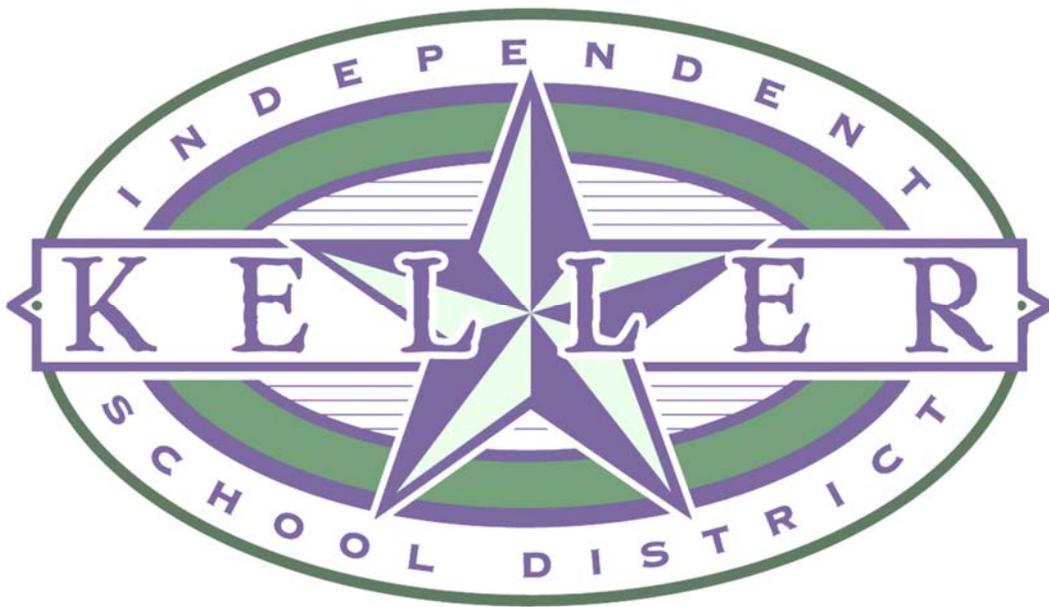


# Keller Independent School District

Keller, Texas



Annual Comprehensive  
Financial Report

Year Ended June 30, 2021

Keller  
Independent School District

Keller, Texas



Annual Comprehensive  
Financial Report

For the Year Ended June 30, 2021

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, 2021**  
**Table of Contents**

	Page	Exhibit
<b>Introductory Section</b>		
Certificate of Board .....	v	
Letter of Transmittal .....	vii	
Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting .....	xvi	
Association of School Business Officials International Certificate of Excellence in Financial Reporting .....	xvii	
Organizational Chart .....	xviii	
List of School Board and Administrators .....	xix	
<b>Financial Section</b>		
Independent Auditor’s Report .....	3	
Management’s Discussion and Analysis .....	7	
<b>Basic Financial Statements</b>		
Government-wide Financial Statements:		
Statement of Net Position .....	21	A-1
Statement of Activities .....	22	B-1
Fund Financial Statements:		
Balance Sheet – Governmental Funds .....	24	C-1
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position .....	26	C-2
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	28	C-3
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities .....	30	C-4
Statement of Net Position – Proprietary Funds .....	31	D-1
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds .....	32	D-2
Statement of Cash Flows – Proprietary Funds .....	33	D-3
Statement of Fiduciary Net Position – Fiduciary Funds .....	34	E-1
Statement of Changes in Fiduciary Net Position – Fiduciary Funds .....	35	E-2
Notes to the Financial Statements .....	37	
<b>Required Supplementary Information</b>		
Budgetary Comparison Schedule – General Fund .....	70	G-1
Notes to the Required Supplementary Information – Budgetary Data .....	71	
Schedule of the District’s Proportionate Share of the Net Pension Liability .....	72	G-2
Schedule of the District’s Contributions .....	74	G-3
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 .....	76	G-4
Schedule of the District’s Contributions .....	77	G-5

**Keller Independent School District**  
**Annual Comprehensive Financial Report**  
 Year Ended June 30, 2021  
 Table of Contents – Continued

	Page	Exhibit
<b>Required TEA Schedules and Other Supplementary Information</b>		
Schedule of Delinquent Taxes Receivable.....	80	J-1
Budgetary Comparison Schedule – Child Nutrition Fund .....	82	J-2
Budgetary Comparison Schedule – Debt Service Fund.....	83	J-3
<b>Statistical Section</b>		
Statistical Section (Unaudited) .....	87	
Net Position by Component .....	89	I
Expenses, Program Revenues and Net (Expense) / Revenue.....	90	II
General Revenues and Total Change in Net Position.....	92	III
Fund Balances Governmental Funds .....	94	IV
Governmental Funds Revenues.....	96	V
Governmental Funds Expenditures and Debt Service Ratio .....	98	VI
Other Financing Sources and Uses and Net Change in Fund Balances .....	100	VII
Assessed Value and Actual Value of Taxable Property .....	102	VIII
Property Tax Rates for Direct Overlapping Governments.....	103	IX
Principal Property Taxpayers.....	104	X
Property Tax Levies and Collections.....	105	XI
Outstanding Debt by Type.....	106	XII
Direct and Overlapping Governmental Activities Debt .....	107	XIII
Demographic and Economic Statistics .....	108	XIV
Principal Employers .....	109	XV
Full-Time Equivalent District Employees by Type .....	110	XVI
Operating Statistics .....	111	XVII
Building Information .....	112	XVIII
<b>Federal Awards Section</b>		
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 <i>Government Auditing Standards</i> .....	117	
Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance.....	119	
Schedule of Expenditures of Federal Awards .....	121	K-1
Schedule of Findings and Questioned Costs .....	123	
Schedule of Prior Year Audit Findings.....	125	

# 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

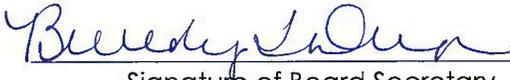
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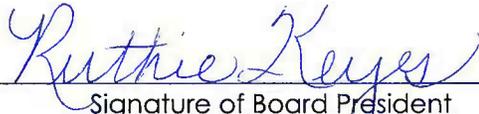
Disapproved

6

0

for the year ended June 30, 2021, at a meeting of the Board of Trustees of such school district on the 15 day of November, 2021.

  
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 15, 2021

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, 2021.

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, 2021, 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, 2021, 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, 2021, 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 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 it is considered within the perspective of the environment in which the District operates.

The Keller Independent School District, strategically situated in the northeast section of Tarrant County, lies within one of the fastest growing areas in Texas. 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. For the 2015-16 school year, enrollment increased by only 561 students, by 480 students in 2016-17, 277 in 2017-18, and by 151 in 2018-19. Student enrollment for the 2019-20 school year was 35,267, an increase of 229 students over 2018-19. Enrollment for the 2020-21 school year was projected to increase by 604 students mostly due to the expansion of full day pre-kindergarten; however, due to the pandemic that increase was not realized as many students failed to enroll. Actual fall enrollment for 2020-21 was 34,319 a decrease of 948 students from 2019-20. Keller ISD is expected to remain the largest district in Northeast Tarrant County and the fourth largest district in Tarrant County as a whole. Post-pandemic, district enrollment is expected to increase by approximately 1,086 students during the next five years, reaching 35,823 by 2025-26 and approaching 36,401 by the fall of 2030.

### **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 2021 Average Home sales price in the DFW area increased from \$361,827 in August 2020 to \$430,072 in August 2021, an increase of 18.9%. Months inventory for single-unit residential housing declined from 2.1 to 1.3 months supply, and days to sell declined from 76 to 53.

Keller ISD currently ranks 40th in the DFW Metroplex, with 302 annual closings, and annual housing starts of 254. Approximately 561 vacant developed lots and 1,505 lots for future development remain in the district. The district has 35 actively building subdivisions and 32 future divisions. Groundwork is underway on approximately 335 lots in KISD. In addition, there are approximately 1,080 units of multi-family construction underway, with 1,750 future units planned.

**Economic Conditions and Employment.** According to the Texas Workforce Commission, the Dallas-Fort Worth area gained 157,400 jobs between August 2020 and August 2021. The job gain rate for DFW was 4.30%. In the previous five years, the DFW job growth rate has increased at an average annual rate of 1.50%. The unemployment rate for August decreased from 6.30% in 2020 to 4.70% in 2021 in the DFW area and the State of Texas decreased from 7.6% to 5.9% for the same period. The U.S. unemployment rate decreased from 8.4% in August 2020 to 5.2% in August 2021.

## **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 4,645 teachers and support personnel to serve the district's 43 campuses. KISD serves as the district's fourth largest employer behind Charles Schwab Corporation, Fidelity Investments, and BNSF Railway. Students from Keller, Fort Worth, Watauga, Southlake, Colleyville, Hurst, North Richland Hills, Westlake, and Haltom City attend classes at twenty-three elementary schools (PK-4), four intermediate schools (5-6), three intermediate/middle schools (5-8), four middle schools (7-8), four high schools (9-12), two Early Learning Centers, a Center for Advanced Learning (KCAL), Keller Collegiate Academy, and one alternative school. Besides the 43 brick and mortar campuses, the district utilizes 17 portable buildings, providing approximately 27 additional classrooms. An additional two portables are used by the Facilities department for office space and two are used by the Transportation department as 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 43 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 are 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) will be next. And finally, a new Industrial Trades and Agri-Science Center are under construction as well as an indoor extra-curricular program facility at each high school.

In 2013, the 83rd Texas Legislatures established the new Foundation High School Program as the default high school graduation program for all students entering high school beginning in 2014-2015. The State Board of Education in January 2014 adopted rules related to the new Foundation High School Program. The new Foundation High School Program is a more flexible graduation program that allows students to pursue their interests. This graduation plan contains up to four parts:

- A 22-credit foundation program, which is the core of the new Texas high school diploma. These core subject areas include English, Math, Science, Social Studies, LOTE, Fine Arts, Physical Education as well as electives.
- Five endorsement options that allow students to focus on a related series of courses. These endorsement areas and the career fields to which they relate are:
  - STEM - Science, Technology, Engineering and Math.
  - Public Services – Education and Training, Government, Health Science, Hospitality and Tourism, Human Services, Law Enforcement and Security and Military Science.
  - Business and Industry - Marketing, Finance, Agriculture, Architecture and Construction, Arts and Audio/Video Technology, Business Communications, Business Management and Administration, Transportation, and Distribution and Logistics.
  - Arts and Humanities - English, Fine Arts, Social Studies and World Languages.

- o Multidisciplinary Studies – Allows a student to select courses from the curriculum of each endorsement area and earn credits in a variety of advance courses from multiple content areas.

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 for 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. Beginning with the results of a community survey, KISD held four Educational Summits (one in each of the four high school feeder patterns), completed 120 in-depth interviews with representatives from six stakeholder groups (parents, students, administrators, teachers, former students, and community members) and compiled District/Market Research that focused on the population, economic, social, and technological identity of Keller ISD. The resulting Visioning Core Values were adopted by the Board of Trustees in May 2018 and are detailed below.

***KELLER ISD – Intentionally Exceptional!***

### ***OUR VISION***

***KISD – an exceptional district in which to learn, work and live.***

### **OUR MISSION**

The community of Keller ISD will educate our students to achieve their highest standards of performance by engaging them in exceptional opportunities.

### **OUR PRIORITIES**

- ★ Increase Student Achievement
- ★ Excellence in Student, Parent and Community Relations
- ★ Excellence in Processes and Systems
- ★ Employee Excellence and Organizational Improvement
- ★ Excellence in Financial Stewardship

### **WE VALUE**

- ★ Relationships as the foundation for how we teach, learn, work, and play together in a safe, engaging, and caring way.
- ★ Care for our teachers because the impact of their work prepares students for the future.
- ★ Passionate teaching dedicated to content and craft that inspires others.
- ★ Exploration and the pursuit of one's passion that leads to personal growth.
- ★ Communication and collaboration that strengthens our unity.
- ★ Respect for the diversity of our school community through a culture of understanding and personalized learning opportunities.

### **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**

**eLearning:** When the COVID-19 pandemic forced the closure of public school buildings on March 16, 2020, the district's efforts were immediately focused on providing e-Learning to every student in the district. Administration had an extremely short time to enact virtual learning before the State would begin withholding funds. In a matter of a few short weeks, electronic devices and internet access were provided to all students who needed them. Educators began immediately re-designing curriculum for distance learning and teachers were trained on virtual learning platforms. The Child Nutrition department began providing "drive-thru" breakfast and lunch for students. As school buildings remained closed through the end of the school year, this effort became the most urgent and important priority during this time period. All KISD campuses reopened for the 2020-21 school year; however, many students chose to learn virtually this year as well.

**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, several projects are in progress at this time.

**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.*

For 2020 State Academic Accountability and primarily due to the COVID-19 pandemic, all districts and campuses will receive a label of “Not Rated: Declared State of Disaster”. As with other Not Rated labels, when a district or campus receives a Not Rated: Declared State of Disaster label, the district or campus shall continue to implement the previously ordered sanctions and interventions.

### **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 fifth 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, 2020. 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 thirteen 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, 2020. This prestigious award, which KISD has also received for thirteen 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 76<sup>th</sup> 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 2020-21 fiscal year based on 2019-20 financial information, the district received a rating of "Above Standard" 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

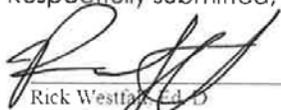
Keller ISD's Purchasing Department has earned the Award of Merit with Recognized Status from the Texas Association of School Business Officials (TASBO) for the twelfth consecutive year. TASBO's Purchasing Award of Merit is presented to school districts that are committed to professional standards in 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.

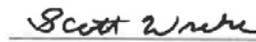
## OTHER INFORMATION

The Texas Education Code requires an annual audit of all public schools. This audit must be on an organization-wide basis and included all fund types and account groups that are 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 be 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,

  
Rick Westfall, Ed. D.  
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, 2020

*Christopher P. Morill*

Executive Director/CEO



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

## **Keller Independent School District**

**for its Comprehensive Annual Financial Report  
for the Fiscal Year Ended June 30, 2020.**

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



A handwritten signature in black ink, reading 'W. Edward Chabal'.

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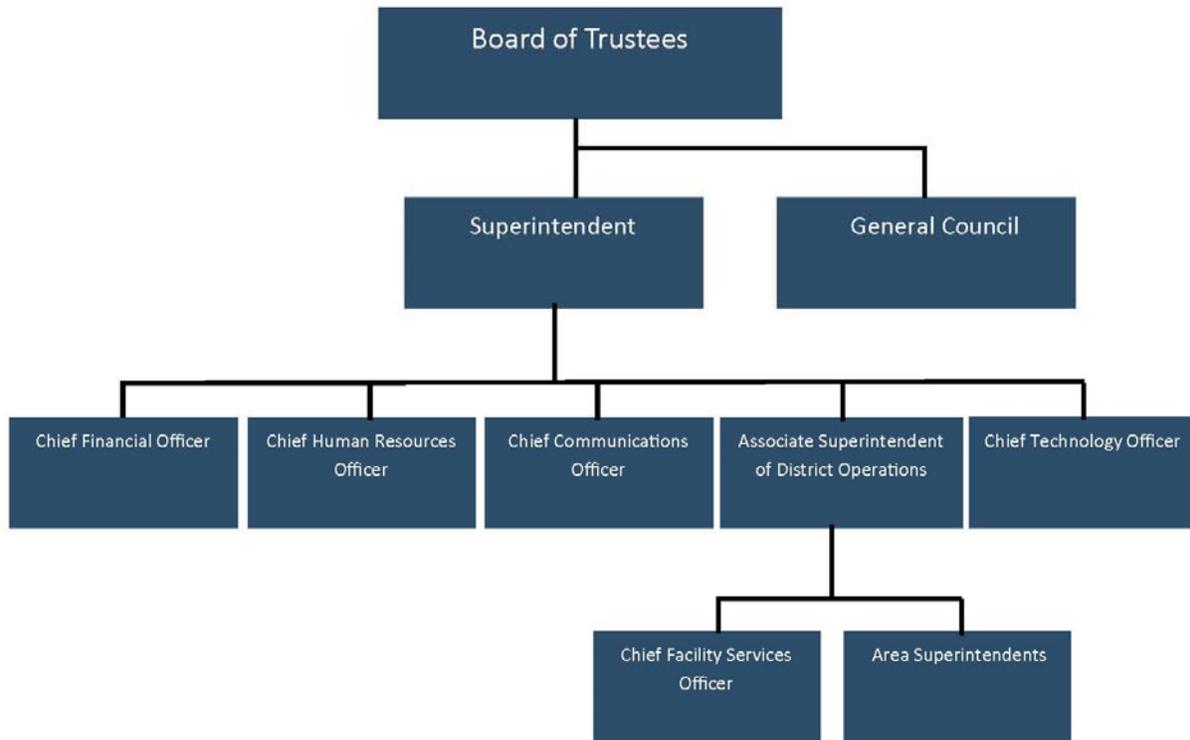
W. Edward Chabal  
President

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

---

David J. Lewis  
Executive Director

# Keller Independent School District 2020 – 2021 Organizational Chart



# Keller Independent School District

## School Board and Administrators

### Board of Trustees

Ruthie Keyes.....	President
Chris Roof.....	Vice President
Beverly Dixon.....	Secretary
Cindy Lotton.....	Member
Craig Allen.....	Member
Karina Davis.....	Member
Charles Randklev .....	Member

### Administration

Dr. Rick Westfall .....	Superintendent of Schools
Amanda Bigbee.....	General Counsel
Scott Wrehe.....	Chief Financial Officer
Cecil McDaniel.....	Assoc. Superintendent of District Operations
Joe Griffin .....	Chief Technology Officer
Lindsay Anderson .....	Area Superintendent
Dr. Kevin Hood .....	Area Superintendent
Dr. Leanne Shivers .....	Area Superintendent
Cory Wilson.....	Area Superintendent
Dr. Tracy Johnson .....	Chief Human Resources Officer
Dustin Blank .....	Assistant Superintendent, Student Services
Shellie Johnson .....	Chief Communications Officer
Hudson Huff.....	Chief Facility Services Officer
Jennifer Price.....	Executive Director, Curriculum & Instruction
Johjania Najera .....	Executive Director, Human Resources
Lynn Jameson .....	Executive Director, Special Education
Leslee Shepherd .....	Executive Director, Student Advancement
Vaughn Hamblen.....	Executive Director of Technology Operations
Rhonda Dominguez.....	Director, Analytics
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 of Grounds & Maintenance
Tricia Atzger-John.....	Director, Health Services
Richard Chance.....	Director, Human Resources
Greg Gaston .....	Director, Human Resources
Angie Nayfa .....	Director, Human Resources
Sheri Rich .....	Director, Human Resources Benefits
Marcene Weatherall .....	Director, Intervention Counseling
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
Kevin Kinley.....	Director, Safety and Security
Vaughn Hamblen.....	Executive Director of Technology Operations
Edward Kotar .....	General Manager, Child Nutrition (Sodexo)
Jim Koons.....	General Manager, Transportation

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# Financial Section

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## Independent Auditor's Report

Board of Trustees  
Keller Independent School District  
Keller, Texas

### Report on the Financial Statements

We have audited the accompanying 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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

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

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Weaver and Tidwell, L.L.P.  
2821 West 7th Street, Suite 700 / Fort Worth, Texas 76107  
Main: 817.332.7905

CPAs AND ADVISORS | [WEAVER.COM](http://WEAVER.COM)

***Emphasis of Matter***

As discussed in Note 1 to the basic financial statements, during year ended June 30, 2021, the District implemented Government Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Beginning net position in the custodial fiduciary fund has been restated as a result of the implementation of this statement. Our opinions are not modified with respect to this matter.

