

Keller Independent School District

Keller, Texas



Annual Comprehensive
Financial Report

Year Ended June 30, 2022

Keller
Independent School District

Keller, Texas



Annual Comprehensive
Financial Report

For the Year Ended June 30, 2022

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, 2022
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Introductory Section

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Certificate of Board

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

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

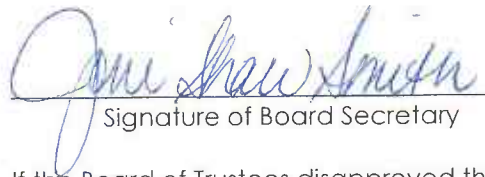
Approved

Disapproved

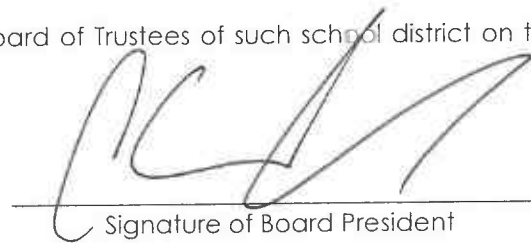
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for the year ended June 30, 2022, at a meeting of the Board of Trustees of such school district on the 14th day of November, 2022.



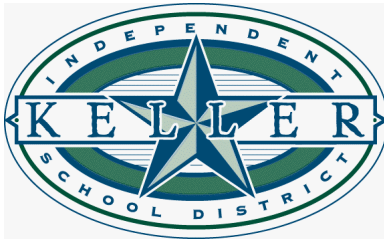
Signature of Board Secretary



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 28, 2022

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, 2022.

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, 2022, 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, 2022, 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, 2022, provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

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

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

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

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

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

Governing Body

The Board of Trustees consists of seven members who serve, without compensation, a three-year term in office. On a rotating basis, two or three places are filled during annual elections held on the date determined by the state in May of each year. 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

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. Between 2015-16 and 2019-2020 the district's enrollment increased year over year by an average of 340 students per year. In 2020-2021 mostly due to the pandemic, the fall student enrollment dropped by 948 students. The actual fall enrollment for 2021-22 was 34,813, an increase of 494 students over 2020-2021. 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 183 students in the next five years, reaching 34,996 by 2026-2027 and approaching 35,160 by the fall of 2031.

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 2022 Average Home sales price in the DFW area increased from \$429,836 in August 2021 to \$491,020 in August 2022, an increase of 14.23% months inventory for single-unit residential housing rose from 1.3 to 2.2 months' supply, and days to sell rose from 53 to 58. The average home sales in the Keller area rose from \$590,872 in August 2021 to \$735,734 in August 2022, an increase of 24.5%.

Keller ISD currently ranks 39th in the DFW Metroplex, with 264 annual closings, and annual housing starts of 337. Approximately 368 vacant developed lots and 1,518 lots for future development remain in the district. The district has 36 actively building subdivisions and 28 future divisions. Groundwork is underway on approximately 274 lots in KISD. In addition, there are approximately 704 units of multi-family construction underway, with 2,000 future units planned.

Economic Conditions and Employment. According to the Texas Workforce Commission, the Dallas-Fort Worth area gained 260,700 jobs between August 2021 and August 2022. The job gain rate for DFW was 6.7%. The unemployment rate for August decreased from 4.7% in 2021 to 3.7% in 2022 in the DFW area and the State of Texas decreased from 5.9% to 4.2% for the same period. The U.S. unemployment rate decreased from 5.2% in August 2021 to 3.8% in August 2022.

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 4,692 teachers and support personnel to serve the district's 43 campuses. 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 were 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 owns 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 was the replacement of the four oldest elementary schools – Florence, Heritage, Parkview and Whitley Road Elementary. Additions and renovations of the two oldest middle schools (Keller and Fossil Hill Middle) are currently underway. 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.

