824,389 in August 2023, an increase of 12.05%.

Keller ISD currently ranks 39th in the DFW Metroplex, with 185 annual closings, and annual housing starts of 240. Approximately 383 vacant developed lots and 1,436 lots for future development remain in the district. The district has 39 actively building subdivisions and 25 future divisions. Groundwork is underway on approximately 590 lots in KISD. In addition, there are approximately 618 units of multi-family construction underway, with 1,500 future units planned.

Economic Conditions and Employment. According to the Texas Workforce Commission, the Dallas-Fort Worth area gained 154,800 jobs between August 2022 and August 2023. The job gain rate for DFW was 3.8%. The unemployment rate for August increased from 3.7% in 2022 to 4.2% in 2023 in the DFW area and the State of Texas decreased from 4.2% to 4.1% for the same period. The U.S. unemployment rate increased from 3.8% in August 2022 to 3.9% in August 2023.

EDUCATION

KELLER INDEPENDENT SCHOOL DISTRICT

The Texas Education Agency and Southern Association of Colleges and Schools provide the district's K-12 education accreditation. The district employs 4,649 teachers and support personnel to serve the district's 42 campuses. KISD serves as the district's fourth largest employer behind AMR Corporation, Bell Helicopter and Fidelity Investments. Students from Keller, Fort Worth, Watauga, Southlake, Colleyville, Hurst, North Richland Hills, Westlake, and Haltom City attend classes at twenty-three elementary schools, Three intermediate schools, seven middle schools, four high schools, two Early Learning Centers, a Center for Advanced Learning (KCAL), Keller Collegiate Academy, and one alternative school. Besides the 42 brick and mortar campuses, the district utilizes 16 portable buildings, providing approximately 18 additional classrooms. An additional three portables are used by the Facilities and Transportation departments for office space, training rooms and a break room.

The oldest campus in KISD is Keller Middle School (formerly Keller High School) which was built in 1962. Of the district's 42 campuses, one intermediate and two elementary campuses were added in the 1970's. One high school, one middle school and two elementary schools were built in the 1980's. During the 1990's, one high school, one intermediate and five elementary schools were added. The time frame between 2000 and 2009 was the busiest for KISD in terms of construction as one high school, three middle schools, three intermediates and twelve elementary campuses were constructed. Since 2010, a fourth high school, two hybrid middle/intermediate campuses, two elementary campuses and two early learning centers have been opened. One intermediate school was renovated to form the new Keller Center for Advanced Learning, and another intermediate campus was re-purposed as Keller Collegiate Academy. Upgrades and wing additions have expanded all campuses constructed five or more years ago. In addition, KISD has an administration building (1949), an alternative campus (1968), a Business Operations facility (1974), and a Natatorium (2003).

On January 1, 2020, the district issued \$279,465,000 in Unlimited Tax School Building bonds to construct, renovate and equip school buildings. First on the construction agenda were the replacement of the four oldest elementary schools – Florence, Heritage, Parkview and Whitley Road Elementary. Additions and renovations of the two oldest middle schools (Keller and Fossil Hill Middle) are now under construction. And finally, construction of a new Industrial Trades and Agri-Science Center and indoor extra-curricular program facilities at each high school are nearing completion. The next project will be the renovation of the Keller High School field house.

Keller ISD delivers educational services by following an aligned curriculum. All courses and programs are facilitated through an electronic curriculum that aligns with state standards. KISD's secondary schools offer students the opportunity to participate in College Board Advanced Placement (AP) and Pre-AP courses so that they may better prepare themselves for college. Because these classes are similar to college level classes, students are challenged to be more disciplined, structured and to perform at a higher academic level. Online learning opportunities are also provided to district students via the KISD Virtual Learning program, which is designed to address the needs of students by providing opportunities to complete foundation courses in CTE pathways, accelerate their completion of language acquisition courses, and prepare them for success in online coursework as they continue their education past high school.

Special programs that ensure success for all students include Special Education, Dyslexia, Student Intervention (including summer intervention), Advanced Academics, Early Childhood, Homebound, English as a Second Language, Bilingual programs for Spanish and Vietnamese students, Advancement via Individual Determination (AVID) and Career and Technical Education (CTE). Section 504 services are also provided as part of the Individuals with Disabilities Education Act to ensure that students with physical or mental disabilities may receive different educational services in a special or regular educational setting, depending on the student's need.

Through its Career and Technology Education program, KISD provides competency-based applied learning which contributes to academic knowledge, higher order thinking skills, problem solving skills, work attitudes, general employability skills, and occupationally specific skills needed for success in the workplace or in post-secondary education.

In August of 2016, the district opened its first career and technology education center – the Keller Center for Advanced Learning (KCAL). KCAL's focus is to prepare students for their post-secondary endeavors, by offering them the opportunity to take advanced level courses within their chosen endorsement. KCAL also provides field-based experiences, such as job shadowing, internships, and practicums, as well as offering opportunities for multiple types of professional certifications and licensures. KCAL offers courses in many programs of study, including Animation, Agricultural & Veterinary Studies, Architecture & Construction, Audio/Video Technology, Automotive Technology, Commercial Photography, Cosmetology, Graphic Design, Culinary Arts, Law Enforcement & Criminal Forensics, Health Sciences (including Clinical Rotations, CNA and EMT certification programs), STEM, and Information Technology (including certification programs in CISCO, Computer Maintenance, and Computer Programming). In conjunction with a College, Career and Military Readiness program and providing a collaborative, innovative educational experience at KCAL, the district is committed to preparing its students to be highly competitive in a global society.

The Keller Collegiate Academy is an early college high school model campus that opened its doors in the fall of 2021 with an emphasis in healthcare. Students will have the opportunity to pursue an associate degree in partnership with Tarrant County College (TCC) in the field of healthcare. Our students can choose pathways that range from general associate degrees that will prepare them for continuing at a four-year university pursuing specific careers in the healthcare field.

The 86th Legislature enacted House Bill 3 which, among other things, mandated that all pre-kindergarten programs transition to full day programs immediately. The district applied for and received a one-year waiver from the TEA so the program could be properly planned and implemented. The program was fully implemented in the 2020-2021 school year.

Other student services provided by the district include health-related support programs, guidance and intervention counseling, library/media services, bullying prevention programs, credit recovery, dropout services and early interventions in support of academic and behavioral success. KISD also provides parent education with tailored sessions for dyslexic, ESL, and bilingual parents. A drug education program is required for parents of students in University Interscholastic League (UIL) programs, athletics, and fine arts. Also provided by KISD are voluntary student drug testing programs, and cyber-safety and digital citizenship lessons for students.

MAJOR INITIATIVES

The district recently underwent a Visioning process to define the district's focus in the coming years and to build on input from the KISD community. A committee of key stakeholders, including parents, students, community members, non-profit representatives, teachers, and administrators met during the fall semester to develop District Core Documents. Meetings were held on September 13 and 27, October 11 and 25, and November 9, 2022. The resulting Visioning Core Values were adopted the Board of Trustees in February 2023 and are detailed below.

KELLER ISD – Intentionally Exceptional!

OUR VISION

Cultivating Learners, Inspiring Leaders, Building a Community of Excellence

OUR MISSION

Keller ISD will educate students to achieve, inspire them to dream, and challenge them to grow so that they are prepared to be productive members of the community in which they learn, live, and work.

WE BELIEVE

- Mutual respect and dignity build unity.
- Relationships are the foundation for helping students learn, grow, and dream.
- Engagement happens with opportunities for problem solving and critical thinking.
- Safety and security inspire trust and the confidence to thrive.
- Valuing the voice and feedback of personnel ensures the retention and recruitment of exceptional staff.
- Collaboration and communication encourage community support and involvement.

OUR CORE FUNCTIONS:

- ★ Business
- ★ Finance
- ★ Educational Support
- ★ Governance
- ★ Media Services
- ★ Technology
- ★ Workforce

PORTRAIT OF A GRADUATE

A Keller Independent School District graduate will be expected to:

Demonstrate success in college or further study and for employment in a global society.

- Initiate independent learning.
- Understand world issues and current events.
- Understand and use effective learning techniques to acquire and apply knowledge.

Demonstrate social awareness.

- Develop and maintain positive relationships.
- Know and appreciate cultural and linguistic diversity.
- Exhibit an appreciation of the arts and humanities.
- Commitment to service

Exhibit strong personal qualities.

- Identify personal goals.
- Demonstrate value of self.
- Understand and engage in activities that promote intellectual, physical, and emotional balance.
- Demonstrate integrity and take personal responsibility.

Communicate effectively.

- Express ideas and information confidently and effectively in a variety of modes of communication.
- Work in collaboration with others.

Use technology as a tool.

- Select appropriate tools and procedures.
- Use technology to access, analyze, organize, and process information.

Exhibit creative thinking, critical thinking, and problem solving.

- Explore ideas and issues for understanding.
- Draw well-reasoned conclusions and solutions.
- Analyze and evaluate thinking with a view to improve it.



OTHER MAJOR INITIATIVES AND ACCOMPLISHMENTS

Bond Program: Much of the 2018-19 fiscal year was dedicated to preparing a bond package with the assistance of community members, staff, and students. The slate of projects was selected by a group of community members that composed KISD's Citizens Bond Advisory Committee (CBAC), which itself built off months of work by KISD's Long-Range Facility Planning.

The result of this effort from the KISD community was a \$315 million bond package that could be executed without the need to raise KISD's tax rate. Included in the 2019 Bond Proposal was the replacement of four elementary campuses; technology, security, and mechanical upgrades across Keller ISD; major renovations to Fossil Hill Middle School and Keller Middle School; construction of an indoor extracurricular facility at each of the district's four high schools; and construction of an industrial trades and agri-science center. Voters approved the bond election on November 5, 2019.

As mentioned earlier, many projects are in progress at this time with several near completion.

State Accountability. Beginning with the 2017-18 school year, all multi-campus school districts and charters receive an accountability rating based on an A-F scale.

Districts receive a grade or rating based on performance in three areas:

- **Student Achievement** measures what students know and can do by the end of the year. It includes results from state assessments across all subjects for all students, on both general and alternate assessments, College, Career, and Military Readiness (CCMR) indicators, like AP and ACT results, and graduation rates.
- **School Progress** measures how much better students are doing on the STAAR test this year versus last year, and how much better students are doing academically relative to schools with similar percentages of economically disadvantaged students.
- **Closing the Gaps** looks at performance among student groups, including various racial/ethnic groups, socioeconomic backgrounds, and other factors.

Districts earn an A (90–100) for exemplary performance when they serve most students well, encouraging high academic achievement and/or appropriate academic growth for almost all students. *Most students will be prepared for eventual success in college, a career, or the military.*

Results for the State Accountability rating for 2023 school year have been delayed by the TEA to conduct further analyses of the growth data in Academic growth and closing the Gaps. The results are expected later in the fall of 2023.

District Financial Accomplishments:

Keller ISD Finance Awards

Keller ISD has been awarded the Transparency Stars award by the Texas Comptroller's Leadership Circle for its continued progress toward achieving financial transparency. The program recognizes local governments across Texas that are striving to meet a high standard for financial transparency online. The district's efforts to provide citizens with clear, consistent pictures of spending and share information in a user-friendly format have paved the way for achieving greater financial transparency. This is the seventh year the Transparency Stars award has been offered and is now the highest award given to public entities for financial transparency. Prior to that, Keller ISD earned the Gold Leadership Circle award for three consecutive years and the Platinum Leadership Circle award for one year.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded Keller ISD the Certificate of Achievement for Excellence in Financial Reporting for its Annual Comprehensive Financial Report (ACFR) for fiscal year ending June 30, 2022. This award is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment – one in which Keller ISD has received for the past fifteen years.

The purpose of the GFOA is to enhance and promote the professional management of governments for the public benefit by identifying and developing financial policies and best practices that illustrate the spirit of transparency and full disclosure.

In addition, Keller ISD also received the Certificate of Excellence in Financial Reporting Award from the Association of School Business Officials (ASBO) for its Annual Comprehensive Finance Report (ACFR) for fiscal year ending June 30, 2022. This prestigious award, which KISD has also received for fifteen consecutive years, represents a noteworthy achievement, and reflects KISD's commitment to the highest standards of school system financial reporting.

ASBO is a professional association that provides programs and services to promote the highest standards of school business management practices, professional growth, and the effective use of educational resources.

The FIRST (Financial Accountability Rating System of Texas) program, a financial accountability system for Texas school districts, was developed by the Texas Education Agency in response to Senate Bill 875 of the 76th Texas legislature in 1999. The primary goal of FIRST is to measure quality performance in the management of school districts' financial resources, a goal made more significant due to the complexity of accounting associated with the Texas school finance system. For the 2022-23 fiscal year based on 2021-22 financial information, the district received a rating of "Meets Standard Achievement" under Texas' Schools FIRST financial accountability rating system, demonstrating the quality of KISD's sound fiscal management. Prior to the 2014-15 rating year, the Schools FIRST accountability rating system assigned one of four financial accountability ratings to Texas school districts, with the highest being "Superior Achievement". Prior to 2014-15, the district had achieved a "Superior" Rating for nine consecutive years.

TASBO Award of Merit for Purchasing and Operations

Keller ISD's Purchasing Department has earned the Award of Merit with Recognized Status from the Texas Association of School Business Officials (TASBO) for the fourteenth consecutive year. TASBO's Purchasing Award of Merit is presented to school districts that are committed to professional standards in the acquisition of goods and services. Independent reviews at TASBO considered various procedures and practices including organization, policies and procedures, contract operations, staff training and certifications, warehousing, use of technology, communication, and management of co-operative programs.

OTHER INFORMATION

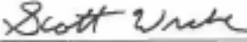
The Texas Education Code requires an annual audit of all public schools. This audit must be on an organization-wide basis and include all fund types and account groups that are the accounting responsibility of the district. The audit is performed by a certified public accountant selected by the District's Board of Trustees. The report includes the auditors' opinion.

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the finance department staff. We would like to express our sincere appreciation to all other District administrative staff which assisted and contributed to the preparation of this report. We would also like to express appreciation to the Board of Trustees for their interest and support in the financial operations of the district. Finally, we would like to thank the residents of the district for their support of our public schools, and the teachers and principals who provide the excellent standard of educational services for which the district has become known.

Respectfully submitted,



John Allison
Interim Superintendent



Scott Wrehe, C.P.A.
Chief Financial Officer



Kristin Williams, C.P.A., RTSBA
Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Keller Independent School District
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting
is presented to**

Keller Independent School District

**for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2022.**

The district report meets the criteria established for
ASBO International's Certificate of Excellence in Financial Reporting.



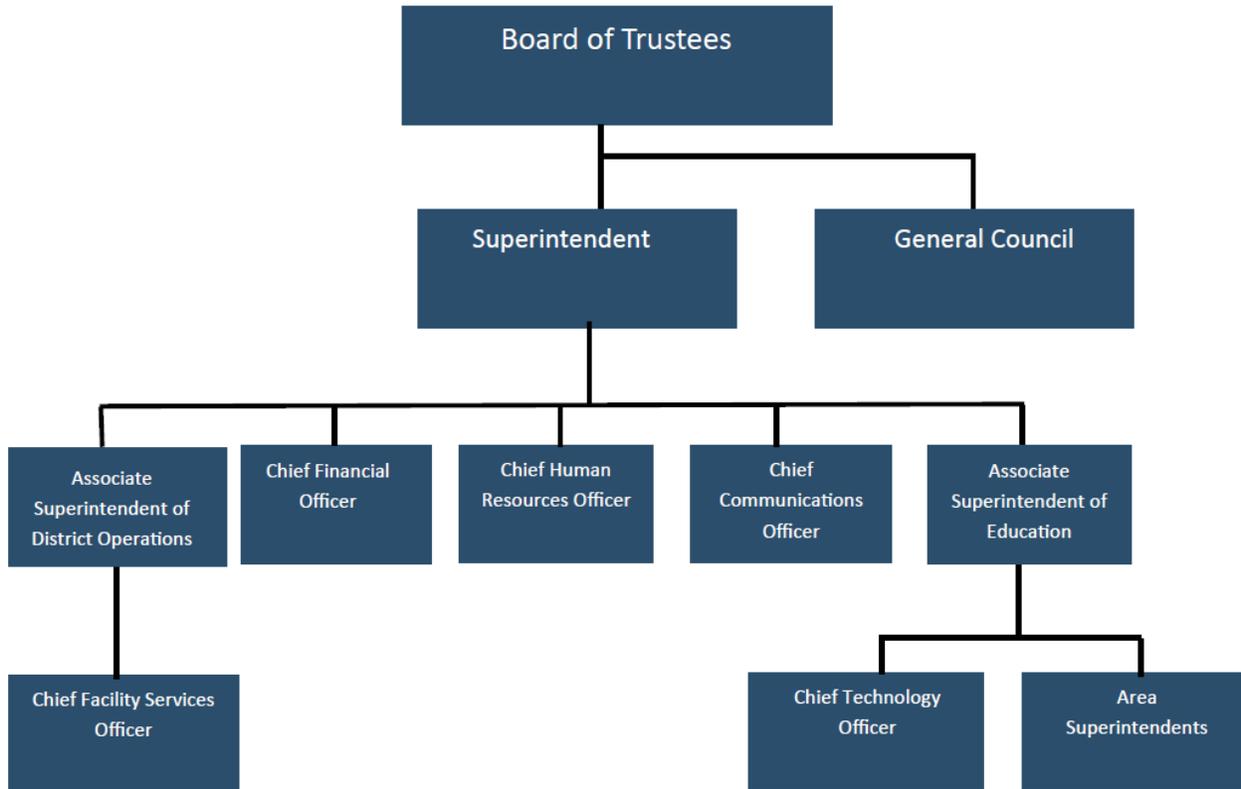
A handwritten signature in black ink, reading 'William A. Sutter'.

William A. Sutter
President

A handwritten signature in black ink, reading 'David J. Lewis'.

David J. Lewis
Executive Director

Keller Independent School District 2022 – 2023 Organizational Chart



Board of Trustees

Dr. Charles Randklev President
Sandi Walker Vice President
Joni Shaw Smith Secretary
John Birt Member
Chris Coker Member
Ruthie Keyes Member
Micah Young Member

Administration

Dr. Rick Westfall Superintendent of Schools
Amanda Bigbee General Counsel
Scott Wrehe Chief Financial Officer
Cecil McDaniel Assoc. Superintendent of District Operations
John Allison Associate Superintendent of Education
Matt Vrlenich Chief Technology Officer
Dr. Tracy Johnson Chief Human Resources Officer
Bryce Nieman Chief Communications Officer
Lindsay Moncrief Area Superintendent
Dr. Kevin Hood Area Superintendent
Dr. Leanne Shivers Area Superintendent
Cory Wilson Area Superintendent
Jennifer Price Assistant Superintendent, Curriculum, and Instruction
Dustin Blank Assistant Superintendent, Student Services
Rola Fadel Executive Director, Planning and Bond Management Services
Johjania Najera Executive Director, Human Resources
Lynn Jameson Executive Director, Special Education
Vaughn Hamblen Executive Director of Technology Operations
Rhonda Dominguez Executive Director, Information Services
Marjorie Martinez Director, Assessment and Accountability
Eric Persyn Director, Athletics
Jennifer Fleming Director, AVID & Post-Secondary Resources
Sandra Benavidez Director of District Counseling Programs
Rob Wright Director, CTE
Christy Johnson Director, Early Childhood Program
Aaron Rister Director, Educational Technology
Leigh Cook Director, Federal Programs
Kristin Williams Director, Finance
Kimberly Blann Director, Fine Arts
Jerry Leafgreen Director, Grounds & Maintenance
Tricia Atzger-John Director, Health Services
Richard Chance Director, Human Resources
Angie Nayfa Director, Human Resources
Sheri Rich Director, Human Resources Benefits
Mara Betancourt Director, Language Acquisition
Matt Hill Director, Media Services
LePaula Smith Director, Operations & Distribution
Faith Morbitzer Director, Payroll
Paul Hughey Director of Planning and Bond Management
Lori Vechione Director, Purchasing
Michael Hoffman Director, Safety and Security
Jean Crudup General Manager, Child Nutrition (Sodexo)
Ken Hargrove General Manager, Transportation

Financial Section

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Independent Auditor's Report

To the Board of Trustees of
Keller Independent School District
Keller, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Keller Independent School District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Other Supplementary Information, Required TEA Schedules and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Other Supplementary Information, Required TEA Schedules and Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates 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 Other Supplementary Information, Required TEA Schedules and Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Comprehensive Financial Report (ACFR)

Management is responsible for the other information included in the ACFR. The other information comprises the Introductory Section, Statistical Section and Schedule of Required Responses to Selected School FIRST Indicators but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2023 on our consideration of the District'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 the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas
November 13, 2023

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**Keller Independent School District
Management's Discussion and Analysis
Year Ended June 30, 2023**

This section is the Keller Independent School District (District) management discussion and analysis of the annual financial report for the period ending June 30, 2023. It should be read in conjunction with the transmittal letter and the district's financial statements that follow this section.

FINANCIAL HIGHLIGHTS

- The district had approximately \$436 million in expenses related to governmental activities, of which \$61.4 million were offset by program-specific charges for services or grants and contributions. General revenues of \$389 million partially offset the costs of these programs resulting in an increase in net position of \$14,893,512. Expenses for governmental activities increased by approximately \$21 million, or 5.08%, from the previous year.
- General revenues accounted for \$389,395,014 or 86.4% of all fiscal year 2023 revenues. Program-specific revenues in the form of charges for services and grants and contributions accounted for \$61,363,525 of additional revenues. The 2023 charges for services and grants and contributions represent a (\$430,249) or (0.696%) decrease from 2022.
- General revenues increased by approximately \$13 million, or 3.5%, in 2023. This was mainly attributable to an increase in investment earnings due to increasing interest rates, as well as an overall net increase between property tax and state grant revenues, due to continuing significant increases in property values.
- On June 30, 2023, the District's liabilities and deferred inflows of resources exceeded its assets and deferred outflow of resources by (\$72,099,942) (Total Net Position). This was a positive gain in Total Net Position from the prior year of \$14,893,512, or 17.1%, a result of the factors listed above.
- At the close of the fiscal year, the combined governmental fund balance was \$184,797,902, a decrease of (\$97,961,296) from the prior year. The decrease was primarily in the Capital Projects fund balance, as \$80 million were expended for capital projects including the re-build and/or renovation of several older schools.
- The General Fund balance decreased by (\$22.4 million), or (32.2%), caused mainly by a loss of state funding. Although classes were conducted in person all year, attendance was still significantly lower than normal as a continuing result of the pandemic. Unassigned fund balance decreased by (\$19,191,985), or (32.3%), and assigned fund balance decreased by (\$3.7 million) or (41.44%). Instead, the Board of Trustees adopted a resolution to commit \$5,137,992 to pay lease costs for student computer devices in the subsequent year.
- The district's total long-term liabilities decreased by (\$16,541,384), or (1.5%), from the previous fiscal year. The key factors in this decrease were bond payments, accreted interest, and bond premium amortization.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the district's basic financial statements. The district's financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the 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 district's finances in a manner similar to a private-sector business.

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

The statement of activities presents information for all the current year's revenue and expenses regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows for future fiscal periods.

Both of the District's government-wide financial statements distinguish the functions of the district as being principally supported by taxes and intergovernmental revenues (governmental activities) as opposed to business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges.

The government-wide financial statements can be found on pages 20-21 of this report.

Fund Financial Statements- A fund is a grouping of related accounts that maintain control over resources that are for specific activities or objectives. The district, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. The fund financial statements provide detailed information about the district's most significant funds and not the district as a whole.

All the funds of the district can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental fund- Governmental funds 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 basic governmental fund financial statements can be found on pages 22-28 of this report.

Proprietary fund- Proprietary funds offer *short* and *long-term* financial information about the activities the government operates *like businesses*. There are two types of proprietary funds – *enterprise funds* and *internal service funds*. The *enterprise funds* report the same functions presented as *business-type activities* in the *government-wide financial statements*. The district has no enterprise funds. *Internal service funds* are an accounting tool used to accumulate and allocate costs internally among various functions. The district uses an *internal service fund* to report activities for its self-funded insurance programs (Workers Compensation and Health Insurance).

The basic proprietary fund financial statements appear on pages 29-31 of this report.

Fiduciary fund- Fiduciary funds account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are *not* available to support the district's own programs. The district is the trustee, or fiduciary, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The basic fiduciary fund financial statements can be found on pages 32-33 of this report.

Notes to the Financial Statements- The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 35-65 of this report.

Other information – In addition to the basic financial statements and accompanying notes, this report also includes certain *required supplementary information* that further explains and supports the financial statements. Required supplementary information can be found on pages 68-75 of this report.

The Texas Education Agency (TEA) requires that certain reports be included in this report and those statements and schedules appear on pages 78-82.

Government-wide Financial Statements

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Keller ISD, liabilities and deferred inflows of resources exceeded assets and deferred outflow of resources by (\$72,099,942).