***Other Matters***

*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, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, compliance schedule – required by the Texas Education Agency, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulation (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the financial statements.

The compliance schedule – required by the Texas Education Agency, the other supplementary information, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the compliance schedule – required by the Texas Education Agency, the other supplementary information, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Board of Trustees  
Keller Independent School District

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2021, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* 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 15, 2021

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**Keller Independent School District  
Management's Discussion and Analysis  
Year Ended June 30, 2021**

This section is the Keller Independent School District (District) management discussion and analysis of the annual financial report for the period ending June 30, 2021. 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 \$461 million in expenses related to governmental activities, of which \$78.4 million were offset by program-specific charges for services or grants and contributions. General revenues of \$374 million partially offset the costs of these programs resulting in a decrease in net position of (\$8,317,115). Expenses for governmental activities increased by approximately \$2 million, or 0.45%, from the previous year. This modest increase in expenditures reflects the decrease in spending in the 2021 school year due to COVID-19, even considering a 2% pay increase for all employees totaling \$5.4 million.

- General revenues accounted for \$374,464,344 or 82.7% of all fiscal year 2021 revenues. Program-specific revenues in the form of charges for services and grants and contributions accounted for \$78,366,641 of additional revenues. The 2021 charges for services and grants and contributions represent a \$903,535, or 1.17% increase from 2020. This increase was almost entirely due to revenue from federal relief funding for the COVID-19 pandemic.
- General revenues decreased by approximately (\$6.3 million), or (1.7%), in 2021. This was mainly attributable to the decrease in school district funding by the Texas Education Agency (TEA) of approximately (\$6 million) and a reduction in investment earnings of (\$2.8 million). The TEA reduced their funding of school districts by the same amount of the ESSER II COVID-19 relief funding made available by the federal government. The reduction in investment earnings was caused by the national economic situation in the wake of the pandemic. The total reductions in all general revenues were offset to some degree by a \$5.3 million increase in property taxes due to increased property values in the greater Dallas-Fort Worth metroplex.
- On June 30, 2021, the District's liabilities and deferred inflows of resources exceeded its assets and deferred outflow of resources by (\$110,149,679) (Total Net Position). This was a decrease in Total Net Position from the prior year of (\$8,317,115), or (8.2%), a result of the factors listed above.
- At the close of the fiscal year, the combined governmental fund balance was \$390,780,061, a decrease of \$89,831,075 from the prior year. The largest decrease was in the Capital Projects fund balance, as \$79.3 million were expended for projects including the re-build of two older schools. The Debt Service fund balance decreased by (\$8.6 million), due to the increase in principal and interest payments attributable to the bond sale in fiscal year 2020. This was partially offset with a modest increase in property taxes due to the increase in property values in the area.
- The General Fund balance decreased by (\$1.4 million), or (1.7%), caused by loss of revenue due to the COVID-19 pandemic. Although classes were conducted both virtually and in person, attendance dropped causing loss of state revenue, interest earnings were drastically reduced by the state of the economy, and miscellaneous revenues such as gate receipts and Natatorium revenues were non-existent. Unassigned fund balance increased by \$45.2 million, or 180.29%. Conversely, assigned fund balance decreased by (\$46.82 million) or (82.63%). These variances were caused by a change made to the district's fund balance policy. Fund balance equal to 20% of the 2022 general fund expenditure budget comprises the unassigned fund balance, as per the revised Board policy, in the amount of \$70,263,308.

- The district's total long-term liabilities decreased by (\$78,206,182), or (6.12%), from the previous fiscal year. The key factors in this decrease were a bond refunding, and significant reductions the district's Net OPEB liability and accreted interest.
- General Fund expenditures increased \$9.8 million, or 3.11%, from the prior year. The increased expenditures were due to a 2% of a mid-point pay increase for all employees, and significantly increased cleaning, sanitizing and personal protective equipment (PPE) costs.

## 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 21-22 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 24-30 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 *internal service funds* to report activities for its self-funded insurance programs (Workers Compensation and Health Insurance).

The basic proprietary fund financial statements appear on pages 31-33 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 may be found on page 34 – 35 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 37-67 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 70-77 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 80-83.

## **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 (\$110,149,679).

**Table A-1  
Net Position**

	Governmental Activities		
	2020	2021	Percentage Change 2020 to 2021
Current and other assets	\$ 511,089,313	\$ 424,187,421	-17.00%
Capital assets (net)	694,507,009	732,105,053	5.41%
Long term investments	-	-	0.00%
<b>Total assets</b>	<b>1,205,596,322</b>	<b>1,156,292,474</b>	<b>-4.09%</b>
Total deferred outflow of resources	96,021,801	69,197,367	-27.94%
Current liabilities	56,902,243	52,725,904	-7.34%
Long-term liabilities	1,277,428,612	1,199,222,430	-6.12%
<b>Total liabilities</b>	<b>1,334,330,855</b>	<b>1,251,948,334</b>	<b>-6.17%</b>
Total deferred inflow of resources	69,119,832	83,691,186	21.08%
Net position:			
Net investment in capital assets	(24,717,205)	(29,813,017)	-20.62%
Restricted for grants and food service	3,569,938	2,447,620	-31.44%
Restricted for debt service	64,051,290	62,000,606	-3.20%
Restricted for employee health claims	344,000	377,000	9.59%
Unrestricted net position	(145,080,587)	(145,161,888)	-0.06%
<b>Total net position</b>	<b>\$ (101,832,564)</b>	<b>\$ (110,149,679)</b>	<b>-8.17%</b>

Investment in capital assets (e.g., land, buildings, furniture, and equipment) less any related debt used to acquire those assets that is still outstanding is \$(29,813,017). 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 decreased the District's net position by (\$8,317,115). The total cost of all *governmental activities* this year was \$461,148,100. The amount that our taxpayers paid for these activities was \$281,142,221 or 61.00%.

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

	Governmental Activities		
	2020	2021	Percentage Change 2020 to 2021
Revenues:			
Program revenues:			
Charges for service	\$ 20,171,116	\$ 15,743,343	-21.95%
Operating grants & contributions	57,291,990	62,623,298	9.31%
General revenues:			
Property taxes	275,790,757	281,142,221	1.94%
State grants	95,871,743	89,243,152	-6.91%
Investment earnings	3,605,715	822,165	-77.20%
Other	5,542,142	3,256,806	-41.24%
Total government revenues	458,273,463	452,830,985	-1.19%
Expenses:			
Instruction	249,406,832	254,963,679	2.23%
Instructional resources & media services	4,630,922	4,607,174	-0.51%
Curriculum & instructional staff development	8,791,246	8,832,232	0.47%
Instructional leadership	5,469,940	5,196,458	-5.00%
School leadership	23,851,395	23,936,205	0.36%
Guidance, counseling & evaluation services	20,864,446	21,291,170	2.05%
Social services	295,576	240,629	-18.59%
Health services	5,719,147	5,617,329	-1.78%
Student (pupil) transportation	13,441,122	13,070,481	-2.76%
Food services	15,005,680	12,656,406	-15.66%
Co-curricular/extra-curricular activities	13,385,332	12,479,273	-6.77%
General administration	9,022,735	8,979,535	-0.48%
Plant maintenance and operations	31,263,076	40,904,762	30.84%
Security and monitoring services	6,916,708	5,506,226	-20.39%
Data processing services	11,059,662	9,491,468	-14.18%
Community services	2,274,587	2,265,649	-0.39%
Debt service - interest on long-term debt/fees	35,000,067	29,571,878	-15.51%
Shared services agreement	301,677	254,027	-15.80%
Juvenile Justice Alternative Education Program	-	-	0.00%
Other government charges	1,380,611	1,283,519	-7.03%
Total governmental expenses	458,080,761	461,148,100	0.67%
Decrease in net position	192,702	(8,317,115)	
Beginning net position	(102,025,266)	(101,832,564)	
<b>Ending net position</b>	<b>\$(101,832,564)</b>	<b>\$(110,149,679)</b>	

Property tax revenues are the single largest source of general income for the district. Property values continue to increase in the 2019-20 year with 9.4% growth but increased at a considerably lower rate of 1.45% for 2020-2021. Due to the pandemic and economic downturn, property value growth in future years is difficult to predict currently. 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 2021 and 2020 as a percentage of total revenues.

Table A-3

**Sources of Revenue for Fiscal Year 2021**

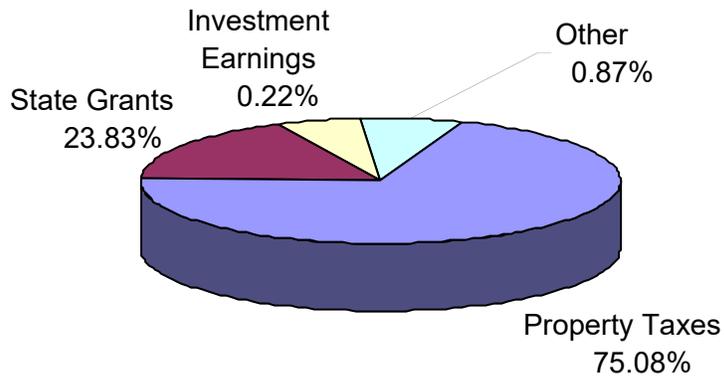


Table A-4

**Sources of Revenue for Fiscal Year 2020**

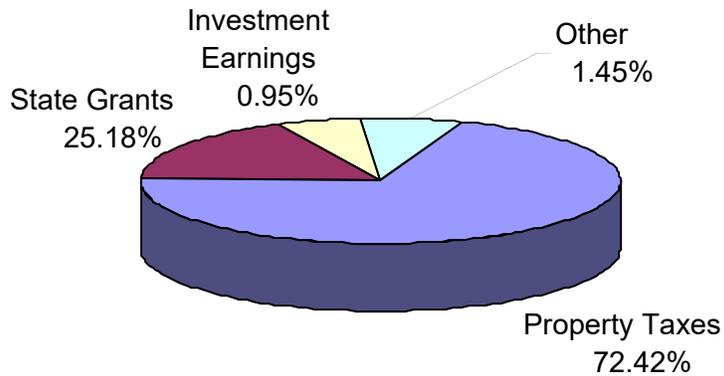


Table A-5 represents the cost of the District's largest programs as well as each program's *net cost* (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. The cost of all *governmental* activities this year was \$461,148,100.

**Table A-5  
Costs of Services**

Major Function	Total Cost of Services			Net Cost of Services		
	2020	2021	Percentage Change 2020 to 2021	2020	2021	Percentage Change 2020 to 2021
Instruction, curriculum, and media services	\$ 262,829,000	\$ 268,403,085	2.12%	\$ 237,731,338	\$ 233,568,981	-1.75%
Instructional and school leadership	29,321,335	29,132,663	-0.64%	26,992,361	27,227,190	0.87%
Student support services, food service, and extra/co-curricular activities	68,711,303	65,355,288	-4.88%	24,594,572	29,920,350	21.65%
General administration	9,022,735	8,979,535	-0.48%	8,179,683	8,303,855	1.52%
Plant maintenance, security and data processing	49,239,446	55,902,456	13.53%	45,841,787	52,106,240	13.67%
Community services	2,274,587	2,265,649	-0.39%	1,928,759	1,986,476	2.99%
Debt service	35,000,067	29,571,878	-15.51%	33,760,832	28,373,550	-15.96%
Shared services agreement	301,677	254,027	-15.80%	284,827	83,950	-70.53%
Non-operating expenses	1,380,611	1,283,519	-7.03%	1,303,496	1,210,867	-7.11%
<b>Total expenses</b>	<b>\$ 458,080,761</b>	<b>\$ 461,148,100</b>	<b>0.67%</b>	<b>\$ 380,617,655</b>	<b>\$ 382,781,459</b>	<b>0.57%</b>

Total net expenses increased by 0.57% in 2021 from the previous year. The largest increase from the prior year was 21.65% in the Student Support Services category. Net expenses in this category increased because of the COVID-19 related decrease in operating grants and contributions and charges for services, predominantly in Food Service. The second largest increase is in the Plant Maintenance, Security and Data Processing category of 13.67%. This can be attributed to continued purchase of personal protective equipment (PPE) and cleaning and sanitizing materials, as well as technology costs for virtual learning.

## 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 \$390,780,061, a decrease from the previous year of (\$89,831,075) or (18.69%). The General Fund balance decreased slightly by (\$1.4) million due mainly to the reduced funding associated with lowered attendance during the pandemic.

The fund balance of the Federally Funded Grant Fund decreased in 2021 by (\$994,894), or (33.14%). The decrease occurred in the Child Nutrition fund and was attributable to decreased revenues throughout the year. The district continued to feed students free of charge throughout the year, but the state reimbursements were not sufficient to offset these costs.

The fund balance of the Debt Service Fund decreased by (\$8.6 million), or (10.23%), as principal and interest payments increased by \$19.9 million associated with the sale of bonds in the prior year.

The Capital Projects fund balance decreased by (\$79 million), or (26.22%). The decrease was a result of the expenditure of \$80 million on current capital projects, including the re-build of two school buildings. The State Funded Grant Fund balance increased by only \$170,383, as revenues and expenditures varied little from the prior year. Finally, the Local Funds balance increased by \$395,398, or 7.14%, which was caused by both increased funding of the local Hudson Grant and deposits to the Campus Activity Fund.

The general fund balance has an unassigned fund balance of \$70,263,308. 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 (\$241,666) and deferred expenditures (\$1,684,104). Non-spendable fund balance in all other funds consists of inventory in the Federally Funded Grant Fund (Child Nutrition) of (\$191,201), and of prepaid items – (\$47,800) in the Federally Funded Grant Fund, (\$4,616) in the Debt Service fund, (\$2,546,622) in the Capital Projects Fund, (\$2,430,336) in the State Funded Grant fund and (\$64,047) in the Local funds. Fund balance is restricted to pay debt service (\$75,483,087), for the capital acquisition program (\$220,820,430), and for food service (\$1,768,192). Grant funds are restricted in the Local Funds for local grants (\$679,428). Commitments of fund balance include (\$5,186,541) in Local Funds for campus activity funds. Assignments of fund balance in the general fund are (\$9,842,659) and are for budgetary contingencies as per Board policy.

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 \$70,263,308, while the total fund balance was \$82,031,737. 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 21.64% of the total general fund expenditures, while total fund balance represents 25.27% of that same amount. It is important to note that in addition to the unassigned amount of fund balance, KISD Board policy requires that an amount equal to 17-25% of the subsequent year's budgeted expenditures be unassigned within fund balance for budgetary contingencies. At 6/30/2021, unassigned fund balance equals 20% of the subsequent year's expenditure budget. This amount is \$70,263,308. The balance of total fund balance is assigned for budgetary contingencies. Both assigned 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 (\$1,442,680), compared to an increase in the prior year of \$11,120,614. The pandemic and the economic downturn strongly influenced the financial results of fiscal year 2021. 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, fund new initiatives, and provide minimal pay increases for all district employees. KISD adopted deficit budgets for both 2016 and 2017 in the amount of (\$9,047,586) and (\$5,656,326) respectively. However, for the last three fiscal years the adopted budget has reflected an estimated surplus. The budgeted surplus for 2019-20 was \$193,840 and was \$137,589 for 2020-21.

### **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 2020-2021 year.

1. *Variances of original expenditure budget compared to amended budget.* The amended expenditure budget increased \$20,485,391 from the original budget. Major budget amendments contributing to this increase include (1) \$12,42 million for TRS on Behalf, (2) \$1.6 million for outstanding encumbrances at the end of the prior year, (3) \$780,261 for additional personal protective equipment, cleaning, and sanitizing supplies, and (4) \$1.3 million for student transportation charges.
2. *Variances of amended budget to actual expenditures.* Variations of amended budget to actual expenditures were minimal in 2020-21, with an overall variation of 8.26%. The largest variance was 66.47% in Health Services function, as many of these expenditures were reimbursed with federal pandemic relief funds. The second largest variance of 31.20% was in Social Services and due to a vacant position that year. Next was Data Processing Services with a variance of 20.63%, which was also caused by federal relief fund reimbursements for virtual learning expenditures.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2021, the district had invested approximately \$732 million in a broad range of capital assets, including land, equipment, and buildings. (See Table A-6) This amount represents a net increase of \$37.6 million or 5.41 percent from the prior year.