The district offers the following curriculum:

- 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.
 - Multidisciplinary Studies - Allows a student to select courses from the curriculum of each endorsement area and earn credits in a variety of advanced 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), Career and Technical Education (CTE), and the College, Career and Military Readiness (CCMR) program. Section 504 services are also provided as part of the Individuals with Disabilities Education Act (IDEA) 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. The College, Career and Military Readiness (CCMR) program aims to ensure that all students should graduate from high school ready for college, careers, the military, or any future they choose in life, without the need for remediation.

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 the 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 thoughtfully 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.

MAJOR INITIATIVES

The district undertook a Visioning process in 2018 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 is currently launching a new Strategic Planning process through the fall of 2022 that will help guide the District's priorities over the next five years.

KELLER ISD – Intentionally Exceptional!

OUR VISION

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

OUR MISSION

The community of Keller ISO 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

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/or eventual success in college, a career, or the military.

Keller ISD received an overall rating of “B” for the State Accountability rating for 2022. The scaled score for student achievement was 89, School progress was 89 and Closing the GAPS was 85. The last year the Texas Education Agency published rating for school districts was in 2019. All Texas school districts received a label of "Not Rated: Declared State of Disaster" for the 2020 and 2021 years due to the pandemic.

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 has paved the way for achieving greater financial transparency. This is the sixth 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, 2021. 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 fourteenth 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, 2021. This prestigious award, which KISD has also received for fourteenth consecutive years, represents a noteworthy achievement, and reflects KISD's commitment to the highest standards of school system financial reporting.

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

The FIRST (Financial Accountability Rating System of Texas) program, a financial accountability system for Texas school districts, was developed by the Texas Education Agency in response to Senate Bill 875 of the 76th Texas legislature in 1999. The primary goal of FIRST is to measure quality performance in the management of school districts' financial resources, a goal made more significant due to the complexity of accounting associated with the Texas school finance system. For the 2021-22 fiscal year based on 2020-21 financial information, the district received a rating of "Meets Standard Achievement" under Texas' Schools FIRST financial accountability rating system, demonstrating the quality of KISD's sound fiscal management. Prior to the 2014-15 rating year, the Schools FIRST accountability rating system assigned one of four financial accountability ratings to Texas school districts, with the highest being "Superior Achievement". Prior to 2014-15, the district had achieved a "Superior" Rating for nine consecutive years.

TASBO Award of Merit for Purchasing and Operations

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

OTHER INFORMATION

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

2021

Christopher P. Morrill

Executive Director/CEO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Keller Independent School District