**Table A-1
Net Position**

| | Governmental Activities | | Percentage Change 2022 to 2023 |
|--|-------------------------|------------------------|--------------------------------------|
| | 2023 | 2022 | |
| Current and other assets | \$ 207,791,496 | \$ 314,819,561 | -34.00% |
| Capital assets (net) | 872,150,960 | 805,849,683 | 8.23% |
| Long term investments | 11,800,293 | 6,467,735 | 100.00% |
| Total assets | 1,091,742,749 | 1,127,136,979 | -3.14% |
| Total deferred outflow of resources | 104,656,229 | 91,056,307 | 14.94% |
| Current liabilities | 60,101,283 | 58,398,891 | 2.92% |
| Long-term liabilities | 1,107,205,155 | 1,123,746,539 | -1.47% |
| Total liabilities | 1,167,306,438 | 1,182,145,430 | -1.26% |
| Total deferred inflow of resources | 101,192,482 | 123,041,310 | -17.76% |
| Net position: | | | |
| Net investment in capital assets | (37,801,569) | (12,397,981) | -204.90% |
| Restricted for grants and food service | 5,795,660 | 6,260,651 | -7.43% |
| Restricted for debt service | 72,407,800 | 66,107,246 | 9.53% |
| Restricted for employee health claims | 371,000 | 402,000 | -7.71% |
| Unrestricted net position | (112,872,833) | (147,365,370) | 23.41% |
| Total net position | \$ (72,099,942) | \$ (86,993,454) | 17.12% |

Investment in capital assets (e.g., land, buildings, furniture, and equipment) less any related debt used to acquire those assets that are still outstanding is (\$37,801,569). The district uses these capital assets to provide services to students; consequently, these assets are not available for future spending. The district's investment in its capital assets is reported net of related debt, but it should be noted that 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.

Governmental Activities

Governmental activities increased the district's net position by \$14,893,512. The total cost of all *governmental activities* this year was \$435,865,027. The amount that our taxpayers paid for these activities was \$297,953,435 or 76.52%.

**Table A-2
Changes in District's Net Position**

| | Governmental Activities | | |
|--|-------------------------|------------------------|-----------------------------------|
| | 2023 | 2022 | Percentage Change 2022 to 2023 |
| Revenues: | | | |
| Program revenues: | | | |
| Charges for service | \$ 22,301,120 | \$ 15,969,018 | 39.65% |
| Operating grants & contributions | 39,062,405 | 45,824,756 | -14.76% |
| General revenues: | | | |
| Property taxes | 297,953,435 | 286,492,082 | 4.00% |
| State grants | 70,199,144 | 82,650,617 | -15.07% |
| Investment earnings | 7,801,515 | 852,740 | 814.88% |
| Other | 13,440,920 | 6,173,757 | 117.71% |
| Total government revenues | 450,758,539 | 437,962,970 | 2.92% |
| Expenses: | | | |
| Instruction | 237,292,267 | 229,892,757 | 3.22% |
| Instructional resources & media services | 4,528,837 | 4,637,280 | -2.34% |
| Curriculum & instructional staff development | 8,147,521 | 7,582,926 | 7.45% |
| Instructional leadership | 5,310,706 | 5,012,252 | 5.95% |
| School leadership | 23,408,136 | 21,873,661 | 7.02% |
| Guidance, counseling & evaluation services | 21,398,095 | 19,284,107 | 10.96% |
| Social services | 285,124 | 264,363 | 7.85% |
| Health services | 4,331,367 | 3,912,772 | 10.70% |
| Student (pupil) transportation | 15,104,500 | 14,543,031 | 3.86% |
| Food services | 14,753,292 | 15,515,970 | -4.92% |
| Co-curricular/extra-curricular activities | 14,732,264 | 14,075,680 | 4.66% |
| General administration | 9,389,984 | 9,070,431 | 3.52% |
| Plant maintenance and operations | 33,735,661 | 32,426,694 | 4.04% |
| Security and monitoring services | 5,781,769 | 4,869,479 | 18.73% |
| Data processing services | 6,122,409 | 8,115,273 | -24.56% |
| Community services | 2,155,050 | 2,115,726 | 1.86% |
| Debt service - interest on long-term debt | 27,680,351 | 19,901,224 | 39.09% |
| Shared services agreement | 376,036 | 361,882 | 3.91% |
| Juvenile Justice Alternative Education Program | - | 22,704 | 100.00% |
| Other government charges | 1,331,658 | 1,328,533 | 0.24% |
| Total governmental expenses | 435,865,027 | 414,806,745 | 5.08% |
| Change in net position | 14,893,512 | 23,156,225 | |
| Beginning net position | (86,993,454) | (110,149,679) | |
| Beginning net position | (86,993,454) | (110,149,679) | |
| Ending net position | \$ (72,099,942) | \$ (86,993,454) | |

Property tax revenues are the single largest source of general income for the district. Presumably due to the pandemic, property values increased at an extremely low rate of 1.45% for 2020-2021 but rebounded in 2021-2022 to increase by slightly over eight percent. The increase in 2022-2023 was 4.00%. Although the increase in property values is far higher than that, the state's compression of tax rates minimizes the increase in values. Due to the current economic downturn, property value growth in future years is difficult to predict. Construction of new homes in the district's 51 square miles is now moderating after several years of rampant growth. The following graphs depict the district's sources of revenue for the years 2023 and 2022 as a percentage of total revenues.

Table A-3

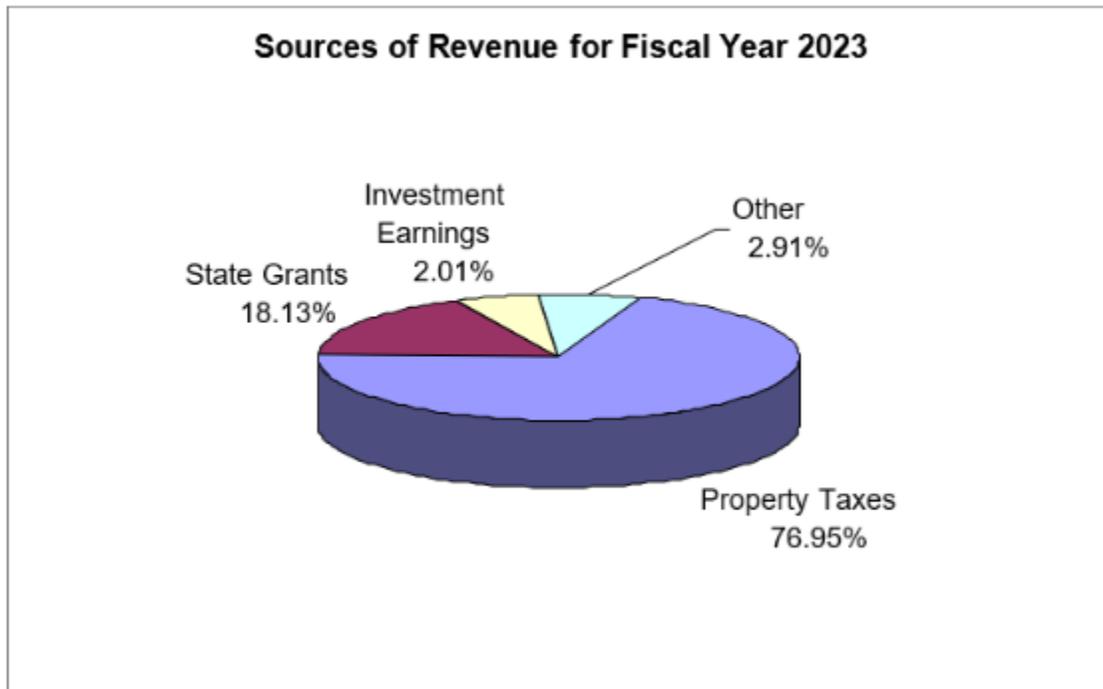


Table A-4

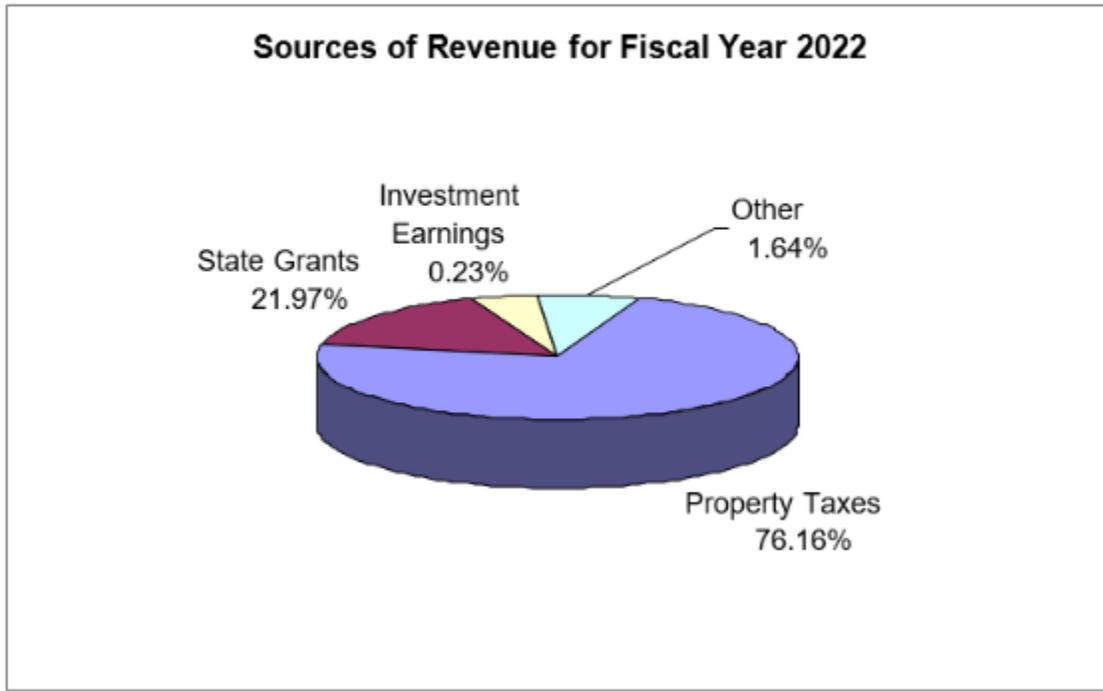


Table A-5 represents the cost of the district's largest programs as well as each program's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial burden that was placed on the district's taxpayers by each of these functions. The cost of all governmental activities this year was \$435,865,027.

**Table A-5
Costs of Services**

| Major Function | Total Cost of Services | | | Net Cost of Services | | |
|--|------------------------|-----------------------|-----------------------------------|-----------------------|-----------------------|-----------------------------------|
| | 2023 | 2022 | Percentage Change 2022 to 2023 | 2023 | 2022 | Percentage Change 2022 to 2023 |
| Instruction, curriculum, and media services | \$ 249,968,625 | \$ 242,112,963 | 3.24% | \$ 230,641,760 | \$ 222,954,229 | 3.45% |
| Instructional and school leadership | 28,718,842 | 26,885,913 | 6.82% | 27,061,063 | 25,424,122 | 6.44% |
| Student support services, food service, and extra/co-curricular activities | 70,604,642 | 67,595,923 | 4.45% | 37,544,639 | 31,943,664 | 17.53% |
| General administration | 9,389,984 | 9,070,431 | 3.52% | 8,845,015 | 8,558,870 | 3.34% |
| Plant maintenance, security and data processing | 45,639,839 | 45,411,446 | 0.50% | 42,196,427 | 42,321,512 | -0.30% |
| Community services | 2,155,050 | 2,115,726 | 1.86% | 1,964,850 | 1,923,561 | 2.15% |
| Debt service | 27,680,351 | 19,901,224 | 39.09% | 24,792,230 | 18,444,492 | 34.42% |
| Shared services agreement | 376,036 | 361,882 | 3.91% | 190,192 | 159,475 | 19.26% |
| Juvenile justice alternative ed | - | 22,704 | 100.00% | - | 21,558 | 100.00% |
| Non-operating expenses | 1,331,658 | 1,328,533 | 0.24% | 1,265,326 | 1,261,488 | 0.30% |
| Total expenses | <u>\$ 435,865,027</u> | <u>\$ 414,806,745</u> | 5.08% | <u>\$ 374,501,502</u> | <u>\$ 353,012,971</u> | 6.09% |

Total net expenses increased by 5.08% in 2023 from the previous year. Net expenses in this category decreased because many large technology expenses were paid from the ESSER grant. The largest increase was in the Debt Service category and was due to a large refunding in the prior year. There was no refunding in the current year to reduce debt.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the district uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, bond covenants, and segregation for particular purposes.

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

As of the end of the current fiscal year, the district's governmental funds reported combined ending fund balances of \$184,797,902, a decrease from the previous year of (\$97,961,296) or (34.64%). The General Fund balance decreased by (\$22.4) million due mainly to reduced funding associated with lowered attendance since the pandemic.

The fund balance of the Federally Funded Grant Fund decreased in 2023 by (\$1,223,446), or (16.13%). The decrease occurred in the Child Nutrition fund and was attributable to the spending of fund balance for cafeteria improvements, in accordance with guidance from the Texas Department of Agriculture.

The fund balance of the Debt Service Fund increased by \$5,752,223, or 7.55%, due partly to rising interest rates on investments and lowered principal and interest payments due to bond refundings in the prior year.

The Capital Projects fund balance decreased by (\$79.9 million), or (65.92%). The decrease was a result of the expenditure of \$90 million on current capital projects, including the re-build and renovation of several school buildings. The State Funded Grant Fund balance decreased by (\$97,970), as the remaining Instructional Materials Allotment was expended. And finally, the Local Funds balance decreased by (\$40,057), or (0.56%), which was caused by the expenditure of the local Hudson Grant funds on various campus projects.

The general fund balance has an unassigned fund balance of \$40,738,039. The remainder of fund balance in the general fund and in all other funds is reserved and unavailable for new spending, and has been restricted, committed, or assigned as per GASB 54. Non-spendable fund balance in the general fund consists of inventory (\$267,921) and deferred expenditures (\$1,033,470). The Board of Trustees also passed a resolution to commit \$5,137,992 for a future lease payment for student computer devices.

Non-spendable fund balance in all other funds consists of inventory in the Federally Funded Grant Fund (Child Nutrition) of (\$43,479), and of prepaid items – (\$1,305,198) in the Federally Funded Grant Fund, (\$3,696) in the Debt Service fund, (\$73) in the Capital Projects Fund, (\$1,385,690) in the State Funded Grant fund and (\$151,216) in the Local funds. Fund balance is restricted to pay debt service (\$81,981,544), for the capital acquisition program (\$41,319,388), and for food service (\$5,013,556). Grant funds are restricted in the Local Funds for (\$782,104). Commitments of fund balance include (\$6,175,138) in Local Funds for campus activity funds.

The general fund is the primary operating fund of the district. At the end of the current fiscal year, unassigned fund balance of the general fund was \$40,738,039, while the total fund balance was \$47,177,422. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to the total fund expenditures. Unassigned fund balance represents 11.9% of the total general fund expenditures, while total fund balance represents 13.78% of that same amount. The balance of total fund balance is committed for a subsequent year lease payment. Both committed and unassigned fund balance may be used at the discretion of the Board.

During the current fiscal year, the fund balance of the district's general fund decreased by (\$22,443,463), compared to a decrease in the prior year of (\$12,410,852). The lack of state funding; the lingering effects of the pandemic, including low attendance; and high inflation strongly influenced the financial results of fiscal year 2023. The Board of Trustees had, in some past years, approved deficit budgets to restore some of the budget reductions made in prior years due to the recession to fund new initiatives and provide minimal pay increases for all district employees. However, since 2017 the adopted budget has reflected an estimated surplus. The budgeted surplus for 2019-20 was \$193,840 and was \$137,759 for 2020-21. However, for the 2022-2023 fiscal year, it was necessary for the Board of Trustees to adopt a budget deficit of (\$5,135,456). For the 2023-2024 upcoming year, the Board of Trustees adopted a balanced budget.

General Fund Budgetary Highlights

Over the course of the year, the district revised its budget several times. In accordance with Board Policy CE (Local), the district submits amendments during the budget year to the Board of Trustees for approval. These amendments are presented when a functional expenditure category or revenue object is increased.

In addition, at the end of every fiscal year, school districts across the state also make their year-end amended budgets to ensure all functional categories will have favorable balances. If unfavorable functional balances are reported in the audit at the close of the fiscal year, the result is a letter issued by the Texas Education Agency stipulating the legal budgeting requirements. The district did not exceed functional budget in any category in the general fund for the 2022-2023 year.

1. *Variances of original expenditure budget compared to amended budget.* The amended expenditure budget increased \$6,115,950 from the original budget. Major budget amendments contributing to this increase include (1) \$1,235,500 from unused prior year Compensatory Education funds for summer intervention, (2) \$1,000,000 for additional utility costs (3) \$466,181 of unused prior year Early Education Allotment funds to partially offset the cost of K-3 ELA phonics adoption and (4) \$556,434 for additional security resource officers.
2. *Variances of amended budget to actual expenditures.* Variations of amended budget to actual expenditures were minimal in 2022-23, with an overall variation of 3.71%. The largest variance was 40.93% in the Plant Maintenance and Operations function where funds had been appropriated for several large equipment purchases that were ultimately not completed. All other variances were relatively small. Although the Debt Service function had a \$600,000 budget reserved for GASB 87/96 expenses, no funds were ultimately needed for that function.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2023, the district had invested approximately \$872 million in a broad range of capital assets, including land, equipment, and buildings. (See Table A-6) This amount represents a net increase of \$66.3 million or 8.23% from the prior year.

Table A-6
District's Capital Assets

| | Governmental Activities | | Percentage Change 2022 to 2023 |
|--------------------------------|-------------------------|-----------------------|--------------------------------------|
| | 2023 | 2022 | |
| Land | \$ 52,998,313 | \$ 52,979,613 | 0.04% |
| Buildings and improvements | 913,107,416 | 911,317,365 | 0.20% |
| Furniture and equipment | 46,307,550 | 39,550,224 | 17.09% |
| Construction in progress | 227,936,068 | 147,957,733 | 54.05% |
| Total Assets | 1,240,349,347 | 1,151,804,935 | 7.69% |
| Less: accumulated depreciation | (368,198,387) | (345,955,252) | 6.43% |
| Net Capital Assets | \$ 872,150,960 | \$ 805,849,683 | 8.23% |

Additional information about the district's capital assets is presented in Note 5 in the Notes to the Financial Statements.

Long-Term Debt

As of June 30, 2023, the District had total bonded debt outstanding of \$824,104,987, a decrease of (\$40,480,195) or (4.68%), from the previous year, due mostly to the payment of principal and interest during the 2023 year. The district also had accreted interest of \$0, a decrease of (\$10,845), or (100.00%), from the previous year.

Table A-7
District's Long-Term Debt

| | Governmental Activities | | |
|--------------------------------------|-------------------------|-------------------------|-----------------------------------|
| | 2023 | 2022 | Percentage Change 2022 to 2023 |
| Bonds and Notes Payable | | | |
| General Obligations Bonds | \$ 824,104,987 | \$ 864,585,182 | -4.68% |
| Premium on bonds | 99,418,744 | 107,652,884 | -7.65% |
| Accreted interest | - | 10,845 | -100.00% |
| Total Bonds and Notes Payable | 923,523,731 | 972,248,911 | -5.01% |
| Other Liabilities | | | |
| Compensated Absences | 823,566 | 969,781 | -15.08% |
| Net Pension Liability | 121,009,104 | 50,826,036 | 138.08% |
| Claims Payable | 2,504,535 | 3,455,038 | -27.51% |
| OPEB Liability | 59,344,219 | 96,246,773 | -38.34% |
| Total Other Liabilities | 183,681,424 | 151,497,628 | 21.24% |
| Total Long-Term Debt | \$ 1,107,205,155 | \$ 1,123,746,539 | -1.47% |

The District implemented Government Accounting Standards Board No. 65, *Items Previously Reported as Assets and Liabilities*, in 2014. Accordingly, deferred losses on refundings are now classified as deferred outflow of resources on the government-wide statements.

Additional information about the district's debt is presented in Note 4 in the Notes to the Financial Statements.

Bond Ratings

The bonds have a primary rating of "Aaa" by Moody's Investors Service, Inc. ("Moody's") and "AAA" by Standard & Poor's Ratings Services, ("S&P") by virtue of the guarantee of the Permanent School Fund of the State of Texas ("PSF Guarantee"). The underlying or secondary ratings for the district are "Aa2" by Moody's and "AA" by S&P.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

General fund revenues in 2023-2024 are budgeted to decrease from 2022-2023 amended budget revenue by approximately (\$5.1) million, or (1.51%). Most of this decrease is from expected decreases in property tax revenue. Property tax revenue is expected to decrease due to the compression of property tax rates by the Texas State Legislature.

In May 2019, the 86th Texas Legislature passed House Bill 3, which in their words was a "sweeping and historic school finance bill". The bill was presented as providing more money for Texas classrooms, increasing teacher compensation, reducing recapture, and cutting local property taxes for Texas taxpayers. The basic allotment for students was increased, as well as the weights for special education, compensatory education, bi-lingual programs and career and technology programs. Allotments were added for dyslexia, early education, and school safety. Other allotments were eliminated, such as the high school allotment and the gifted and talented allotment (although this allotment was reinstated in the 2021-2022 fiscal year). And perhaps most significantly, the district's maintenance and operation property tax rate are subject to further compression each year.

Even so, the district must maintain any prior years' state mandated pay raises for teachers, librarians, counselors, and diagnosticians. The state also mandated full day pre-kindergarten programs beginning in 2020-21 and the budgeted cost of positions and materials to support that program is approximately \$1.5 million.

The last few years have seen districts across the state scrambling to balance their budgets because many students have not come back to public schools after the pandemic. The Board of Trustees required a balanced budget for 2023-2024. As a result of all these factors, the district initiated a series of budget reductions in the 2023-2024 budget and no pay raises were included.

Significant amounts budgeted for 2023-24 are:

| | |
|---|------------------------|
| Decrease based on staffing formula reductions | \$ (4,517,500) |
| Elimination of vacant positions | (2,159,445) |
| Reclassification of district wide support | (3,891,243) |
| Reduction of department budgets | <u>(5,135,926)</u> |
| | <u>\$ (15,704,114)</u> |

The recognized sign of fiscal health for a school district is an appropriate fund balance for the General Fund (operating fund). The value of having an appropriate fund balance level can be expressed as follows:

1. Contingency fund for unexpected costs
2. Cash flow for operational resources at the beginning of the year prior to the tax collection season
3. Viewed as a sign of fiscal stability and health by bond rating agencies.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the district's finances and to demonstrate the district's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Finance Department at 350 Keller Parkway, Keller, Texas 76248, or visit the Keller ISD website at www.kellerisd.net.

Basic Financial Statements

Keller Independent School District

Statement of Net Position

June 30, 2023

Exhibit A-1

| <u>Data Control Codes</u> | | <u>Governmental Activities</u> |
|--------------------------------------|---|------------------------------------|
| ASSETS | | |
| 1110 | Cash and temporary investments | \$ 182,539,117 |
| 1220 | Property taxes receivable (delinquent) | 3,296,048 |
| 1230 | Allowance for uncollectible taxes | (329,605) |
| 1240 | Due from other governments | 16,764,972 |
| 1290 | Other receivables | 670,757 |
| 1300 | Inventories, at cost | 311,400 |
| 1410 | Prepaid items | 4,167,807 |
| | Capital assets: | |
| 1510 | Land | 52,998,313 |
| 1520 | Buildings and improvements, net | 572,380,618 |
| 1530 | Furniture and equipment, net | 18,835,961 |
| 1580 | Construction in progress | 227,936,068 |
| 1810 | Restricted cash | 371,000 |
| 1910 | Long-term investments | 11,800,293 |
| | Total assets | <u>1,091,742,749</u> |
| DEFERRED OUTFLOW OF RESOURCES | | |
| 1700 | Deferred loss on refunding | 32,275,140 |
| 1705 | Deferred outflows - pension | 51,388,692 |
| 1705 | Deferred outflows - OPEB | 20,992,397 |
| | Total deferred outflows of resources | <u>104,656,229</u> |
| LIABILITIES | | |
| 2110 | Accounts payable | 21,344,719 |
| 2140 | Interest payable | 10,263,089 |
| 2150 | Payroll deductions and withholdings payable | 1,449,246 |
| 2160 | Accrued wages payable | 20,644,056 |
| 2180 | Due to other governments | 4,852,383 |
| 2210 | Accrued expenses | 1,371,839 |
| 2300 | Unearned revenues | 175,951 |
| | Noncurrent liabilities: | |
| 2501 | Due within one year | 52,872,722 |
| 2502 | Due in more than one year | 873,979,110 |
| 2540 | Net pension liability | 121,009,104 |
| 2545 | Net OPEB liability | 59,344,219 |
| | Total liabilities | <u>1,167,306,438</u> |
| DEFERRED INFLOW OF RESOURCES | | |
| 2605 | Deferred inflows - pension | 9,382,365 |
| 2606 | Deferred inflows - OPEB | 91,810,117 |
| | Total deferred inflows of resources | <u>101,192,482</u> |
| NET POSITION | | |
| 3200 | Net investment in capital assets | (37,801,569) |
| 3820 | Restricted for grants and Food Service | 5,795,660 |
| 3850 | Restricted for debt service | 72,407,800 |
| 3890 | Restricted for employee health claims | 371,000 |
| 3900 | Unrestricted net position | (112,872,833) |
| | TOTAL NET POSITION | <u>\$ (72,099,942)</u> |

The Notes to the Financial Statements are an integral part of this statement.