**Table A-6**  
**District's Capital Assets**

	Governmental Activities		Percentage Change 2020 to 2021
	2020	2021	
Land	\$ 48,231,202	\$ 48,444,402	0.44%
Buildings and improvements	910,886,160	911,317,365	0.05%
Furniture and equipment	38,519,812	36,039,042	-6.44%
Construction in progress	8,689,838	61,282,308	605.22%
<b>Total Assets</b>	<b>1,006,327,012</b>	<b>1,057,083,117</b>	<b>5.04%</b>
Less: accumulated depreciation	(311,820,003)	(324,978,064)	4.22%
<b>Net Capital Assets</b>	<b>\$ 694,507,009</b>	<b>\$ 732,105,053</b>	<b>5.41%</b>

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

### Long-Term Debt

As of June 30, 2021, the District had total bonded debt outstanding of \$894,579,058, a decrease of (\$32,792,667) or (3.54%), from the previous year, due mostly to the payment of principal and interest during the 2021 year. The district also had accreted interest of \$4,281,574, a decrease of (\$5,658,298), or (56.93%), from the previous year.

**Table A-7  
District's Long-Term Debt**

	Governmental Activities		Percentage Change 2020 to 2021
	2020	2021	
<b>Bonds and Notes Payable</b>			
General Obligations Bonds	\$ 927,371,725	\$ 894,579,058	-3.54%
Premium on bonds	122,817,124	102,729,633	-16.36%
Accreted interest	9,939,872	4,281,574	-56.93%
<b>Total Bonds and Notes Payable</b>	<b>1,060,128,721</b>	<b>1,001,590,265</b>	<b>-5.52%</b>
<b>Other Liabilities</b>			
Compensated Absences	929,285	996,363	7.22%
Net Pension Liability	96,618,913	99,860,050	3.35%
Claims Payable	3,433,007	3,507,459	2.17%
OPEB Liability	116,318,686	93,268,293	-19.82%
<b>Total Other Liabilities</b>	<b>217,299,891</b>	<b>197,632,165</b>	<b>-9.05%</b>
<b>Total Long-Term Debt</b>	<b>\$1,277,428,612</b>	<b>\$ 1,199,222,430</b>	<b>-6.12%</b>

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 2021-2022 are budgeted to decrease from 2020-2021 amended budget revenue by approximately (\$12.6 million), or (3.65%). Most of this decrease is concentrated on property tax revenue (\$10.1 million), or (4.58%), and from the Student Health and Human Services (SHARS) reimbursement for certain special education students (\$2.23 million) or (43.18%). Property tax revenue is expected to decline in 2021-2022 because of continued tax compression by the state of Texas. Revenue from the SHARS program is expected to decrease because of lower enrollment coupled with process changes for the reimbursements.

In May 2019, the 86<sup>th</sup> 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 districts were still required to provide this program). And perhaps most significantly, the district’s maintenance and operation property tax rate was compressed by the state from \$1.17 to \$1.0683.

For the 2020-2021 school year, the state further compressed the district’s property tax rate to 1.0547. Even so, the district’s expenditure budget needed to maintain the prior year’s state mandated pay raises for teachers, librarians, counselors, and diagnosticians of \$10.1 million. An additional 2% pay increase for all employees (\$6.8 million) was budgeted for 2020-21. The state also mandated full day pre-kindergarten programs for 2020-21 and the budgeted cost of positions and materials to support that program amounted to \$1.5 million. And finally, an additional \$9 million in new positions (including \$3.4 million for Special Education positions) were required for 2020-21.

For the 2021-2022 school year, the district was obliged to carry forward all the items listed above. As a result, the total General Fund expenditure budget for 2021-22 is \$351,316,540. This is a decrease of (\$2.50) million or (0.71%) from the 2020-21 amended expenditure budget. As the property tax rate was further compressed for the 2021-2022 year to 0.8657, minor reductions were made to the general fund expenditures budget where possible. Even with a reduced expenditure budget, the loss of general fund revenue required the adoption of a deficit budget in the amount of (\$14.89 million).

Significant amounts budgeted for 2021-22 are:

Pay increases for all staff, 2% of midpoint	\$	5,415,818
All other new positions		1,059,752
Market adjustments pay		372,785
Increase in substitute pay rate		229,863
Planned spending for athletics, Fine Arts, and Safety/Security		714,550
		<hr/>
	\$	<u>7,792,768</u>

The recognized sign of fiscal health for a school district is an appropriate fund balance for the General Fund (operating fund). The district’s current goal is to maintain the fund balance of the General Fund at 17-25% of operating expenses. 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](http://www.kellerisd.net).

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# Basic Financial Statements

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**Keller Independent School District**  
Statement of Net Position  
June 30, 2021

**Exhibit A-1**

<u>Data Control Codes</u>		<u>Governmental Activities</u>
<b>ASSETS</b>		
1110	Cash and temporary investments	\$ 374,040,648
1220	Property taxes receivable (delinquent)	5,017,735
1230	Allowance for uncollectible taxes	(501,774)
1240	Due from other governments	37,929,454
1290	Other receivables	113,966
1300	Inventories, at cost	432,867
1410	Prepaid items	6,777,525
	Capital assets:	
1510	Land	48,444,402
1520	Buildings and improvements, net	608,028,116
1530	Furniture and equipment, net	14,350,227
1580	Construction in progress	61,282,308
1810	Restricted cash	377,000
	Total assets	<u>1,156,292,474</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>		
1700	Deferred loss on refunding	12,023,569
1705	Deferred outflows - pension	38,097,096
1705	Deferred outflows - OPEB	19,076,702
	Total deferred outflows of resources	<u>69,197,367</u>
<b>LIABILITIES</b>		
2110	Accounts payable	14,391,769
2140	Interest payable	14,266,942
2150	Payroll deductions and withholdings payable	2,805,421
2160	Accrued wages payable	18,679,145
2180	Due to other governments	530
2210	Accrued expenses	2,330,656
2300	Unearned revenues	251,441
	Noncurrent liabilities:	
2501	Due within one year	46,566,999
2502	Due in more than one year	959,527,088
2540	Net pension liability	99,860,050
2545	Net OPEB liability	93,268,293
	Total liabilities	<u>1,251,948,334</u>
<b>DEFERRED INFLOW OF RESOURCES</b>		
2605	Deferred inflows - pension	15,050,535
2606	Deferred inflows - OPEB	68,640,651
	Total deferred inflows of resources	<u>83,691,186</u>
<b>NET POSITION</b>		
3200	Net investment in capital assets	(29,813,017)
3820	Restricted for grants and Food Service	2,447,620
3850	Restricted for debt service	62,000,606
3890	Restricted for employee health claims	377,000
3900	Unrestricted net position	(145,161,888)
	Total net position	<u>\$ (110,149,679)</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, 2021

**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
	<b>PRIMARY GOVERNMENT</b>				
	Governmental activities:				
0011	Instruction	\$ 254,963,679	\$ 8,684,299	\$ 21,445,121	\$ (224,834,259)
0012	Instructional resources and media services	4,607,174	151,541	383,264	(4,072,369)
0013	Curriculum and instructional staff development	8,832,232	203,339	3,966,540	(4,662,353)
0021	Instructional leadership	5,196,458	174,112	215,679	(4,806,667)
0023	School leadership	23,936,205	785,939	729,743	(22,420,523)
0031	Guidance, counseling, and evaluation services	21,291,170	629,462	4,035,236	(16,626,472)
0032	Social services	240,629	6,128	81,322	(153,179)
0033	Health services	5,617,329	86,750	2,341,584	(3,188,995)
0034	Student (pupil) services	13,070,481	486,671	492,536	(12,091,274)
0035	Food services	12,656,406	1,584,141	23,516,852	12,444,587
0036	Cocurricular/extracurricular activities	12,479,273	845,065	1,329,191	(10,305,017)
0041	General administration	8,979,535	311,004	364,676	(8,303,855)
0051	Plant maintenance and operations	40,904,762	1,363,132	1,020,648	(38,520,982)
0052	Security and monitoring services	5,506,226	133,080	886,704	(4,486,442)
0053	Data processing services	9,491,468	180,679	211,973	(9,098,816)
0061	Community services	2,265,649	66,136	213,037	(1,986,476)
0072	Debt service - interest on long term debt	29,571,878	-	1,198,328	(28,373,550)
0093	Shared services agreement	254,027	3,735	166,342	(83,950)
0099	Other governmental charges	1,283,519	48,130	24,522	(1,210,867)
[TP]	<b>TOTAL PRIMARY GOVERNMENT</b>	<u>\$ 461,148,100</u>	<u>\$ 15,743,343</u>	<u>\$ 62,623,298</u>	<u>\$ (382,781,459)</u>
	General revenues:				
	Taxes:				
MT	Property taxes, levied for general purposes				212,616,903
DT	Property taxes, levied for debt service				68,525,318
SF	State grants, unrestricted				89,243,152
IE	Investment earnings				822,165
MI	Miscellaneous local and intermediate				3,256,806
TR	Total general revenues				<u>374,464,344</u>
CN	Change in net position				(8,317,115)
NB	Net position - beginning				<u>(101,832,564)</u>
NE	<b>NET POSITION - ENDING</b>				<u>\$ (110,149,679)</u>

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

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**Keller Independent School District**  
Balance Sheet – Governmental Funds  
Governmental Funds  
June 30, 2021

<u>Data Control Codes</u>		<u>10 General Fund</u>	<u>20 Federally Funded Grant Fund</u>
	<b>ASSETS</b>		
1110	Cash and temporary investments	\$ 50,699,502	\$ 2,361,586
1220	Property taxes - delinquent	3,725,797	-
1230	Allowance for uncollectible taxes	(372,580)	-
1240	Due from other governments	22,219,668	15,450,282
1260	Due from other funds	30,635,448	-
1290	Other receivables	80,366	10,009
1300	Inventories, at cost	241,666	191,201
1410	Prepaid items	1,684,104	47,800
		<hr/>	<hr/>
1000	Total assets	108,913,971	18,060,878
1000A	<b>TOTAL ASSETS</b>	<u>\$ 108,913,971</u>	<u>\$ 18,060,878</u>
	<b>LIABILITIES</b>		
2110	Accounts payable	\$ 2,362,315	\$ 213,027
2150	Payroll deduction and withholdings payable	2,805,421	-
2160	Accrued wages payable	18,021,227	649,618
2170	Due to other funds	1,135,644	14,999,839
2180	Due to other governments	-	-
2210	Accrued expenditures	393,805	-
2300	Unearned revenue	240	191,201
		<hr/>	<hr/>
2000	Total liabilities	24,718,652	16,053,685
	<b>DEFERRED INFLOWS OF RESOURCES</b>		
2600	Deferred property taxes	2,163,582	-
	<b>FUND BALANCES</b>		
	Nonspendable:		
3410	Investments in inventory	241,666	191,201
3430	Prepaid items	1,684,104	47,800
	Restricted for:		
3480	Retirement of long term debt	-	-
3470	Capital acquisition program	-	-
3450	Food service	-	1,768,192
3450	Grant funds	-	-
	Committed for:		
3545	Campus activity fund	-	-
	Assigned for:		
3590	Other purposes	9,842,659	-
3600	Unassigned	70,263,308	-
		<hr/>	<hr/>
3000	Total fund balances	82,031,737	2,007,193
	<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 108,913,971</u>	<u>\$ 18,060,878</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
\$ 73,816,006	\$ 233,018,774	\$ 830,951	\$ 6,047,938	\$ 366,774,757
1,291,938	-	-	-	5,017,735
(129,194)	-	-	-	(501,774)
150,764	-	108,740	-	37,929,454
1,135,644	-	-	-	31,771,092
-	6,600	75	11,633	108,683
-	-	-	-	432,867
4,616	2,546,622	2,430,336	64,047	6,777,525
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
76,269,774	235,571,996	3,370,102	6,123,618	448,310,339
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 76,269,774	\$ 235,571,996	\$ 3,370,102	\$ 6,123,618	\$ 448,310,339
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ -	\$ 10,845,355	\$ 837,303	\$ 123,400	\$ 14,381,400
-	-	-	-	2,805,421
-	-	-	8,300	18,679,145
900	-	576,439	-	16,712,822
-	-	-	530	530
1,326	1,359,589	-	1,372	1,756,092
-	-	-	60,000	251,441
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
2,226	12,204,944	1,413,742	193,602	54,586,851
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
779,845	-	-	-	2,943,427
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	-	432,867
4,616	2,546,622	2,430,336	64,047	6,777,525
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
75,483,087	-	-	-	75,483,087
	220,820,430			220,820,430
-	-	-	-	1,768,192
-	-	-	679,428	679,428
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	5,186,541	5,186,541
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	-	9,842,659
-	-	(473,976)	-	69,789,332
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
75,487,703	223,367,052	1,956,360	5,930,016	390,780,061
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 76,269,774	\$ 235,571,996	\$ 3,370,102	\$ 6,123,618	\$ 448,310,339
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

**Keller Independent School District****Exhibit C-2**
 Reconciliation of the Governmental Funds Balance Sheet  
 to the Statement of Net Position  
 June 30, 2021

<b>TOTAL FUND BALANCES - GOVERNMENTAL FUNDS</b>	\$ 390,780,061
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.	(11,502,488)
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.	1,057,083,117
Accumulated depreciation has not been recorded in the fund financial statements.	(324,978,064)
Bonds payable have not been included in the fund financial statements.	(894,579,058)
Net pension liability is not reported in the fund financial statements.	(99,860,050)
Net OPEB liability is not reported in the fund financial statements.	(93,268,293)
Accreted interest on capital appreciation bonds is not capitalized in the fund financial statements.	(4,281,574)
Premiums on the issuance of bonds are not capitalized in the fund financial statements.	(102,729,633)
Deferred loss on bond refunding has not been reflected in the fund financial	12,023,569
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.	2,943,427
Deferred outflows of resources for pension related liabilities are recognized in the government-wide statements but are not recorded in the fund financial statements.	38,097,096
Deferred inflows of resources for pension related liabilities are recognized in the government-wide statements but are not recorded in the fund financial statements.	(15,050,535)
Deferred outflows of resources for OPEB related liabilities are recognized in the government-wide statements but are not recorded in the fund financial statements.	19,076,702
Deferred inflows of resources for OPEB related liabilities are recognized in the government-wide statements but are not recorded in the fund financial statements.	(68,640,651)
Accrued liabilities for compensated absences have not been reflected in the fund financial statements.	(996,363)
Interest is accrued on outstanding debt in the government-wide financial statements whereas in the fund financial statements interest expenditures are reported when due.	(14,266,942)
<b>TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES</b>	<b>\$ (110,149,679)</b>

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

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**Keller Independent School District**  
Statement of Revenues, Expenditures, and Changes in  
Fund Balances – Governmental Funds  
Year Ended June 30, 2021

<u>Data Control Codes</u>		<b>10</b>	<b>20</b>
		<b>General Fund</b>	<b>Federally Funded Grant Fund</b>
<b>REVENUES</b>			
5700	Local and intermediate sources	\$ 215,760,232	\$ 1,468,492
5800	State program revenues	101,615,286	570,621
5900	Federal program revenues	5,998,271	31,191,286
5020	Total revenues	323,373,789	33,230,399
<b>EXPENDITURES</b>			
Current:			
0011	Instruction	202,555,621	11,908,413
0012	Instructional resources and media services	3,968,509	179,676
0013	Curriculum and instructional staff development	3,840,089	4,034,198
0021	Instructional leadership	4,620,921	55,344
0023	School leadership	20,945,749	15,865
0031	Guidance, counseling and evaluation services	15,492,352	3,279,768
0032	Social work services	131,333	81,817
0033	Health services	1,356,298	2,441,276
0034	Student (pupil) transportation	12,921,614	144,969
0035	Food services	2,275	11,595,326
0036	Cocurricular/extracurricular activities	10,349,290	-
0041	General administration	8,271,796	52,500
0051	Facilities maintenance and operations	28,954,466	45,000
0052	Security and monitoring services	3,418,280	180,303
0053	Data processing services	4,753,572	-
0061	Community services	1,710,321	134,591
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	34,914	27,770
Intergovernmental:			
0093	Shared services agreement	-	254,027
0099	Other governmental charges	1,283,519	-
6030	Total expenditures	324,610,919	34,430,843
1100	Excess (deficiency) of revenues over (under) expenditures	(1,237,130)	(1,200,444)
<b>OTHER FINANCING SOURCES (USES)</b>			
7911	Issuance of refunding debt	-	-
7915	Transfers in	-	205,550
7916	Premium or discount on issuance of bonds	-	-
8911	Transfers out	(205,550)	-
8949	Payment to refunded bond escrow agent	-	-
	Total other financing sources (uses)	(205,550)	205,550
1200	Net change in fund balance	(1,442,680)	(994,894)
0100	Fund balance - beginning	83,474,417	3,002,087
3000	<b>FUND BALANCE - ENDING</b>	<b>\$ 82,031,737</b>	<b>\$ 2,007,193</b>

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
\$ 68,868,812	\$ 530,203	\$ -	\$ 2,994,972	\$ 289,622,711
1,198,328	12,204	4,168,116	4,241	107,568,796
-	282,917	-	-	37,472,474
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
70,067,140	825,324	4,168,116	2,999,213	434,663,981
-	4,846,229	3,512,844	702,076	223,525,183
-	52,811	-	95,886	4,296,882
-	-	14,260	35,807	7,924,354
-	-	-	33,529	4,709,794
-	413,570	-	121,775	21,496,959
-	-	-	475,480	19,247,600
-	-	-	465	213,615
-	-	-	586	3,798,160
-	-	-	-	13,066,583
-	-	-	-	11,597,601
-	7,790	-	966,084	11,323,164
-	1,192	-	80,856	8,406,344
-	11,369,402	-	2,044	40,370,912
-	4,071,432	470,625	46,046	8,186,686
-	5,156,083	-	-	9,909,655
-	-	4	36,033	1,880,949
-	-	-	-	-
32,792,656	-	-	-	32,792,656
45,870,698	-	-	-	45,870,698
815,856	-	-	-	815,856
-	54,266,694	-	7,148	54,336,526
-	-	-	-	254,027
-	-	-	-	1,283,519
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
79,479,210	80,185,203	3,997,733	2,603,815	525,307,723
(9,412,070)	(79,359,879)	170,383	395,398	(90,643,742)
85,759,989	-	-	-	85,759,989
-	-	-	-	205,550
12,537,311	-	-	-	12,537,311
-	-	-	-	(205,550)
(97,484,633)	-	-	-	(97,484,633)
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
812,667	-	-	-	812,667
(8,599,403)	(79,359,879)	170,383	395,398	(89,831,075)
84,087,106	302,726,931	1,785,977	5,534,618	480,611,136
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 75,487,703	\$ 223,367,052	\$ 1,956,360	\$ 5,930,016	\$ 390,780,061