**for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2021.**

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



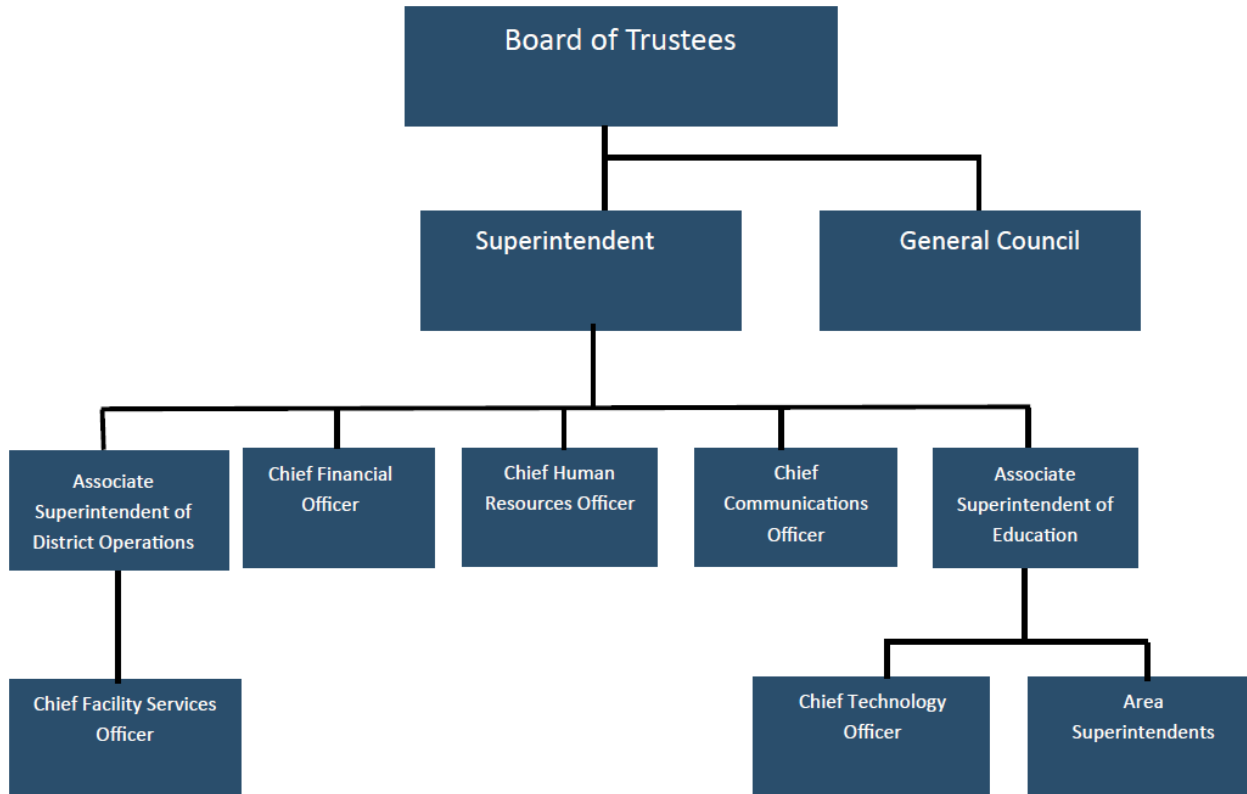
A handwritten signature in black ink, reading 'William A. Sutter'.

William A. Sutter
President

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

David J. Lewis
Executive Director

Keller Independent School District 2021 – 2022 Organizational Chart



Board of Trustees

Dr. Charles Randklev	President
Sandi Walker	Vice President
Joni Shaw Smith... ..	Secretary
Beverly Dixon.....	Member
Ruthie Keyes.....	Member
Chris Roof.....	Member
Micah Young.....	Member

Administration

Dr. Rick Westfall.....	Superintendent of Schools
Amanda Bigbee	General Counsel
Scott Wrehe	Chief Financial Officer
Cecil McDaniel	Assoc. Superintendent of District Operations
John Allison.....	Associate Superintendent of Education
Matt Vrlenich	Chief Technology Officer
Dr. Tracy Johnson	Chief Human Resources Officer
Shellie Johnson.....	Chief Communications Officer
Lindsay Moncrief... ..	Area Superintendent
Dr. Kevin Hood	Area Superintendent
Dr. Leanne Shivers	Area Superintendent
Cory Wilson... ..	Area Superintendent
Dustin Blank	Assistant Superintendent, Student Services
Rola Fadel	Executive Director, Planning and Bond Management Services
Johjania Najera	Executive Director, Human Resources
Lynn Jameson	Executive Director, Special Education
Vaughn Hamblen.....	Executive Director of Technology Operations
Rhonda Dominguez.....	Executive Director, Information Services
Marjorie Martinez.....	Director, Assessment and Accountability
Eric Persyn.....	Director, Athletics
Jennifer Fleming.....	Director, AVID & Post-Secondary Resources
Sandra Benavidez	Director of District Counseling Programs
Rob Wright... ..	Director, CTE
Christy Johnson... ..	Director, Early Childhood Program
Aaron Rister.....	Director, Educational Technology
Leigh Cook.....	Director, Federal Programs
Kristin Williams.....	Director, Finance
Kimberly Blann.....	Director, Fine Arts
Jerry Leafgreen	Director, Grounds & Maintenance
Tricia Atzger-John	Director, Health Services
Richard Chance	Director, Human Resources
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
Vacant.....	Director, Safety and Security
Edward Kotar	General Manager, Child Nutrition (Sodexo)
Ken Hargrove	General Manager, Transportation

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Financial Section

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2022, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