Keller Independent School District

Statement of Activities
Year Ended June 30, 2023

Exhibit B-1

| Data Control Codes | | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position |
|--------------------|--|-----------------------|----------------------|----------------------------------|---|
| | | Expenses | Charges for Services | Operating Grants & Contributions | Governmental Activities |
| | PRIMARY GOVERNMENT | | | | |
| | Governmental activities: | | | | |
| 0011 | Instruction | \$ 237,292,267 | \$ 9,744,715 | \$ 7,624,120 | \$(219,923,432) |
| 0012 | Instructional resources and media services | 4,528,837 | 156,497 | 183,586 | (4,188,754) |
| 0013 | Curriculum and instructional staff development | 8,147,521 | 261,720 | 1,356,227 | (6,529,574) |
| 0021 | Instructional leadership | 5,310,706 | 196,619 | 162,555 | (4,951,532) |
| 0023 | School leadership | 23,408,136 | 832,800 | 465,805 | (22,109,531) |
| 0031 | Guidance, counseling, and evaluation services | 21,398,095 | 684,904 | 2,780,715 | (17,932,476) |
| 0032 | Social services | 285,124 | 9,135 | 50,888 | (225,101) |
| 0033 | Health services | 4,331,367 | 153,329 | 69,262 | (4,108,776) |
| 0034 | Student (pupil) services | 15,104,500 | 590,920 | 349,509 | (14,164,071) |
| 0035 | Food services | 14,753,292 | 5,970,493 | 19,792,722 | 11,009,923 |
| 0036 | Cocurricular/extracurricular activities | 14,732,264 | 1,019,355 | 1,588,771 | (12,124,138) |
| 0041 | General administration | 9,389,984 | 353,363 | 191,606 | (8,845,015) |
| 0051 | Plant maintenance and operations | 33,735,661 | 1,844,057 | 409,865 | (31,481,739) |
| 0052 | Security and monitoring services | 5,781,769 | 167,009 | 302,396 | (5,312,364) |
| 0053 | Data processing services | 6,122,409 | 190,185 | 529,900 | (5,402,324) |
| 0061 | Community services | 2,155,050 | 65,988 | 124,212 | (1,964,850) |
| 0072 | Debt service - interest on long term debt | 27,680,351 | - | 2,888,121 | (24,792,230) |
| 0093 | Shared services agreement | 376,036 | 7,371 | 178,473 | (190,192) |
| 0099 | Other governmental charges | 1,331,658 | 52,660 | 13,672 | (1,265,326) |
| [TP] | TOTAL PRIMARY GOVERNMENT | <u>\$ 435,865,027</u> | <u>\$ 22,301,120</u> | <u>\$ 39,062,405</u> | <u>\$(374,501,502)</u> |
| | General revenues: | | | | |
| | Taxes: | | | | |
| MT | Property taxes, levied for general purposes | | | | 220,767,265 |
| DT | Property taxes, levied for debt service | | | | 77,186,170 |
| SF | State grants, unrestricted | | | | 70,199,144 |
| IE | Investment earnings | | | | 7,801,515 |
| MI | Miscellaneous local and intermediate | | | | 13,440,920 |
| TR | Total general revenues | | | | <u>389,395,014</u> |
| CN | Change in net position | | | | 14,893,512 |
| NB | Net position - beginning | | | | <u>(86,993,454)</u> |
| NE | NET POSITION - ENDING | | | | <u>\$ (72,099,942)</u> |

The Notes to the Financial Statements are an integral part of this statement.

Keller Independent School District
 Balance Sheet – Governmental Funds
 Governmental Funds
 June 30, 2023

| <u>Data Control Codes</u> | | 10 General Fund | 20 Federally Funded Grant Fund |
|-----------------------------------|--|--|---|
| | ASSETS | | |
| 1110 | Cash and temporary investments | \$ 36,992,235 | \$ 1,163,966 |
| 1220 | Property taxes - delinquent | 2,429,336 | - |
| 1230 | Allowance for uncollectible taxes | (242,934) | - |
| 1240 | Due from other governments | 10,026,423 | 6,329,474 |
| 1260 | Due from other funds | 19,158,941 | - |
| 1290 | Other receivables | 92,668 | 285,187 |
| 1300 | Inventories, at cost | 267,921 | 43,479 |
| 1410 | Prepaid items | 1,033,470 | 1,305,198 |
| 1910 | Long-term investments | 7,836,569 | - |
| 1000 | Total assets | <u>77,594,629</u> | <u>9,127,304</u> |
| 1000A | TOTAL ASSETS | <u>\$ 77,594,629</u> | <u>\$ 9,127,304</u> |
| | LIABILITIES | | |
| 2110 | Accounts payable | \$ 1,566,380 | \$ 891,072 |
| 2150 | Payroll deduction and withholdings payable | 1,449,246 | - |
| 2160 | Accrued wages payable | 19,105,543 | 1,513,419 |
| 2170 | Due to other funds | 1,115,926 | 317,101 |
| 2180 | Due to other governments | 4,850,413 | - |
| 2210 | Accrued expenditures | 411,918 | - |
| 2300 | Unearned revenue | - | 43,479 |
| 2000 | Total liabilities | <u>28,499,426</u> | <u>2,765,071</u> |
| | DEFERRED INFLOWS OF RESOURCES | | |
| 2600 | Deferred property taxes | 1,917,781 | - |
| | FUND BALANCES | | |
| | Nonspendable: | | |
| 3410 | Investments in inventory | 267,921 | 43,479 |
| 3430 | Prepaid items | 1,033,470 | 1,305,198 |
| | Restricted for: | | |
| 3480 | Retirement of long term debt | - | - |
| 3470 | Capital acquisition program | - | - |
| 3450 | Food service | - | 5,013,556 |
| 3450 | Grant funds | - | - |
| | Committed for: | | |
| 3545 | Campus activity fund | - | - |
| 3545 | Other purposes | 5,137,992 | - |
| 3600 | Unassigned | 40,738,039 | - |
| 3000 | Total fund balances | <u>47,177,422</u> | <u>6,362,233</u> |
| 4000 | TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | <u>\$ 77,594,629</u> | <u>\$ 9,127,304</u> |

The Notes to the Financial Statements are an integral part of this statement.

| 50 Debt Service Fund | 60 Capital Projects Fund | 30-42 State Funded Grant Fund | 46-48 Local Fund | Total Governmental Funds |
|---|---|--|---------------------------------|---|
| \$ 80,853,413 | \$ 56,307,097 | \$ - | \$ 7,222,406 | \$ 182,539,117 |
| 866,712 | - | - | - | 3,296,048 |
| (86,671) | - | - | - | (329,605) |
| - | 114,825 | 290,303 | 3,947 | 16,764,972 |
| 1,115,926 | - | - | - | 20,274,867 |
| 42,003 | 98,062 | 8,550 | 8,378 | 534,848 |
| - | - | - | - | 311,400 |
| 3,696 | 73 | 1,385,690 | 151,216 | 3,879,343 |
| - | 3,963,724 | - | - | 11,800,293 |
| <u>82,795,079</u> | <u>60,483,781</u> | <u>1,684,543</u> | <u>7,385,947</u> | <u>239,071,283</u> |
| <u>\$ 82,795,079</u> | <u>\$ 60,483,781</u> | <u>\$ 1,684,543</u> | <u>\$ 7,385,947</u> | <u>\$ 239,071,283</u> |
| \$ - | \$ 18,703,938 | \$ - | \$ 177,761 | \$ 21,339,151 |
| - | - | - | - | 1,449,246 |
| - | - | - | 25,094 | 20,644,056 |
| - | - | 776,983 | - | 2,210,010 |
| - | - | - | 1,970 | 4,852,383 |
| 124,190 | 460,382 | - | 2,664 | 999,154 |
| - | - | 62,472 | 70,000 | 175,951 |
| <u>124,190</u> | <u>19,164,320</u> | <u>839,455</u> | <u>277,489</u> | <u>51,669,951</u> |
| 685,649 | - | - | - | 2,603,430 |
| - | - | - | - | 311,400 |
| 3,696 | 73 | 1,385,690 | 151,216 | 3,879,343 |
| 81,981,544 | - | - | - | 81,981,544 |
| - | 41,319,388 | - | - | 41,319,388 |
| - | - | - | - | 5,013,556 |
| - | - | - | 782,104 | 782,104 |
| - | - | - | 6,175,138 | 6,175,138 |
| - | - | - | - | 5,137,992 |
| - | - | (540,602) | - | 40,197,437 |
| <u>81,985,240</u> | <u>41,319,461</u> | <u>845,088</u> | <u>7,108,458</u> | <u>184,797,902</u> |
| <u>\$ 82,795,079</u> | <u>\$ 60,483,781</u> | <u>\$ 1,684,543</u> | <u>\$ 7,385,947</u> | <u>\$ 239,071,283</u> |

The Notes to the Financial Statements are an integral part of this statement.

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Keller Independent School District**Exhibit C-2**
 Reconciliation of the Governmental Funds Balance Sheet
 to the Statement of Net Position
 June 30, 2023

| | |
|---|-------------------------------|
| TOTAL FUND BALANCES - GOVERNMENTAL FUNDS | \$ 184,797,902 |
| The District uses internal service funds to charge the costs of certain activities, such as self-insurance, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to decrease net position. | (20,152,272) |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. | 1,240,349,347 |
| Accumulated depreciation has not been recorded in the fund financial statements. | (368,198,387) |
| Bonds payable have not been included in the fund financial statements. | (824,104,987) |
| Net pension liability is not reported in the fund financial statements. | (121,009,104) |
| Net OPEB liability is not reported in the fund financial statements. | (59,344,219) |
| Premiums on the issuance of bonds are not capitalized in the fund financial statements. | (99,418,744) |
| Deferred loss on bond refunding has not been reflected in the fund financial | 32,275,140 |
| Property tax and other revenue are reported as deferred inflows of resources in the fund financial statements but is recognized as revenue in the government-wide financial statements. | 2,603,430 |
| Deferred outflows of resources for pension related liabilities are recognized in the government-wide statements but are not recorded in the fund financial statements. | 51,388,692 |
| Deferred inflows of resources for pension related liabilities are recognized in the government-wide statements but are not recorded in the fund financial statements. | (9,382,365) |
| Deferred outflows of resources for OPEB related liabilities are recognized in the government-wide statements but are not recorded in the fund financial statements. | 20,992,397 |
| Deferred inflows of resources for OPEB related liabilities are recognized in the government-wide statements but are not recorded in the fund financial statements. | (91,810,117) |
| Accrued liabilities for compensated absences have not been reflected in the fund financial statements. | (823,566) |
| Interest is accrued on outstanding debt in the government-wide financial statements whereas in the fund financial statements interest expenditures are reported when due. | (10,263,089) |
| TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES | <u><u>\$ (72,099,942)</u></u> |

Keller Independent School District
Statement of Revenues, Expenditures, and Changes in
Fund Balances – Governmental Funds
Year Ended June 30, 2023

| <u>Data Control Codes</u> | | <u>10 General Fund</u> | <u>20 Federally Funded Grant Fund</u> |
|---------------------------------------|---|--------------------------------|---|
| REVENUES | | | |
| 5700 | Local and intermediate sources | \$ 227,572,725 | \$ 5,947,218 |
| 5800 | State program revenues | 83,732,496 | 715,764 |
| 5900 | Federal program revenues | 3,513,581 | 24,439,563 |
| 5020 | Total revenues | 314,818,802 | 31,102,545 |
| EXPENDITURES | | | |
| Current: | | | |
| 0011 | Instruction | 208,435,097 | 7,048,298 |
| 0012 | Instructional resources and media services | 3,944,231 | 7,187 |
| 0013 | Curriculum and instructional staff development | 5,498,399 | 2,249,937 |
| 0021 | Instructional leadership | 4,888,989 | 165,617 |
| 0023 | School leadership | 20,937,542 | 233,430 |
| 0031 | Guidance, counseling and evaluation services | 15,151,929 | 4,342,127 |
| 0032 | Social work services | 187,187 | 88,390 |
| 0033 | Health services | 3,856,643 | 41,693 |
| 0034 | Student (pupil) transportation | 14,786,880 | 315,021 |
| 0035 | Food services | 2,312 | 16,607,962 |
| 0036 | Cocurricular/extracurricular activities | 10,370,644 | - |
| 0041 | General administration | 8,927,095 | - |
| 0051 | Facilities maintenance and operations | 33,961,691 | - |
| 0052 | Security and monitoring services | 4,010,857 | 76,823 |
| 0053 | Data processing services | 4,342,471 | 627,995 |
| 0061 | Community services | 1,594,746 | 145,475 |
| Debt service: | | | |
| 0071 | Debt service - Principal on long term debt | - | - |
| 0072 | Debt service - Interest on long term debt | - | - |
| 0073 | Debt service - Bond issuance cost and fees | - | - |
| Capital outlay: | | | |
| 0081 | Facilities acquisition and construction | 33,894 | - |
| Intergovernmental: | | | |
| 0093 | Shared services agreement | - | 376,036 |
| 0099 | Other governmental charges | 1,331,658 | - |
| 6030 | Total expenditures | 342,262,265 | 32,325,991 |
| 1100 | Excess (deficiency) of revenues over (under) expenditures | (27,443,463) | (1,223,446) |
| OTHER FINANCING SOURCES (USES) | | | |
| 7915 | Transfers in | 5,000,000 | - |
| | Total other financing sources (uses) | 5,000,000 | - |
| 1200 | Net change in fund balance | (22,443,463) | (1,223,446) |
| 0100 | Fund balance - beginning | 69,620,885 | 7,585,679 |
| 3000 | FUND BALANCE - ENDING | \$ 47,177,422 | \$ 6,362,233 |

The Notes to the Financial Statements are an integral part of this statement.

Exhibit C-3

| 50 Debt Service Fund | 60 Capital Project Fund | 30-42 State Funded Grant Funds | 46-48 Local Funds | Total Governmental Funds |
|-------------------------------|----------------------------------|---|-------------------------|--------------------------------|
| \$ 79,446,404 | \$ 9,902,903 | \$ - | \$ 6,506,105 | \$ 329,375,355 |
| 2,888,120 | 23,227 | 1,098,567 | 24,904 | 88,483,078 |
| - | 431,188 | - | - | 28,384,332 |
| 82,334,524 | 10,357,318 | 1,098,567 | 6,531,009 | 446,242,765 |
| - | 1,346,378 | 1,159,429 | 1,372,610 | 219,361,812 |
| - | - | - | 322,565 | 4,273,983 |
| - | 4,276 | 30,075 | 95,006 | 7,877,693 |
| - | - | - | 32,003 | 5,086,609 |
| - | - | - | 213,894 | 21,384,866 |
| - | - | 5,554 | 504,834 | 20,004,444 |
| - | - | - | - | 275,577 |
| - | - | - | 932 | 3,899,268 |
| - | - | - | - | 15,101,901 |
| - | - | - | - | 16,610,274 |
| - | - | - | 3,562,821 | 13,933,465 |
| - | 13,640 | 345 | 201,627 | 9,142,707 |
| - | - | - | 13,218 | 33,974,909 |
| - | 880,590 | 1,134 | 164,502 | 5,133,906 |
| - | 808,858 | - | - | 5,779,324 |
| - | - | - | 61,119 | 1,801,340 |
| - | - | - | - | - |
| 40,480,195 | - | - | - | 40,480,195 |
| 36,093,550 | - | - | - | 36,093,550 |
| 8,556 | - | - | - | 8,556 |
| - | 87,212,159 | - | 25,935 | 87,271,988 |
| - | - | - | - | 376,036 |
| - | - | - | - | 1,331,658 |
| 76,582,301 | 90,265,901 | 1,196,537 | 6,571,066 | 549,204,061 |
| 5,752,223 | (79,908,583) | (97,970) | (40,057) | (102,961,296) |
| - | - | - | - | 5,000,000 |
| - | - | - | - | 5,000,000 |
| 5,752,223 | (79,908,583) | (97,970) | (40,057) | (97,961,296) |
| 76,233,017 | 121,228,044 | 943,058 | 7,148,515 | 282,759,198 |
| \$ 81,985,240 | \$ 41,319,461 | \$ 845,088 | \$ 7,108,458 | \$ 184,797,902 |

Keller Independent School District
 Reconciliation of the Statement of Revenues,
 Expenditures, and Changes in Fund Balances of the
 Governmental Funds to the Statement of Activities
 Year Ended June 30, 2023

Exhibit C-4

| | |
|--|----------------------|
| TOTAL NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS | \$ (97,961,296) |
| The District uses internal service funds to charge the costs of certain activities, such as self-insurance, to appropriate functions in other funds. The net income of internal service funds are reported with governmental activities. The net effect of this consolidation is to decrease net position. | (4,705,593) |
| Current year capital outlays are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The net effect of removing the 2019 capital outlays is to increase net position. | 88,544,412 |
| Depreciation is not recognized as an expenditure in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position. | (22,243,135) |
| Current year long term debt principal payments are expenditures in the fund financial statements, whereas they are reported as reductions of bonds payable in the government-wide financial statements. The effect of current year principal paid on bonds payable increased net position. | 40,480,195 |
| Current year change in accretion on capital appreciation bonds is not recorded in the fund financial statements, but is shown as a decrease in the accreted interest on the government-wide | 10,845 |
| The current year amortization of the premium on bonds payable is not recorded in the fund financial statements, but is shown as a reduction of the premium in the government-wide financial statements. | 8,234,140 |
| Current year amortization of the deferred loss on the issuance of refunding bonds is not reflected in the fund financial statements, but is shown as a reduction of the loss in the government-wide financial statements. | (487,218) |
| Changes in the net pension liability, and related deferred inflows and outflows are recognized in the government-wide financials, but are not reported in the fund financial statements. The effect of the change is a decrease to net position. | (6,159,659) |
| Changes in the net OPEB liability, and related deferred inflows and outflows are recognized in the government-wide financials, but are not reported in the fund financial statements. The effect of the change is a decrease to net position. | 8,815,113 |
| Property taxes are deferred in the fund financial statements until they are considered available to finance current expenditures, but such revenues are recognized when assessed net of an allowance for uncollectible accounts in the government-wide statements. | (444,495) |
| Compensated absences are recognized when the related obligation matures and is expected to be liquidated with expendable available financial resources. Therefore additions to the accrual for compensated absences are not reported in the fund financial statements. The net effect of the current year increase in compensated absences was to decrease net position. | 146,215 |
| Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due. | 663,988 |
| CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES (B-1) | <u>\$ 14,893,512</u> |

Keller Independent School District
Statement of Net Position – Proprietary Funds
June 30, 2023

Exhibit D-1

| | Governmental Activities - Internal Service Fund |
|---------------------------------------|--|
| ASSETS | |
| Current assets | |
| Accounts receivable | \$ 135,909 |
| Prepaid items | 288,464 |
| Cash - restricted | <u>371,000</u> |
| Total current assets | <u>795,373</u> |
| TOTAL ASSETS | 795,373 |
| LIABILITIES | |
| Current liabilities | |
| Accounts and claims payable | 5,568 |
| Due to other funds | 18,064,857 |
| Accrued expenses | <u>372,685</u> |
| Total current liabilities | 18,443,110 |
| Noncurrent liabilities | |
| Claims payable | <u>2,504,535</u> |
| Total noncurrent liabilities | <u>2,504,535</u> |
| TOTAL LIABILITIES | 20,947,645 |
| NET POSITION | |
| Restricted for employee health claims | 371,000 |
| Unrestricted net position | <u>(20,523,272)</u> |
| TOTAL NET POSITION | <u>\$ (20,152,272)</u> |

Keller Independent School District
Statement of Revenues, Expenses, and
Changes in Fund Net Position – Proprietary Funds
Year Ended June 30, 2023

Exhibit D-2

| | Governmental Activities - Internal Service Fund |
|--|--|
| OPERATING REVENUES | |
| Local and intermediate sources | \$ 21,768,683 |
| Total operating revenues | 21,768,683 |
| OPERATING EXPENSES | |
| Professional and contracted services | 2,504,193 |
| Supplies | 5,792 |
| Claim settlement costs | 19,197,485 |
| Total operating expenses | 21,707,470 |
| Operating income | 61,213 |
| NONOPERATING REVENUES | |
| Earnings from temporary deposits and investments | 233,194 |
| Total nonoperating revenues | 233,194 |
| Income before transfers | 294,407 |
| Transfers out | (5,000,000) |
| Change in net position | (4,705,593) |
| Net position - beginning | (15,446,679) |
| TOTAL NET POSITION - ENDING | \$ (20,152,272) |

Keller Independent School District
Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2023

Exhibit D-3

| | Governmental Activities - Internal Service Fund |
|--|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Cash received from user charges | \$ 25,935,309 |
| Cash payments for insurance claims | (21,910,348) |
| Cash payments for other operating expenses | (288,066) |
| Net cash provided by operating activities | 3,736,895 |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | |
| Transfers out | (5,000,000) |
| Net cash used in non-capital financing activities | (5,000,000) |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Interest and dividends on investments | 233,194 |
| Net cash provided by investing activities | 233,194 |
| Net change in cash and cash equivalents | (1,029,911) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 1,400,911 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | \$ 371,000 |
| RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION | |
| Cash - restricted | \$ 371,000 |
| | \$ 371,000 |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES | |
| Operating income | \$ 61,213 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | |
| Change in assets and liabilities: | |
| Increase in accounts receivable | 640,078 |
| Increase in prepaid items | (288,066) |
| Decrease in accounts and claims payable | (948,231) |
| Decrease in due to other funds | 4,166,626 |
| Decrease in accrued expenses | 105,275 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | \$ 3,736,895 |

Keller Independent School District
Statement of Fiduciary Net Position – Fiduciary Funds
June 30, 2023

Exhibit E-1

| | Custodial Funds |
|--|----------------------------|
| | <hr/> |
| ASSETS | |
| Cash and temporary investments | \$ 663,409 |
| Accounts receivable | 603 |
| Prepaid items | 11,754 |
| | <hr/> |
| Total assets | <u>\$ 675,766</u> |
| LIABILITIES | |
| Accounts payable and accrued liabilities | \$ 76,327 |
| Due to other governments | 503 |
| | <hr/> |
| Total liabilities | <u>\$ 76,830</u> |
| NET POSITION | |
| Restricted for other purposes | <u>\$ 598,936</u> |

Keller Independent School DistrictStatement of Changes in Fiduciary Net Position – Fiduciary Funds
Year Ended June 30, 2023**Exhibit E-2**

| | Custodial Fund |
|---|---------------------------|
| ADDITIONS | |
| Revenue from student activities | \$ 960,952 |
| Total additions | 960,952 |
| DEDUCTIONS | |
| Supplies | 250,593 |
| Fees and dues | 561,300 |
| Contracted services | 197,070 |
| Total deductions | 1,008,963 |
| Change in net position | (48,011) |
| NET POSITION - BEGINNING OF YEAR | 646,947 |
| NET POSITION - END OF YEAR | \$ 598,936 |

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Keller Independent School District

Notes to the Financial Statements

Note 1. Significant Accounting Policies

The Keller Independent School District (the District) is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (the Board) that is elected by registered voters of the District. The District prepares its basic financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified by the American Institute of Certified Public Accountants. Additionally, the District complies with the requirements of the appropriate version of the Texas Education Agency (TEA) *Financial Accountability System Resource Guide* (FASRG) and the requirements of contracts and grants of agencies from which it receives funds. The following is a summary of the more significant accounting policies of the District.

A. Reporting Entity

The Board of Trustees is elected by the public and has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by GASB. There are no component units included within the reporting entity and the District is not included in any other governmental reporting entity.

B. Government-Wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. The District reports information on all of the District's non-fiduciary activities with most of the interfund activities removed. Net position is segregated into net investment in capital assets, restricted net position, and unrestricted net position. Governmental activities include programs supported primarily by taxes, state foundation funds, grants and other intergovernmental revenues.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

Interfund activities between governmental funds and between governmental and proprietary funds appear as due to/due from on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other sources and other uses on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and on the Proprietary Fund Statement of Revenues, Expenses, and Changes in Net Position. All interfund transactions between governmental funds are eliminated on the government-wide statements.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories – governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. Any remaining governmental funds are aggregated and reported as non-major funds.

Keller Independent School District

Notes to Financial Statements

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are non-operating.

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

Measurement focus is the accounting convention which determines when revenues and expenditures are recognized in the accounts and reported in the financial statements.

Basis of accounting refers to when revenues and expenditures/expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurements made, regardless of the measurement focus applied.

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do the Proprietary Fund and Fiduciary Fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the period 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.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, deferred outflows, current liabilities, deferred inflows and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers most revenues available if they are collected within 60 days after period end.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as unearned revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amounts.

Proprietary Funds and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund's Statement of Net Position. The fund equity is segregated into restricted net position and unrestricted net position.

Keller Independent School District

Notes to Financial Statements

D. Fund Accounting

The District's accounting system is organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance/net position, revenues and expenditures/expenses. District resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The District reports the following major governmental funds:

General Fund – The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund. Major program revenues include local property taxes, state funding under the Foundation School Program, and interest earnings. Expenditures include all costs associated with the daily operations of the District except for specific programs funded by the federal or state government, food service, debt service, and capital projects.

Federally Funded Grant Fund – All funds that receive Federal financial assistance are accounted for in this fund. Some State financial assistance is included in this major fund as well. Sometimes unused balances must be returned to the grantor at the close of specified project periods. Also included in this fund is the Child Nutrition Fund, which is partially funded by state and local revenue.

Debt Service Fund – The debt service fund is utilized to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs arising from general obligation bonds.

Capital Projects Fund – The capital project fund is utilized to account for financial resources to be used for the acquisition or construction of major capital facilities. Such resources are derived from proceeds of General Obligation Bonds and interest earned on such monies and local sources designated for such purposes.

State Funded Grant Fund – Funds that receive assistance from the state are accounted for in this fund. Sometimes unused balances must be returned to the grantor at the close of specified project periods.

Local Fund – Includes funds that receive assistance from local grants or other locally generated sources. Sometimes unused balances must be returned to the grantor at the close of specified project periods.

The District also reported the following fund types:

Proprietary Funds:

Internal Service Fund – Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in an internal service fund. The District's Internal Service Fund is a Worker's Compensation and Health Insurance fund.

Keller Independent School District

Notes to Financial Statements

Fiduciary Funds:

Custodial Funds – The District accounts for resources held for others in a custodial capacity in custodial funds. The fund is used to account for assets held by the District as an custodian for student and other organizations. These funds were previously reported in an agency fund. Upon implementation of GASB 84, these funds reported detail of additions to and deductions from custodial funds in the Statement of Changes in Fiduciary Net Position. Contributions, gifts, and fundraisers benefit the student and other organizations that raise the funds, are not held in a trust.