**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, 2021

**Exhibit C-4**

<b>TOTAL NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS</b>	\$ (89,831,075)
The District uses internal service funds to charge the costs of certain activities, such as self-insurance and catering, 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.	834,379
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.	59,140,210
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.	(21,523,753)
Loss on disposal of assets is not recognized in the governmental funds since no current financial resources are used. The net effect of this is to decrease net position.	(18,413)
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.	32,792,656
The current year issuance of bonds are shown as another resource in the fund financial statements but are shown as an increase in long term debt in the government-wide financial statements.	(85,759,989)
Current year payments to bond refunding escrow agent are shown as other uses in the fund financial statements but are shown as reductions in long term debt in the government-wide financial statements.	85,760,000
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	5,658,298
Premiums associated with bonds payable are reported as revenue on the fund financial statements when bonds are issued. Amounts are reported net of amortization on the government-wide financial statements.	(12,537,311)
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.	32,624,802
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.	(22,868,171)
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.	(7,623,057)
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.	2,250,659
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.	(573,653)
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.	(67,078)
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.	6,770,344
Current year deferred loss on refunding associated with bonds payable is reported net of amortization on the government-wide financial statements.	6,654,037
<b>CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES (B-1)</b>	<u><u>\$ (8,317,115)</u></u>

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

**Keller Independent School District**  
Statement of Net Position – Proprietary Funds  
June 30, 2021

**Exhibit D-1**

	<b>Governmental Activities - Internal Service Funds</b>
	<hr/> <hr/>
<b>ASSETS</b>	
Current assets	
Cash and temporary investments	\$ 7,265,891
Accounts receivable	5,283
Cash - restricted	377,000
	<hr/>
Total current assets	7,648,174
	<hr/>
<b>TOTAL ASSETS</b>	7,648,174
<b>LIABILITIES</b>	
Current liabilities	
Accounts and claims payable	10,369
Due to other funds	15,058,270
Accrued expenses	574,564
	<hr/>
Total current liabilities	15,643,203
	<hr/>
Noncurrent liabilities	
Claims payable	3,507,459
	<hr/>
Total noncurrent liabilities	3,507,459
	<hr/>
<b>TOTAL LIABILITIES</b>	19,150,662
<b>NET POSITION</b>	
Restricted for employee health claims	377,000
Unrestricted net position	(11,879,488)
	<hr/>
<b>TOTAL NET POSITION</b>	<b>\$ (11,502,488)</b>
	<hr/> <hr/>

**Keller Independent School District**  
Statement of Revenues, Expenses, and  
Changes in Fund Net Position – Proprietary Funds  
Year Ended June 30, 2021

**Exhibit D-2**

	<b>Governmental Activities - Internal Service Funds</b>
<b>OPERATING REVENUES</b>	
Local and intermediate sources	\$ 23,025,866
Total operating revenues	23,025,866
<b>OPERATING EXPENSES</b>	
Professional and contracted services	2,895,743
Supplies	7,730
Claim settlement costs	19,295,724
Total operating expenses	22,199,197
Operating income	826,669
<b>NONOPERATING REVENUES</b>	
Earnings from temporary deposits and investments	7,710
Total nonoperating revenues	7,710
Change in net position	834,379
Net position - beginning	(12,336,867)
<b>TOTAL NET POSITION - ENDING</b>	<b>\$ (11,502,488)</b>

**Keller Independent School District**  
Statement of Cash Flows – Proprietary Funds  
Year Ended June 30, 2021

**Exhibit D-3**

	<b>Governmental Activities - Internal Service Funds</b>
	<hr/> <hr/>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from user charges	\$ 22,984,779
Cash payments for insurance claims	(21,829,573)
	<hr/>
Net cash provided by operating activities	1,155,206
	<hr/>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest and dividends on investments	7,710
	<hr/>
Net cash provided by investing activities	7,710
	<hr/>
Net change in cash and cash equivalents	1,162,916
	<hr/>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	6,479,975
	<hr/>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	\$ 7,642,891
	<hr/> <hr/>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION</b>	
Cash and cash equivalents	7,265,891
Cash - restricted	377,000
	<hr/>
	\$ 7,642,891
	<hr/> <hr/>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating income	826,669
Adjustments to reconcile operating income to net cash provided by operating activities:	
Change in assets and liabilities:	
Decrease in accounts receivable	229,721
Increase in accounts and claims payable	73,757
Decrease in due to other funds	(41,087)
Decrease in accrued expenses	66,146
	<hr/>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	\$ 1,155,206
	<hr/> <hr/>

**Keller Independent School District**  
Statement of Fiduciary Net Position – Fiduciary Funds  
June 30, 2021

**Exhibit E-1**

	<u>Custodial Funds</u>
<b>ASSETS</b>	
Cash and temporary investments	\$ 895,866
Accounts receivable	1,374
	<hr/>
Total assets	\$ 897,240
	<hr/> <hr/>
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities	\$ 38,144
Due to other governments	383
	<hr/>
Total liabilities	\$ 38,527
	<hr/> <hr/>
<b>NET POSITION</b>	
Restricted for other purposes and other purposes	\$ 858,713
	<hr/> <hr/>

**Keller Independent School District**

## Statement of Changes in Fiduciary Net Position – Fiduciary Funds

June 30, 2021

**Exhibit E-2**

	<b>Custodial Fund</b>
<b>ADDITIONS</b>	
Revenue from student activities	\$ 1,914,970
Total additions	1,914,970
<b>DEDUCTIONS</b>	
Supplies	419,080
Fees and dues	568,863
Contracted services	213,078
Total deductions	1,201,021
Change in net position	713,949
<b>NET POSITION</b>	
Restricted for students and other organizations:	
Net position, beginning	-
Cumulative effect of implementation of GASB 84	144,764
Net position, beginning, restated	\$ 144,764
Net position, ending	858,713

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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 Funds* – 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 Funds are 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 agent 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.

#### **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**

Any District employee who is professionally certified and has at least five years of service to the District is paid for all local sick days upon termination of employment with the District. Local sick leave days are earned at a rate of five days per year. The leave days shall accrue with no limit. A resigning employee shall receive \$35 per day, if he or she completes their contract. A retiring employee shall receive \$35 per day at the time of retirement provided he or she qualifies for retirement benefits from the Teacher Retirement System of Texas.

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, 2021 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 \$2,163,582 and \$779,845 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, 2021 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 position/fund balance 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 position/fund balance 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. Defined Benefit Pension Plan

The District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The Teacher Retirement System of Texas (TRS) administers the plan. The fiduciary net position of the TRS 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 reported by the District, 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.

#### U. GASB Pronouncements implemented by the District

GASB Statement No. 84, *Fiduciary Activities*. This Statement was issued in January 2017 and provides guidance to enhance the consistency and comparability of fiduciary activities reporting by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. The fiduciary activities beginning net position balance was restated by \$144,764.

GASB Statement No. 98, *The Annual Comprehensive Financial Report*. This Statement was issued in October 2021 and established the term annual comprehensive financial report and its acronym ACFR.

**Keller Independent School District**  
Notes to Financial Statements

**Note 2. Bonded Debt Payable**

Bonded debt payable as of June 30, 2021 is as follows:

Description	Interest Rate Payable	Amount of Original Issue	Amount Outstanding 7/1/2020	Issued Current Year	Refunded Current Year	Retired Current Year	Amount Outstanding 6/30/2021
Unlimited Tax School Building and Refunding Bonds Series 1996A Final maturity 2022	3.60-5.90	\$ 59,539,931	\$ 4,036,730	\$ -	\$ -	\$ 2,077,656	\$ 1,959,074
Unlimited Tax School Building and Refunding Bonds Series 1997A Final maturity 2027	3.85-6.00	29,698,013	2,814,995	-	-	645,000	2,169,995
Unlimited Tax Refunding Bonds Series 2009A Final maturity 2032	3.50-4.50	22,419,992	150,000	-	-	150,000	-
Unlimited Tax Refunding Bonds Series 2011 Final maturity 2029	2.00-4.00	9,370,000	740,000	-	-	740,000	-
Unlimited Tax Refunding Bonds Series 2012 Final maturity 2032	3.50	2,710,000	2,710,000	-	2,710,000	-	-
Unlimited Tax Refunding Bonds Series 2012A Final maturity 2036	2.00-3.00	4,339,998	4,245,000	-	4,215,000	30,000	-
Unlimited Tax Refunding Bonds Series 2013 Final maturity 2031	1.50-5.00	81,080,000	72,350,000	-	49,775,000	3,550,000	19,025,000

# Keller Independent School District

## Notes to Financial Statements

Description	Interest Rate Payable	Amount of Original Issue	Amount Outstanding 7/1/2020	Issued Current Year	Refunded Current Year	Retired Current Year	Amount Outstanding 6/30/2021
Unlimited Tax							
Refunding Bonds							
Series 2014							
Final maturity 2025	2.46	43,350,000	26,675,000	-	-	780,000	25,895,000
Unlimited Tax							
Refunding Bonds							
Series 2014A							
Final maturity 2029	2.00-5.00	56,565,000	49,070,000	-	14,060,000	3,730,000	31,280,000
Unlimited Tax							
Building Bonds							
Series 2015							
Final maturity 2041	1.00-5.00	153,875,000	129,605,000	-	-	1,865,000	127,740,000
Unlimited Tax							
Refunding Bonds							
Series 2015							
Final maturity 2033	2.00-5.00	98,675,000	95,750,000	-	-	-	95,750,000
Unlimited Tax							
Refunding Bonds							
Series 2015A							
Final maturity 2035	4.00-5.00	116,577,588	114,805,000	-	15,000,000	3,120,000	96,685,000
Unlimited Tax							
Refunding Bonds							
Series 2016A							
Final maturity 2032	2.00-5.00	70,915,000	69,680,000	-	-	4,835,000	64,845,000
Unlimited Tax							
Refunding Bonds							
Series 2016B							
Final maturity 2032	2.00-3.00	56,020,000	52,710,000	-	-	1,870,000	50,840,000
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	279,465,000	-	-	9,000,000	270,465,000
Unlimited Tax							
Refunding Bonds							
Series 2020							
Final maturity 2030	2.00-5.00	8,645,000	8,645,000	-	-	400,000	8,245,000
Unlimited Tax							
Refunding Bonds							
Taxable Series 2020							
Final maturity 2035	4.00	85,759,989	-	85,759,989	-	-	85,759,989
<b>Total bonded debt payable</b>		<b>\$ 1,193,285,511</b>	<b>\$ 927,371,725</b>	<b>\$ 85,759,989</b>	<b>\$ 85,760,000</b>	<b>\$ 32,792,656</b>	<b>\$ 894,579,058</b>

# 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
2022	\$ 28,199,069	\$ 37,744,539	\$ 65,943,608
2023	40,280,000	36,302,270	76,582,270
2024	39,810,000	34,455,751	74,265,751
2025	50,939,989	32,604,661	83,544,650
2026	34,515,000	31,017,260	65,532,260
2027-2031	217,560,000	126,318,175	343,878,175
2032-2036	147,925,000	81,152,770	229,077,770
2037-2041	158,705,000	54,565,175	213,270,175
2042-2046	143,605,000	24,402,800	168,007,800
2047	33,040,000	1,321,600	34,361,600
<b>Total</b>	<b>\$ 894,579,058</b>	<b>\$ 459,885,001</b>	<b>\$ 1,354,464,059</b>

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

On September 15, 2020, the District issued \$85,759,989 in Unlimited Tax Refunding Bonds with a interest rate of 4% to refund \$2,710,000 of Series 2012 Refunding Bonds with original maturities between 2028 and 2031 with an interest rate of 3.5%, \$4,215,000 of Series 2012-A Refunding Bonds with original maturities between 2021 and 2016 with interest rates between 2% and 3%, \$49,775,000 of Series 2013 Refunding Bonds with a original maturities between 2021 and 2028 with interest rates between 3% and 5%, \$14,060,000 of Series 2014A Refunding Series with original maturities between 2027 and 2028 with a interest rate of 5% and \$15,000,000 of Series 2015A Refunding Series with original maturities between 2033 and 2035 and an interest rate of 5%. The refunding was undertaken to reduce the District's total debt service payments over the next 15 years by \$8,292,868 and to obtain an economic gain (difference between the present value of the debt service payment on the old and new debt) of \$7,619,783.

### Note 3. Accumulated Unpaid Sick Leave Benefits

Professional certified 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 sick leave. A summary of changes in the accumulated sick leave follows:

Balance, July 1, 2020	\$ 929,285
New entrants and salary increments	120,768
Payments to participants	(53,690)
<b>Balance, June 30, 2021</b>	<b>\$ 996,363</b>

**Keller Independent School District**  
Notes to Financial Statements

**Note 4. Changes in Long-term Liabilities**

Long-term activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds:	\$ 927,371,725	\$ 85,759,989	\$ 118,552,656	\$ 894,579,058	\$ 28,199,069
Accreted interest	9,939,872	716,779	6,375,077	4,281,574	4,281,574
Premium on bonds	122,817,124	12,537,311	32,624,802	102,729,633	10,539,658
Compensated absences	929,285	120,768	53,690	996,363	39,239
Claims payable	3,433,007	18,290,639	18,216,187	3,507,459	3,507,459
Net pension liability	96,618,913	11,340,684	8,099,547	99,860,050	-
OPEB Liability	116,318,686	5,214,462	28,264,855	93,268,293	-
<b>Total governmental activities long-term liabilities</b>	<b>\$ 1,277,428,612</b>	<b>\$ 133,980,632</b>	<b>\$ 212,186,814</b>	<b>\$ 1,199,222,430</b>	<b>\$ 46,566,999</b>

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

**Note 5. Capital Asset Activity**

Capital asset activity for the District for the year ended June 30, 2021 was as follows:

Primary government:

	Balance 7/1/2020	Additions	Transfers	Deletions	Balance 6/30/2021
Capital assets, not being depreciated:					
Land	\$ 48,231,202	\$ 213,200	\$ -	\$ -	\$ 48,444,402
Construction in progress	8,689,838	52,592,470	-	-	61,282,308
Total capital assets, not being depreciated	56,921,040	52,805,670	-	-	109,726,710
Capital assets, being depreciated:					
Buildings and improvements	910,886,160	431,205	-	-	911,317,365
Furniture and equipment	38,519,812	5,903,335	-	(8,384,105)	36,039,042
Total capital assets, being depreciated	949,405,972	6,334,540	-	(8,384,105)	947,356,407
Less accumulated depreciation on:					
Buildings and improvements	284,556,604	18,732,645	-	-	303,289,249
Furniture and equipment	27,263,399	2,791,108	-	(8,365,692)	21,688,815
Accumulated depreciation	311,820,003	21,523,753	-	(8,365,692)	324,978,064
Total capital assets, being depreciated, net	637,585,969	(15,189,213)	-	(18,413)	622,378,343
<b>Governmental activities capital assets, net</b>	<b>\$ 694,507,009</b>	<b>\$ 37,616,457</b>	<b>\$ -</b>	<b>\$ (18,413)</b>	<b>\$ 732,105,053</b>

# Keller Independent School District

## Notes to Financial Statements

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

Instruction	\$ 15,123,702
Instructional resources and media services	211,144
Curriculum and staff development	38,655
Instructional leadership	98,077
School leadership	940,540
Guidance, counseling and evaluation services	85,012
Social services	437
Health services	1,526,387
Student transportation	3,898
Food services	294,648
Co-curricular/extracurricular activities	863,949
General administration	76,710
Plant maintenance and operations	1,213,177
Security and monitoring services	532,490
Data processing services	204,028
Community services	310,899
<b>Total depreciation expense</b>	<b>\$ 21,523,753</b>

### 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, 2021 are classified in the accompanying financial statements as follows:

Primary government	\$ 374,040,648
Fiduciary funds	895,866
	<u>374,936,514</u>
	<u>\$ 374,936,514</u>

The District's financial statements also include restricted cash in the amount of \$377,000.

## Keller Independent School District

### Notes to Financial Statements

#### 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, 2021, 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.

#### 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 \$6,837,727
- c. Largest cash, savings and time deposit combined account balance amounted to \$5,983,420 and occurred during the month of May 2021
- d. Total amount of FDIC coverage at the time of largest combined balance was \$250,000.

## Keller Independent School District

### Notes to Financial Statements

#### Investment in State Investment Pools

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

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 PFIA. 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.

## Keller Independent School District

### Notes to Financial Statements

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.

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, 2021	Percent of Total Investments	Weighted Average Maturity (Days)	Credit Risk
Investments measured at amortized cost				
Investment pools				
TexPool Prime	\$ 353,600	0%	52	AAAm
TexasCLASS	138,696,308	37%	52	AAAm
Money Markets, CDs and CDARS	102,941,832	27%	N/A	NR
Investments measured at net asset value (NAV)				
Investment pools				
LOGIC	136,411,430	36%	58	AAAm
<b>Total</b>	<b>\$ 378,403,170</b>	<b>100%</b>	<b>40</b>	

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 and contributes to 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). TRS's defined benefit pension plan 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.

## **Keller Independent School District**

### Notes to Financial Statements

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.

#### **Pension Plan Fiduciary Net Position**

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <https://www.trs.texas.gov/TRS%20Documents/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 percent (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 five 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 five 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 post-employment 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 noted in the Plan description above.