The schedules required by the Texas Education Agency, other supplementary information, and the Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules required by the Texas Education Agency, other supplementary information, and the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2022 on our consideration of District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering 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 28, 2022

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**Keller Independent School District
Management's Discussion and Analysis
Year Ended June 30, 2022**

This section is the Keller Independent School District (District) management discussion and analysis of the annual financial report for the period ending June 30, 2022. 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 \$415 million in expenses related to governmental activities, of which \$61.8 million were offset by program-specific charges for services or grants and contributions. General revenues of \$376 million partially offset the costs of these programs resulting in an increase in net position of \$23,156,225. Expenses for governmental activities decreased by approximately (\$46) million, or (0.10%), from the previous year.
- General revenues accounted for \$376,169,196 or 85.9% of all fiscal year 2022 revenues. Program-specific revenues in the form of charges for services and grants and contributions accounted for \$61,793,774 of additional revenues. The 2022 charges for services and grants and contributions represent a (\$16,572,867) or (21.15%) decrease from 2021.
- General revenues increased by approximately \$1.7 million, or .5%, in 2022. This was mainly attributable to an increase in property tax revenue resulting from a 10% increase in property values, as well as an increase in the amount of grant funding for Covid relief, learning loss, child nutrition programs and school safety and security.
- On June 30, 2022, the District's liabilities and deferred inflows of resources exceeded its assets and deferred outflow of resources by (\$86,993,454) (Total Net Position). This was a positive gain in Total Net Position from the prior year of \$23,156,225, or 21.0%, a result of the factors listed above.
- At the close of the fiscal year, the combined governmental fund balance was \$282,759,198, a decrease of (\$108,020,863) from the prior year. The decrease was primarily in the Capital Projects fund balance, as \$103.1 million were expended for capital projects including the re-build of two older schools.
- The General Fund balance decreased by (\$12.4 million), or (15.1%), caused mainly by a loss of state funding. Although classes were conducted in person all year, attendance was still significantly lower than normal as a continuing result of the pandemic. Unassigned fund balance decreased by (\$10,873,886), or (15.5%), and assigned fund balance decreased by (\$1.07 million) or (10.9%). Fund balance equal to 17% of the 2023 general fund expenditure budget comprises the unassigned fund balance, as per the revised Board policy, in the amount of \$59,389,422.
- The district's total long-term liabilities decreased by (\$75,475,891), or (6.29%), from the previous fiscal year. The key factors in this decrease were a bond refunding, and significant reductions to the district's net pension liability and accreted interest.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements- The government-wide financial statements are designed to provide readers with a broad overview of the district's finances in a manner similar to a private-sector business.

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

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

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

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

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

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

Governmental fund- Governmental funds account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The basic governmental fund financial statements can be found on pages 23-29 of this report.

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

The basic proprietary fund financial statements appear on pages 30-32 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 pages 33-34 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 36-65 of this report.

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

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

Government-wide Financial Statements

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Keller ISD, liabilities and deferred inflows of resources exceeded assets and deferred outflow of resources by (\$86,993,454).

**Table A-1
Net Position**

	Governmental Activities		Percentage Change 2021 to 2022
	2022	2021	
Current and other assets	\$ 314,819,561	\$ 424,187,421	-25.78%
Capital assets (net)	805,849,683	732,105,053	10.07%
Long term investments	6,467,735	-	100.00%
Total assets	1,127,136,979	1,156,292,474	-2.52%
Total deferred outflow of resources	91,056,307	69,197,367	31.59%
Current liabilities	58,398,891	52,725,904	10.76%
Long-term liabilities	1,123,746,539	1,199,222,430	-6.29%
Total liabilities	1,182,145,430	1,251,948,334	-5.58%
Total deferred inflow of resources	123,041,310	83,691,186	47.02%
Net position:			
Net investment in capital assets	(12,397,981)	(29,813,017)	58.41%
Restricted for grants and food service	6,260,651	2,447,620	155.79%
Restricted for debt service	66,107,246	62,000,606	6.62%
Restricted for employee health claims	402,000	377,000	6.63%
Unrestricted net position	(147,365,370)	(145,161,888)	-1.52%
Total net position	\$ (86,993,454)	\$ (110,149,679)	21.02%