E. Budgets and Budgetary Accounting

The District facilitates budgeting and budgetary control by preparing annual budgets for the General Fund, Child Nutrition Program Fund and Debt Service Fund and appropriately amending the budgets as circumstances dictate; the annual budgets as amended are an integral part of the accounting system, providing appropriate budgetary control over revenues, expenditures and transfers through comparison of actual data and encumbrances to budgetary data.

The Superintendent of Schools is designated as the budget officer of the District and is responsible for preparing, or causing to be prepared, a budget for the next succeeding fiscal year.

The budget is required to be prepared no later than June 20 at a meeting of the Board of Trustees called for the purpose of adopting such budget after ten days public notice of the meeting has been given.

The Board of Trustees may approve amendments to the budget, which are required when a change is made to any one of the functional expenditure categories or revenue object accounts defined by the TEA. Such amendments must be reflected in the official minutes of the Board, and may not, by law, occur after June 30. Therefore, the legal level of budgetary control is at the function level within each budgeted fund. Management may transfer appropriations between objects, sub-objects, organizations, programs, and projects without approval from the Board of Trustees, as long as appropriations are not increased at the function level.

TEA requires the budgets to be filed with the TEA through regular submissions to the Public Education Information Management System (PEIMS). The budget should not be exceeded in any functional expenditure category under TEA requirements. The final amended versions of these budgets are used in this report.

Unused appropriations lapse at the end of each fiscal year; however, the District rolls outstanding encumbrances to the subsequent year and, for the most part, must be accommodated within the budget of the following year.

Budgets for the General, Child Nutrition and Debt Service Funds are adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP).

F. Cash and Cash Equivalents

The District's cash is comprised of demand accounts and imprest funds. All daily receipts are deposited to the demand accounts until the funds are invested under the terms of the District's depository contract. The District considers cash equivalents to be all highly liquid investments with initial maturities of ninety days or less from the date of purchase.

Keller Independent School District

Notes to Financial Statements

G. Investments

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at the time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes.

External investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost or Net Asset Value (NAV).

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The non-TRS pension trust fund investment is a fixed annuity contract and is reported at contract value (a cost-based measure).

H. Inventory

Inventories on the balance sheet consist of material and supplies and are recorded at first-in, first-out (FIFO) cost. Inventories are recorded as expenditures when consumed. In the governmental funds, a non-spendable fund balance indicates that these funds are unavailable as current expendable financial resources.

I. Compensated Absences

Upon completion of ten (10) continuous years of service in the District, all employees shall become eligible to receive pay for each day of unused local leave at the rate of \$35 per day upon retirement or resignation. The amount shall be paid in December, January, June or July as appropriate.

The accrual for accumulated unpaid sick leave benefits has been recorded in the government-wide financial statements.

J. Account Code Reporting

In accordance with the Texas Education Code, the District has adopted and installed an accounting system which meets at least the minimum requirements prescribed by the State Board of Education and approved by the State Auditor. Specifically, the District's accounting system uses codes and the code structure prescribed by the TEA in the Resource Guide. Mandatory codes are recorded in the order provided in that section.

K. Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts in the financial statements. Actual results could differ from those estimates.

Keller Independent School District

Notes to Financial Statements

The amount of state revenue from the Foundation School Program a school district earns for a year can and does vary until the time when final values for each of the factors in the formula becomes available. Availability can be as late as midway into the next fiscal year. It is at least reasonably possible that the foundation revenue estimate as of June 30, 2023 will change.

L. Unearned revenue

Amounts reported as unearned revenue include funds received in advance of grant expenditures and amounts not yet earned on entitlements.

M. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based upon historical experience in collecting property taxes. The District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

The portion of the District's property tax levy that was not collected until more than 60 days after the end of the current year and therefore not considered available has been reported as a deferred inflow of resources in the Governmental Funds Balance Sheet totaling \$1,917,781 and \$685,649 in the General Fund and Debt Service Fund, respectively.

N. Capital Assets

Capital assets, which include land, buildings and furniture and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. 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.

Buildings and furniture and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|-----------------------|--------------|
| Buildings | 50 |
| Building Improvements | 5-25 |
| Vehicles | 5-10 |
| Office equipment | 3-20 |
| Computer equipment | 5 |

Keller Independent School District

Notes to Financial Statements

O. Long-Term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental 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. The deferred gain or loss on refunding will be recognized as a deferred outflow of resources or a deferred inflow of resources and amortized to interest expense over the life of the bond. Bond issuance costs are expensed in the current period.

In the fund financial statements, governmental fund types recognized bond premiums and discounts 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.

P. Interfund Transactions

During the course of normal operations, it is necessary for the District to enter into transactions among its various funds. These transactions consist of one or more of the following types:

- Reimbursements to a fund, which are generally reflected through the allocation of pooled cash accounts, for expenditures or expenses, reimbursement of revenue or reclassification of revenue initially made from it that are properly applicable to another fund. All interfund receivable/payable balances (due to/due from other funds) at June 30, 2023 were the result of these types of reimbursements and are expected to be repaid within one year.
- Transfers in and out, as appropriate, are shown as other financing sources or uses in the fund financial statements.

Q. Restricted Resources

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

R. Prepaid Items

Prepaid items indicate payments made by the District in the current year to provide services occurring in the subsequent fiscal year. The consumption approach provides for the initial reporting of the item as an asset while recognition of the expenditure when the item is actually used or consumed.

S. Deferred Inflows and Deferred Outflows of Resources

The statement of net position includes a separate section, in addition to assets, for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and therefore will not be recognized as an expense/expenditure until that time. In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as revenue until that time.

Keller Independent School District

Notes to Financial Statements

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension and OPEB activities are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and OPEB, except for projected and actual earnings differences on investments which are amortized on a closed basis over a 5-year period.
- District contributions after the measurement date are recognized in the subsequent year as a reduction of the net pension or OPEB liability.
- Deferred charge/gain on refunding is amortized over the shorter of the life of the refunded or refunding debt.
- Property taxes are recognized in the period the amount becomes available.

T. Pensions

The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The District's general fund has been used in previous years to liquidate the net pension liability.

U. Other Post-Employment Benefits

The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from TRS Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account. The District's general fund has been used in previous years to liquidate OPEB liability.

V. GASB Pronouncements implemented by the District

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (GASB 96)*, provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement 1) defines a SBITA; 2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset - and a corresponding subscription liability; 3) provides the capitalization criteria for outlays other than subscription payments; and 4) requires note disclosures regarding a SBITA. The requirements of this statement are effective for reporting periods beginning after June 15, 2022, with earlier application encouraged. GASB 96 was implemented in the District's 2023 financial statements with no impact to amounts reports under previous standards, and with minimal impact.

Keller Independent School District

Notes to Financial Statements

Note 2. Bonded Debt Payable

Bonded debt payable as of June 30, 2023 is as follows:

| Description | Interest Rate Payable | Amount of Original Issue | Amount Outstanding 7/1/2022 | Issued Current Year | Refunded Current Year | Retired Current Year | Amount Outstanding 6/30/2023 |
|---|-----------------------|--------------------------|-----------------------------|---------------------|-----------------------|----------------------|------------------------------|
| Unlimited Tax School Building and Refunding Bonds Series 1997A Final maturity 2027 | 3.85-6.00 | \$ 29,698,013 | \$ 1,480,000 | \$ - | \$ - | \$ 720,000 | \$ 760,000 |
| Unlimited Tax Refunding Bonds Series 2013 Final maturity 2031 | 1.50-5.00 | 81,080,000 | 19,025,000 | - | - | 3,525,000 | 15,500,000 |
| Unlimited Tax Refunding Bonds Series 2014 Final maturity 2025 | 2.46 | 43,350,000 | 22,850,000 | - | - | 8,930,000 | 13,920,000 |
| Unlimited Tax Refunding Bonds Series 2014A Final maturity 2029 | 2.00-5.00 | 56,565,000 | 26,925,000 | - | - | 4,660,000 | 22,265,000 |
| Unlimited Tax Building Bonds Series 2015 Final maturity 2041 | 1.00-5.00 | 153,875,000 | 125,725,000 | - | - | 2,115,000 | 123,610,000 |
| Unlimited Tax Refunding Bonds Series 2015 Final maturity 2026 | 5.00 | 98,675,000 | 6,525,000 | - | - | - | 6,525,000 |
| Unlimited Tax Refunding Bonds Series 2015A Final maturity 2026 | 4.00-5.00 | 116,577,588 | 14,220,000 | - | - | 3,640,000 | 10,580,000 |
| Unlimited Tax Refunding Bonds Series 2016A Final maturity 2032 | 2.00-5.00 | 70,915,000 | 61,795,000 | - | - | 6,100,000 | 55,695,000 |
| Unlimited Tax Refunding Bonds Series 2016B Final maturity 2032 | 2.00-3.00 | 56,020,000 | 48,940,000 | - | - | 1,940,000 | 47,000,000 |
| Unlimited Tax Refunding Bonds Series 2019 Final maturity 2031 | 2.00-5.00 | 14,280,000 | 13,920,000 | - | - | - | 13,920,000 |
| Unlimited Tax Building Bonds Series 2020 Final maturity 2047 | 5.00 | 279,465,000 | 270,200,000 | - | - | 7,500,000 | 262,700,000 |
| Unlimited Tax Refunding Bonds Series 2020 Final maturity 2030 | 2.00-5.00 | 8,645,000 | 695,000 | - | - | 285,000 | 410,000 |
| Unlimited Tax Refunding Bonds Taxable Series 2020 Final maturity 2035 | 4.00 | 85,759,989 | 85,759,989 | - | - | 865,000 | 84,894,989 |
| Unlimited Tax Refunding Bonds Taxable Series 2021 Final maturity 2036 | 5.00 | 168,319,991 | 166,525,193 | - | - | 200,195 | 166,324,998 |
| Total bonded debt payable | | \$ 1,263,225,581 | \$ 864,585,182 | \$ - | \$ - | \$ 40,480,195 | \$ 824,104,987 |

Keller Independent School District

Notes to Financial Statements

The debt service requirements on the above bonds are as follows:

| Due Fiscal Year Ending June 30, | Principal | Interest | Total |
|------------------------------------|-----------------------|-----------------------|-------------------------|
| 2024 | \$ 41,355,000 | \$ 32,942,225 | \$ 74,297,225 |
| 2025 | 50,939,987 | 32,798,898 | 83,738,885 |
| 2026 | 30,345,000 | 29,477,985 | 59,822,985 |
| 2027 | 51,925,000 | 27,858,760 | 79,783,760 |
| 2028-2032 | 240,640,000 | 107,947,636 | 348,587,636 |
| 2033-2037 | 98,890,000 | 73,650,579 | 172,540,579 |
| 2038-2042 | 159,285,000 | 48,303,975 | 207,588,975 |
| 2043-2047 | 150,725,000 | 18,658,600 | 169,383,600 |
| Total | \$ 824,104,987 | \$ 371,638,658 | \$ 1,195,743,645 |

Bonded debt payable is collateralized by revenue from the District's tax collections.

Note 3. Accumulated Unpaid Local Leave Benefits

All District employees who have completed five years of continuous service in the District and who leave the system shall be paid for each day of unused accumulated local leave. A summary of changes in the accumulated local leave follows:

| | |
|------------------------------------|-------------------|
| Balance, July 1, 2022 | \$ 969,781 |
| New entrants and salary increments | 58,590 |
| Payments to participants | (204,805) |
| Balance, June 30, 2023 | \$ 823,566 |

Note 4. Changes in Long-term Liabilities

Long-term activity for the year ended June 30, 2023 was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|--|-------------------------|-----------------------|-----------------------|-------------------------|------------------------|
| Governmental activities | | | | | |
| General obligation bonds: | \$ 864,585,182 | \$ - | \$ 40,480,195 | \$ 824,104,987 | \$ 41,355,000 |
| Accreted interest | 10,845 | 7,092 | 17,937 | - | - |
| Premium on bonds | 107,652,884 | - | 8,234,140 | 99,418,744 | 8,961,357 |
| Compensated absences | 969,781 | 58,590 | 204,805 | 823,566 | 51,830 |
| Claims payable | 3,455,038 | 18,836,133 | 19,786,636 | 2,504,535 | 2,504,535 |
| Net pension liability | 50,826,036 | 79,694,416 | 9,511,348 | 121,009,104 | - |
| OPEB Liability | 96,246,773 | 2,318,371 | 39,220,925 | 59,344,219 | - |
| Total governmental activities long-term liabilities | \$ 1,123,746,539 | \$ 100,914,602 | \$ 117,455,986 | \$ 1,107,205,155 | \$ 52,872,722 |

The General Fund has been used to liquidate the liability for compensated absences, pension, and OPEB.

Keller Independent School District

Notes to Financial Statements

Note 5. Capital Asset Activity

Capital asset activity for the District for the year ended June 30, 2023 was as follows:

Primary government:

| | Balance 7/1/2022 | Additions | Transfers | Deletions | Balance 6/30/2023 |
|--|-----------------------|----------------------|-------------|-------------|-----------------------|
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 52,979,613 | \$ 18,700 | \$ - | \$ - | \$ 52,998,313 |
| Construction in progress | 147,957,733 | 81,768,382 | (1,790,047) | - | 227,936,068 |
| Total capital assets, not being depreciated | 200,937,346 | 81,787,082 | (1,790,047) | - | 280,934,381 |
| Capital assets, being depreciated: | | | | | |
| Buildings and improvements | 911,317,365 | - | 1,790,047 | - | 913,107,412 |
| Furniture and equipment | 39,550,224 | 6,757,330 | - | - | 46,307,554 |
| Total capital assets, being depreciated | 950,867,589 | 6,757,330 | 1,790,047 | - | 959,414,966 |
| Less accumulated depreciation on: | | | | | |
| Buildings and improvements | 322,000,047 | 18,726,747 | - | - | 340,726,794 |
| Furniture and equipment | 23,955,205 | 3,516,388 | - | - | 27,471,593 |
| Accumulated depreciation | 345,955,252 | 22,243,135 | - | - | 368,198,387 |
| Total capital assets, being depreciated, net | 604,912,337 | (15,485,805) | 1,790,047 | - | 591,216,579 |
| Governmental activities capital assets, net | \$ 805,849,683 | \$ 66,301,277 | \$ - | \$ - | \$ 872,150,960 |

Depreciation expense of the governmental activities was charged to functions/programs as follows:

| | |
|--|----------------------|
| Instruction | \$ 15,248,801 |
| Instructional resources and media services | 221,607 |
| Curriculum and staff development | 37,766 |
| Instructional leadership | 74,700 |
| School leadership | 1,540,215 |
| Guidance, counseling and evaluation services | 800,876 |
| Social services | - |
| Health services | 224,295 |
| Student transportation | 2,599 |
| Food services | 374,821 |
| Co-curricular/extracurricular activities | 854,637 |
| General administration | 60,040 |
| Plant maintenance and operations | 1,349,647 |
| Security and monitoring services | 842,689 |
| Data processing services | 291,798 |
| Community services | 318,644 |
| Total depreciation expense | \$ 22,243,135 |

Keller Independent School District

Notes to Financial Statements

Note 6. Deposits and Investments

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with its agent bank, approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

The Public Funds Investment Act (PFIA)(Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity, allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

The PFIA also requires the District to have independent auditors perform test procedures related to investment practices. The District is in substantial compliance with the requirements of the PFIA and with local policies.

Cash and temporary investments as of June 30, 2023 are classified in the accompanying financial statements as follows:

| | |
|--------------------|----------------|
| Primary government | \$ 194,710,410 |
| Fiduciary funds | 663,409 |
| | \$ 195,373,819 |

The District's financial statements also include restricted cash in the amount of \$371,000.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by investing mainly in investment pools which purchase a combination of shorter term investments with an average maturity of less than 60 days thus reducing the interest rate risk. The District monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio.

As of June 30, 2023, the District did not invest in any securities which are highly sensitive to interest rate fluctuations.

Disclosures Relating to 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. Presented below is the minimum rating required by (where applicable) the Public Funds Investment Act, the District's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

Keller Independent School District

Notes to Financial Statements

Concentration of Credit Risk

This is the risk of loss attributed to the magnitude of the District's investment in a single issuer (i.e. lack of diversification). Concentration risk is defined as positions of 5 percent or more in the securities of a single issuer.

Custodial Credit Risk

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 and the District's investment policy do 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 fair value of the pledged securities in the collateral pool must equal at least the bank balance less the FDIC insurance at all times.

On the date of the highest cash balance, the District's deposits with financial institutions were fully collateralized by federal depository insurance or by pledged collateral held by the District's agent bank in the District's name.

In addition, the following is disclosed regarding coverage of combined balances on the date of the highest deposit:

- a. Depository: Frost Bank
- b. Security pledged as of the date of the highest combined balance on deposit was \$23,757,243
- c. Largest cash, savings and time deposit combined account balance amounted to \$14,724,002 and occurred during the month of August 2022
- d. Total amount of FDIC coverage at the time of largest combined balance was \$250,000.

Investment in State Investment Pools

The District is a voluntary participant in various investment pools. These pools included the following: TexPool, LOGIC and TexasCLASS.

The State Comptroller of Public Accounts exercises responsibility over TexPool. 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 cost 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.

Keller Independent School District

Notes to Financial Statements

LOGIC is governed by a 6-member board and is an AAAM rated investment program tailored to the investment needs of local governments within the state of Texas. LOGIC assists governments across Texas to make the most of taxpayer dollars. Local officials can improve the return on their invested balances by pooling their money with other entities to achieve economies of scale in a conservative fund in full compliance with the PFA. The fair value of the position in LOGIC is the same as the value of LOGIC shares.

Texas CLASS is a local government investment pool emphasizing safety, liquidity, convenience and competitive yield. Since 1996, Texas CLASS has provided Texas public entities a safe and competitive investment alternative. Texas CLASS invests only in securities allowed by the Texas Public Funds Investment Act. The pool is governed by a board of trustees, elected annually by its participants. Texas CLASS is rated 'AAAM' by Standard and Poor's Ratings Services. The 'AAAM' principal stability fund rating is the highest assigned to principal stability government investment pools and is a direct reflection of Texas CLASS's outstanding credit quality and management.

The District 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.

The Texpool Prime and TexasCLASS investment pools are external investment pools measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, investment pools must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool.

The LOGIC investment pool transacts at a net asset value of \$1.00 per share, has weighted average maturity of 60 days or less and weighted average life of 120 days or less, investments held are highly rated by nationally recognized statistical rating organization, have no more than 5% of portfolio with one issuer (excluding US government securities), and can meet reasonably foreseeable redemptions. LOGIC has a redemption notice period of one day and no maximum transaction amounts. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pools' liquidity.

Keller Independent School District

Notes to Financial Statements

Investment Pools measured at amortized cost or net asset value (NAV) are exempt from fair value reporting and are, therefore, excluded from the fair value hierarchy.

U.S. government agency and municipal bonds are valued using pricing models maximizing the use of observable inputs for similar securities.

The District's fair value measurements, investment balances and weighted average maturity of such investments, excluding the non-TRS pension Trust Fund, are as follows:

| Investments | | | | |
|---|---------------------------|------------------------------------|--|-------------|
| | Value at June 30, 2023 | Percent of Total Investments | Weighted Average Maturity (Days) | Credit Risk |
| Investments measured at amortized cost | | | | |
| Investment pools | | | | |
| TexPool | \$ 363,693 | 0% | 25 | AAAm |
| TexasCLASS | 90,959,921 | 47% | 22 | AAAm |
| Money Markets, CDs and CDARS | 103,017,689 | 53% | N/A | NR |
| Investments measured at net asset value (NAV) | | | | |
| Investment pools | | | | |
| LOGIC | 1,032,516 | 1% | 44 | AAAm |
| Total | \$ 195,373,819 | 101% | 11 | |

The investment pools and money market funds are measured at amortized cost and are exempt from fair value reporting.

The District invests in Certificates of Deposit Account Registry Services (CDARS). CDARS distributes deposits over banks in its network in increments of less than standard FDIC insurance maximum to ensure that both principal and interest are eligible for the full FDIC protection while working with a single participating bank in the network. These amounts are excluded from the fair value hierarchy as they are considered deposits with financial institutions.

Note 7. Defined Benefit Pension Plan

Plan Description

The District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS) and is established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

Keller Independent School District

Notes to Financial Statements

Pension Plan Fiduciary Net Position

Detailed information about the TRS's fiduciary net position is available in a separately-issued Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at http://www.trs.texas.gov/Pages/about_archive_cafr.aspx ; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3% (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity, except for members who are grandfathered where the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic postemployment benefit changes, including automatic cost of living adjustments (COLAs). Ad hoc postemployment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as previously noted in the Plan Description above.

Contributions

Contribution requirements are established or amended pursuant to Article XVI, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements if, as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 thru 2025.

Rates for such plan fiscal years are as follows:

| | Contribution Rates | |
|--|--------------------|-------|
| | 2022 | 2023 |
| Member | 8.00% | 8.00% |
| Non-employer contributing entity (state) | 7.75% | 8.00% |
| Employers | 7.75% | 8.00% |

Keller Independent School District

Notes to Financial Statements

The contribution amounts for the District's fiscal year 2023 are as follows:

| | | |
|------------------------------|----|------------|
| Employer contributions | \$ | 9,511,348 |
| Member contributions | | 20,328,187 |
| NECE on-behalf contributions | | 12,525,798 |

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State is the employer for senior colleges, medical schools and state agencies including TRS. In each respective role, the State contributes to the plan in accordance with state statutes and the General Appropriations Act.

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during the fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

In addition to the employer contributions listed above, there are two surcharges an employer is subject to:

- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment-after-retirement surcharge.
- Public education employer contribution - all public schools, charter schools and regional education service centers must contribute 1.7% of the member's salary beginning in fiscal year 2022, gradually increasing to 2.0% in fiscal year 2025.

Keller Independent School District

Notes to Financial Statements

Actuarial Assumptions

The actuarial valuation of the total pension liability was performed as of August 31, 2021. Update procedures were used to roll forward the total pension liability to August 31, 2022 and was determined using the following actuarial methods and assumptions:

| | |
|---|---|
| Actuarial cost method | Individual entry age normal |
| Asset valuation method | Fair value |
| Single discount rate | 7.00% |
| Long term expected investment rate of return | 7.00% |
| Municipal bond rate as of August 2022 | 3.91%. Source for the rate is the Fixed Income Market Data / Yield Curve / Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds reported in Fidelity Index's "20-Year Municipal GO AA Index." |
| Last year ending August 31 in projection period | 2121 |
| Inflation | 2.30% |
| Salary increases including inflation | 2.95% to 8.95% |
| Ad hoc post-employment benefit changes | None |
| Active Mortality Rates | The post-retirement mortality rates for healthy lives were based on the 2021 TRS of Texas Healthy Pensioner Mortality Tables with full generational projection using the ultimate improvement rates from the most recently published projection scale U-MP. The active mortality rates were based on the published PUB (2010) Mortality Tables for Teachers, below median, also with full generational mortality. |

The actuarial methods and assumptions are primarily based on a study of actual experience for the four year period ending August 31, 2021 and adopted in July 2022.

Keller Independent School District

Notes to Financial Statements

Discount Rate and Long-term Expected Rate of Return

A single discount rate of 7.00% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.00%. The projection of cash flows used to determine the single discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity will be made at the rates set by the legislature in the 2019 session. It is assumed that future employer and state contributions will be 8.50 percent of payroll in fiscal year 2020 gradually increasing to 9.55 percent of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. 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.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimates 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. Best estimates of geometric real rates of return for each major asset class included in TRS's target asset allocation as of August 31, 2022 are summarized below:

| Asset Class | Target Allocation** | Long-term Expected Geometric Real Rate of Return*** | Expected Contribution to Long-term Portfolio Returns |
|---|---------------------|---|--|
| Global equity: | | | |
| U.S. | 18.00% | 4.60% | 1.12% |
| Non-U.S. developed | 13.00% | 4.90% | 0.90% |
| Emerging markets | 9.00% | 5.40% | 0.75% |
| Private equity* | 14.00% | 7.70% | 1.55% |
| Stable value: | | | |
| Government bonds | 16.00% | 1.00% | 0.22% |
| Absolute return* | 0.00% | 3.70% | 0.00% |
| Stable value hedge funds | 5.00% | 3.40% | 0.18% |
| Real return: | | | |
| Real estate | 15.00% | 4.10% | 0.94% |
| Energy, natural resources and inflation | 6.00% | 5.10% | 0.37% |
| Commodities | 0.00% | 3.60% | 0.00% |
| Risk parity | 8.00% | 4.60% | 0.43% |
| Asset allocation leverage: | | | |
| Cash | 2.00% | 3.00% | 0.01% |
| Asset allocation leverage | -6.00% | 3.60% | -0.05% |
| Inflation expectation | | | 2.70% |
| Volatility drag**** | | | -0.91% |
| Total | 100% | | 8.21% |

* Absolute return includes credit sensitive investments

** Target allocations are based on the FY2022 policy model

*** Capital Market Assumptions come from Aon Hewitt (as of 8/31/2022)

**** The volatility drag results from the conversion between arithmetic and geometric mean returns

Keller Independent School District

Notes to Financial Statements

Discount Rate Sensitivity Analysis

The following table presents the District's proportionate share of the TRS net pension liability calculated using the discount rate of 7.00%, as well as what the District's proportionate share of the net pension liability would be if it was calculated using a discount rate that is 1% lower or 1% higher than the current rate:

| | 1% decrease in discount rate (6.00%) | Discount rate (7.00%) | 1% increase in discount rate (8.00%) |
|--|--|--------------------------|--|
| District's proportionate share of the net pension liability | \$ 188,244,284 | \$ 121,009,104 | \$ 66,511,834 |

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the District reported a liability of \$121,009,104 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District are as follows:

| | |
|--|------------------------------|
| District's proportionate share of the collective net pension liability | \$ 121,009,104 |
| State's proportionate share that is associated with District | 159,360,766 |
| Total | <u><u>\$ 280,369,870</u></u> |

The net pension liability was measured as of August 31, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as August 31, 2021 rolled forward to August 31, 2022. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2021 through August 31, 2022.