#### **Contributions**

Employee contribution rates are set in state statute, Texas Government Code 825.402. 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 six percent of the member's annual compensation and a state contribution rate of not less than six percent and not more than ten percent 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.

# Keller Independent School District

## Notes to Financial Statements

Rates for the plan are as follows:

	Contribution Rates	
	2020	2021
Member	7.7%	7.7%
Non-employer contributing entity (state)	7.5%	7.5%
Employers	7.5%	7.5%
Employers (District - Non-OASDI)*	1.5%	1.5%

\*SB12 requires an increase in employer contributions by public school districts, charter schools and regional education service centers. Prior to SB12, only those employers not participating in social security were required to pay a 1.5% contribution (Non-OASDI surcharge). Beginning September 1, 2019, all employers are required to pay the Public Education Employer contribution irrespective of participation in social security.

The contribution amounts for the District's fiscal year 2021 are as follows:

Employer contributions	\$	7,693,073
Member contributions		19,006,805
NECE on-behalf contributions		12,560,864

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 (GAA).

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 that 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 part 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.

# Keller Independent School District

## Notes to Financial Statements

In addition to the employer contributions listed above, there are two additional 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 1.5% of the member’s salary beginning September 1, 2019, gradually increasing to 2.0% on September 1, 2024.

### Actuarial Assumptions

The actuarial valuation of the total pension liability was performed as of August 31, 2019. Update procedures were used to roll forward the total pension liability to August 31, 2020 and was determined using the following actuarial methods and assumptions:

Actuarial cost method	Individual entry age normal
Asset valuation method	Market value
Single discount rate	7.25%
Long term expected investment rate of return	7.25%
Municipal bond rate	2.33%. 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."
Inflation	2.30%
Last year ending August 31 in projection period	2119
Salary increases including inflation	3.05% to 9.05%
Ad hoc post-employment benefit changes	None
Active Morality Rates	Based on 90 percent of the RP 2014 Employee Mortality Tables for males and females with full generational mortality. The post-retirement mortality rates for healthy lives were based on the 2018 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 actuarial methods and assumptions are primarily based on a study of actual experience for the three year period ending August 31, 2018 and adopted in July 2018.

# Keller Independent School District

## Notes to Financial Statements

### Discount Rate and Long-Term Expected Rate of Return

A single discount rate of 7.25% 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 7.25%. 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 statutorily required rates. 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 arithmetic real rates of return for each major asset class included in TRS's target asset allocation as of August 31, 2020 are summarized below:

Asset Class	Target	Long-Term Expected Geometric Real Rate of Return***	Expected Contribution to Long Term Portfolio Returns
Global Equity			
U.S.	18%	3.90%	0.99%
Non-U.S. Developed	13%	5.10%	0.92%
Emerging Markets	9%	5.60%	0.83%
Private Equity	14%	6.70%	1.41%
Stable Value			
Government Bonds	16%	-0.07%	-0.05%
Absolute return	0%	1.80%	0.00%
Stable value hedge funds	5%	1.90%	0.11%
Real Return			
Real Estate	15%	4.60%	1.02%
Energy, natural resources and inflation			
Commodities	6%	6.00%	0.42%
Commodities	0%	0.80%	0.00%
Risk Parity			
Risk Parity	8%	3.00%	0.30%
Asset Allocation Leverage			
Cash	2%	-1.5%	-0.03%
Asset Allocation Leverage	-6%	-1.3%	0.08%
Inflation Expectation			2.00%
Volatility Drag***			-0.67%
<b>Total</b>	100%		7.33%

\* Target allocations are based on the FY2020 policy model

\*\* Capital Market Assumptions come from Aon Hewitt (as of 8/31/2020)

\*\*\* 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 7.25%, 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 (6.25%)	Discount rate (7.25%)	1% increase in discount rate (8.25%)
District's proportionate share of the net pension liability	\$ 153,982,410	\$ 99,860,050	\$ 55,886,818

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

At June 30, 2021, the District reported a liability of \$99,860,050 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 were as follows:

District's proportionate share of the collective net pension liability	\$ 99,860,050
State's proportionate share that is associated with District	<u>163,046,746</u>
<b>Total</b>	<u><u>\$ 262,906,796</u></u>

The net pension liability was measured as of August 31, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2019, rolled forward to August 31, 2020. 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 30, 2019 through August 31, 2020.

At August 31, 2020, the employer's proportion of the collective net pension liability was 0.18645%, a increase of 0.000586% from its proportionate share of 0.18587% measured as of August 31, 2019.

### Change of Assumptions Since the Prior Measurement Date

There were no changes of assumptions that affected measurement of the total pension liability during the measurement period.

### Change of Benefit Terms Since the Prior Measurement Date

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

For the fiscal year ended June 30, 2021, the District recognized pension expense of \$27,233,960 and revenue of \$19,610,903 for support provided by the State.

## Keller Independent School District

### Notes to Financial Statements

At June 30, 2021, 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	\$ 182,336	\$ 2,786,829
Changes in actuarial assumptions	23,171,085	9,852,184
Differences between projected and actual investment earnings	2,021,581	-
Changes in proportion and difference between the employer's contributions and the proportionate share of the contributions	4,271,614	2,411,522
Contributions paid to TRS subsequent to the measurement dates	8,450,480	-
	<u>\$ 38,097,096</u>	<u>\$ 15,050,535</u>

Contributions paid to TRS subsequent to the measurement dates will be recognized as a reduction of the pension liability in the year ended June 30, 2022 and are reported as deferred outflows of resources in the amount of \$8,450,480. The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	Pension Expense Amount
2022	\$ 4,425,778
2023	5,248,806
2024	4,687,968
2025	1,202,965
2026	(958,818)
Thereafter	(10,618)
	<u>\$ 14,596,081</u>

#### Note 8. Defined Other Post-Employment 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 Post-Employment Benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

##### OPEB Plan Fiduciary Net Position

Detail information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; 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 a basic health insurance coverage (TRS-Care 1), at no cost to all 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 retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits (TRS-Care 2 and TRS-Care 3).

Eligible retirees and dependents enrolled in Medicare may elect to participate in one of the two Medicare health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees 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. There are no automatic post-employment benefit changes; including automatic COLAs.

The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for the average retiree with Medicare Parts A&B coverage, with 20 to 29 years of service for the basic plan and the two optional plans.

	<u>Medicare</u>	<u>Non Medicare</u>
Retiree*	\$ 135	\$ 200
Retiree and spouse	529	689
Retiree* and children	468	408
Retiree and family	1,020	999

\* or surviving spouse

### 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 .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

Rates for such plan fiscal years are as follows:

	<u>2020</u>	<u>2021</u>
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 2021 are as follows:

Employer contributions	\$ 1,864,825
Member contributions	1,604,190
NECE on-behalf contributions	2,505,843

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 employers hire a TRS retiree, they are required to pay to 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 \$2.2 million in fiscal year 2020.

### Actuarial Assumptions

The actuarial valuation of the total OPEB liability was performed as of August 31, 2019. Updated procedures were used to roll forward the total OPEB liability to August 31, 2020.

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, 2020 TRS annual pension actuarial valuation:

Demographic Assumptions	Economic Assumptions
Rates of mortality	General inflation
Rates of retirement	Wage inflation
Rates of termination	Salary increases
Rates of disability	

The following methods and additional assumptions were used in the TRS-Care OPEB valuation:

#### Additional Actuarial Methods and Assumptions:

Actuarial cost method	Individual entry age normal
Single discount rate	2.33%
Aging factors	Based on plan specific experience
Election Rates	Normal retirement: 65% participation prior to age 65 and 40% after age 65. 25% of pre-65 retirees are assumed to discontinue coverage at age 65.
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Ad hoc post-employment benefit changes	None

# Keller Independent School District

## Notes to Financial Statements

### Discount Rate

A single discount rate of 2.33% was used to measure the total OPEB liability at August 31, 2020. This was a decrease of 0.3% in the discount rate since the August 31, 2019 measurement date. The plan is essentially a “pay-as-you-go” plan, and based on the assumption that contributions are made at the statutorily required rates, the OPEB plan’s fiduciary net position was projected to not be able to make all future benefit payments to current members and therefore, the single discount rate is equal to the prevailing municipal bond rate. The 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 as reported in Fidelity Index’s “20-Year Municipal GO AA Index”.

### Discount Rate Sensitivity Analysis

The following table presents the District’s proportionate share of the TRS-Care net OPEB liability, as well as what the District’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that was 1% less than and 1% greater than the discount rate that was used (2.33%) in measuring the net OPEB liability.

	1% Decrease (1.33%)	Current Single Discount Rate (2.33%)	1% Increase (3.33%)
District’s proportionate share of the net OPEB liability	\$ 111,921,739	\$ 93,268,293	\$ 78,534,749

**Healthcare Cost Trend Rates** The following table presents the District’s proportionate share of net OPEB liability using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1% lower or 1% higher than the assumed health-care cost trend rate:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District’s proportionate share of the net OPEB liability	\$ 76,188,246	\$ 93,268,293	\$ 116,016,502

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

At June 30, 2021, the District reported a liability of \$93,268,293 for its proportionate share of the TRS’s Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to 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 were as follows:

District’s Proportionate share of the collective net OPEB liability	\$ 93,268,293
State’s proportionate share that is associated with District	125,330,229
<b>Total</b>	<b>\$ 218,598,522</b>

The net OPEB liability was measured as of August 31, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of August 31, 2019 rolled forward to August 31, 2020. The employer’s proportion of the net OPEB liability was based on the employer’s contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2019 through August 31, 2020.

## Keller Independent School District

### Notes to Financial Statements

At August 31, 2020 the employer's proportion of the collective net OPEB liability was 0.245349%, a decrease of 0.0006134% from its proportionate share of 0.245963% measured as of August 31, 2019.

**Changes 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 2.63% as of August 31, 2019 to 2.33% as of August 31, 2020. This change increased the total OPEB liability.
- The participation rate for pre-65 retirees was lowered from 50% to 40%. This change decreased the total OPEB liability.
- The ultimate health care trend assumption was lowered from 4.50% to 4.25% as a result of Congress' repeal of the excise (Cadillac) tax on high-cost employer health plans in December 2019. This change 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.

For the year ended June 30, 2021, the District recognized OPEB expense of \$3,120,905 and revenue of \$870,246 for support provided by the State.

At June 30, 2021, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 4,883,491	\$ 42,684,340
Changes in actuarial assumptions	5,752,714	25,611,955
Differences between projected and actual investment earnings	30,309	-
Changes in proportion and difference between the employer's contributions and the proportionate share of the contributions	6,710,654	344,356
Contributions paid subsequent to the measurement dates	1,699,534	-
	<u>\$ 19,076,702</u>	<u>\$ 68,640,651</u>

The deferred outflow of resources relating to District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. 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
2022	\$ (8,617,944)
2023	(8,621,996)
2024	(8,624,313)
2025	(8,623,679)
2026	(6,132,439)
Thereafter	(10,643,112)
<b>Total</b>	<u>\$ (51,263,483)</u>

# Keller Independent School District

## Notes to Financial Statements

### 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, 2019, June 30, 2020 and June 30, 2021, the subsidy payments received by the TRS-Care on behalf of the District were \$805,645, \$1,001,574 and \$1,105,353 respectively. These payments are recorded as equal revenues and expenditures in the governmental fund 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 2021 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 \$2,509,017 as of June 30, 2021, 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, 2021 and June 30, 2020 are as follows:

	2021	2020
Liability, beginning of year	\$ 3,433,007	\$ 3,585,570
Current year claims and changes in estimates	18,290,639	16,662,238
Claim payments	(18,216,187)	(16,814,801)
<b>Liability, end of year</b>	<b>\$ 3,507,459</b>	<b>\$ 3,433,007</b>

### 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, 2021 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. Texas Central agreed to lease the District’s transportation facilities for \$1 per annum for the term of the agreement. The agreement ends on July 31, 2024.

The initial agreement may be renewed for five one-year periods at the option of both parties.

As of June 30, 2021, the District has entered into long-term construction projects with an aggregate unexpended balance of \$70,493,346

The District has also entered into two new operating leases for office equipment and one existing lease for office equipment expiring in May 2021. Total expenditures under these leases for the year ended June 30, 2021 totaled \$579,229.

Future minimum lease payments of \$156,173 and \$57,780 will be paid in years ended June 30, 2022 and 2023, respectively.

### 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, 2021, 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	\$ 22,219,668	\$ -	\$ 22,219,668
Debt Service	150,764		150,764
State funded grants	108,740	-	108,740
Federally funded grants	-	15,450,282	15,450,282
<b>Total</b>	<b>\$ 22,479,172</b>	<b>\$ 15,450,282</b>	<b>\$ 37,929,454</b>

### Note 13. Interfund Balances and Activities

Interfund balances at June 30, 2021 consisted of the following individual fund balances:

Due to Fund	Due from Fund	Amount
Debt Service Fund	General Fund	\$ 1,135,644
General Fund	Debt Service Fund	900
General Fund	Federally Funded Grant Fund	14,999,839
General Fund	State Funded Grant Funds	576,439
General Fund	Internal Service Fund	15,058,270
		<b>\$ 31,771,092</b>

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.

# Keller Independent School District

## Notes to Financial Statements

There was a transfer from the General fund to the federally funded grant fund of \$205,550 for the purpose of offsetting costs in the child nutrition program.

### Note 14. Other Receivables

Other receivables recorded in the fund level financial statements consisted of the following at June 30, 2021:

	General Fund	Federally Funded Grants	Capital Projects Fund	State Funded Grants	Local Funds	Total
Services rendered	\$ 80,366	\$ 10,009	\$ 6,600	\$ 75	\$ 11,633	\$ 108,683
<b>Total</b>	<b>\$ 80,366</b>	<b>\$ 10,009</b>	<b>\$ 6,600</b>	<b>\$ 75</b>	<b>\$ 11,633</b>	<b>\$ 108,683</b>

### 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.

- 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.

##### 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.

## Keller Independent School District

### Notes to Financial Statements

#### 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.

- The District's Board of Trustees voted to assign fund balance equal to 17% of the 2021 general fund expenditure budget for budgetary contingencies.

#### Unassigned Fund Balance

Is the residual classification of the General Fund and includes all amounts not contained in other classifications. Only the General Fund will have unassigned amounts.

### **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 \$3,656,949 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, 2021, the remainder of the textbooks, in possession of the District, have minimal value and are not otherwise reflected elsewhere in these statements.

### **Note 17. New Accounting Pronouncements**

GASB Statement No. 87: *Leases* was issued in June 2017. This Statement establishes standards of accounting and financial reporting for lease by lessees and lessors. This standard is effective for the District in fiscal year 2022. The District has not yet determined the impact of this statement.

GASB Statement No. 89: *Accounting for Interest Cost Incurred before the End of a Construction Period* was issued in June 2018. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. This Standard becomes effective for the District in fiscal year 2022. The District has not yet determined the impact of this statement.

GASB Statement No. 91: *Conduit Debt Obligations* was issued in May 2019. This Statement establishes a single method of reporting conduit debt obligations by issuers to eliminate diversity in practice. This Standard becomes effective for the District in fiscal year in fiscal year 2022. The District has not yet determined the impact of this statement.

GASB Statement No. 92: *Omnibus 2020* was issued in January 2020. This Statement establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. This Standard becomes effective for the District in fiscal year in fiscal year 2022. The District has not yet determined the impact of this statement.

## Keller Independent School District

### Notes to Financial Statements

GASB Statement No. 93: *Replacement of Interbank Offered Rates* was issued in March 2020. This Statement establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. This Standard becomes effective for the District in fiscal year in fiscal year 2022. The District has not yet determined the impact of this statement.

GASB Statement No. 94: *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* was issued in March 2020. This Statement establishes standards of accounting and financial reporting for PPPs and APAs for governments. This Standard becomes effective for the District in fiscal year in fiscal year 2023. The District has not yet determined the impact of this statement.

GASB Statement No. 96: *Subscription-Based Information Technology Arrangements* was issued in May 2020. This Statement establishes standards of accounting and financial reporting for Subscription-based information technology arrangements by a government end user (a government). This Standard becomes effective for the District in fiscal year in fiscal year 2023. The District has not yet determined the impact of this statement.

GASB Statement No. 97: *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32* was issued in June 2020. This Statement modifies the applicability of certain component unit criteria as they relate to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans. This Standard becomes effective for the District in fiscal year in fiscal year 2022. The District has not yet determined the impact of this statement.

#### **Note 18. Subsequent Event**

##### **COVID-19 Pandemic**

In March 2020, the World Health Organization declared the novel coronavirus ("COVID-19") a global pandemic and recommended containment and mitigation measures worldwide. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected public education, workforces, economies, and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operations of many businesses and organizations. The impact of this pandemic extended into the 2020-2021 fiscal year, with lower enrollment as well as lower attendance rates. It is not possible for management to predict the duration or magnitude of the adverse results of the outbreak and its disruptive effects on the District's operations and financial results at this time. The District continues to monitor its costs and take advantage of funding opportunities through state and federal grants to offset additional costs.

##### **Issuance of Refunding Bonds**

On October 15, 2021, the District issued \$168,319,991 of Unlimited Tax Refunding Bonds, Taxable Series 2021. The issuance refunded \$89,225,000 of the District's Series 2015 bonds and \$79,095,000 of the District's Series 2015A bonds, and was initiated to lower overall annual debt service requirements of the District and to pay the costs of issuance of the Unlimited Tax Refunding Bonds, Series 2021. The bonds are scheduled to mature through February 2035.