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 \$(12,397,981). The district uses these capital assets to provide services to students; consequently, these assets are not available for future spending. The district's investment in its capital assets is reported net of related debt, but it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Governmental Activities

Governmental activities increased the district's net position by \$23,156,225. The total cost of all *governmental activities* this year was \$414,806,745. The amount that our taxpayers paid for these activities was \$286,492,082 or 69.10%.

Table A-2
Changes in District's Net Position

	Governmental Activities		
	2022	2021	Percentage Change 2021 to 2022
Revenues:			
Program revenues:			
Charges for service	\$ 15,969,018	\$ 15,743,343	1.43%
Operating grants & contributions	45,824,756	62,623,298	-26.82%
General revenues:			
Property taxes	286,492,082	281,142,221	1.90%
State grants	82,650,617	89,243,152	-7.39%
Investment earnings	852,740	822,165	3.72%
Other	6,173,757	3,256,806	89.56%
Total government revenues	437,962,970	452,830,985	-3.28%
Expenses:			
Instruction	229,892,757	254,963,679	-9.83%
Instructional resources & media services	4,637,280	4,607,174	0.65%
Curriculum & instructional staff development	7,582,926	8,832,232	-14.14%
Instructional leadership	5,012,252	5,196,458	-3.54%
School leadership	21,873,661	23,936,205	-8.62%
Guidance, counseling & evaluation services	19,284,107	21,291,170	-9.43%
Social services	264,363	240,629	9.86%
Health services	3,912,772	5,617,329	-30.34%
Student (pupil) transportation	14,543,031	13,070,481	11.27%
Food services	15,515,970	12,656,406	22.59%
Co-curricular/extra-curricular activities	14,075,680	12,479,273	12.79%
General administration	9,070,431	8,979,535	1.01%
Plant maintenance and operations	32,426,694	40,904,762	-20.73%
Security and monitoring services	4,869,479	5,506,226	-11.56%
Data processing services	8,115,273	9,491,468	-14.50%
Community services	2,115,726	2,265,649	-6.62%
Debt service - interest on long-term debt	19,901,224	29,571,878	-32.70%
Shared services agreement	361,882	254,027	42.46%
Juvenile Justice Alternative Education Program	22,704	-	100.00%
Other government charges	1,328,533	1,283,519	3.51%
Total governmental expenses	414,806,745	461,148,100	-10.05%
Change in net position	23,156,225	(8,317,115)	
Beginning net position	(110,149,679)	(101,832,564)	
Beginning net position	(110,149,679)	(101,832,564)	
Ending net position	\$ (86,993,454)	\$ (110,149,679)	