At August 31, 2022, the employer's proportion of the collective net pension liability was 0.20383%, an increase of 0.000425% from its proportionate share of 0.19958% measured as of August 31, 2021.

Change of Assumptions Since the Prior Measurement Date

New assumptions were adopted in conjunction with an actuarial experience study since the prior measurement date that affected measurement of the total pension liability during the measurement period. The primary assumption change was the lowering of the single discount rate from 7.25 percent to 7.00 percent.

Change of Benefit Terms Since the Prior Measurement Date

There were no changes of benefit terms since the prior measurement date that affected measurement of the total pension liability during the measurement period.

For the fiscal year ended June 30, 2023, the District recognized pension expense of \$6,159,659 and revenue of \$15,233,083 for support provided by the State.

Keller Independent School District

Notes to Financial Statements

At June 30, 2023, the District reported its proportionate share of the TRS's 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 | \$ 1,754,622 | \$ 2,638,228 |
| Changes in actuarial assumptions | 22,547,934 | 5,619,575 |
| Differences between projected and actual investment earnings | 11,955,312 | - |
| Changes in proportion and difference between the employer's contributions and the proportionate share of the contributions | 6,205,747 | 1,124,562 |
| Contributions paid to TRS subsequent to the measurement dates | 8,925,077 | - |
| | <u>\$ 51,388,692</u> | <u>\$ 9,382,365</u> |

\$8,925,077 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended | Pension Expense Amount |
|------------|------------------------------|
| 2024 | \$ 8,545,498 |
| 2025 | 4,749,191 |
| 2026 | 2,346,746 |
| 2027 | 15,070,371 |
| 2028 | 2,369,444 |
| Thereafter | - |
| | <u>\$ 33,081,250</u> |

Note 8. Defined Other Postemployment Benefit Plan

Plan Description

The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Postemployment Benefit (OPEB) plan that has a special funding situation. TRS-Care was established in 1986 by the Texas Legislature and is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees in accordance with the Texas Insurance Code, Chapter 1575. The Board may adopt rules, plans, procedures and orders reasonably necessary to administer the program, including minimum benefits and financing standards.

OPEB Plan Fiduciary Net Position

Detailed information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at http://www.trs.texas.gov/Pages/about_archive_cafr.aspx ; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Keller Independent School District

Notes to Financial Statements

Benefits Provided

TRS-Care provides health insurance coverage to retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. There are no automatic post-employment benefit changes; including automatic cost of living adjustments (COLAs). The Board of Trustees of TRS is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052.

The premium rates for retirees are reflected in the following table:

| | Medicare | Non Medicare |
|--|----------|--------------|
| Retiree or Surviving Souse | \$ 135 | \$ 200 |
| Retiree and Spouse | 529 | 689 |
| Retiree or Surviving Spouse and children | 468 | 408 |
| Retiree and Family | 1,020 | 999 |

Contributions

Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and school districts based upon public school district payroll. The TRS Board of trustees does not have the authority to set or amend contribution rates.

Texas Insurance Code, section 1575.202 establishes the State's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public or charter school. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act.

Rates for such plan fiscal years are as follows:

| | 2022 | 2023 |
|---|-------|-------|
| Active employees | 0.65% | 0.65% |
| Non-employer contribution entity (state) | 1.25% | 1.25% |
| Employers/District | 0.75% | 0.75% |
| Federal/private funding remitted by Employers | 1.25% | 1.25% |

Keller Independent School District

Notes to Financial Statements

The contribution amounts for the District's fiscal period 2023 are as follows:

| | | |
|------------------------------|----|-----------|
| Employer contributions | \$ | 2,035,659 |
| Member contributions | | 1,614,702 |
| NECE on-behalf contributions | | 2,483,184 |

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether or not they participate in the TRS Care OPEB program). When hiring a TRS retiree, employers are required to pay TRS-Care a monthly surcharge of \$535 per retiree.

TRS-Care received a supplemental appropriation from the State of Texas as the Non-Employer Contributing Entity in the amount of \$83 million in fiscal year 2022 from the Federal Rescue Plan Act (ARPA) to help defray Covid-19 related health care costs during fiscal year 2022.

Actuarial Assumptions

The actuarial valuation of the total OPEB liability was performed as of August 31, 2021. Update procedures were used to roll forward the total OPEB liability to August 31, 2022.

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The following assumptions used for the valuation of the TRS-Care OPEB liability are identical to the assumptions employed in the August 31, 2021 TRS pension actuarial valuation that was rolled forward to August 31, 2022:

Demographic Assumptions

Rates of mortality
Rates of retirement
Rates of termination
Rates of disability

Economic Assumptions

General inflation
Wage inflation

See Note 7 for detail on these assumptions. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables. The rates were projected on a fully generational basis using the ultimate improvement rates from mortality projection scale MP-2018.

The initial medical trend rates were 8.25% for Medicare retirees and 7.25% for non-Medicare retirees. There was an initial prescription drug trend rate of 8.25% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 13 years.

Keller Independent School District

Notes to Financial Statements

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

At June 30, 2023, the District reported a liability of \$59,344,219 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided by the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District are as follows:

| | | |
|---|-----------|---------------------------|
| District's Proportionate share of the collective net OPEB liability | \$ | 59,344,219 |
| State's proportionate share that is associated with District | | <u>72,390,624</u> |
| Total | \$ | <u>131,734,843</u> |

The net OPEB liability was measured as of August 31, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as August 31, 2021 rolled forward to August 31, 2022. The District's proportion of the net OPEB liability was based on the District's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2021 through August 31, 2022.

At August 31, 2022 the employer's proportion of the collective net OPEB liability was 0.0024784%, an decrease of 0.00166% from its proportionate share of 0.0024951% measured as of August 31, 2021.

Change of Assumptions Since the Prior Measurement Date

The following were changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability since the prior measurement period:

- The discount rate changed from 1.95% as of August 31, 2021 to 3.91% as of August 31, 2022. This change decreased the total OPEB liability.
- Lower participation rates and updates to the health care trend rate assumptions were also factors that decreased the total OPEB liability.

Change of Benefit Terms Since the Prior Measurement Date

There were no changes in benefit terms since the prior measurement date.

Changes in Demographic and Economic Assumptions

For measurement date August 31, 2018 – Net Pension Liability and Net OPEB Liability:

- Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement and economic assumptions, including rates of salary increase for individual participants were updated based on the experience study performed for TRS for the period ending August 31, 2017.

Changes in Benefit Terms

For measurement date August 31, 2018 – Net OPEB Liability:

- Changes of benefit terms were made effective September 1, 2017 by the 85th Texas Legislature.

Other Changes

For measurement date August 31, 2022 – Net OPEB Liability:

- The participation rate for pre-65 retirees was lowered from 65% to 62%. The participation rate for post-65 retirees was lowered from 40% to 25%.

Keller Independent School District

Notes to Financial Statements

The health care trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020.

For the year ended June 30, 2023, the District recognized OPEB expense of \$19,087,927 and revenue of \$10,272,814 for support provided by the State.

At June 30, 2023, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other postemployment benefits from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|----------------------------------|
| | <u> </u> | <u> </u> |
| Differences between expected and actual economic experience | \$ 3,299,329 | \$ 49,439,061 |
| Changes in actuarial assumptions | 9,039,300 | 41,228,833 |
| Differences between projected and actual investment earnings | 176,770 | - |
| Changes in proportion and difference between the employer's contributions and the proportionate share of the contributions | 6,653,258 | 1,142,223 |
| Contributions paid subsequent to the measurement dates | 1,823,740 | - |
| | <u>\$ 20,992,397</u> | <u>\$ 91,810,117</u> |

The deferred outflow of resources relating to District contributions subsequent to the measurement date of \$1,823,740 will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. The net amounts of the remaining balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ended June 30, | OPEB Income Amount |
|-----------------------------|-----------------------------|
| <u> </u> | <u> </u> |
| 2024 | \$ (13,362,585) |
| 2025 | (13,361,944) |
| 2026 | (10,845,354) |
| 2027 | (7,438,343) |
| 2028 | (9,003,395) |
| Thereafter | (18,629,839) |
| Total | <u>\$ (72,641,460)</u> |

Medicare Part D

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. Under Medicare Part D, TRS-Care retiree drug subsidy payments from the federal government offset certain prescription drug expenditures for eligible TRS-Care participants. For the periods ended June 30, 2021, June 30, 2022 and June 30, 2023, the subsidy payments received by the TRS-Care on behalf of the District were \$1,105,353, \$773,654 and \$1,380,990 respectively. These payments are recorded as equal revenues and expenditures in the governmental fund financial statements.

Keller Independent School District

Notes to Financial Statements

Note 9. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance.

Effective January 1994, the District discontinued its participation in the Texas Association of School Boards (TASB) workers' compensation risk pool and established a self-insurance plan for workers' compensation benefits for employees. The District's retention of risk is \$500,000 per occurrence with an aggregate stop-loss limit of \$2,000,000. Claims incurred by employees of the District are handled by a third party administrator who is responsible for estimating losses to be incurred by the District and ultimately paid to the claimant.

Effective December 2002, the District established a self-funded health insurance plan. The District and employees share the cost of employee coverage. Employees, at their option, can authorize payroll withholdings to pay contributions or premiums for dependents. The plan is authorized by Article 3.51-2, Texas Insurance Code and is documented by a contractual agreement. The District's attachment point was \$807.07 per employee per month for the 2023 calendar year.

Settled claims have not exceeded the aggregate coverage in any of the past three fiscal periods. Insurance coverage has not been reduced for the year from the prior year. Accrued claims payable of \$2,504,535 as of June 30, 2023, includes provisions for claims reported but not paid and claims incurred but not reported. The provision for reported claims is determined by estimating the amount that will ultimately be paid each claimant and is calculated and provided by the District's third party administrator. The District estimates the provision for claims incurred but not yet reported. Accrued claims payable have not been discounted to their present value as the District expects such claims to be paid within the following fiscal year. The District believes that any discount of the claims payable would not be material to the overall financial statements.

Changes in the fund's claims liability amount for the periods ended June 30, 2023 and are as follows:

| | 2023 | 2022 |
|--|---------------------|---------------------|
| Liability, beginning of year | \$ 3,455,038 | \$ 3,507,459 |
| Current year claims and changes in estimates | 18,836,133 | 18,822,418 |
| Claim payments | (19,786,636) | (18,874,839) |
| Liability, end of year | \$ 2,504,535 | \$ 3,455,038 |

Note 10. Litigation

From time to time, the District is a defendant in legal proceedings relating to its operations as a school district. Management determined the outcome of any other ongoing legal proceedings will not have a material adverse effect on the accompanying financial statements. Therefore, in the opinion of the District, there are neither significant contingent liabilities related to the year ended June 30, 2023 nor future costs that will have a material effect on the financial statements of the District.

Keller Independent School District

Notes to Financial Statements

Note 11. Commitments

During the year ended June 30, 2021, the District entered into an agreement with Illinois Central School Bus dba Texas Central School Bus (Texas Central) for the outsourcing of student transportation.

During June 30, 2021 the District agreed to allow Texas Central agreed to use its facilities at a rate of \$1 per annum through July 31, 2024.

As of June 30, 2023, the District has entered into long-term construction projects with an aggregate unexpended balance of \$25,673,723.

Note 12. Due from Other Governments

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. Amounts due from federal and state governments as of June 30, 2023, are summarized below. All federal grants shown below are passed through the TEA or the Texas Department of Agriculture and are reported on the combined financial statements as Due from Other Governments.

| Fund | Entitlements | Federal Grants | Total |
|-------------------------|----------------------|---------------------|----------------------|
| General | \$ 10,026,423 | \$ - | \$ 10,026,423 |
| Capital Projects Fund | 114,825 | - | 114,825 |
| State funded grants | 290,303 | - | 290,303 |
| Local funded grants | 3,947 | - | 3,947 |
| Federally funded grants | - | 6,329,474 | 6,329,474 |
| Total | \$ 10,435,498 | \$ 6,329,474 | \$ 16,764,972 |

Note 13. Interfund Balances and Activities

Interfund balances at June 30, 2023 consisted of the following individual fund balances:

| Due to Fund | Due from Fund | Amount |
|-------------------|-----------------------------|----------------------|
| Debt Service Fund | General Fund | \$ 1,115,926 |
| General Fund | Federally Funded Grant Fund | 317,101 |
| General Fund | State Funded Grant Funds | 776,983 |
| General Fund | Internal Service Fund | 18,064,857 |
| | | <u>\$ 20,274,867</u> |

Interfund balances relate to reclassification of revenue and amounts paid by one fund, primarily the General Fund, on behalf of another fund to be repaid in the normal course of business. All amounts due are scheduled to be repaid within one year.

During year ended June 30, 2023, \$5,000,000 was transferred from the Internal Service Fund to the General Fund for the purpose of offsetting the reduction in state program revenue.

Keller Independent School District

Notes to Financial Statements

Note 14. Other Receivables

Other receivables recorded in the fund level financial statements consisted of the following at June 30, 2023:

| | General Fund | Federally Funded Grants | Debt Service Fund | Capital Projects Fund | State Funded Grants | Local Funds | Total |
|-------------------|------------------|-------------------------|-------------------|-----------------------|---------------------|-----------------|-------------------|
| Services rendered | \$ 92,668 | \$ 285,187 | \$ 42,003 | \$ 98,062 | \$ 8,550 | \$ 8,378 | \$ 534,848 |
| Total | \$ 92,668 | \$ 285,187 | \$ 42,003 | \$ 98,062 | \$ 8,550 | \$ 8,378 | \$ 534,848 |

Note 15. Classification of Fund Balance

Fund Balance Classifications

The District classifies governmental fund balances as follows:

Nonspendable Fund Balance

Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements. Examples include inventories, long-term receivables, endowment principal, and/or prepaid items.

Spendable Fund Balance

Restricted Fund Balance

Includes amounts that can be spent only for the specific purposes as imposed by law, or imposed by creditors, grantors, contributors, or other governments' laws and regulations. Examples include federal and state grant programs, retirement of long-term debt, and construction. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, the committed, assigned and unassigned resources when an expenditures is incurred for purposes for which more than one classification of fund balance is available.

- The proceeds of specific revenue sources which are restricted to expenditures for specified purposes as designated by grantors, contributors, or governmental entities over state or local program grants.
- The aggregate fund balance in the debt service fund is legally restricted for payment of bonded indebtedness and is not available for other purposes until all bonded indebtedness is liquidated.
- The fund balance of the capital projects fund reflects an amount restricted for construction and major renovation projects, and it usually represents unexpended proceeds from the sale of school building bonds.

Keller Independent School District

Notes to Financial Statements

Committed Fund Balance

Includes amounts that can be used only for the specific purposes as determined by the governing body by formal action recorded in the minutes of the governing body. Commitments may be changed or lifted only by the governing body taking the same formal action that imposed the constraint originally. Examples include, but specifically not limited to, Board action regarding construction, claims, and judgments, retirement of loans/notes payable, capital expenditures, and self-insurance. The District's Board must take action to commit funds, modify a commitment or rescind a commitment for a specific purpose prior to the end of the fiscal year, but the amount of the commitment may be determined after the end of the fiscal year.

- Campus activity funds are considered committed by the governing body through adoption of board policy pertaining to the usage of these funds.
- Other purposes is related to the Lease of Student Devices in the coming year.

Assigned Fund Balance

Comprises amounts intended to be used by the District for specific purposes. This intent can be expressed by an official or body to which the governing body delegates that authority. That authority has not been delegated to any official or body. The Board of Trustees is the only governing body that can assign fund balance for specific purposes by formal action recorded in the official minutes. Examples take on a similar appearance as those enumerated for committed fund balance, but may also include the appropriation of existing fund balance to eliminate a deficit in next year's budget.

Unassigned Fund Balance

Comprises the residual classification of the General Fund and includes all amounts not contained in other classifications. Both the General Fund and the State Funded Grant Fund have unassigned balances. The General Fund's totals \$40,738,039 and the State Funded Grant Fund is (\$540,602).

- The District's Board of Trustees voted to have unassigned fund balance approximate to 17% -25% of the 2024 general fund expenditure budget for budgetary contingencies.

Note 16. Instructional Materials Allotment

In May 2011, Senate Rule 6, repealed the technology allotment used by Texas schools and created an Instructional Materials Allotment (IMA) for the purchase of instructional materials, technology equipment, and technology related services. Under the IMA instructional material purchases must be made through TEA's online registration system. Instructional materials acquired through the IMA totaling \$495,878 are recorded as revenues in the State Instructional Materials Fund.

Ownership of textbooks previously purchased by the state and utilized by the District was transferred to the District. The majority of these textbooks were sold or otherwise disposed of in accordance with TEA guidelines. At June 30, 2023, the remainder of the textbooks, in possession of the District, have minimal value and are not otherwise reflected elsewhere in these statements.

Keller Independent School District

Notes to Financial Statements

Note 17. New Accounting Pronouncements

GASB Statement No. 99, *Omnibus 2022* (GASB 99), enhances comparability in accounting and financial reporting and improves consistency of authoritative literature by addressing 1) practice issues that have been identified during implementation and application of certain GASB statements and 2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases were implemented in the District's fiscal year 2022 financial statements in conjunction with GASB 87. The requirements related to PPPs and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. These requirements for GASB 99 were implemented in the District's fiscal year 2023 financial statements in conjunction with GASB 94 and GASB 96 as described in Note 1. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. These requirements for GASB 99 will be implemented in the District's fiscal year 2024 financial statements and the impact has not yet been determined.

GASB Statement No. 100, *Accounting Changes and Error Corrections* (GASB 100), enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement 1) defines accounting changes and corrections of errors; 2) prescribes the accounting and financial reporting for each type of accounting change and error corrections; and 3) clarifies required note disclosures. The requirements of this statement are effective for reporting periods beginning after June 15, 2023, with earlier application encouraged. GASB 100 will be implemented in the District's fiscal year 2024 financial statements and the impact has not yet been determined.

GASB Statement No. 101, *Compensated Absences* (GASB 101), improves the information needs of financial statements users by updating the recognition and measurement guidance for compensated absences under a unified model and amending certain previously required disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2023, with earlier application encouraged. GASB 101 will be implemented in the District's fiscal year 2025 financial statements and the impact has not yet been determined.

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Required Supplementary Information

Keller Independent School District
 Budgetary Comparison Schedule – General Fund
 Year Ended June 30, 2023

Exhibit G-1

| Data Control Codes | | Budgeted Amounts | | Actual Amounts (GAAP Basis) | Variance With Final Budget Positive or (Negative) |
|---------------------------------------|--|----------------------|----------------------|--------------------------------|--|
| | | Original | Final | | |
| REVENUES | | | | | |
| 5700 | Local and intermediate sources | \$ 239,125,186 | \$ 239,125,186 | \$ 227,572,725 | \$ (11,552,461) |
| 5800 | State program revenues | 92,488,898 | 92,596,998 | 83,732,496 | (8,864,502) |
| 5900 | Federal program revenues | 4,600,000 | 4,600,000 | 3,513,581 | (1,086,419) |
| 5020 | Total revenues | 336,214,084 | 336,322,184 | 314,818,802 | (21,503,382) |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| 0011 | Instruction | 217,701,281 | 213,568,318 | 208,435,097 | 5,133,221 |
| 0012 | Instructional resources and media services | 4,165,414 | 4,158,765 | 3,944,231 | 214,534 |
| 0013 | Curriculum and instructional staff development | 6,322,695 | 6,359,927 | 5,498,399 | 861,528 |
| 0021 | Instructional leadership | 5,120,378 | 5,176,968 | 4,888,989 | 287,979 |
| 0023 | School leadership | 21,617,162 | 21,884,281 | 20,937,542 | 946,739 |
| 0031 | Guidance counseling and evaluation services | 15,559,070 | 15,727,111 | 15,151,929 | 575,182 |
| 0032 | Social services | 184,558 | 195,458 | 187,187 | 8,271 |
| 0033 | Health services | 4,258,703 | 4,134,902 | 3,856,643 | 278,259 |
| 0034 | Student (pupil) transportation | 12,103,140 | 15,194,232 | 14,786,880 | 407,352 |
| 0035 | Food services | 3,000 | 3,000 | 2,312 | 688 |
| 0036 | Cocurricular/extracurricular activities | 10,564,944 | 11,084,913 | 10,370,644 | 714,269 |
| 0041 | General administration | 8,898,685 | 9,226,525 | 8,927,095 | 299,430 |
| 0051 | Plant maintenance and operations | 30,815,909 | 35,410,973 | 33,961,691 | 1,449,282 |
| 0052 | Security and monitoring services | 3,619,905 | 4,304,847 | 4,010,857 | 293,990 |
| 0053 | Data processing services | 4,852,281 | 5,117,571 | 4,342,471 | 775,100 |
| 0061 | Community services | 2,080,957 | 1,895,285 | 1,594,746 | 300,539 |
| Debt service: | | | | | |
| 0071 | Debt service - Principal on long-term debt | - | 600,000 | - | 600,000 |
| Capital outlay: | | | | | |
| 0081 | Facilities acquisition and construction | 3,960 | 38,310 | 33,894 | 4,416 |
| Intergovernmental: | | | | | |
| 0095 | Juvenile Justice Alternative Education Programs | 23,320 | 16,920 | - | 16,920 |
| 0099 | Other intergovernmental charges | 1,454,180 | 1,367,186 | 1,331,658 | 35,528 |
| 6030 | Total expenditures | 349,349,542 | 355,465,492 | 342,262,265 | 13,203,227 |
| 1100 | Excess (deficiency) of revenues over (under) expenditures | (13,135,458) | (19,143,308) | (27,443,463) | (8,300,155) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| 7915 | Transfers in | 5,000,000 | 5,000,000 | 5,000,000 | - |
| 7949 | Other resources | 3,000,000 | - | - | - |
| 7080 | Total other financing sources | 8,000,000 | 5,000,000 | 5,000,000 | - |
| 1200 | Net change in fund balance | (5,135,458) | (14,143,308) | (22,443,463) | (8,300,155) |
| 0100 | Fund balances - beginning | 69,620,885 | 69,620,885 | 69,620,885 | - |
| 3000 | FUND BALANCES - ENDING | \$ 64,485,427 | \$ 55,477,577 | \$ 47,177,422 | \$ (8,300,155) |

The Notes to the Required Supplementary Information are an integral part of this statement.

Keller Independent School District

Notes to the Required Supplementary Information Budgetary Data

The Board of Trustees adopts an appropriated budget on a GAAP basis for the General Fund, Child Nutrition Fund, which is included in the Federally Funded Grant fund, and the Debt Service Fund. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund budget appears in Exhibit G-1 and the other two budgets are in Exhibit J-2 and J-3.

The following procedures are followed in establishing the budgetary data:

1. Prior to June 20th the District prepares a budget for the next succeeding fiscal period beginning July 1st. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must be given.
3. Prior to July 1, the budget is legally enacted through resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment is approved before the fact, is reflected in the official minutes of the Board, and is not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year. Significant amendments were made to the following functional areas:

| Function | Increase (Decrease) |
|---|------------------------|
| Instruction | \$ (4,132,963) |
| Plant maintenance and operations | 4,595,064 |
| Student (pupil) transportation | 3,091,092 |
| Security and monitoring services | 684,942 |
| Cocurricular/extracurricular activities | 519,969 |
| General administration | 327,840 |
| School leadership | 267,119 |
| Data processing services | 265,290 |

4. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.
5. The TEA requires these budgets to be filed with the Agency. The budget should not exceed expenditures in any functional expenditure category under TEA requirements. The original and final amended versions of these budgets are included in this report.

Keller Independent School District
 Schedule of the District's Proportionate Share of the
 Net Pension Liability
 Year Ended June 30, 2023

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| District's proportion of the net pension liability | 0.203830800% | 0.199580290% | 0.186452304% | 0.185865914% |
| District's proportionate share of net pension liability | \$ 121,009,104 | \$ 50,826,036 | \$ 99,860,050 | \$ 96,618,913 |
| State's proportionate share of the net pension liability associated with the District | <u>159,360,766</u> | <u>76,704,696</u> | <u>163,046,746</u> | <u>159,705,128</u> |
| TOTAL | <u>\$ 280,369,870</u> | <u>\$ 127,530,732</u> | <u>\$ 262,906,796</u> | <u>\$ 256,324,041</u> |
| District's covered payroll | \$ 248,420,314 | \$ 247,280,659 | \$ 246,841,903 | \$ 234,766,764 |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 48.71% | 20.55% | 40.46% | 41.16% |
| Plan fiduciary net position as a percentage of the total pension liability | 75.62% | 88.79% | 75.54 | 75.24% |

Note 1: Only nine years of data is presented in accordance with GASB 68 as the data for the years other than 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016 and 2015 is not available.

Note 2: GASB 68, Paragraph 81.2.a. requires that the information on this schedule be data from the period corresponding with the period covered as of the measurement date of August 31, 2022 - the period from September 1, 2021 - August 31, 2022.