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## Required Supplementary Information

**Keller Independent School District**  
 Budgetary Comparison Schedule – General Fund  
 Year Ended June 30, 2021

**Exhibit G-1**

Data Contro Codes		Budgeted Amounts		Actual Amounts (GAAP Basis)	Variance With Final Budget Positive or (Negative)
		Original	Final		
<b>REVENUES</b>					
5700	Total local and intermediate sources	\$ 226,434,035	\$ 226,434,035	\$ 215,760,232	\$ (10,673,803)
5800	State program revenues	100,727,226	113,316,212	101,615,286	(11,700,926)
5900	Federal program revenues	6,315,558	6,315,558	5,998,271	(317,287)
5020	Total revenues	333,476,819	346,065,805	323,373,789	(22,692,016)
<b>EXPENDITURES</b>					
Current:					
0011	Instruction	208,219,047	217,437,830	202,555,621	14,882,209
0012	Instructional resources and media services	4,107,638	4,284,047	3,968,509	315,538
0013	Curriculum and instructional staff development	6,452,568	6,572,600	3,840,089	2,732,511
0021	Instructional leadership	5,232,937	4,979,370	4,620,921	358,449
0023	School leadership	20,465,414	22,322,600	20,945,749	1,376,851
0031	Guidance counseling and evaluation services	15,376,174	16,358,986	15,492,352	866,634
0032	Social services	223,755	190,889	131,333	59,556
0033	Health services	3,895,759	4,045,769	1,356,298	2,689,471
0034	Student (pupil) transportation	10,666,927	13,338,539	12,921,614	416,925
0035	Food services	3,000	3,000	2,275	725
0036	Cocurricular/extracurricular activities	10,184,816	11,222,134	10,349,290	872,844
0041	General administration	8,360,603	8,857,984	8,271,796	586,188
0051	Plant maintenance and operations	28,572,107	31,089,577	28,954,466	2,135,111
0052	Security and monitoring services	3,010,685	3,719,611	3,418,280	301,331
0053	Data processing services	4,974,443	5,989,784	4,753,572	1,236,212
0061	Community services	2,067,217	1,931,623	1,710,321	221,302
Capital outlay:					
0081	Facilities acquisition and construction	34,000	58,958	34,914	24,044
Intergovernmental:					
0095	Juvenile Justice Alternative Education Programs	20,820	-	-	-
0099	Other intergovernmental charges	1,471,319	1,421,319	1,283,519	137,800
6030	Total expenditures	333,339,229	353,824,620	324,610,919	29,213,701
1100	Excess (deficiency) of revenues over (under) expenditures	137,590	(7,758,815)	(1,237,130)	6,521,685
<b>OTHER FINANCING SOURCES (USES)</b>					
8911	Transfers out	-	-	(205,550)	(205,550)
7080	Total other financing sources	-	-	(205,550)	(205,550)
1200	Net change in fund balance	137,590	(7,758,815)	(1,442,680)	6,316,135
0100	Fund balances - beginning	83,474,417	83,474,417	83,474,417	-
3000	<b>FUND BALANCES - ENDING</b>	<b>\$ 83,612,007</b>	<b>\$ 75,715,602</b>	<b>\$ 82,031,737</b>	<b>\$ 6,316,135</b>

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 20<sup>th</sup> 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
Instruction	\$ 9,218,783
Student (pupil) transportation	2,671,612
Plant maintenance and operations	2,517,470
School leadership	1,857,186
Data processing services	1,015,341
Cocurricular/extracurricular activities	1,037,318
Guidance counseling and evaluation services	982,812
Security and monitoring services	708,926

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, 2021

	<u>2021</u>	<u>2020</u>
District's proportion of the net pension liability	0.186452304%	0.185865914%
District's proportionate share of net pension liability	\$ 99,860,050	\$ 96,618,913
State's proportionate share of the net pension liability associated with the District	<u>163,046,746</u>	<u>159,705,128</u>
<b>TOTAL</b>	<u><u>\$ 262,906,796</u></u>	<u><u>\$ 256,324,041</u></u>
District's covered payroll	\$ 234,766,764	\$ 220,697,913
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	42.54%	43.78%
Plan fiduciary net position as a percentage of the total pension liability	75.54%	75.24%

**Note 1:** Only seven years of data is presented in accordance with GASB 68 as the data for the years other than 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, 2020 - the period from September 1, 2019 - August 31, 2020.

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
164,036,233	95,088,683	113,063,023	107,396,378	88,871,869
<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>
\$ 184,484,467	\$ 204,888,225	\$ 194,375,460	\$ 184,444,586	\$ 169,617,596
55.88%	50.31%	36.76%	36.64%	19.94%
73.74%	82.17%	78.00%	78.43%	83.25%

**Keller Independent School District**  
 Schedule of the District's Contributions  
 Year Ended June 30, 2021

	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 5,547,012	\$ 6,505,531
Contribution in relation to the contractually required contribution	(5,547,012)	(6,505,531)
<b>CONTRIBUTION DEFICIENCY (EXCESS)</b>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 246,841,903	\$ 234,766,764
Contributions as a percentage of covered payroll	2.25%	2.77%

**Note 1:** Only seven years of data is presented in accordance with GASB 68 as the data for the years other than 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, 2019 - August

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, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability	0.2453491545%	0.2459625137%	0.2386882843%	0.2309462243%
District's proportionate share of net OPEB liability	\$ 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	<u>125,330,229</u>	<u>154,561,515</u>	<u>182,768,422</u>	<u>162,272,613</u>
<b>TOTAL</b>	<u>\$ 218,598,522</u>	<u>\$ 270,880,201</u>	<u>\$ 301,947,667</u>	<u>\$ 262,702,462</u>
District's covered payroll	\$ 234,766,764	\$ 220,697,913	\$ 184,484,467	\$ 204,888,225
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	40%	53%	65%	49%
Plan fiduciary net position as a percentage of the total OPEB liability	4.99%	2.66%	1.57%	0.91%

**Note 1:** Only four years of data is presented in accordance with GASB Standard No. 75 as the data for the years other than 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, 2020 - the period from September 1, 2019 - August 31, 2020.

**Keller Independent School District**  
 Schedule of the District's Contributions  
 Year Ended June 30, 2021

**Exhibit G-5**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 1,947,810	\$ 1,745,653	\$ 1,741,007	\$ 1,454,711
Contribution in relation to the contractually required contribution	<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	246,841,903	234,766,764	220,697,913	184,484,467
Contributions as a percentage of covered payroll	0.79%	0.74%	0.79%	0.79%

**Note:** Only four years of data is presented in accordance with GASB Standard No. 75 as the data for the years other than 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, 2021

Years Ended June 30,	1		2		3	10		
	Tax Rates				Assessed or Appraised Valuation	Delinquent Balance by Year/Period July 1, 2020		
	Maintenance		Debt Service					
2012 and prior	\$	Various	\$	Various	\$	Various	\$	1,086,618
2013		1.040		0.500		11,303,854,760		118,155
2014		1.040		0.500		11,925,386,754		120,804
2015		1.040		0.500		12,950,447,900		102,129
2016		1.040		0.500		12,902,894,457		136,540
2017		1.040		0.480		14,963,935,148		176,476
2018		1.040		0.480		16,498,543,735		245,047
2019		1.170		0.340		18,404,740,923		363,325
2020		1.068		0.340		19,920,809,990		3,200,904
2021 (current)		1.055		0.340		19,503,345,318		-
<b>1000 TOTALS</b>								<u>\$ 5,549,998</u>

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, 2021
\$ -	\$ 32,492	\$ 15,211	\$ 47,703	\$ (61,233)	\$ 977,682
-	15,923	7,655	23,578	(37)	94,540
-	16,006	7,695	23,701	(39)	97,064
-	19,048	9,158	28,206	107	74,030
-	21,623	10,395	32,018	(556)	103,966
-	59,029	27,244	86,273	43,053	133,256
-	76,856	35,472	112,328	87,619	220,338
-	48,589	14,120	62,709	48,492	349,108
-	1,132,475	360,424	1,492,899	(1,253,792)	454,213
<u>263,072,176</u>	<u>210,765,604</u>	<u>67,943,769</u>	<u>278,709,373</u>	<u>18,150,735</u>	<u>2,513,538</u>
<u>\$ 263,072,176</u>	<u>\$ 212,187,645</u>	<u>\$ 68,431,143</u>	<u>\$ 280,618,788</u>	<u>\$ 17,014,349</u>	<u>\$ 5,017,735</u>

**Keller Independent School District**  
 Budgetary Comparison Schedule –  
 Child Nutrition Fund  
 Year Ended June 30, 2021

**Exhibit J-2**

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP Basis)	Variance with Final Budget (Negative)
		Original	Final		
<b>REVENUES</b>					
5700	Total local and intermediate sources	\$ 8,374,143	\$ 8,374,144	\$ 1,468,492	\$ (6,905,652)
5800	State program revenues	361,350	361,350	290,643	(70,707)
5900	Federal program revenues	6,937,109	6,937,109	8,663,521	1,726,412
5020	Total revenues	15,672,602	15,672,603	10,422,656	(5,249,947)
<b>EXPENDITURES</b>					
Current:					
0035	Food service	13,732,129	14,704,360	11,595,326	3,109,034
Capital outlay:					
0081	Facility acquisition and construction	-	27,770	27,770	-
6030	Total expenditures	13,732,129	14,732,130	11,623,096	3,109,034
<b>OTHER FINANCING SOURCES (USES)</b>					
8911	Transfers in	-	-	205,550	(205,550)
7080	Total other financing sources	-	-	205,550	(205,550)
1200	Net changes in fund balances	1,940,473	940,473	(994,890)	(1,935,363)
0100	Fund balance - July 1 (beginning)	3,002,087	3,002,087	3,002,087	-
3000	<b>FUND BALANCE - JUNE 30 (ENDING)</b>	<b>\$ 4,942,560</b>	<b>\$ 3,942,560</b>	<b>\$ 2,007,197</b>	<b>\$ (1,935,363)</b>

**Keller Independent School District**  
 Budgetary Comparison Schedule –  
 Debt Service Fund  
 Year Ended June 30, 2021

**Exhibit J-3**

Data Control Codes		Budgeted Amounts		Actual Amounts	Variance With
		Original	Final	(GAAP Basis)	Final Budget (Negative)
	<b>REVENUES</b>				
5700	Total local and intermediate sources	\$ 72,832,618	\$ 72,832,618	\$ 68,868,812	\$ (3,963,806)
5800	State program revenues	1,444,925	1,444,925	1,198,328	(246,597)
5020	Total revenues	74,277,543	74,277,543	70,067,140	(4,210,403)
	<b>EXPENDITURES</b>				
0071	Debt service	79,706,021	79,706,021	79,479,210	226,811
6030	Total expenditures	79,706,021	79,706,021	79,479,210	226,811
	Excess (deficiency) of revenues over (under) expenditures	(5,428,478)	(5,428,478)	(9,412,070)	(3,983,592)
	<b>OTHER FINANCING SOURCES (USES)</b>				
7911	Issuance of bonds	5,428,478	-	85,759,989	85,759,989
7916	Premium or discount on issuance of bonds	-	-	12,537,311	12,537,311
8949	Payment to refunded bond escrow agent	-	-	(97,484,633)	(97,484,633)
7080	Total other financing sources (uses)	5,428,478	-	812,667	812,667
1200	Net change in fund balance	-	(5,428,478)	(8,599,403)	(3,170,925)
0100	Fund balance - beginning	84,087,106	84,087,106	84,087,106	-
3000	<b>FUND BALANCE - ENDING</b>	<u>\$ 84,087,106</u>	<u>\$ 78,658,628</u>	<u>\$ 75,487,703</u>	<u>\$ (3,170,925)</u>

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# Statistical Section

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## Statistical Section (Unaudited)

Keller Independent School District's Comprehensive Annual 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**  
 Net Position by Component  
 Last Ten Fiscal Periods  
 (accrual basis of accounting)

**Table I**

	Fiscal Year				
	2012	2013 as restated	2014	2015	2016 as restated
<b>GOVERNMENTAL ACTIVITIES</b>					
Net investment in capital assets	\$ (43,992,374)	\$ (31,475,706)	\$ (25,308,063)	\$ (22,871,720)	\$ (20,615,977)
Restricted	7,812,705	7,588,984	6,759,290	3,889,959	10,109,546
Unrestricted	50,167,324	41,920,606	39,809,055	(10,832,736)	(19,715,591)
<b>TOTAL PRIMARY GOVERNMENT NET POSITION</b>	<b>\$ 13,987,655</b>	<b>\$ 18,033,884</b>	<b>\$ 21,260,282</b>	<b>\$ (29,814,497)</b>	<b>\$ (30,222,022)</b>

	Fiscal Year				
	2017 as restated	2018 ten month period	2019	2020	2021
<b>GOVERNMENTAL ACTIVITIES</b>					
Net investment in capital assets	\$ (14,625,003)	\$ (25,801,873)	\$ (10,215,349)	\$ (24,717,205)	\$ (29,813,017)
Restricted	21,433,525	68,504,510	59,501,912	67,965,228	64,825,226
Unrestricted	(28,946,706)	(155,786,410)	(151,311,829)	(145,080,587)	(144,163,446)
<b>TOTAL PRIMARY GOVERNMENT NET POSITION</b>	<b>\$ (22,138,184)</b>	<b>\$ (113,083,773)</b>	<b>\$ (102,025,266)</b>	<b>\$ (101,832,564)</b>	<b>\$ (109,151,237)</b>

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

	Fiscal Period			
	2012	2013	2014	2015
<b>EXPENSES</b>				
Governmental activities				
Instruction	\$ 149,547,022	\$ 158,093,657	\$ 169,674,602	\$ 185,202,372
Instructional Resources and Media Services	3,506,194	3,669,131	3,976,459	4,064,395
Curriculum and Staff Development	2,754,701	2,899,611	4,289,446	4,928,683
Instructional Leadership	2,091,486	2,465,543	2,945,318	2,855,696
School Leadership	14,317,804	15,324,170	17,083,843	17,247,461
Guidance, Counseling and Evaluation Services	10,056,213	10,963,668	12,199,237	13,527,953
Social Work Services	156,066	204,112	149,486	186,794
Health Services	3,099,151	3,306,124	3,543,211	3,224,463
Student (Pupil) Transportation	5,448,661	5,687,815	6,807,163	6,686,403
Food Services	12,085,660	12,452,594	13,247,466	13,580,453
Cocurricular/Extracurricular Activities	7,985,415	8,838,689	10,013,525	10,579,801
General Administration	8,082,486	6,178,573	5,772,175	6,904,386
Plant Maintenance and Operations	18,625,453	20,029,457	21,774,504	23,417,979
Security and Monitoring Services	1,299,191	1,591,648	2,053,138	2,301,600
Data Processing Services	5,227,588	4,960,996	5,203,488	5,241,972
Community Services	1,541,352	1,023,234	1,012,650	964,285
Debt Service - Interest on Long Term Debt	33,103,972	38,588,692	29,753,356	40,665,465
Facilities Acquisition and Construction	-	-	226,588	-
Shared Services Agreement	3,410,020	3,059,151	3,425,122	2,887,489
Juvenile Justice Alternative Ed Program	2,375	-	-	9,804
Payments to Tax Increment Fund	1,732,427	1,973,187	2,055,966	2,294,948
Other governmental charges	-	-	1,068,490	1,153,257
Total Primary Government Expenses	284,073,237	301,310,052	316,275,233	347,925,659
<b>PROGRAM REVENUES</b>				
Charges for services				
Instruction	4,795,456	5,153,446	6,214,788	5,399,497
Instructional Resources and Media Services	108,282	103,893	129,162	108,058
Curriculum and Staff Development	73,913	89,283	139,535	172,978
Instructional Leadership	64,515	75,705	100,677	89,771
School Leadership	414,131	469,161	599,345	496,425
Guidance, Counseling and Evaluation Services	335,308	410,717	525,376	463,205
Social Work Services	5,153	6,989	5,869	5,786
Health Services	75,805	91,614	107,422	92,965
Student (pupil) services	182,176	195,915	269,584	212,425
Food Services	7,704,516	7,442,377	7,276,413	7,283,932
Cocurricular/Extracurricular Activities	839,066	909,624	985,275	874,016
General Administration	170,378	183,971	199,923	197,638
Plant Maintenance and Operations	1,238,443	1,372,248	1,376,577	1,222,925
Security and Monitoring Services	34,634	54,277	74,694	61,028
Data Processing Services	151,902	150,317	182,898	157,278
Community Services	29,857	35,978	35,358	50,374
Facilities Acquisition and Construction	-	-	-	-
Shared services agreement	112,888	96,181	135,645	91,555
Payments to Juvenile Justice Alternative Ed	79	-	-	310
Payments to tax increment fund	1,732,427	-	-	72,619
Other governmental charges	-	-	81,422	-
Operating Grants and Contributions	24,161,384	20,475,623	22,155,964	23,619,227
Total Primary Government Program Revenues	42,230,313	37,317,319	40,595,927	40,672,012
<b>NET (EXPENSE)/REVENUE</b>				
Total Primary Government Net Expense	\$ (241,842,924)	\$ (263,992,733)	\$ (275,679,306)	\$ (307,253,647)