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

Table A-3

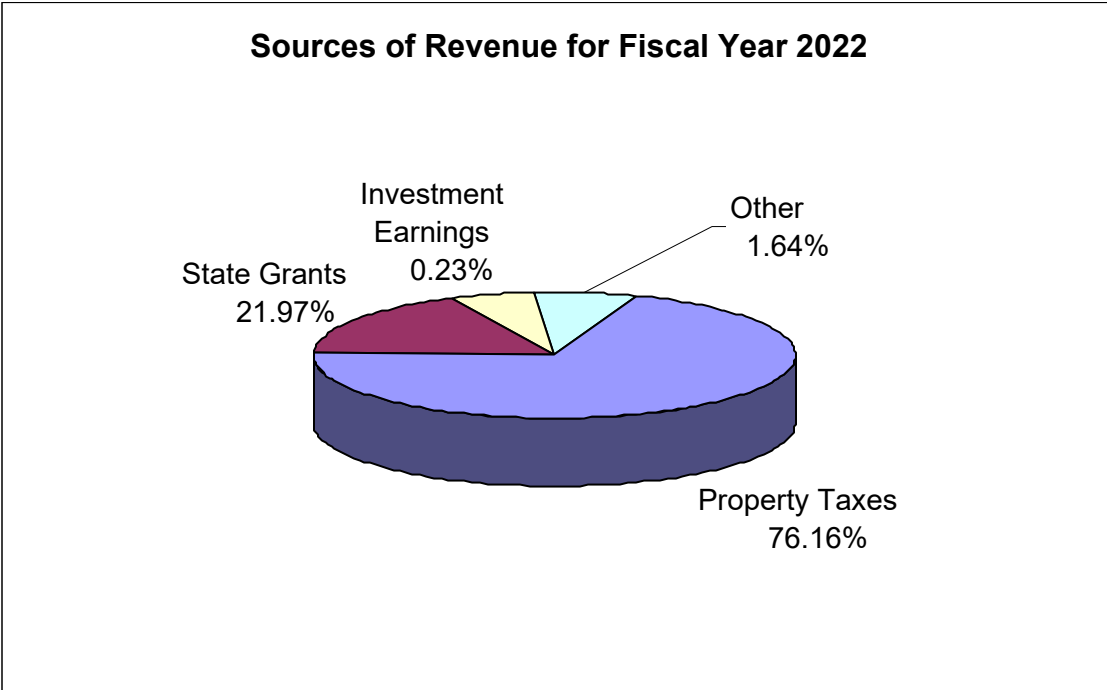


Table A-4

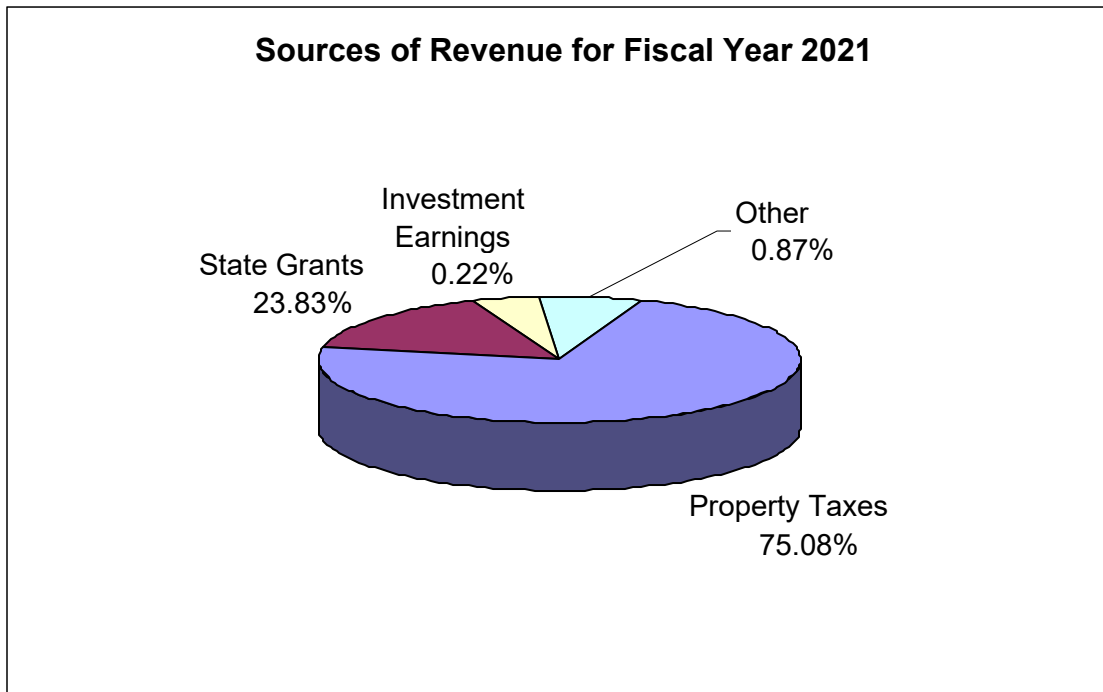


Table A-5 represents the cost of the district's largest programs as well as each program's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial burden that was placed on the district's taxpayers by each of these functions. The cost of all governmental activities this year was \$414,806,745.