Exhibit G-2

| 2019 | 2018 | 2017 | 2016 | 2015 |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 0.187278593% | 0.197838821% | 0.189066080% | 0.191179500% | 0.126594400% |
| \$ 103,082,683 | \$ 103,082,683 | \$ 71,445,260 | \$ 67,579,409 | \$ 33,815,115 |
| <u>164,036,233</u> | <u>95,088,683</u> | <u>113,063,023</u> | <u>107,396,378</u> | <u>88,871,869</u> |
| <u>\$ 267,118,916</u> | <u>\$ 198,171,366</u> | <u>\$ 184,508,283</u> | <u>\$ 174,975,787</u> | <u>\$ 122,686,984</u> |
| \$ 220,697,913 | \$ 184,484,467 | \$ 204,888,225 | \$ 194,375,460 | \$ 184,444,586 |
| 46.71% | 55.88% | 34.87% | 34.77% | 18.33% |
| 73.74% | 82.17% | 78.00% | 78.43% | 83.25% |

Keller Independent School District
 Schedule of the District's Contributions
 Year Ended June 30, 2023

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|---|--------------------|--------------------|--------------------|--------------------|
| Contractually required contribution | \$ 9,511,348 | \$ 6,335,495 | \$ 5,547,012 | \$ 6,505,531 |
| Contribution in relation to the contractually required contribution | <u>(9,511,348)</u> | <u>(6,335,495)</u> | <u>(5,547,012)</u> | <u>(6,505,531)</u> |
| CONTRIBUTION DEFICIENCY (EXCESS) | \$ - | \$ - | \$ - | \$ - |
| District's covered payroll | \$ 255,725,624 | \$ 247,280,659 | \$ 246,841,903 | \$ 234,766,764 |
| Contributions as a percentage of covered payroll | 3.72% | 2.56% | 2.25% | 2.77% |

Note 1: Only nine years of data is presented in accordance with GASB 68 as the data for the years other than 2022, 2021, 2020, 2019, 2018, 2017, 2016 and 2015 is not available.

Note 2: GASB 68, Paragraph 81.2.b. requires that the data in this schedule be presented as the District's current fiscal year as opposed to the time period covered by the measurement date of September 1, 2020 - August 31, 2021.

Exhibit G-3

| 2019 | 2018 | 2017 | 2016 | 2015 |
|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| \$ 3,871,147 (3,871,147) | \$ 3,544,262 (3,544,262) | \$ 4,209,448 (4,209,448) | \$ 3,841,258 (3,841,258) | \$ 3,597,578 (3,597,578) |
| \$ - | \$ - | \$ - | \$ - | \$ - |
| \$ 220,697,913 | \$ 184,484,467 | \$ 204,888,225 | \$ 194,375,460 | \$ 184,444,586 |
| 1.75% | 1.92% | 2.05% | 1.98% | 1.95% |

Keller Independent School District

Exhibit G-4

Schedule of the District's Proportionate Share of the Net OPEB Liability of a Cost-Sharing Multiple-Employer OPEB Plan Teacher Retirement System of Texas Year Ended June 30, 2023

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| District's proportion of the net OPEB liability | 0.2478458315% | 0.2495090051% | 0.2453491545% | 0.2459625137% | 0.2386882843% | 0.2309462243% |
| District's proportionate share of net OPEB liability | \$ 59,344,219 | \$ 96,246,773 | \$ 93,268,293 | \$ 116,318,686 | \$ 119,179,245 | \$ 100,429,849 |
| State's proportionate share of the net OPEB liability associated with the District | 72,390,624 | 128,949,226 | 125,330,229 | 154,561,515 | 182,768,422 | 162,272,613 |
| TOTAL | \$ 131,734,843 | \$ 225,195,999 | \$ 218,598,522 | \$ 270,880,201 | \$ 301,947,667 | \$ 262,702,462 |
| District's covered payroll | \$ 248,420,314 | \$ 247,280,659 | \$ 246,841,903 | \$ 234,766,764 | \$ 220,697,913 | \$ 184,484,467 |
| District's proportionate share of the net OPEB liability as a percentage of its covered payroll | 24% | 39% | 38% | 50% | 54% | 54% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 11.52% | 6.18% | 4.99% | 2.66% | 1.57% | 0.91% |

Note 1: Only six years of data is presented in accordance with GASB Standard No. 75 as the data for the years other than 2023, 2022, 2021, 2020, 2019 and 2018 is not available.

Note 2: The information on this schedule is for the period corresponding with the period covered as of the measurement date of August 31, 2022 - the period from September 1, 2021 - August 31, 2022.

Keller Independent School District
 Schedule of the District's Contributions
 Year Ended June 30, 2023

Exhibit G-5

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Contractually required contribution | \$ 2,035,659 | \$ 2,005,075 | \$ 1,947,810 | \$ 1,745,653 | \$ 1,741,007 | \$ 1,454,711 |
| Contribution in relation to the contractually required contribution | <u>(2,035,659)</u> | <u>(2,005,075)</u> | <u>(1,947,810)</u> | <u>(1,745,653)</u> | <u>(1,741,007)</u> | <u>(1,454,711)</u> |
| CONTRIBUTION DEFICIENCY (EXCESS) | \$ - |
| District's covered payroll | \$ 255,725,624 | \$ 247,280,659 | \$ 246,841,903 | \$ 234,766,764 | \$ 220,697,913 | \$ 184,484,467 |
| Contributions as a percentage of covered payroll | 0.80% | 0.81% | 0.79% | 0.74% | 0.79% | 0.79% |

Note: Only six years of data is presented in accordance with GASB Standard No. 75 as the data for the years other than 2023, 2022, 2021, 2020, 2019 and 2018 is not available.

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Required TEA Schedules and Other Supplementary Schedules

Keller Independent School District
 Schedule of Delinquent Taxes Receivable
 Year Ended June 30, 2023

| Years Ended June 30, | 1 | | 2 | | 3 | 10 | | |
|-------------------------|-------------|---------|--------------|---------|---------------------------------------|---|----|----------------------------|
| | Tax Rates | | | | Assessed or Appraised Valuation | Delinquent Balance by Year/Period July 1, 2021 | | |
| | Maintenance | | Debt Service | | | | | |
| 2014 and prior | \$ | Various | \$ | Various | \$ | Various | \$ | 1,076,097 |
| 2015 | | 1.040 | | 0.500 | | 12,950,447,900 | | 63,693 |
| 2016 | | 1.040 | | 0.500 | | 12,902,894,457 | | 83,516 |
| 2017 | | 1.040 | | 0.480 | | 14,963,935,148 | | 96,082 |
| 2018 | | 1.040 | | 0.480 | | 16,498,543,735 | | 114,406 |
| 2019 | | 1.170 | | 0.340 | | 18,404,740,923 | | 169,671 |
| 2020 | | 1.068 | | 0.340 | | 19,920,809,990 | | 240,819 |
| 2021 | | 1.055 | | 0.340 | | 19,503,345,318 | | 276,728 |
| 2022 | | 1.004 | | 0.340 | | 21,300,459,155 | | 2,691,501 |
| 2023 (current) | | 0.943 | | 0.330 | | 23,684,541,467 | | - |
| 1000 TOTALS | | | | | | | | <u><u>\$ 4,812,513</u></u> |

8000 - Taxes refunded under section 26.1115, tax code, for owners who received an exemption as provided by section 11.42(f), tax code

Exhibit J-1

| 20 | 31 | 32 | 30 | 40 | 50 |
|--|------------------------------------|-------------------------------------|------------------------------|---------------------|--|
| Current Year's Total Levy | Maintenance Collections | Debt Service Collections | Total Collections | Adjustments | Delinquent Balance by Year/Period June 30, 2023 |
| \$ - | \$ 6,910 | \$ 2,472 | \$ 9,382 | \$ (68,132) | \$ 998,583 |
| - | 894 | 430 | 1,324 | - | 62,369 |
| - | 1,108 | 533 | 1,641 | (111,774) | (29,899) |
| - | 1,309 | 605 | 1,914 | (738) | 93,430 |
| - | 11,277 | 5,205 | 16,482 | (2,563) | 95,361 |
| - | 24,632 | 7,158 | 31,790 | (4,131) | 133,750 |
| - | 136,279 | 43,372 | 179,651 | 105,706 | 166,874 |
| - | 51,706 | 16,668 | 68,374 | (10,395) | 197,959 |
| - | 1,422,640 | 481,770 | 1,904,410 | (706,520) | 80,571 |
| <u>292,359,820</u> | <u>219,364,727</u> | <u>76,774,158</u> | <u>296,138,885</u> | <u>5,276,115</u> | <u>1,497,050</u> |
| <u>\$ 292,359,820</u> | <u>\$ 221,021,482</u> | <u>\$ 77,332,371</u> | <u>\$ 298,353,853</u> | <u>\$ 4,477,568</u> | <u>\$ 3,296,048</u> |
| | \$ 63,879 | \$ - | | | |

Keller Independent School District
 Budgetary Comparison Schedule –
 Child Nutrition Fund
 Year Ended June 30, 2023

Exhibit J-2

| Data Control Codes | | Budgeted Amounts | | Actual Amounts (GAAP Basis) | Variance with Final Budget (Negative) |
|--------------------------|--|----------------------|---------------------|-----------------------------------|---|
| | | Original | Final | | |
| REVENUES | | | | | |
| 5700 | Local and intermediate sources | \$ 6,791,141 | \$ 6,791,141 | \$ 5,947,218 | \$ (843,923) |
| 5800 | State program revenues | 348,138 | 438,138 | 338,179 | (99,959) |
| 5900 | Federal program revenues | 10,636,449 | 10,636,449 | 9,099,687 | (1,536,762) |
| 5020 | Total revenues | 17,775,728 | 17,865,728 | 15,385,084 | (2,480,644) |
| EXPENDITURES | | | | | |
| 0035 | Food service | 15,099,327 | 19,393,676 | 16,607,962 | 2,785,714 |
| 6030 | Total expenditures | 15,099,327 | 19,393,676 | 16,607,962 | 2,785,714 |
| 1200 | Net changes in fund balances | 2,676,401 | (1,527,948) | (1,222,878) | 305,070 |
| 0100 | Fund balance - July 1 (beginning) | 7,585,679 | 7,585,679 | 7,585,679 | - |
| 3000 | FUND BALANCE - JUNE 30 (ENDING) | <u>\$ 10,262,080</u> | <u>\$ 6,057,731</u> | <u>\$ 6,362,801</u> | <u>\$ 305,070</u> |

Keller Independent School District
 Budgetary Comparison Schedule –
 Debt Service Fund
 Year Ended June 30, 2023

Exhibit J-3

| Data Control Codes | | Budgeted Amounts | | Actual Amounts | Variance With |
|--------------------------|--|----------------------|----------------------|----------------------|----------------------------|
| | | Original | Final | (GAAP Basis) | Final Budget (Negative) |
| REVENUES | | | | | |
| 5700 | Local and intermediate sources | \$ 80,942,938 | \$ 78,571,087 | \$ 79,446,404 | \$ 875,317 |
| 5800 | State program revenues | - | - | 2,888,120 | 2,888,120 |
| 5020 | Total revenues | 80,942,938 | 78,571,087 | 82,334,524 | 3,763,437 |
| EXPENDITURES | | | | | |
| 0071 | Debt service | 76,583,745 | 76,583,745 | 76,582,301 | 1,444 |
| 6030 | Total expenditures | 76,583,745 | 76,583,745 | 76,582,301 | 1,444 |
| | Excess (deficiency) of revenues over (under) expenditures | 4,359,193 | 1,987,342 | 5,752,223 | 3,764,881 |
| 1200 | Net change in fund balance | 4,359,193 | 1,987,342 | 5,752,223 | 3,764,881 |
| 0100 | Fund balance - beginning | 76,233,017 | 76,233,017 | 76,233,017 | - |
| 3000 | FUND BALANCE - ENDING | \$ 80,592,210 | \$ 78,220,359 | \$ 81,985,240 | \$ 3,764,881 |

| <u>Data Codes</u> | | <u>Responses</u> |
|---|---|------------------|
| Section A: Compensatory Education Programs | | |
| AP1 | Did your LEA expend any state compensatory education program state allotment funds during the District's fiscal year? | Yes |
| AP2 | Does the LEA have written policies and procedures for its state compensatory education program? | Yes |
| AP3 | List the total state allotment funds received for state compensatory education programs during the District's fiscal year. | \$ 15,828,571 |
| AP4 | List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30, 34) | \$ 7,215,447 |
| Section B: Bilingual Education Programs | | |
| AP5 | Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year? | Yes |
| AP6 | Does the LEA have written policies and procedures for its bilingual education program? | Yes |
| AP7 | List the total state allotment funds received for bilingual education programs during the LEA's fiscal year. | \$ 2,189,521 |
| AP8 | List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35) | \$ 1,021,641 |

Statistical Section

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Statistical Section (Unaudited)

Keller Independent School District's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the government's overall financial health.

| | |
|-----------------------------------|---|
| Financial Trends | These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time. |
| Revenue Capacity | These schedules contain information to help the reader assess the government's most significant local revenue sources, the property tax. |
| Debt Capacity | These schedules present information to help the reader assess the affordability of the government's current level of outstanding debt and the government's ability to issue additional debt in the future. |
| Demographic & Economic Indicators | These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities takes place. |
| Operating Information | These schedules contain service and infrastructure data to help the reader understand how the information in the governments relates to the financial report services the government provides and the activities it performs. |

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Keller Independent School District

Table I

Net Position by Component
 Last Ten Fiscal Periods
 (accrual basis of accounting)

| | Fiscal Year | | | | |
|--|----------------------|------------------------|------------------------|------------------------|--------------------------|
| | 2014 | 2015 | 2016 as restated | 2017 as restated | 2018 ten month period |
| GOVERNMENTAL ACTIVITIES | | | | | |
| Net investment in capital assets | \$ (25,308,063) | \$ (22,871,720) | \$ (20,615,977) | \$ (14,625,003) | \$ (25,801,873) |
| Restricted | 6,759,290 | 3,889,959 | 10,109,546 | 21,433,525 | 68,504,510 |
| Unrestricted | 39,809,055 | (10,832,736) | (19,715,591) | (28,946,706) | (155,786,410) |
| TOTAL PRIMARY GOVERNMENT NET POSITION | <u>\$ 21,260,282</u> | <u>\$ (29,814,497)</u> | <u>\$ (30,222,022)</u> | <u>\$ (22,138,184)</u> | <u>\$ (113,083,773)</u> |

| | Fiscal Year | | | | |
|--|-------------------------|-------------------------|-------------------------|------------------------|------------------------|
| | 2019 | 2020 | 2021 | 2022 | 2023 |
| GOVERNMENTAL ACTIVITIES | | | | | |
| Net investment in capital assets | \$ (10,215,349) | \$ (24,717,205) | \$ (29,813,017) | \$ (12,397,981) | \$ (37,801,569) |
| Restricted | 59,501,912 | 67,965,228 | 64,825,226 | 72,769,897 | 78,574,460 |
| Unrestricted | (151,311,829) | (145,080,587) | (145,161,888) | (147,365,370) | (112,872,833) |
| TOTAL PRIMARY GOVERNMENT NET POSITION | <u>\$ (102,025,266)</u> | <u>\$ (101,832,564)</u> | <u>\$ (110,149,679)</u> | <u>\$ (86,993,454)</u> | <u>\$ (72,099,942)</u> |

Keller Independent School District
Expenses, Program Revenues, and Net (Expense)/Revenue
Last Ten Fiscal Periods
(accrual basis of accounting)

| | Fiscal Period | | | |
|--|------------------|------------------|------------------|------------------|
| | 2014 | 2015 | 2016 | 2017 |
| EXPENSES | | | | |
| Governmental activities | | | | |
| Instruction | \$ 169,674,602 | \$ 185,202,372 | \$ 192,543,062 | \$ 204,784,429 |
| Instructional Resources and Media Services | 3,976,459 | 4,064,395 | 4,101,419 | 4,295,319 |
| Curriculum and Staff Development | 4,289,446 | 4,928,683 | 5,011,692 | 5,508,074 |
| Instructional Leadership | 2,945,318 | 2,855,696 | 3,067,583 | 3,697,518 |
| School Leadership | 17,083,843 | 17,247,461 | 17,975,838 | 18,981,354 |
| Guidance, Counseling and Evaluation Services | 12,199,237 | 13,527,953 | 14,350,156 | 15,278,414 |
| Social Work Services | 149,486 | 186,794 | 186,441 | 191,823 |
| Health Services | 3,543,211 | 3,224,463 | 4,520,733 | 4,927,856 |
| Student (Pupil) Transportation | 6,807,163 | 6,686,403 | 7,680,726 | 8,774,400 |
| Food Services | 13,247,466 | 13,580,453 | 13,460,964 | 14,626,820 |
| Cocurricular/Extracurricular Activities | 10,013,525 | 10,579,801 | 10,986,247 | 12,323,976 |
| General Administration | 5,772,175 | 6,904,386 | 7,385,418 | 7,668,059 |
| Plant Maintenance and Operations | 21,774,504 | 23,417,979 | 25,475,399 | 27,353,038 |
| Security and Monitoring Services | 2,053,138 | 2,301,600 | 2,453,664 | 2,792,900 |
| Data Processing Services | 5,203,488 | 5,241,972 | 5,279,989 | 4,658,225 |
| Community Services | 1,012,650 | 964,285 | 1,008,673 | 1,118,744 |
| Debt Service - Interest on Long Term Debt | 29,753,356 | 40,665,465 | 33,855,378 | 32,800,765 |
| Facilities Acquisition and Construction | 226,588 | - | - | - |
| Shared Services Agreement | 3,425,122 | 2,887,489 | 261,892 | 283,581 |
| Juvenile Justice Alternative Ed Program | - | 9,804 | - | 11,352 |
| Payments to Tax Increment Fund | 2,055,966 | 2,294,948 | 2,679,362 | 2,852,110 |
| | 1,068,490 | 1,153,257 | 1,095,381 | 1,205,128 |
| Total Primary Government Expenses | 316,275,233 | 347,925,659 | 353,380,017 | 374,133,885 |
| PROGRAM REVENUES | | | | |
| Charges for services | | | | |
| Instruction | 6,214,788 | 5,399,497 | 5,754,413 | 5,934,808 |
| Instructional Resources and Media Services | 129,162 | 108,058 | 110,959 | 112,249 |
| Curriculum and Staff Development | 139,535 | 172,978 | 142,202 | 148,717 |
| Instructional Leadership | 100,677 | 89,771 | 93,248 | 110,724 |
| School Leadership | 599,345 | 496,425 | 537,111 | 545,697 |
| Guidance, Counseling and Evaluation Services | 525,376 | 463,205 | 386,825 | 391,960 |
| Social Work Services | 5,869 | 5,786 | 5,826 | 5,799 |
| Health Services | 107,422 | 92,965 | 100,410 | 106,261 |
| Student (pupil) services | 269,584 | 212,425 | 248,380 | 275,808 |
| Food Services | 7,276,413 | 7,283,932 | 7,693,450 | 7,967,621 |
| Cocurricular/Extracurricular Activities | 985,275 | 874,016 | 887,247 | 961,000 |
| General Administration | 199,923 | 197,638 | 214,944 | 225,478 |
| Plant Maintenance and Operations | 1,376,577 | 1,222,925 | 1,339,813 | 1,400,085 |
| Security and Monitoring Services | 74,694 | 61,028 | 70,149 | 71,300 |
| Data Processing Services | 182,898 | 157,278 | 163,674 | 137,390 |
| Community Services | 35,358 | 50,374 | 22,365 | 22,728 |
| Facilities Acquisition and Construction | - | - | - | - |
| Shared services agreement | 135,645 | 91,555 | 4,913 | 5,135 |
| Payments to Juvenile Justice Alternative Ed | - | 310 | - | 358 |
| Payments to tax increment fund | - | 72,619 | 86,658 | 89,892 |
| Other governmental charges | 81,422 | - | - | - |
| Operating Grants and Contributions | 22,155,964 | 23,619,227 | 24,146,792 | 25,867,032 |
| Total Primary Government Program Revenues | 40,595,927 | 40,672,012 | 42,009,379 | 44,380,042 |
| NET (EXPENSE)/REVENUE | | | | |
| Total Primary Government Net Expense | \$ (275,679,306) | \$ (307,253,647) | \$ (311,370,638) | \$ (329,753,843) |

Table II

| Fiscal Period | | | | | | |
|------------------|------------------|------------------|------------------|------------------|------------------|--|
| Ten Month Period | | | | | | |
| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | |
| \$ 134,863,562 | \$ 233,124,013 | \$ 249,406,832 | \$ 254,963,679 | \$ 229,892,757 | \$ 237,292,267 | |
| 3,352,924 | 4,734,290 | 4,630,922 | 4,607,174 | 4,637,280 | 4,528,837 | |
| 2,635,056 | 7,718,146 | 8,791,246 | 8,832,232 | 7,582,926 | 8,147,521 | |
| 1,902,578 | 4,359,489 | 5,469,940 | 5,196,458 | 5,012,252 | 5,310,706 | |
| 11,426,864 | 22,460,628 | 23,851,395 | 23,936,205 | 21,873,661 | 23,408,136 | |
| 6,810,827 | 18,435,694 | 20,864,446 | 21,291,170 | 19,284,107 | 21,398,095 | |
| 122,603 | 229,167 | 295,576 | 240,629 | 264,363 | 285,124 | |
| 3,479,593 | 5,483,065 | 5,719,147 | 5,617,329 | 3,912,772 | 4,331,367 | |
| 8,399,095 | 10,331,746 | 13,441,122 | 13,070,481 | 14,543,031 | 15,104,500 | |
| 9,443,516 | 14,953,331 | 15,005,680 | 12,656,406 | 15,515,970 | 14,753,292 | |
| 8,108,679 | 13,141,858 | 13,385,332 | 12,479,273 | 14,075,680 | 14,732,264 | |
| 4,890,980 | 8,763,316 | 9,022,735 | 8,979,535 | 9,070,431 | 9,389,984 | |
| 21,614,420 | 29,299,421 | 31,263,076 | 40,904,762 | 32,426,694 | 33,735,661 | |
| 2,321,617 | 3,354,580 | 6,916,708 | 5,506,226 | 4,869,479 | 5,781,769 | |
| 3,831,814 | 4,847,519 | 11,059,662 | 9,491,468 | 8,115,273 | 6,122,409 | |
| 900,050 | 1,938,405 | 2,274,587 | 2,265,649 | 2,115,726 | 2,155,050 | |
| 24,748,166 | 29,779,733 | 35,000,067 | 29,571,878 | 19,901,224 | 27,680,351 | |
| - | - | - | - | - | - | |
| 241,570 | 299,964 | 301,677 | 254,027 | 361,882 | 376,036 | |
| 12,513 | 10,062 | - | - | 22,704 | - | |
| 3,117,970 | - | - | - | - | - | |
| 1,089,363 | 1,381,484 | 1,380,611 | 1,283,519 | 1,328,533 | 1,331,658 | |
| 253,313,760 | 414,645,911 | 458,080,761 | 461,148,100 | 414,806,745 | 435,865,027 | |
| 5,802,481 | 7,293,084 | 8,209,201 | 8,684,299 | 8,703,747 | 9,744,715 | |
| 110,701 | 127,277 | 145,225 | 151,541 | 141,062 | 156,497 | |
| 133,560 | 186,182 | 240,318 | 203,339 | 228,064 | 261,720 | |
| 101,157 | 132,113 | 171,788 | 174,112 | 168,697 | 196,619 | |
| 514,068 | 645,250 | 760,219 | 785,939 | 707,532 | 832,800 | |
| 346,228 | 452,917 | 577,005 | 629,462 | 574,300 | 684,904 | |
| 5,062 | 6,662 | 7,861 | 6,128 | 7,877 | 9,135 | |
| 102,137 | 119,051 | 138,460 | 86,750 | 81,043 | 153,329 | |
| 270,696 | 348,373 | 479,965 | 486,671 | 485,335 | 590,920 | |
| 7,332,511 | 8,038,028 | 6,244,328 | 1,584,141 | 1,624,555 | 5,970,493 | |
| 840,896 | 938,176 | 933,261 | 845,065 | 978,169 | 1,019,355 | |
| 193,088 | 251,149 | 301,707 | 311,004 | 305,698 | 353,363 | |
| 1,243,459 | 1,576,384 | 1,526,953 | 1,363,132 | 1,560,620 | 1,844,057 | |
| 68,410 | 95,639 | 117,167 | 133,080 | 113,096 | 167,009 | |
| 131,032 | 154,803 | 191,827 | 180,679 | 174,888 | 190,185 | |
| 24,825 | 47,139 | 61,979 | 66,136 | 62,090 | 65,988 | |
| - | - | - | - | - | - | |
| 4,927 | 6,052 | 11,450 | 3,735 | 6,535 | 7,371 | |
| 405 | 342 | - | - | 768 | - | |
| 100,826 | - | - | - | - | - | |
| 35,227 | 46,961 | 52,402 | 48,130 | 44,942 | 52,660 | |
| (23,701,503) | 51,631,861 | 57,291,990 | 62,623,298 | 45,824,756 | 39,062,405 | |
| (6,339,807) | 72,097,443 | 77,463,106 | 78,366,641 | 61,793,774 | 61,363,525 | |
| \$ (259,653,567) | \$ (342,548,468) | \$ (380,617,655) | \$ (382,781,459) | \$ (353,012,971) | \$ (374,501,502) | |