Table II

Fiscal Period					
2016	2017	Ten Month Period		2020	2021
		2018	2019		
\$ 192,543,062	\$ 204,784,429	\$ 134,863,562	\$ 233,124,013	\$ 249,406,832	\$ 254,284,778
4,101,419	4,295,319	3,352,924	4,734,290	4,630,922	4,596,029
5,011,692	5,508,074	2,635,056	7,718,146	8,791,246	8,809,416
3,067,583	3,697,518	1,902,578	4,359,489	5,469,940	5,181,846
17,975,838	18,981,354	11,426,864	22,460,628	23,851,395	23,867,243
14,350,156	15,278,414	6,810,827	18,435,694	20,864,446	21,232,917
186,441	191,823	122,603	229,167	295,576	239,932
4,520,733	4,927,856	3,479,593	5,483,065	5,719,147	5,604,929
7,680,726	8,774,400	8,399,095	10,331,746	13,441,122	13,070,481
13,460,964	14,626,820	9,443,516	14,953,331	15,005,680	12,637,232
10,986,247	12,323,976	8,108,679	13,141,858	13,385,332	12,457,986
7,385,418	7,668,059	4,890,980	8,763,316	9,022,735	8,957,703
25,475,399	27,353,038	21,614,420	29,299,421	31,263,076	40,855,621
2,453,664	2,792,900	2,321,617	3,354,580	6,916,708	5,501,583
5,279,989	4,658,225	3,831,814	4,847,519	11,059,662	9,481,562
1,008,673	1,118,744	900,050	1,938,405	2,274,587	2,260,976
33,855,378	32,800,765	24,748,166	29,779,733	35,000,067	29,571,878
-	-	-	-	-	-
261,892	283,581	241,570	299,964	301,677	254,027
-	11,352	12,513	10,062	-	-
2,679,362	2,852,110	3,117,970	-	-	-
1,095,381	1,205,128	1,089,363	1,381,484	1,380,611	1,283,519
353,380,017	374,133,885	253,313,760	414,645,911	458,080,761	460,149,658
5,754,413	5,934,808	5,802,481	7,293,084	8,209,201	8,684,299
110,959	112,249	110,701	127,277	145,225	151,541
142,202	148,717	133,560	186,182	240,318	203,339
93,248	110,724	101,157	132,113	171,788	174,112
537,111	545,697	514,068	645,250	760,219	785,939
386,825	391,960	346,228	452,917	577,005	629,462
5,826	5,799	5,062	6,662	7,861	6,128
100,410	106,261	102,137	119,051	138,460	86,750
248,380	275,808	270,696	348,373	479,965	486,671
7,693,450	7,967,621	7,332,511	8,038,028	6,244,328	1,584,141
887,247	961,000	840,896	938,176	933,261	845,065
214,944	225,478	193,088	251,149	301,707	311,004
1,339,813	1,400,085	1,243,459	1,576,384	1,526,953	1,363,132
70,149	71,300	68,410	95,639	117,167	133,080
163,674	137,390	131,032	154,803	191,827	180,679
22,365	22,728	24,825	47,139	61,979	66,136
-	-	-	-	-	-
4,913	5,135	4,927	6,052	11,450	3,735
-	358	405	342	-	-
86,658	89,892	100,826	-	-	-
-	-	35,227	46,961	52,402	48,130
24,146,792	25,867,032	(23,701,503)	51,631,861	57,291,990	62,623,298
42,009,379	44,380,042	(6,339,807)	72,097,443	77,463,106	78,366,641
\$ (311,370,638)	\$ (329,753,843)	\$ (259,653,567)	\$ (342,548,468)	\$ (380,617,655)	\$ (381,783,017)

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

	Fiscal Period			
	2012	2013	2014	2015
<b>NET (EXPENSE)/REVENUE</b>				
Total primary government net expense	\$(245,222,381)	\$(241,842,924)	\$(275,679,306)	\$(311,370,638)
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>				
Governmental activities:				
Taxes				
Property Taxes, Levied for General Purposes	114,660,445	117,999,604	123,722,646	133,949,135
Property Taxes, Levied for Debt Service	55,758,482	56,616,666	59,396,906	64,344,372
State Aid - Formula Grants	88,208,113	83,578,692	94,396,991	98,759,927
Grants and Contributions not Restricted	-	-	-	-
Investment Earnings	436,411	503,704	205,056	425,718
Miscellaneous Local and Intermediate Revenue	4,400,916	16,555,404	1,184,105	1,236,846
Total Primary Government	<u>263,464,367</u>	<u>275,254,070</u>	<u>278,905,704</u>	<u>298,715,998</u>
<b>CHANGES IN NET POSITION</b>				
Total Primary Government	<u>\$ 18,241,986</u>	<u>\$ 33,411,146</u>	<u>\$ 3,226,398</u>	<u>\$ (12,654,640)</u>

Table III

Fiscal Period					
2016	2017	Ten Month Period 2018	2019	2020	2021
\$(329,753,843)	\$(259,653,567)	\$(342,548,468)	\$(342,548,468)	\$(380,617,655)	\$(381,783,017)
138,389,296	157,492,713	174,009,523	174,009,523	209,195,035	212,616,903
66,455,898	72,643,326	80,231,598	80,231,598	66,595,722	68,525,318
104,034,451	101,554,176	86,335,746	86,335,746	95,871,743	89,243,152
-	-	-	-	-	-
1,335,280	1,603,406	1,890,242	1,890,242	3,605,715	822,165
1,831,069	4,544,060	2,151,054	2,151,054	5,542,142	3,256,806
312,045,994	337,837,681	344,618,163	344,618,163	380,810,357	374,464,344
<u>\$ (17,707,849)</u>	<u>\$ 78,184,114</u>	<u>\$ 2,069,695</u>	<u>\$ 2,069,695</u>	<u>\$ 192,702</u>	<u>\$ (7,318,673)</u>

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

	Fiscal Period			
	2012	2013	2014	2015
<b>GENERAL FUND</b>				
Nonspendable	\$ 507,277	\$ 1,220,509	\$ 2,035,489	\$ 1,351,973
Assigned	2,233,000	3,538,000	5,611,000	4,049,750
Committed	42,951,888	45,962,311	49,904,046	51,554,002
Unassigned	37,287,784	27,599,602	18,869,538	9,661,367
Reserved	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	82,979,949	78,320,422	76,420,073	66,617,092
<b>ALL OTHER GOVERNMENTAL FUNDS</b>				
Nonspendable	203,371	136,188	59,169	383,319
Restricted	8,662,864	8,229,583	7,798,705	178,432,758
Committed	43,344,629	47,569,680	33,405,954	3,760,919
Unassigned				
Total all other Governmental Funds	52,210,864	55,935,451	41,263,828	182,576,996
<b>TOTAL GOVERNMENTAL FUNDS</b>	<b>\$ 135,190,813</b>	<b>\$ 134,255,873</b>	<b>\$ 117,683,901</b>	<b>\$ 249,194,088</b>

**Note:** The District adopted the provisions of GASB 54 in 2011. Therefore, the fund balances beginning in 2011 conform with GASB 54.

Table IV

Fiscal Period					
2016, as restated	2017	Ten Month Period 2018	2019	2020	2021
\$ 1,373,721	\$ 1,450,479	\$ 1,325,161	\$ 1,185,337	\$ 1,738,392	\$ 1,925,770
1,698,788	-	-	54,163,590	56,667,670	-
50,361,656	45,174,517	49,682,857	-	-	-
380,305	1,265,837	10,929,581	17,004,876	-	-
-	-	-	-	-	-
-	-	-	-	25,068,355	80,105,967
53,814,470	47,890,833	61,937,599	72,353,803	83,474,417	82,031,737
426,326	177,007	1,229,377	659,291	3,876,156	5,284,622
74,088,698	35,584,663	94,768,957	84,416,115	388,292,494	298,751,137
3,975,069	3,976,935	4,294,174	4,726,580	4,968,069	5,186,541
78,490,093	39,738,605	100,292,508	89,801,986	397,136,719	(473,976)
\$ 132,304,563	\$ 87,629,438	\$ 162,230,107	\$ 162,155,789	\$ 480,611,136	\$ 390,780,061

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

	Fiscal Period			
	2012	2013	2014	2015
<b>FEDERAL SOURCES</b>				
Distributed by TEA	\$ 11,831,059	\$ 7,296,537	\$ 6,164,527	\$ 5,989,017
Distributed by other State of Texas Government Agencies	4,404,830	5,140,284	6,739,147	8,139,928
Distributed directly from the Federal Government	198,346	253,235	235,365	261,491
Total federal sources	16,434,235	12,690,056	13,139,039	14,390,436
<b>STATE SOURCES</b>				
Per capita and foundation school program act revenues	88,298,739	83,578,692	96,100,114	98,972,062
Program revenues distributed by TEA	10,509,894	9,791,808	14,011,593	12,759,172
Revenues from State of Texas Government Agencies	51,501	-	22,800	970
Total state sources	98,860,134	93,370,500	110,134,507	111,732,204
<b>LOCAL AND MAINTENANCE SOURCES</b>				
Real and personal property taxes	172,484,714	174,381,741	182,037,145	197,413,380
Tuition and fees	198,843	131,243	133,891	112,518
Other revenues	9,626,893	24,715,810	8,083,241	6,339,829
Cocurricular, enterprising services or activities	8,360,630	5,437,179	7,993,222	8,519,517
Intermediate sources	-	-	-	-
Total local and intermediate sources	190,671,080	204,665,973	198,247,499	212,385,244
<b>TOTAL REVENUES</b>	<b>\$ 305,965,449</b>	<b>\$ 310,726,529</b>	<b>\$ 321,521,045</b>	<b>\$ 338,507,884</b>

Table V

Fiscal Period					
2016	2017	Ten Month Period 2018	2019	2020	2021
\$ 7,242,164	\$ 7,161,700	\$ 6,553,911	\$ 8,516,279	\$ 10,129,161	\$ 20,894,910
8,633,753	9,730,182	6,296,438	14,533,462	11,722,884	16,294,647
198,293	211,422	132,306	108,530	61,789	282,917
16,074,210	17,103,304	12,982,655	23,158,271	21,913,834	37,472,474
104,126,784	101,649,010	88,067,530	74,302,830	95,438,257	89,243,152
11,713,165	12,606,639	13,447,284	14,521,500	17,811,100	18,299,906
25,995	43,252	64,356	33,758	23,200	25,738
115,865,944	114,298,901	101,579,170	88,858,088	113,272,557	107,568,796
205,078,837	229,551,099	253,912,389	270,940,822	274,983,528	281,715,874
149,256	175,164	246,952	752,011	582,216	876,736
8,650,206	10,102,598	8,604,489	10,321,714	10,969,523	5,128,172
8,138,867	8,553,507	8,675,593	9,210,342	6,583,545	1,901,929
-	-	-	-	-	-
222,017,166	248,382,368	271,439,423	291,224,889	293,118,812	289,622,711
\$ 353,957,320	\$ 379,784,573	\$ 386,001,248	\$ 403,241,248	\$ 428,305,203	\$ 434,663,981

# Keller Independent School District

## Governmental Funds Expenditures and Debt Service Ratio

Last Ten Fiscal Periods

(modified accrual basis of accounting)

	Fiscal Period			
	2012	2013	2014	2015
Instruction	\$ 137,478,868	\$ 144,563,470	\$ 156,612,149	\$ 176,132,985
Instructional Resources and Media Services	3,178,713	3,345,419	3,619,137	3,810,470
Curriculum and Instructional Staff Development	2,130,562	2,465,712	3,654,330	4,837,526
Instructional Leadership	1,886,237	2,112,412	2,446,534	2,774,756
School Leadership	12,555,229	13,671,533	15,186,047	15,768,172
Guidance, Counseling and Evaluation Services	9,271,339	10,224,865	11,431,030	12,625,002
Social Work Services	155,656	202,973	148,189	182,939
Health Services	2,287,508	2,683,242	2,743,828	2,964,515
Student (Pupil) Transportation	5,447,852	5,687,815	6,807,163	6,686,403
Food Services	11,502,826	12,180,602	12,899,687	13,749,031
Cocurricular/Extracurricular Activities	7,015,477	8,158,341	9,827,485	10,210,050
General Administration	7,432,120	5,583,815	5,113,321	6,406,375
Facilities Maintenance and Operations	17,722,083	19,531,372	21,029,781	23,500,150
Security and Monitoring Services	1,080,540	1,694,051	2,709,758	3,759,373
Data Processing Services	4,590,653	4,390,347	4,891,652	5,540,617
Community Services	691,259	828,185	767,228	1,503,077
Debt Service				
Principal	12,694,742	14,508,842	23,934,768	23,278,028
Interest	44,192,957	42,948,531	35,136,159	41,058,833
Bond Issuance Cost and Fees	87,034	950,783	226,588	6,744,314
Facilities Acquisition and Construction	7,392,685	11,851,971	12,582,876	13,343,717
Shared Services Agreement	3,410,020	3,059,151	3,425,122	2,887,489
Juvenile Justice Alternative Education Program	2,375	-	-	9,804
Payments to Tax Increment Fund	1,732,427	1,973,187	2,055,966	2,294,948
Other governmental charges	-	-	1,068,490	1,153,257
<b>TOTAL EXPENDITURES</b>	<b>\$ 293,939,162</b>	<b>\$ 312,616,619</b>	<b>\$ 338,317,288</b>	<b>\$ 381,221,831</b>
Debt Service as a Percentage of Noncapital Expenditures	18.92%	19.81%	19.08%	18.20%

Table VI

Fiscal Period					
2016	2017	2018	2019	2020	2021
\$ 173,991,768	\$ 181,295,806	\$ 172,972,519	\$ 194,287,381	\$ 205,286,002	\$ 223,525,183
3,803,914	3,962,790	3,850,094	4,147,576	4,093,063	4,296,882
4,860,782	5,271,019	4,697,466	6,413,728	7,235,074	7,924,354
2,938,823	3,540,550	3,153,336	3,925,161	4,572,740	4,709,794
16,711,207	17,552,941	16,097,699	19,206,898	20,258,404	21,496,959
13,631,399	14,314,729	12,272,128	15,310,390	17,182,610	19,247,600
180,126	184,001	167,087	201,454	239,776	213,615
3,117,838	3,383,307	3,161,040	3,505,429	3,677,684	3,798,160
7,706,062	8,770,502	8,395,846	10,327,848	13,437,224	13,066,583
13,696,544	14,221,227	11,765,349	13,809,761	13,721,981	11,597,601
10,476,096	11,455,275	9,820,122	11,849,965	11,724,053	11,323,164
6,834,724	7,333,075	6,174,313	7,956,268	8,133,640	8,406,344
24,775,021	26,197,867	22,418,785	28,005,979	30,018,504	40,370,912
3,331,315	2,457,156	2,187,128	2,981,881	7,072,423	8,186,686
5,064,464	4,428,534	4,106,340	4,566,296	11,382,192	9,909,655
712,357	789,662	796,482	1,488,385	1,745,709	1,880,949
20,642,572	21,744,471	3,297,392	29,285,675	16,916,122	32,792,656
43,595,799	42,011,645	16,529,435	36,999,678	44,789,425	45,870,698
1,224,732	10,261	8,330	239,293	146,351	815,856
105,979,279	53,030,920	5,068,272	2,343,748	3,979,633	54,336,526
261,892	283,581	241,570	299,964	301,677	254,027
-	11,352	12,513	10,062	-	-
2,679,362	2,852,110	3,117,970	-	-	-
1,095,381	1,205,128	1,089,363	1,381,484	1,380,611	1,283,519
<u>\$ 467,311,457</u>	<u>\$ 426,307,909</u>	<u>\$ 311,400,579</u>	<u>\$ 398,544,304</u>	<u>\$ 427,294,898</u>	<u>\$ 525,307,723</u>
14.53%	17.00%	6.48%	16.74%	14.67%	15.16%

**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			
	2012	2013	2014	2015
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>	\$ 12,026,287	\$ (1,890,090)	\$ (16,796,243)	\$ (42,713,947)
<b>OTHER FINANCING SOURCES (USES)</b>				
General Long-term Debt Issued	2,710,000	85,419,998	45,650,000	425,692,588
Transfers In	-	-	-	3,285,775
Premium or Discount on Issuance of Bonds	200,974	15,269,804	3,645,068	66,744,576
Transfers Out	-	-	-	(3,285,775)
Payment to Bond Refunding Escrow Agent	(2,825,750)	(99,734,652)	(49,070,797)	(318,213,030)
Other (Uses)	-	-	-	-
Total Other Financing Sources (Uses)	85,224	955,150	224,271	174,224,134
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 12,111,511</b>	<b>\$ (934,940)</b>	<b>\$ (16,571,972)</b>	<b>\$ 131,510,187</b>

Table VII

Fiscal Period					
2016	2017	Ten Month Period 2018	2019	2020	2021
\$(113,354,137)	\$ (46,523,336)	\$ 74,600,669	\$ 4,696,944	\$ 1,010,305	\$ (90,643,742)
126,935,000	-	-	14,280,000	288,110,000	85,759,989
-	-	-	-	-	205,550
25,527,395	-	-	3,512,595	39,836,850	12,537,311
-	-	-	-	-	(205,550)
(152,246,597)	-	-	(22,563,857)	(10,501,808)	(97,484,633)
331,695	1,848,211	-	-	-	-
547,493	1,848,211	-	(4,771,262)	317,445,042	812,667
\$(112,806,644)	\$ (44,675,125)	\$ 74,600,669	\$ (74,318)	\$ 318,455,347	\$ (89,831,075)

**Keller Independent School District**  
 Assessed Value and Actual Value of Taxable Property  
 Last Ten Fiscal Periods

**Table VIII**

Fiscal Period	Assessed Value		Less: Tax-Exempt Property	Total Taxable Assessed <sup>a</sup> Value	Total Direct Tax Rate <sup>b</sup>	Estimated Actual Taxable <sup>c</sup> Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
	Real Property	Personal Property					
2012	\$ 12,079,424,023	\$ 665,686,946	\$ 1,544,472,846	\$ 11,200,638,123	1.5400	\$12,745,110,969	87.88%
2013	12,222,225,208	732,942,046	1,651,312,494	11,303,854,760	1.5400	12,955,167,254	87.25%
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%

**Source:** Tarrant County Tax Appraisal District

**Notes:**

<sup>a</sup>Market value less exemptions

<sup>b</sup>Per \$100 of assessed valuation

<sup>c</sup>Market value

**Keller Independent School District**  
Property Tax Rates for Direct and Overlapping Governments  
Last Ten Fiscal Periods  
(rate per \$100 of assessed value)

**Table IX**

Fiscal Year	District Direct Rates			Overlapping Government Rates <sup>a</sup>				
	Operating	Debt Service	Total	Tarrant County	Tarrant Co. Hospital District	Tarrant County College District	City of Colleyville	City of Fort Worth
2012	1.0400	0.5000	1.5400	0.26400	0.22790	0.14897	0.35590	0.85500
2013	1.0400	0.5000	1.5400	0.26400	0.22790	0.14897	0.35590	0.85500
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

Fiscal Year	Overlapping Government Rates <sup>a</sup>				
	City of Haltom City	City of Keller	City of North Richland Hills	City of Southlake	City of Watauga
2012	0.65174	0.44219	0.57000	0.46200	0.58900
2013	0.65174	0.44219	0.61000	0.46200	0.59122
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