Keller Independent School District
 General Revenues and Total Change in Net Position
 Last Ten Fiscal Periods
 (accrual basis of accounting)

| | Fiscal Period | | | |
|---|---------------------|-----------------------|--------------------|---------------------|
| | 2014 | 2015 | 2016 | 2017 |
| NET (EXPENSE)/REVENUE | | | | |
| Total primary government net expense | \$(275,679,306) | \$(307,253,647) | \$(311,370,638) | \$(329,753,843) |
| GENERAL REVENUES AND OTHER CHANGES IN NET POSITION | | | | |
| Governmental activities: | | | | |
| Taxes | | | | |
| Property Taxes, Levied for General Purposes | 123,722,646 | 133,949,135 | 138,389,296 | 157,492,713 |
| Property Taxes, Levied for Debt Service | 59,396,906 | 64,344,372 | 66,455,898 | 72,643,326 |
| State Aid - Formula Grants | 94,396,991 | 98,759,927 | 104,034,451 | 101,554,176 |
| Investment Earnings | 205,056 | 425,718 | 1,335,280 | 1,603,406 |
| Miscellaneous Local and Intermediate Revenue | 1,184,105 | 1,236,846 | 1,831,069 | 4,544,060 |
| Total Primary Government | <u>278,905,704</u> | <u>298,715,998</u> | <u>312,045,994</u> | <u>337,837,681</u> |
| CHANGES IN NET POSITION | | | | |
| Total Primary Government | <u>\$ 3,226,398</u> | <u>\$ (8,537,649)</u> | <u>\$ 675,356</u> | <u>\$ 8,083,838</u> |

Table III

| Ten Month Period 2018 | Fiscal Period | | | | |
|--------------------------|----------------------|-------------------|-----------------------|----------------------|----------------------|
| | 2019 | 2020 | 2021 | 2022 | 2023 |
| \$(259,653,567) | \$(342,548,468) | \$(380,617,655) | \$(382,781,459) | \$(353,012,971) | \$(374,501,502) |
| 174,009,523 | 209,616,823 | 209,195,035 | 212,616,903 | 214,057,009 | 220,767,265 |
| 80,231,598 | 60,903,936 | 66,595,722 | 68,525,318 | 72,435,073 | 77,186,170 |
| 86,335,746 | 74,207,101 | 95,871,743 | 89,243,152 | 82,650,617 | 70,199,144 |
| 1,890,242 | 3,393,048 | 3,605,715 | 822,165 | 852,740 | 7,801,515 |
| 2,151,054 | 5,486,067 | 5,542,142 | 3,256,806 | 6,173,757 | 13,440,920 |
| 344,618,163 | 353,606,975 | 380,810,357 | 374,464,344 | 376,169,196 | 389,395,014 |
| <u>\$ 84,964,596</u> | <u>\$ 11,058,507</u> | <u>\$ 192,702</u> | <u>\$ (8,317,115)</u> | <u>\$ 23,156,225</u> | <u>\$ 14,893,512</u> |

Keller Independent School District
Fund Balances Governmental Funds
Last Ten Fiscal Periods
(modified accrual basis of accounting)

| | Fiscal Period | | | |
|-------------------------------------|-----------------------|-----------------------|-----------------------|----------------------|
| | 2014 | 2015 | 2016, as restated | 2017 |
| GENERAL FUND | | | | |
| Nonspendable | \$ 2,035,489 | \$ 1,351,973 | \$ 1,373,721 | \$ 1,450,479 |
| Assigned | 5,611,000 | 4,049,750 | 1,698,788 | - |
| Committed | 49,904,046 | 51,554,002 | 50,361,656 | 45,174,517 |
| Unassigned | 18,869,538 | 9,661,367 | 380,305 | 1,265,837 |
| Total General Fund | 76,420,073 | 66,617,092 | 53,814,470 | 47,890,833 |
| ALL OTHER GOVERNMENTAL FUNDS | | | | |
| Nonspendable | 59,169 | 383,319 | 426,326 | 177,007 |
| Restricted | 7,798,705 | 178,432,758 | 74,088,698 | 35,584,663 |
| Committed | 33,405,954 | 3,760,919 | 3,975,069 | 3,976,935 |
| Unassigned | | | | |
| Total all other Governmental Funds | 41,263,828 | 182,576,996 | 78,490,093 | 39,738,605 |
| TOTAL GOVERNMENTAL FUNDS | <u>\$ 117,683,901</u> | <u>\$ 249,194,088</u> | <u>\$ 132,304,563</u> | <u>\$ 87,629,438</u> |

Table IV

| Ten Month Period 2018 | Fiscal Period | | | | |
|--------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2019 | 2020 | 2021 | 2022 | 2023 |
| \$ 1,325,161 | \$ 1,185,337 | \$ 1,738,392 | \$ 1,925,770 | \$ 1,457,089 | \$ 1,301,391 |
| - | 54,163,590 | 56,667,670 | 9,842,659 | 8,774,374 | - |
| 49,682,857 | - | - | - | - | 5,137,992 |
| 10,929,581 | 17,004,876 | 25,068,355 | 70,263,308 | 59,389,422 | 40,738,039 |
| 61,937,599 | 72,353,803 | 83,474,417 | 82,031,737 | 69,620,885 | 47,177,422 |
| 1,229,377 | 659,291 | 3,876,156 | 5,284,622 | 4,983,670 | 2,889,352 |
| 94,768,957 | 84,416,115 | 388,292,494 | 298,751,137 | 201,854,596 | 129,096,592 |
| 4,294,174 | 4,726,580 | 4,968,069 | 5,186,541 | 6,300,047 | 6,175,138 |
| | | | (473,976) | - | (540,602) |
| 100,292,508 | 89,801,986 | 397,136,719 | 308,748,324 | 213,138,313 | 137,620,480 |
| <u>\$ 162,230,107</u> | <u>\$ 162,155,789</u> | <u>\$ 480,611,136</u> | <u>\$ 390,780,061</u> | <u>\$ 282,759,198</u> | <u>\$ 184,797,902</u> |

Keller Independent School District
 Governmental Funds Revenues
 Last Ten Fiscal Periods
 (modified accrual basis of accounting)

| | Fiscal Period | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2014 | 2015 | 2016 | 52017 |
| FEDERAL SOURCES | | | | |
| Distributed by TEA | \$ 6,164,527 | \$ 5,989,017 | \$ 7,242,164 | \$ 7,161,700 |
| Distributed by other State of Texas Government Agencies | 6,739,147 | 8,139,928 | 8,633,753 | 9,730,182 |
| Distributed directly from the Federal Government | 235,365 | 261,491 | 198,293 | 211,422 |
| Total federal sources | 13,139,039 | 14,390,436 | 16,074,210 | 17,103,304 |
| STATE SOURCES | | | | |
| Per capita and foundation school program act revenues | 96,100,114 | 98,972,062 | 104,126,784 | 101,649,010 |
| Program revenues distributed by TEA | 14,011,593 | 12,759,172 | 11,713,165 | 12,606,639 |
| Revenues from State of Texas Government Agencies | 22,800 | 970 | 25,995 | 43,252 |
| Total state sources | 110,134,507 | 111,732,204 | 115,865,944 | 114,298,901 |
| LOCAL AND MAINTENANCE SOURCES | | | | |
| Real and personal property taxes | 182,037,145 | 197,413,380 | 205,078,837 | 229,551,099 |
| Tuition and fees | 133,891 | 112,518 | 149,256 | 175,164 |
| Other revenues | 8,083,241 | 6,339,829 | 8,650,206 | 10,102,598 |
| Cocurricular, enterprising services or activities | 7,993,222 | 8,519,517 | 8,138,867 | 8,553,507 |
| Total local and intermediate sources | 198,247,499 | 212,385,244 | 222,017,166 | 248,382,368 |
| TOTAL REVENUES | \$ 321,521,045 | \$ 338,507,884 | \$ 353,957,320 | \$ 379,784,573 |

Table V

| Fiscal Period | | | | | |
|-----------------------|----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 2018 | Ten Month Period 2019 | 2020 | 2021 | 2022 | 2023 |
| \$ 6,553,911 | \$ 8,516,279 | \$ 10,129,161 | \$ 20,894,910 | \$ 19,722,183 | \$ 16,186,947 |
| 6,296,438 | 14,533,462 | 11,722,884 | 16,294,647 | 25,097,346 | 11,704,719 |
| 132,306 | 108,530 | 61,789 | 282,917 | 385,523 | 492,666 |
| 12,982,655 | 23,158,271 | 21,913,834 | 37,472,474 | 45,205,052 | 28,384,332 |
| 88,067,530 | 74,302,830 | 95,438,257 | 89,243,152 | 70,199,144 | 70,199,144 |
| 13,447,284 | 14,521,500 | 17,811,100 | 18,299,906 | 26,067,299 | 17,185,367 |
| 64,356 | 33,758 | 23,200 | 25,738 | 1,952,988 | 1,098,567 |
| 101,579,170 | 88,858,088 | 113,272,557 | 107,568,796 | 98,219,431 | 88,483,078 |
| 253,912,389 | 270,940,822 | 274,983,528 | 281,715,874 | 298,397,930 | 298,397,930 |
| 246,952 | 752,011 | 582,216 | 876,736 | (15,169,773) | 1,199,359 |
| 8,604,489 | 10,321,714 | 10,969,523 | 5,128,172 | 9,139,248 | 23,376,778 |
| 8,675,593 | 9,210,342 | 6,583,545 | 1,901,929 | 6,401,288 | 6,401,288 |
| 271,439,423 | 291,224,889 | 293,118,812 | 289,622,711 | 298,768,693 | 329,375,355 |
| <u>\$ 386,001,248</u> | <u>\$ 403,241,248</u> | <u>\$ 428,305,203</u> | <u>\$ 434,663,981</u> | <u>\$ 442,193,176</u> | <u>\$ 446,242,765</u> |

Keller Independent School District

Governmental Funds Expenditures and Debt Service Ratio

Last Ten Fiscal Periods

(modified accrual basis of accounting)

| | Fiscal Period | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2014 | 2015 | 2016 | 2017 |
| Instruction | \$ 156,612,149 | \$ 176,132,985 | \$ 173,991,768 | \$ 181,295,806 |
| Instructional Resources and Media Services | 3,619,137 | 3,810,470 | 3,803,914 | 3,962,790 |
| Curriculum and Instructional Staff Development | 3,654,330 | 4,837,526 | 4,860,782 | 5,271,019 |
| Instructional Leadership | 2,446,534 | 2,774,756 | 2,938,823 | 3,540,550 |
| School Leadership | 15,186,047 | 15,768,172 | 16,711,207 | 17,552,941 |
| Guidance, Counseling and Evaluation Services | 11,431,030 | 12,625,002 | 13,631,399 | 14,314,729 |
| Social Work Services | 148,189 | 182,939 | 180,126 | 184,001 |
| Health Services | 2,743,828 | 2,964,515 | 3,117,838 | 3,383,307 |
| Student (Pupil) Transportation | 6,807,163 | 6,686,403 | 7,706,062 | 8,770,502 |
| Food Services | 12,899,687 | 13,749,031 | 13,696,544 | 14,221,227 |
| Cocurricular/Extracurricular Activities | 9,827,485 | 10,210,050 | 10,476,096 | 11,455,275 |
| General Administration | 5,113,321 | 6,406,375 | 6,834,724 | 7,333,075 |
| Facilities Maintenance and Operations | 21,029,781 | 23,500,150 | 24,775,021 | 26,197,867 |
| Security and Monitoring Services | 2,709,758 | 3,759,373 | 3,331,315 | 2,457,156 |
| Data Processing Services | 4,891,652 | 5,540,617 | 5,064,464 | 4,428,534 |
| Community Services | 767,228 | 1,503,077 | 712,357 | 789,662 |
| Debt Service | | | | |
| Principal | 23,934,768 | 23,278,028 | 20,642,572 | 21,744,471 |
| Interest | 35,136,159 | 41,058,833 | 43,595,799 | 42,011,645 |
| Bond Issuance Cost and Fees | 226,588 | 6,744,314 | 1,224,732 | 10,261 |
| Facilities Acquisition and Construction | 12,582,876 | 13,343,717 | 105,979,279 | 53,030,920 |
| Shared services arrangements | 3,425,122 | 2,887,489 | 261,892 | 283,581 |
| Juvenile Justice Alternative Education Program | - | 9,804 | - | 11,352 |
| Payments to Tax Increment Fund | 2,055,966 | 2,294,948 | 2,679,362 | 2,852,110 |
| Other governmental charges | 1,068,490 | 1,153,257 | 1,095,381 | 1,205,128 |
| TOTAL EXPENDITURES | \$ 338,317,288 | \$ 381,221,831 | \$ 467,311,457 | \$ 426,307,909 |
| Debt Service as a Percentage of Noncapital Expenditures | 23.65% | 21.98% | 16.96% | 18.88% |

Table VI

| Fiscal Period | | | | | |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| \$ 172,972,519 | \$ 194,287,381 | \$ 205,286,002 | \$ 223,525,183 | \$ 222,157,329 | \$ 219,361,812 |
| 3,850,094 | 4,147,576 | 4,093,063 | 4,296,882 | 4,485,198 | 4,273,983 |
| 4,697,466 | 6,413,728 | 7,235,074 | 7,924,354 | 7,805,688 | 7,877,693 |
| 3,153,336 | 3,925,161 | 4,572,740 | 4,709,794 | 5,127,547 | 5,086,609 |
| 16,097,699 | 19,206,898 | 20,258,404 | 21,496,959 | 21,049,679 | 21,384,866 |
| 12,272,128 | 15,310,390 | 17,182,610 | 19,247,600 | 19,330,748 | 20,004,444 |
| 167,087 | 201,454 | 239,776 | 213,615 | 273,773 | 275,577 |
| 3,161,040 | 3,505,429 | 3,677,684 | 3,798,160 | 4,051,712 | 3,899,268 |
| 8,395,846 | 10,327,848 | 13,437,224 | 13,066,583 | 14,543,031 | 15,101,901 |
| 11,765,349 | 13,809,761 | 13,721,981 | 11,597,601 | 16,033,592 | 16,610,274 |
| 9,820,122 | 11,849,965 | 11,724,053 | 11,323,164 | 13,407,629 | 13,933,465 |
| 6,174,313 | 7,956,268 | 8,133,640 | 8,406,344 | 9,212,838 | 9,142,707 |
| 22,418,785 | 28,005,979 | 30,018,504 | 40,370,912 | 31,480,474 | 33,974,909 |
| 2,187,128 | 2,981,881 | 7,072,423 | 8,186,686 | 5,043,704 | 5,133,906 |
| 4,106,340 | 4,566,296 | 11,382,192 | 9,909,655 | 8,264,651 | 5,779,324 |
| 796,482 | 1,488,385 | 1,745,709 | 1,880,949 | 1,974,598 | 1,801,340 |
| 3,297,392 | 29,285,675 | 16,916,122 | 32,792,656 | 29,993,867 | 40,480,195 |
| 16,529,435 | 36,999,678 | 44,789,425 | 45,870,698 | 43,319,711 | 36,093,550 |
| 8,330 | 239,293 | 146,351 | 815,856 | 1,556,035 | 8,556 |
| 5,068,272 | 2,343,748 | 3,979,633 | 54,336,526 | 96,055,350 | 87,271,988 |
| 241,570 | 299,964 | 301,677 | 254,027 | 361,882 | 376,036 |
| 12,513 | 10,062 | - | - | 22,704 | - |
| 3,117,970 | - | - | - | - | - |
| 1,089,363 | 1,381,484 | 1,380,611 | 1,283,519 | 1,328,533 | 1,331,658 |
| <u>\$ 311,400,579</u> | <u>\$ 398,544,304</u> | <u>\$ 427,294,898</u> | <u>\$ 525,307,723</u> | <u>\$ 556,880,273</u> | <u>\$ 549,204,061</u> |
| 8.90% | 21.38% | 18.22% | 18.01% | 15.65% | 16.62% |

Keller Independent School District

Other Financing Sources and Uses and Net Change in Fund Balances

Last Ten Fiscal Periods

(modified accrual basis of accounting)

| | Fiscal Period | | | |
|--|------------------------|-----------------------|-------------------------|------------------------|
| | 2014 | 2015 | 2016 | 2017 |
| EXCESS OF REVENUE OVER (UNDER) EXPENDITURES | \$ (16,796,243) | \$ (42,713,947) | \$ (113,354,137) | \$ (46,523,336) |
| OTHER FINANCING SOURCES (USES) | | | | |
| General Long-term Debt Issued | 45,650,000 | 425,692,588 | 126,935,000 | - |
| Transfers In | - | 3,285,775 | - | - |
| Premium or Discount on Issuance of Bonds | 3,645,068 | 66,744,576 | 25,527,395 | - |
| Transfers Out | - | (3,285,775) | - | - |
| Payment to Bond Refunding Escrow Agent | (49,070,797) | (318,213,030) | (152,246,597) | - |
| Other Sources (Uses) | - | - | 331,695 | 1,848,211 |
| Total Other Financing Sources (Uses) | 224,271 | 174,224,134 | 547,493 | 1,848,211 |
| NET CHANGE IN FUND BALANCES | \$ (16,571,972) | \$ 131,510,187 | \$ (112,806,644) | \$ (44,675,125) |

Table VII

| Ten Month Period 2018 | Fiscal Period | | | | |
|--------------------------|--------------------|-----------------------|------------------------|-------------------------|------------------------|
| | 2019 | 2020 | 2021 | 2022 | 2023 |
| \$ 74,600,669 | \$ 4,696,944 | \$ 1,010,305 | \$ (90,643,742) | \$ (114,687,097) | \$ (102,961,296) |
| - | 14,280,000 | 288,110,000 | 85,759,989 | 168,319,991 | - |
| - | - | - | 205,550 | 5,000,000 | 5,000,000 |
| - | 3,512,595 | 39,836,850 | 12,537,311 | 24,612,109 | - |
| - | - | - | (205,550) | - | - |
| - | (22,563,857) | (10,501,808) | (97,484,633) | (191,383,719) | - |
| - | - | - | - | 117,853 | - |
| - | (4,771,262) | 317,445,042 | 812,667 | 6,666,234 | 5,000,000 |
| <u>\$ 74,600,669</u> | <u>\$ (74,318)</u> | <u>\$ 318,455,347</u> | <u>\$ (89,831,075)</u> | <u>\$ (108,020,863)</u> | <u>\$ (97,961,296)</u> |

Keller Independent School District

Table VIII

Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Periods

| Fiscal Period | Assessed Value | | Less: Tax-Exempt Property | Total Taxable Assessed ^a Value | Total Direct Tax Rate ^b | Estimated Actual Taxable ^c Value | Taxable Assessed Value as a Percentage of Actual Taxable Value |
|---------------|-------------------|----------------------|---------------------------------|---|---|--|--|
| | Real Property | Personal Property | | | | | |
| 2014 | \$ 12,815,685,228 | \$ 684,572,978 | \$ 1,574,871,452 | \$ 11,925,386,754 | 1.5400 | \$ 13,500,258,206 | 88.33% |
| 2015 | 13,816,512,116 | 693,171,025 | 1,559,235,241 | 12,950,447,900 | 1.5400 | 14,509,683,141 | 89.25% |
| 2016 | 14,147,290,643 | 715,396,851 | 1,959,793,037 | 12,902,894,457 | 1.5400 | 14,862,687,494 | 86.81% |
| 2017 | 16,295,187,107 | 785,317,276 | 2,116,569,235 | 14,963,935,148 | 1.5200 | 17,080,504,383 | 87.61% |
| 2018 | 17,714,662,204 | 954,120,636 | 2,170,239,105 | 16,498,543,735 | 1.5200 | 18,668,872,840 | 88.37% |
| 2019 | 19,812,180,062 | 1,048,396,664 | 2,456,835,803 | 18,403,740,923 | 1.5100 | 20,860,576,726 | 88.22% |
| 2020 | 21,431,616,241 | 1,169,581,962 | 2,680,388,213 | 19,920,809,990 | 1.4083 | 22,601,198,203 | 88.14% |
| 2021 | 21,010,857,946 | 1,188,800,950 | 2,696,313,578 | 19,503,345,318 | 1.3947 | 22,199,658,896 | 87.85% |
| 2022 | 22,896,401,734 | 1,176,980,666 | 2,772,923,245 | 21,300,459,155 | 1.3440 | 24,073,382,400 | 88.48% |
| 2023 | 26,146,210,788 | 1,166,115,710 | 3,627,785,031 | 23,684,541,467 | 1.2729 | 27,312,326,498 | 86.72% |

Source: Tarrant County Tax Appraisal District

Notes:

^aMarket value less exemptions

^bPer \$100 of assessed valuation

^cMarket value

Keller Independent School District

Table IX

Property Tax Rates for Direct and Overlapping Governments

Last Ten Fiscal Periods

(rate per \$100 of assessed value)

| Fiscal Year | District Direct Rates | | | Overlapping Government Rates ^a | | | | |
|-------------|-----------------------|--------------|--------|---|-------------------------------|---------------------------------|---------------------|--------------------|
| | Operating | Debt Service | Total | Tarrant County | Tarrant Co. Hospital District | Tarrant County College District | City of Colleyville | City of Fort Worth |
| 2014 | 1.0400 | 0.5000 | 1.5400 | 0.26400 | 0.22790 | 0.14950 | 0.35590 | 0.85500 |
| 2015 | 1.0400 | 0.5000 | 1.5400 | 0.26400 | 0.22790 | 0.14950 | 0.35590 | 0.85500 |
| 2016 | 1.0400 | 0.5000 | 1.5400 | 0.26400 | 0.22790 | 0.14950 | 0.35590 | 0.85500 |
| 2017 | 1.0400 | 0.4800 | 1.5200 | 0.25400 | 0.22790 | 0.14473 | 0.33913 | 0.83500 |
| 2018 | 1.0400 | 0.4800 | 1.5200 | 0.24400 | 0.22443 | 0.14006 | 0.33383 | 0.80500 |
| 2019 | 1.1700 | 0.3400 | 1.5100 | 0.23400 | 0.22443 | 0.13607 | 0.32080 | 0.78500 |
| 2020 | 1.0683 | 0.3400 | 1.4083 | 0.23400 | 0.22443 | 0.13607 | 0.32081 | 0.74750 |
| 2021 | 1.0547 | 0.3400 | 1.3947 | 0.23400 | 0.22443 | 0.13017 | 0.30437 | 0.74750 |
| 2022 | 1.0040 | 0.3400 | 1.3440 | 0.22900 | 0.22443 | 0.13017 | 0.29178 | 0.73250 |
| 2023 | 0.9429 | 0.3300 | 1.2729 | 0.22400 | 0.22443 | 0.13017 | 0.26562 | 0.71250 |

| Fiscal Year | Overlapping Government Rates ^a | | | | |
|-------------|---|----------------|------------------------------|-------------------|-----------------|
| | City of Haltom City | City of Keller | City of North Richland Hills | City of Southlake | City of Watauga |
| 2014 | 0.69999 | 0.43719 | 0.61000 | 0.46200 | 0.59122 |
| 2015 | 0.69999 | 0.43719 | 0.61000 | 0.46200 | 0.59122 |
| 2016 | 0.69999 | 0.43719 | 0.61000 | 0.46200 | 0.61872 |
| 2017 | 0.69999 | 0.43000 | 0.61000 | 0.46200 | 0.61841 |
| 2018 | 0.66818 | 0.42750 | 0.59000 | 0.49500 | 0.60179 |
| 2019 | 0.65300 | 0.41325 | 0.58500 | 0.44700 | 0.60179 |
| 2020 | 0.66576 | 0.39990 | 0.57200 | 0.41000 | 0.58050 |
| 2021 | 0.66576 | 0.39500 | 0.57200 | 0.41000 | 0.58050 |
| 2022 | 0.64565 | 0.39500 | 0.52184 | 0.39000 | 0.58040 |
| 2022 | 0.60816 | 0.35450 | 0.54797 | 0.36000 | 0.57020 |
| 2023 | | | | | |

Note:

^aIncludes levies for operating and debt service costs

Keller Independent School District

Principal Property Taxpayers

Current Period and Nine Years Ago

Table X

| Taxpayer | 2023 | | | 2014 | | |
|--|--------------------------|------|-----------------------------|--------------------------|------|-----------------------------|
| | Taxable Assessed Value | Rank | Percentage of Taxable Value | Taxable Assessed Value | Rank | Percentage of Taxable Value |
| Hillwood Monterra LP | \$ 234,600,000 | 1 | 0.99% | \$ 58,956,922 | 5 | 0.49% |
| ATC MF No.4 LP/ATC MF NO2 LP/ATC MF# 1 LP/ATC MF | 226,700,000 | 2 | 0.96% | | | |
| Olympus Town Center | 144,300,000 | 3 | 0.61% | | | |
| Kroger Co | 125,755,986 | 4 | 0.53% | | | |
| Wal-Mart.com USA LLC | 122,521,327 | 5 | 0.52% | 116,192,355 | 2 | 0.97% |
| VR Republic LP/VR Belterra Holdings | 106,900,000 | 6 | 0.45% | 82,258,614 | 3 | 0.69% |
| FMR Texas Limited Partnership | 105,407,896 | 7 | 0.45% | | | |
| ATC Investors LP | 92,000,000 | 8 | 0.39% | 122,644,449 | 1 | 1.03% |
| HCA Health Services of TX | 87,901,493 | 9 | 0.37% | | | |
| Sreit Mag Regalio Owner LLC | 79,800,000 | 10 | 0.34% | | | |
| Alliance Town Center LP | | | - | 70,802,200 | 4 | 0.59% |
| Oncor Electric Delivery Co LLC | | | - | 42,046,728 | 7 | 0.35% |
| Fidelity Investments Inc | | | - | 46,504,262 | 6 | 0.39% |
| North Beach TX Partners LLC | | | - | 39,000,000 | 8 | 0.33% |
| SC Dominion SPE LLC | | | - | 34,800,000 | 9 | 0.29% |
| Inland Western W atauga LP | | | - | 31,436,219 | 10 | 0.26% |
| | | | - | | | |
| Subtotal | 1,325,886,702 | | 5.60% | 644,641,749 | | 5.41% |
| All other taxpayers | 22,358,654,765 | | 94.40% | 11,280,745,005 | | 94.59% |
| | <u>\$ 23,684,541,467</u> | | <u>100.00%</u> | <u>\$ 11,925,386,754</u> | | <u>100.00%</u> |

Source: Tarrant Appraisal District

Keller Independent School District
Property Tax Levies and Collections
Last Ten Fiscal Periods

Table XI

| Fiscal Year | Tax Year | Original Levy | Adjustments | Adjusted Levy | Collected in First Period | | Collected in Subsequent Period | Total Collections | |
|-------------|----------|----------------|-------------|----------------|---------------------------|-----------------------------|--------------------------------|-------------------|-----------------------------|
| | | | | | Amount | Percentage of Original Levy | | Amount | Percentage of Adjusted Levy |
| 2014 | 2013 | \$ 181,143,398 | \$ 875,301 | \$ 182,018,699 | \$ 181,059,454 | 99.95% | \$ 1,110,739 | \$ 182,170,193 | 99.50% |
| 2015 | 2014 | 196,325,293 | 135,955 | 196,461,248 | 195,308,567 | 99.48% | 1,007,067 | 196,315,634 | 99.43% |
| 2016 | 2015 | 195,978,901 | 7,605,408 | 203,584,309 | 202,734,808 | 103.45% | 936,543 | 203,671,351 | 99.80% |
| 2017 | 2016 | 222,329,840 | 6,320,423 | 228,650,263 | 227,431,763 | 102.29% | 994,494 | 228,426,257 | 99.52% |
| 2018 | 2017 | 244,073,351 | 8,964,698 | 253,038,049 | 250,904,866 | 102.80% | 1,685,623 | 252,590,489 | 99.66% |
| 2019 | 2018 | 269,305,252 | 1,771,509 | 271,076,761 | 267,472,743 | 99.32% | 2,664,139 | 270,136,882 | 99.38% |
| 2020 | 2019 | 271,946,042 | 2,812,847 | 274,758,889 | 271,653,876 | 99.89% | 1,873,263 | 273,527,139 | 99.30% |
| 2021 | 2020 | 263,072,176 | 17,651,987 | 280,724,163 | 278,709,373 | 105.94% | 1,216,417 | 279,925,790 | 99.72% |
| 2022 | 2021 | 276,670,952 | 9,666,267 | 286,337,219 | 283,889,618 | 102.61% | 1,860,257 | 285,749,875 | 99.79% |
| 2023 | 2022 | 292,359,820 | 4,872,935 | 297,232,755 | 296,138,885 | 101.29% | 2,214,968 | 298,353,853 | 100.38% |

Source: Tarrant County Tax Office

Note: This schedule includes operating and debt service tax revenues.

Keller Independent School District

Table XII

Outstanding Debt by Type
Last Ten Fiscal Periods

| Governmental Activities | | | | | | |
|--------------------------------|--------------------|---------------------------------|--|-----------------------------|-------------------------------|---|
| Fiscal Year | Bonded Debt | Total Primary Government | Percentage of Personal Income^a | Estimated Population | Per Capita^a | Bonded Debt to Estimated Actual Property Value^b |
| 2014 | \$ 735,787,755 | \$ 735,787,755 | 38.91% | 42,907 | 17,148 | 18.35 |
| 2015 | 901,631,722 | 901,631,722 | 47.68% | 43,287 | 20,829 | 14.36 |
| 2016 | 867,851,273 | 867,851,273 | 46.81% | 44,050 | 19,702 | 17.13 |
| 2017 | 834,031,187 | 834,031,187 | 35.09% | 45,749 | 18,231 | 20.48 |
| 2018 | 819,252,095 | 819,252,095 | 33.36% | 46,672 | 17,553 | 22.79 |
| 2019 | 773,559,842 | 773,559,842 | 29.98% | 47,458 | 16,300 | 26.96 |
| 2020 | 1,060,128,721 | 1,060,128,721 | 41.09% | 47,193 | 22,464 | 21.32 |
| 2021 | 1,001,590,265 | 1,001,590,265 | 55.05% | 48,486 | 20,657 | 19.47 |
| 2022 | 972,248,911 | 972,248,911 | 31.25% | 46,028 | 21,123 | 24.76 |
| 2023 | 923,523,731 | 923,523,731 | 29.29% | 46,308 | 19,943 | 29.57 |

Notes:

^aSee Schedule XV for personal income, per capita and population data.

^bSee Schedule VIII for estimated actual property value.

2018 was a ten month period

Keller Independent School District

Direct and Overlapping Governmental Activities Debt

As of June 30, 2023

Table XIII

| Governmental Unit | Total Tax Supported Debt as of 06/30/23 | Estimated Percentage Applicable ^b | Estimated Share of Direct and Overlapping Debt |
|---|---|--|--|
| City of Colleyville | \$ 11,602,301 | 13.68% | \$ 1,587,195 |
| City of Fort Worth | 999,250,084 | 11.43% | 114,214,285 |
| City of Haltom City | 85,897,413 | 3.95% | 3,392,948 |
| City of Hurst | 28,894,020 | 1.25% | 361,175 |
| City of Keller | 13,479,951 | 97.85% | 13,190,132 |
| City of North Richland Hills | 137,190,000 | 11.26% | 15,447,594 |
| City of Southlake | 66,555,000 | 5.53% | 3,680,492 |
| City of Watauga | 25,831,373 | 36.31% | 9,379,372 |
| Town of Westlake | 15,854,584 | 41.61% | 6,597,092 |
| Tarrant County | 376,120,000 | 9.40% | 35,355,280 |
| Tarrant Co. College District | 610,315,000 | 9.40% | 57,369,610 |
| Tarrant Co. Hospital District | 448,190,589 | 9.40% | 42,129,915 |
| Subtotal, Overlapping Debt | | | 302,705,089 |
| District Direct Debt | | | 923,523,731 |
| TOTAL DIRECT AND OVERLAPPING DEBT | | | \$ 1,226,228,820 |
| RATIO OF TOTAL DIRECT AND OVERLAPPING DEBT TO ASSESSED VALUATION | | | 5.18% |
| PE CAPITA OVERLAPPING DEBT | | | \$ 6,537 |

Source: Data provided by Municipal Advisory of Texas (Texas MAC)

that falls within the borders of the school district is applied to the total tax-supported debt of that entity to determine the overlapping debt of the Keller Independent School District.

Keller Independent School District
 Demographic and Economic Statistics
 Last Ten Fiscal Periods

Table XIV

| Calendar Year | Population^a | Personal Income^b | Per Capita Personal Income | Unemployment Rate^c |
|----------------------|-------------------------------|------------------------------------|---------------------------------------|--|
| 2014 | 42,907 | \$ 1,890,825,676 | 44,068 | 4.40% |
| 2015 | 43,287 | 1,926,184,926 | 44,498 | 2.90% |
| 2016 | 44,050 | 2,000,530,750 | 45,415 | 3.50% |
| 2017 | 45,749 | 2,376,843,546 | 51,954 | 3.44% |
| 2018 | 46,672 | 2,455,740,624 | 52,617 | 2.90% |
| 2019 | 47,458 | 2,580,196,544 | 54,368 | 3.00% |
| 2020 | 47,193 | 2,675,040,819 | 56,683 | 5.20% |
| 2021 | 48,486 | 1,819,291,692 | 37,522 | 4.90% |
| 2022 | 46,028 | 3,111,308,688 | 67,593 | 2.90% |
| 2023 | 46,308 | 3,152,898,420 | 68,085 | 4.20% |

Sources:

^aU.S. Census Bureau, North Central Texas Council of Governments

^bU.S. Department of Commerce, Bureau Of Economic Analysis

^cTexas Workforce Commission

Notes:

All information above is for the Keller municipal area.

2018 was a ten month period.

Keller Independent School District

Principal Employers
Last Ten Fiscal Periods

Table XV

| Employer | 2023 | | | 2014 | | |
|------------------------|---------------|------|--------------------------------|---------------|------|--------------------------------|
| | Employees | Rank | Percentage of Total Employment | Employees | Rank | Percentage of Total Employment |
| Lockhead Martin Corp | 18,700 | 1 | 26.17% | | | |
| DFW Airport | 14,000 | 2 | 19.59% | | | |
| Charles Schwab Co | 7,900 | 3 | 11.06% | | | |
| Fidelity Investments | 6,900 | 4 | 9.66% | 5,003 | 3 | 9.25% |
| BNSF Railway | 4,900 | 5 | 6.86% | 3,500 | 5 | 6.47% |
| Keller ISD | 4,513 | 6 | 6.32% | 3,625 | 4 | 6.70% |
| AMR Corporation | 4,000 | 7 | 5.60% | 24,890 | 1 | 46.04% |
| Bell Technical Svcs | 4,000 | 8 | 5.60% | 6,000 | 2 | 11.10% |
| Sabre Corp | 3,545 | 9 | 4.96% | 2,532 | 7 | 4.68% |
| Amazon Fullfilment Ctr | 3,000 | 10 | 4.20% | | | 0.00% |
| ATC Logistics | | | | 3,315 | 6 | 6.13% |
| DFW Administration | | | | 1,600 | 9 | 2.96% |
| Healthmarkets | | | | 1,600 | 10 | 2.96% |
| Gaylord Texan Resort | | | | 2,000 | 8 | 3.70% |
| | <u>71,458</u> | | <u>100%</u> | <u>54,065</u> | | <u>100%</u> |

Source: North Central Council of Governments

Keller Independent School District
 Full-Time-Equivalent District Employees by Type
 Current Period and Nine Years Ago

Table XVI

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | Change 2014-2023 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------------|
| SUPERVISORY | | | | | | | | | | | |
| Instructional administrators | 13.5 | 17 | 18 | 21 | 21 | 20 | 26 | 27 | 26.5 | 26 | 92.6% |
| Noninstructional administrators | 49.5 | 57.8 | 60.25 | 66.25 | 71.25 | 74 | 76 | 83 | 94 | 97 | 96.0% |
| Consultants/supervisors of instruction | 12 | 24 | 25 | 41 | 49 | 56.5 | 64.5 | 66.5 | 73.5 | 70 | 483.3% |
| Principals | 39 | 39 | 40 | 42 | 42 | 42 | 41 | 41 | 42 | 42 | 7.7% |
| Assistant Principals | 66 | 67 | 69 | 70 | 78 | 80 | 82 | 82 | 81 | 81 | 22.7% |
| Total supervisory | 180.0 | 204.8 | 212.3 | 240.3 | 261.3 | 272.5 | 289.5 | 299.5 | 317.0 | 316.0 | 75.6% |
| INSTRUCTION | | | | | | | | | | | |
| Elementary classroom teachers | 1134.25 | 1200.5 | 1228.5 | 1260 | 1254 | 1254.25 | 1281 | 1331 | 1324 | 1281.25 | 13.0% |
| Secondary classroom teachers | 901.75 | 961.5 | 979.67 | 1060.81 | 1086.86 | 1120.22 | 1144.87 | 1161.87 | 1198.2 | 1214.55 | 34.7% |
| Other teachers (adult) | - | - | - | - | - | - | - | - | - | - | 0.0% |
| Other professionals (instructional) | 81 | 85.5 | 89 | 80.4 | 80.4 | 84.1 | 86.1 | 91.1 | 84.1 | 94.5 | 16.7% |
| Aides | 302 | 333 | 342 | 367.5 | 381.5 | 413.5 | 471.5 | 515.5 | 493.5 | 476 | 57.6% |
| Total Instruction | 2,419.00 | 2,580.50 | 2,639.17 | 2,768.71 | 2,802.76 | 2,872.07 | 2,983.47 | 3,099.47 | 3,099.80 | 3,066.30 | 26.8% |
| STUDENT SERVICES | | | | | | | | | | | |
| Guidance counselors | 98 | 100 | 108 | 111 | 105 | 109 | 112 | 132 | 134 | 132 | 34.7% |
| Visiting teacher/social workers | 2 | 3 | 3 | 3 | 3 | 3 | 3 | 2.5 | 2.5 | 3.5 | 75.0% |
| Librarians | 8 | 8 | 8 | 8 | 9 | 10 | 12 | 12 | 12 | 11.8 | 47.5% |
| Other professionals (noninstructional) | 38 | 38 | 38 | 39 | 40 | 40 | 40 | 40 | 40 | 40 | 5.3% |
| Technicians | 83.5 | 92.5 | 97 | 98 | 100 | 99 | 99 | 102 | 114 | 105 | 25.7% |
| | 0 | 0 | 0 | 4 | 10 | 10 | 11 | 13.5 | 13.5 | 13.5 | 0.0% |
| Total student services | 229.5 | 241.5 | 254.0 | 263.0 | 267.0 | 271.0 | 277.0 | 302.0 | 316.0 | 305.8 | 33.2% |
| SUPPORT AND ADMINISTRATION | | | | | | | | | | | |
| Clerical/secretarial | 235 | 246 | 252.25 | 261.75 | 265.75 | 279.25 | 285.5 | 289.5 | 289.25 | 291.5 | 24.0% |
| Service workers | 270 | 272 | 268 | 274 | 277 | 282 | 280 | 284 | 290 | 287 | 6.3% |
| Skilled crafts | N/A |
| Unskilled Laborers | 323 | 333 | 334 | 346 | 353 | 362 | 367 | 370.5 | 379.5 | 382.5 | 18.4% |
| Total support and administration | 828.0 | 851.0 | 854.3 | 881.8 | 895.8 | 923.3 | 932.5 | 944.0 | 958.8 | 961.0 | 16.1% |
| TOTAL | 3,656.5 | 3,877.8 | 3,959.7 | 4,153.7 | 4,226.8 | 4,338.8 | 4,482.5 | 4,645.0 | 4,691.6 | 4,649.1 | 27.1% |

Source: Keller Independent School District records.
 Note: 2018 was a ten month period

Keller Independent School District

Operating Statistics
All Funds
Last Ten Fiscal Periods

Table XVII

| <u>Fiscal Year</u> | <u>Peak Enrollment</u> | <u>Operating Expenditures</u> | <u>Cost per Pupil</u> | <u>Teaching Staff</u> | <u>Pupil-Teacher Ratio</u> | <u>Percentage of Students Receiving Fee or Reduced-Price Meals</u> |
|--------------------|------------------------|-------------------------------|-----------------------|-----------------------|----------------------------|--|
| 2014 | 33,440 | \$ 257,028,150 | \$ 7,686 | 2,036 | 16.4 | 23.79% |
| 2015 | 33,619 | 278,400,408 | 8,281 | 2,151 | 15.6 | 23.26% |
| 2016 | 34,180 | 288,671,453 | 8,446 | 2,216 | 15.4 | 23.26% |
| 2017 | 34,660 | 304,045,079 | 8,772 | 2,321 | 14.9 | 24.20% |
| 2018 | 34,937 | 281,191,332 | 8,049 | 2,350 | 14.9 | 25.87% |
| 2019 | 34,888 | 327,984,400 | 9,401 | 2,374 | 14.7 | 27.90% |
| 2020 | 35,267 | 342,844,868 | 9,721 | 2,426 | 14.5 | 27.90% |
| 2021 | 34,319 | 364,035,932 | 10,607 | 2,584 | 13.3 | 100.00% |
| 2022 | 34,813 | 377,064,934 | 10,831 | 2,606 | 13.4 | 100.00% |
| 2023 | 34,078 | 380,588,336 | 11,168 | 2,590 | 13.2 | 32.51% |

Source: Nonfinancial information from district records.

Notes:

Expenditures for computing per pupil cost are a total of actual expenditures as prescribed by the Texas Education Agency's Financial Accountability System Resource Guide. These include the General and Special Revenue Funds, excluding objects of Debt Service, Capital Outlay and Intergovernmental Charges.

2018 was a ten month period

Keller Independent School District

Building Information
Last Ten Fiscal Periods

| | School Year | | | |
|-----------------------------|-------------|-----------|-----------|-----------|
| | 2014 | 2015 | 2016 | 2017 |
| SCHOOLS | | | | |
| ELEMENTARY | | | | |
| Buildings | 22 | 22 | 22 | 25 |
| Square feet | 1,744,123 | 1,744,123 | 1,744,123 | 1,933,237 |
| Capacity | 16,170 | 16,170 | 16,170 | 17,170 |
| Enrollment | 13,019 | 12,713 | 12,915 | 13,064 |
| INTERMEDIATE/MIDDLE | | | | |
| Buildings | 11 | 11 | 11 | 11 |
| Square feet | 1,478,683 | 1,478,683 | 1,478,683 | 1,756,873 |
| Capacity | 11,910 | 11,910 | 11,910 | 11,910 |
| Enrollment | 10,518 | 10,366 | 10,426 | 10,533 |
| HIGH | | | | |
| Buildings | 5 | 5 | 5 | 6 |
| Square feet | 1,613,974 | 1,613,974 | 1,613,974 | 1,946,615 |
| Capacity | 10,000 | 10,000 | 10,000 | 12,300 |
| Enrollment | 10,226 | 10,540 | 10,839 | 11,063 |
| ADMINISTRATIVE | | | | |
| Buildings | 3 | 3 | 3 | 3 |
| Square feet | 119,566 | 119,566 | 139,299 | 138,983 |
| ATHLETICS | | | | |
| Football/soccer/play fields | 45 | 45 | 45 | 45 |
| Stadiums | 13 | 13 | 13 | 13 |
| Indoor Practice Facilities | - | - | - | - |
| Running tracks | 10 | 10 | 10 | 10 |
| Baseball/softball | 14 | 14 | 14 | 14 |
| Natatorium | 1 | 1 | 1 | 1 |

Table XVIII

| School Year | | | | | |
|-------------|-----------|-----------|-----------|-----------|-----------|
| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| 25 | 25 | 25 | 25 | 25 | 25 |
| 1,933,237 | 1,933,237 | 1,933,237 | 1,990,855 | 2,022,490 | 2,054,125 |
| 17,170 | 17,170 | 17,170 | 17,302 | 17,424 | 17,546 |
| 13,103 | 13,103 | 13,103 | 12,766 | 13,433 | 12,743 |
| 11 | 11 | 11 | 10 | 10 | 10 |
| 1,756,873 | 1,756,873 | 1,756,873 | 1,621,873 | 1,675,625 | 1,729,377 |
| 11,910 | 11,910 | 11,910 | 10,960 | 10,960 | 10,960 |
| 10,679 | 10,679 | 10,679 | 10,009 | 10,005 | 10,299 |
| 6 | 6 | 6 | 7 | 7 | 7 |
| 1,946,615 | 1,946,615 | 1,946,615 | 2,081,615 | 2,177,603 | 2,273,591 |
| 12,300 | 12,300 | 12,300 | 13,250 | 13,826 | 14,402 |
| 11,155 | 11,155 | 11,155 | 11,544 | 11,303 | 11,036 |
| 3 | 3 | 3 | 3 | 3 | 3 |
| 138,983 | 138,983 | 138,983 | 138,983 | 138,983 | 138,983 |
| 47 | 47 | 47 | 47 | 47 | 47 |
| 11 | 11 | 11 | 11 | 11 | 11 |
| - | - | - | - | 4 | 4 |
| 10 | 10 | 10 | 10 | 10 | 10 |
| 14 | 14 | 14 | 14 | 14 | 14 |
| 1 | 1 | 1 | 1 | 1 | 1 |

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Federal Awards Section

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**Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards**

To the Board of Trustees of
Keller Independent School District
Keller, Texas

We have audited, in accordance with the 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 (Government Auditing Standards), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Keller Independent School District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Keller Independent School District's basic financial statements, and have issued our report thereon dated November 13, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Board of Trustees
Keller Independent School District

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas
November 13, 2023

**Independent Auditor's Report on Compliance for Each
Major Federal Program and Report on Internal Control over
Compliance in Accordance with the Uniform Guidance**

To the Board of Trustees of
Keller Independent School District
Keller, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Keller Independent School District's (the District's) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Board of Trustees
Keller Independent School District

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas
November 13, 2023

Keller Independent School District
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2023

Exhibit K-1

| Federal Grantor/ Pass-Through Grantor/ Program Title | Federal Assistance Listing Number | Pass-Through Entity Identifying Number | Federal Expenditures |
|---|---|--|-------------------------|
| U.S. DEPARTMENT OF EDUCATION | | | |
| Passed Through State Department of Education: | | | |
| ESSA Title I, Part A Improving Basic Programs | 84.010A | 22610101220907 | \$ 3,030,971 |
| IDEA-B Formula ⁽¹⁾ | 84.027A | 236600012209076600 | 4,558,926 |
| IDEA-B Preschool Grant ⁽¹⁾ | 84.173A | 236610012209076610 | 48,801 |
| High Cost Fund ⁽¹⁾ | 84.027A | 66002106 | 569,045 |
| IDEA-B Formula ARP ⁽¹⁾ | 84.027X | 225350012209075350 | 1,193,011 |
| IDEA-B Preschool ARP ⁽¹⁾ | 84.173X | 225360012209075360 | <u>37,734</u> |
| Total Special Education Cluster | | | 6,407,517 |
| COVID-19 - Elementary and Secondary School Emergency Relief Fund | 84.425D | 20521001220907 | 288 |
| COVID-19 - Elementary and Secondary School Emergency Relief Fund II | 84.425D | 21521001220907 | <u>528</u> |
| Total 84.425D | | | 816 |
| COVID-19 - American Rescue Plan - ESSER | 84.425U | 21528001220907 | 1,673,499 |
| COVID-19 - American Rescue Plan - ESSER Supplemental | 84.425U | 21528043220907 | <u>3,514,937</u> |
| Total 84.425U | | | 5,188,436 |
| Educator Assessments | 84.367A | 69452171 | 531 |
| Carl D. Perkins Basic Formula Grant | 84.048A | 23420006220907 | 286,330 |
| ESSA Title II, Part A Teacher/Principal Training/Recruiting | 84.367A | 23694501220907 | 727,878 |
| ESSA Title III, Part A English Language Acquisition | 84.365A | 69552002 | 51,736 |
| ESSA Title III, Part A English Language Acquisition Summer LEP | 84.369A | 23671001220907 | 397,789 |
| ESSA Title IV, Part A, Subpart 1 | 84.424A | 23680101220907 | <u>94,943</u> |
| TOTAL U.S. DEPARTMENT OF EDUCATION | | | 16,186,947 |

Keller Independent School District
 Schedule of Expenditures of Federal Awards - Continued
 Year Ended June 30, 2023

Exhibit K-1

| Federal Grantor/ Pass-Through Grantor/ Program Title | Federal Assistance Listing Number | Pass-Through Entity Identifying Number | Federal Expenditures |
|--|---|--|-------------------------|
| U.S. DEPARTMENT OF AGRICULTURE | | | |
| Direct Funding | | | |
| Supply Chain Assistance Grant | 10.555 | 6TX300400 | 284,381 |
| Passed through State Department of Agriculture: | | | |
| COVID-19 - National School Breakfast Program ⁽²⁾ | 10.553 | 71402001 | 1,685,389 |
| COVID-19 - National School Lunch Program ⁽²⁾ | 10.555 | 71302001 | 6,024,541 |
| COVID-19 - National School Lunch Program - Non-cash Assistance ⁽²⁾ | 10.555 | 71302001 | 1,105,375 |
| TOTAL U.S. DEPARTMENT OF AGRICULTURE | | | 9,099,686 |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | \$ 25,286,633 |
| School Health and Related Services ⁽³⁾ | | | 2,605,033 |
| School and Libraries Program ⁽³⁾ | | | 492,666 |
| TOTAL FEDERAL REVENUES, RECONCILED TO EXHIBIT C-3 | | | \$ 28,384,332 |

(1) Reported as Special Education Cluster, as required by Compliance Supplement May 2023

(2) Reported as Child Nutrition Cluster, as required by Compliance Supplement May 2023

(3) Programs are not considered federal financial assistance subject to requirements in accordance with Uniform Guidance

Note 1: The schedule of federal awards is presented using the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2: The District participates in numerous state and federal grant programs that are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at June 30, 2023, may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Generally, unused balances are returned to the grantor at the close of specified project periods.

Note 3: Nonmonetary assistance is reported in the Schedule of Expenditures of Federal Awards at the fair market value of the commodities received and disbursed. For the year ended June 30, 2023, the District received and disbursed food commodities totaling

Note 4: The District has elected not to use the 10% de minimis indirect cost rate as allowed under Uniform Guidance.

Keller Independent School District
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2023

Section I – Summary of Auditors’ Results

Financial Statements

An unmodified opinion was issued on the financial statements.

Internal control over financial reporting:

- Material weakness(es) identified? ___ Yes X No
- Significant deficiencies identified that are not considered to be material weakness(es)? ___ Yes X No
- Noncompliance material to financial statements noted? ___ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ___ Yes X No
- Significant deficiencies identified that are not considered to be material weakness(es)? ___ Yes X No

An unmodified opinion was issued on compliance for major programs.

- Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ___ Yes X No

Identification of major programs:

84.425 – COVID-19 – Elementary and Secondary School Education Emergency Relief Fund

- 84.425D – COVID-19 ESSER I
- 84.425D – COVID-19 ESSER II
- 84.425U – COVID-19 ESSER III – ARP
- 84.425U – COVID-19 ESSER III – ARP Supplemental

Special Education Cluster:

- 84.027A IDEA-B Formula
- 84.173A IDEA-B Preschool Grant
- 84.027A High Cost Fund
- 84.027X IDEA-B Formula – ARP
- 84.173X IDEA-B Preschool Grant - ARP

Dollar threshold used to distinguish between type A and type B programs?

\$758,599

- Auditee qualified as low-risk auditee? ___ X Yes ___ No

Keller Independent School District

Schedule of Findings and Questioned Costs - Continued
For the Year Ended June 30, 2023

Section II – Financial Statement Findings

There were no matters reported

Section III – Federal Award Findings and Questioned Costs

There were no matters reported.

Section IV – Prior Year Findings and Questioned Costs

None