**Note:**

<sup>a</sup>Includes levies for operating and debt service costs

**Keller Independent School District**  
**Principal Property Taxpayers**  
**Current Period and Nine Years Ago**

**Table X**

Taxpayer	2021			2012		
	Taxable Assessed Value	Rank	Percentage of Taxable Value	Taxable Assessed Value	Rank	Percentage of Taxable Value
ATC MF No.4 LP/ATC MF NO2 LP/ATC MF#1 LP/ATC MF	\$ 258,761,444	1	1.33%			
Kroger Co	150,102,608	2	0.77%	\$ 99,954,435	2	0.89%
FMR Texas Lp	116,064,531	3	0.60%	144,263,970	1	1.29%
WW 1300 Keller Parkway LLC WW 4	109,400,000	4	0.56%			
Wal-mart Stores Texas LP	107,855,325	5	0.55%	63,402,694	3	0.57%
ATC Investors LP	90,710,706	6	0.47%			
HCA Health Services of TX Inc	83,454,604	7	0.43%			
Hillwood Monterra LP	80,100,027	8	0.41%	27,428,467	9	0.24%
VR Republic LP/VR Belterra Holdings	77,900,000	9	0.40%			
DSL Landlord II LLC	77,703,000	10	0.40%			
Alliance Town Center LP			-	40,436,320	4	0.36%
Oncor Electric Delivery Co LLC			-	38,403,668	5	0.34%
Watercolor Partners LP			-	33,000,000	6	0.29%
Capri W DTC LLC			-	28,500,000	7	0.25%
Inland Western Watauga LP			-	27,739,600	8	0.25%
UPS F III Park Vista Prtns LP			-	27,294,000	10	0.24%
			-			
Subtotal	1,152,052,245		5.92%	530,423,154		4.72%
All other taxpayers	18,351,293,073		94.09%	10,670,214,969		95.26%
	<u>\$19,503,345,318</u>		<u>100.01%</u>	<u>\$11,200,638,123</u>		<u>99.98%</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
2012	2011	\$ 170,135,313	\$ 247,601	\$ 170,382,914	\$ 169,139,007	99.41%	\$ 834,410	\$ 169,973,417	99.76%
2013	2012	171,779,167	1,699,878	173,479,045	172,379,024	100.35%	535,862	172,914,886	99.67%
2014	2013	181,143,398	875,301	182,018,699	181,059,454	99.95%	57,318	181,116,772	99.50%
2015	2014	196,325,293	135,955	196,461,248	195,308,567	99.48%	41,507	195,350,074	99.43%
2016	2015	195,978,901	7,605,408	203,584,309	202,734,808	103.45%	444,331	203,179,139	99.80%
2017	2016	222,329,840	6,320,423	228,650,263	227,431,763	102.29%	130,693	227,562,456	99.52%
2018	2017	244,073,351	8,964,698	253,038,049	250,904,866	102.80%	1,273,780	252,178,646	99.66%
2019	2018	269,305,252	1,771,509	271,076,761	267,472,743	99.32%	1,916,625	269,389,368	99.38%
2020	2019	271,946,042	2,812,847	274,758,889	271,653,876	99.89%	1,169,637	272,823,513	99.30%
2021	2020	263,072,176	17,651,987	280,724,163	278,709,373	105.94%	1,275,258	279,984,631	99.74%

**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 <sup>a</sup>	Estimated Population	Per Capita <sup>a</sup>	Bonded Debt to Estimated Actual Property Value <sup>b</sup>
2012	\$ 763,228,988	\$ 763,228,988	39.89%	40,790	18,711	16.70
2013	745,139,167	745,139,167	39.94%	41,923	17,774	17.39
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

**Notes:**

<sup>a</sup>See Schedule XV for personal income, per capita and population data.

<sup>b</sup>See 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, 2021

**Table XIII**

Governmental Unit	Total Tax Supported Debt as of 06/30/21	Estimated Percentage Applicable <sup>b</sup>	Estimated Share of Direct and Overlapping Debt
City of Colleyville	\$ 2,960,000	10.36%	\$ 306,656
City of Fort Worth	775,271,667	10.18%	78,922,656
City of Haltom City	70,312,906	2.76%	1,940,636
City of Hurst	49,568,523	1.28%	634,477
City of Keller	62,580,916	98.02%	61,341,814
City of North Richland Hills	98,800,678	11.41%	11,273,157
City of Southlake	22,697,973	4.96%	1,125,819
City of Watauga	42,735,000	6.40%	2,735,040
Town of Westlake	34,652,000	8.74%	3,028,585
Tarrant County	213,675,000	0.69%	1,474,358
Tarrant Co. Hospital District	14,495,000	0.69%	100,016
Subtotal, Overlapping Debt			162,883,214
District Direct Debt			1,001,590,265
<b>TOTAL DIRECT AND OVERLAPPING DEBT</b>			<b>\$ 1,164,473,479</b>
<b>RATIO OF TOTAL DIRECT AND OVERLAPPING DEBT TO ASSESSED VALUATION</b>			<b>5.97%</b>
<b>PE CAPITA OVERLAPPING DEBT</b>			<b>\$ 3,348</b>

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

**Note:** Method of calculation: The percentage of each of the governmental units listed above 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**

<u>Calendar Year</u>	<u>Population<sup>a</sup></u>	<u>Personal Income<sup>u</sup></u>	<u>Per Capita</u>	<u>Unemployment</u>
2012	40,790	1,913,254,950	46,905	7.30%
2013	41,923	1,865,489,654	44,498	6.40%
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%

**Sources:**

<sup>a</sup>U.S. Census Bureau, North Central Texas Council of Governments

<sup>u</sup>U.S. Department of Commerce, Bureau Of Economic Analysis

<sup>c</sup>Texas Workforce Commission

**Notes:**

All information above is for the Keller municipal area.

2018 was a ten month period.

**Keller Independent School District**  
Principal Employers  
Current Period and Nine Years Ago

**Table XV**

Employer	2021			2012		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Charles Schwab	6,000	1	14.97%			
Fidelity Investments	5,900	2	14.72%	4,000	6	3.09%
BNSF Railway	4,900	3	12.22%	10,000	3	7.73%
Keller ISD	4,645	4	11.59%	3,573	7	2.76%
Amazon Fulfillment Ctr	4,000	5	9.98%			
AMR Corporation	4,000	6	9.98%	73,800	1	57.04%
Bell Helicopter	4,000	7	9.98%	8,600	5	6.65%
Sabre Holdings	3,545	8	8.84%	9,000	4	6.96%
Walmart Super Ctr.	3,102	9	7.74%			
Gamestop				17,000	2	13.14%
Gaylor Texas Resort				1,600	9	1.24%
DFW Administration				1,800	8	1.39%
	<u>40,092</u>		<u>100%</u>	<u>129,373</u>		<u>100%</u>

**Source:** North Central Council of Governments

**Note:** Data for only top 9 major employers available for 2012

**Keller Independent School District**  
 Full-Time-Equivalent District Employees by Type  
 All Funds  
 Last Ten Fiscal Periods

**Table XVI**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Percentage Change 2012-2021
<b>SUPERVISORY</b>											
Instructional administrators	12.5	12.5	13.5	17	18	21	21	20	26	27	116.0%
Noninstructional administrators	39.5	43.5	49.5	57.8	60.25	66.25	71.25	74	76	83	110.1%
Consultants/supervisors of instruction	9.5	8.5	12	24	25	41	49	56.5	64.5	66.5	600.0%
Principals	39	39	39	39	40	42	42	42	41	41	5.1%
Assistant Principals	66	66	66	67	69	70	78	80	82	82	24.2%
<b>Total supervisory</b>	<b>166.5</b>	<b>169.5</b>	<b>180.0</b>	<b>204.8</b>	<b>212.3</b>	<b>240.3</b>	<b>261.3</b>	<b>272.5</b>	<b>289.5</b>	<b>299.5</b>	<b>79.9%</b>
<b>INSTRUCTION</b>											
Elementary classroom teachers	1097	1117.33	1134.25	1200.5	1228.5	1260	1254	1254.25	1281	1331	21.3%
Secondary classroom teachers	798	787.44	901.75	961.5	979.67	1060.81	1086.86	1120.22	1144.87	1161.87	45.6%
Other teachers (adult)	-	-	-	-	-	-	-	-	-	-	0.0%
Other professionals (instructional)	73	79	81	85.5	89	80.4	80.4	84.1	86.1	91.1	24.8%
Aides	277.5	283	302	333	342	367.5	381.5	413.5	471.5	515.5	85.8%
<b>Total Instruction</b>	<b>2,245.50</b>	<b>2,266.77</b>	<b>2,419.00</b>	<b>2,580.50</b>	<b>2,639.17</b>	<b>2,768.71</b>	<b>2,802.76</b>	<b>2,872.07</b>	<b>2,983.47</b>	<b>3,099.47</b>	<b>38.0%</b>
<b>STUDENT SERVICES</b>											
Guidance counselors	78	82	98	100	108	111	105	109	112	132	69.2%
Visiting teacher/social workers	2	2	2	3	3	3	3	3	3	2.5	25.0%
Psychologists	8	8	8	8	8	8	9	10	12	12	50.0%
Librarians	38	38	38	38	38	39	40	40	40	40	5.3%
Other professionals (noninstructional)	78.5	83.5	83.5	92.5	97	98	100	99	99	102	29.9%
Technicians	0	0	0	0	0	4	10	10	11	13.5	0.0%
<b>Total student services</b>	<b>204.5</b>	<b>213.5</b>	<b>229.5</b>	<b>241.5</b>	<b>254.0</b>	<b>263.0</b>	<b>267.0</b>	<b>271.0</b>	<b>277.0</b>	<b>302.0</b>	<b>47.7%</b>
<b>SUPPORT AND ADMINISTRATION</b>											
Clerical/secretarial	203.5	205.5	235	246	252.25	261.75	265.75	279.25	285.5	289.5	42.3%
Service workers	271	271	270	272	268	274	277	282	280	284	4.8%
Skilled crafts	N/A										
Unskilled Laborers	318	318	323	333	334	346	353	362	367	370.5	16.5%
<b>Total support and administration</b>	<b>792.5</b>	<b>794.5</b>	<b>828.0</b>	<b>851.0</b>	<b>854.3</b>	<b>881.8</b>	<b>895.8</b>	<b>923.3</b>	<b>932.5</b>	<b>944.0</b>	<b>19.1%</b>
<b>TOTAL</b>	<b>3,409.0</b>	<b>3,444.3</b>	<b>3,656.5</b>	<b>3,877.8</b>	<b>3,959.7</b>	<b>4,153.7</b>	<b>4,226.8</b>	<b>4,338.8</b>	<b>4,482.5</b>	<b>4,645.0</b>	<b>36.3%</b>

Source: Keller Independent School District records.

Note: 2018 was a ten month period

**Keller Independent School District**  
 Operating Statistics  
 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>
2012	33,130	\$ 216,592,510	\$ 6,538	1,871	17.7	21.47%
2013	33,423	236,713,295	7,082	1,940	17.2	21.82%
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%

**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

In school year 2021, all students received free meals due to the COVID-19 pandemic.

# Keller Independent School District

Building Information  
Last Ten School Years

	School Year			
	2012	2013	2014	2015
<b>SCHOOLS</b>				
<b>ELEMENTARY</b>				
Buildings	22	22	22	22
Square feet	1,744,123	1,744,123	1,744,123	1,744,123
Capacity	16,170	16,170	16,170	16,170
Enrollment	13,292	13,033	13,019	12,713
<b>INTERMEDIATE/MIDDLE</b>				
Buildings	11	11	11	11
Square feet	1,478,683	1,478,683	1,478,683	1,478,683
Capacity	11,910	11,910	11,910	11,910
Enrollment	10,656	10,595	10,518	10,366
<b>HIGH</b>				
Buildings	5	5	5	5
Square feet	1,578,974	1,578,974	1,613,974	1,613,974
Capacity	10,000	10,000	10,000	10,000
Enrollment	9,635	9,795	10,226	10,540
<b>ADMINISTRATIVE</b>				
Buildings	3	3	3	3
Square feet	119,566	119,566	119,566	119,566
<b>ATHLETICS</b>				
Stadiums	13	13	13	13
Football/soccer/play fields	45	45	45	45
Running tracks	10	10	10	10
Baseball/softball	14	14	14	14
Natatorium	1	1	1	1

Table XVIII

School Year					
2016	2017	2018	2019	2020	2021
22	25	25	25	25	25
1,744,123	1,933,237	1,933,237	1,933,237	1,933,237	1,990,855
16,170	17,170	17,170	17,170	17,170	17,302
12,915	13,064	13,103	13,103	13,103	12,766
11	11	11	11	11	10
1,478,683	1,756,873	1,756,873	1,756,873	1,756,873	1,621,873
11,910	11,910	11,910	11,910	11,910	10,960
10,426	10,533	10,679	10,679	10,679	10,009
5	6	6	6	6	7
1,613,974	1,946,615	1,946,615	1,946,615	1,946,615	2,081,615
10,000	12,300	12,300	12,300	12,300	13,250
10,839	11,063	11,155	11,155	11,155	11,544
3	3	3	3	3	3
139,299	138,983	138,983	138,983	138,983	138,983
13	13	11	11	11	11
45	45	47	47	47	47
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***

Board of Trustees  
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, 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, 2021, 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 15, 2021.

***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 entity'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 may exist that have not been identified.

***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*.

Weaver and Tidwell, L.L.P.  
2821 West 7th Street, Suite 700 / Fort Worth, Texas 76107  
Main: 817.332.7905

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 entity'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 15, 2021



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

Board of Trustees  
Keller Independent School District  
Keller, Texas

### **Report on Compliance for Each Major Federal Program**

We have audited Keller Independent School District's (the District) compliance with the types of compliance requirements described 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, 2021. 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.

#### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

#### ***Opinion on Each Major Federal Program***

In our opinion, the District complied, in all material respects, with the types of 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, 2021.

## Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's 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 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

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 15, 2021

**Keller Independent School District**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2021**

**Exhibit K-1**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
Passed Through State Department of Education:			
ESSA Title I, Part A Improving Basic Programs	84.010A	20610101220907	\$ 2,484,684
ESSA Title I, Part C-Migrant	84.011A	21615001220907	1,467
IDEA-B Formula <sup>(1)</sup>	84.027A	216600012209076600	4,589,726
IDEA-B Preschool Grant <sup>(1)</sup>	84.173A	216610012209076610	97,369
High Cost Fund <sup>(1)</sup>	84.027A	66002106	155,078
Total Special Education Cluster			4,842,173
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	20521001220907	9,935
COVID-19 - Elementary and Secondary School Emergency Relief Fund II	84.425D	21521001220907	7,909,101
COVID-19 - Operation Connectivity PPRP	84.425D	52102135	4,202,095
Total 84.425D			12,121,131
Instructional Continuity	84.377A	17610740220907	38,423
Carl D. Perkins Basic Formula Grant	84.048A	21420006220907	234,123
ESSA Title II, Part A Teacher/Principal Training/Recruiting	84.367A	21694501220907	561,081
ESSA Title III, Part A English Language Acquisition	84.365A	21671001220907	291,004
ESSA Title IV, Part A, Subpart 1	84.424A	21680101220907	251,783
Texas Education for Homeless Children and Youth	84.196A	21460057110046	69,042
Total U.S. Department of Education			20,894,911
<b>U.S. Department of Treasury</b>			
Passed through Texas Division of Emergency Management:			
COVID-19 - Coronavirus Relief Fund LEA	21.019	17560018941	2,275
Passed through Education Service Center Region 4:			
COVID-19 - Remote Learning Operation Connectivity	21.019	30004594	1,939,681
Total U.S. Department of Education			1,941,956

**Keller Independent School District**  
 Schedule of Expenditures of Federal Awards – Continued  
 Year Ended June 30, 2021

**Exhibit K-1**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. Department of Agriculture</b>			
Passed through State Department of Agriculture:			
COVID-19 - National School Breakfast Program <sup>(2)</sup>	10.553	71402001	232,319
COVID-19 - National School Lunch Program <sup>(2)</sup>	10.555	71302001	721,071
COVID-19 - National School Lunch Program - Non-cash Assistance (2)	10.555	71302001	714,668
COVID-19 - School Programs Emergency Operational Cost Reimbursement Program (2)	10.555	71302001	202,603
COVID-19 - Seamless Summer Option Breakfast Program <sup>(2)</sup>	10.555	71302001	1,486,971
COVID-19 - Seamless Summer Option Lunch Program <sup>(2)</sup>	10.555	71302001	5,305,889
Total U.S. Department of Agriculture			<u>8,663,521</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 31,500,388</u>
School Health and Related Services <sup>(3)</sup>			5,689,169
School and Libraries Program <sup>(3)</sup>			<u>282,917</u>
<b>TOTAL FEDERAL REVENUES, RECONCILED TO EXHIBIT C-3</b>			<u>\$ 37,472,474</u>

(1) Reported as Special Education Cluster, as required by Compliance Supplement August 2021

(2) Reported as Child Nutrition Cluster, as required by Compliance Supplement August 2021

(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, 2021, 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, 2021, the District received and disbursed food commodities totaling \$714,668. Nonmonetary assistance is reported in the Schedule of Expenditures of Federal Awards at cost for equipment received and disbursed through Operation Connectivity. For the year ended June 30, 2021, the District received and disbursed equipment 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, 2021

**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:

- 84.425D – COVID-19 – Elementary and Secondary School Education Emergency Relief Fund
- 21.019 – COVID-19 – Coronavirus Relief Fund
- 10.553 & 10.555 – Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs? \$945,012

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, 2021

**Section II – Financial Statement Findings**

There were no matters reported

**Section III – Federal Award Findings and Questioned Costs**

There were no matters reported.

**Keller Independent School District**  
Schedule of Prior Year Audit Findings  
For the Year Ended June 30, 2021

There were no matters reported.