**Table A-5
Costs of Services**

Major Function	Total Cost of Services			Net Cost of Services		
	2022	2021	Percentage Change 2021 to 2022	2022	2021	Percentage Change 2021 to 2022
Instruction, curriculum, and media services	\$ 242,112,963	\$ 268,403,085	-9.80%	\$ 222,954,229	\$ 233,568,981	-4.54%
Instructional and school leadership	26,885,913	29,132,663	-7.71%	25,424,122	27,227,190	-6.62%
Student support services, food service, and extra/co-curricular activities	67,595,923	65,355,288	3.43%	31,943,664	29,920,350	6.76%
General administration	9,070,431	8,979,535	1.01%	8,558,870	8,303,855	3.07%
Plant maintenance, security and data processing	45,411,446	55,902,456	-18.77%	42,321,512	52,106,240	-18.78%
Community services	2,115,726	2,265,649	-6.62%	1,923,561	1,986,476	-3.17%
Debt service	19,901,224	29,571,878	-32.70%	18,444,492	28,373,550	-34.99%
Shared services agreement	361,882	254,027	42.46%	159,475	83,950	89.96%
Juvenile justice alternative ed	22,704	-	100.00%	21,558	-	100.00%
Non-operating expenses	1,328,533	1,283,519	3.51%	1,261,488	1,210,867	4.18%
Total expenses	\$ 414,806,745	\$ 461,148,100	-10.05%	\$ 353,012,971	\$ 382,781,459	-7.78%

Total net expenses decreased by (7.78%) in 2022 from the previous year. The largest decrease from the prior year was (32.70%) in the Debt Service category. Net expenses in this category decreased because debt payments made during the year to reduce bonded debt. The second largest decrease is in the Plant Maintenance, Security and Data Processing category of (18.77%). This can be attributed to large purchases of personal protective equipment (PPE) and cleaning and sanitizing materials purchased in the 2020-21 school year, which were not as necessary in the 2021-2022 school year.

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 \$282,759,198, a decrease from the previous year of (\$108,020,863) or (27.6%). The General Fund balance decreased by (\$12.4) million due mainly to reduced funding associated with lowered attendance since the pandemic.

The fund balance of the Federally Funded Grant Fund increased in 2022 by \$5,578,486, or 278.00%. The increase occurred in the Child Nutrition fund and was attributable to increased federal funding for student feeding programs. Those programs ended at the end of fiscal year 2021-2022.

The fund balance of the Debt Service Fund increased by \$745,314, or 0.99%, as principal and interest payments decreased due to bond refundings in the current and prior year.

The Capital Projects fund balance decreased by (\$102.1 million), or (45.73%). The decrease was a result of the expenditure of \$103 million on current capital projects, including the re-build of two school buildings. The State Funded Grant Fund balance decreased by (\$1.01) million, as the State significantly reduced its funding of the Instructional Materials Allotment. And finally, the Local Funds balance increased by \$1.2 million, or 20.55%, 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 \$59,389,422. 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 (\$311,221) and deferred expenditures (\$1,145,868). Non-spendable fund balance in all other funds consists of inventory in the Federally Funded Grant Fund (Child Nutrition) of (\$226,042), and of prepaid items – (\$1,925,775) in the Federally Funded Grant Fund, (\$3,585) in the Debt Service fund, (\$1,863,531) in the Capital Projects Fund, (\$863,975) in the State Funded Grant fund and (\$100,762) in the Local funds. Fund balance is restricted to pay debt service (\$76,229,432), for the capital acquisition program (\$119,364,513), and for food service (\$5,433,862). Grant funds are restricted in the State Funded Grant Fund for (\$79,083) and Local Funds for (\$747,706). Commitments of fund balance include (\$6,300,047) in Local Funds for campus activity funds. Assignments of fund balance in the general fund are \$8,774,374 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 \$59,389,422, while the total fund balance was \$69,620,885. 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 17.7% of the total general fund expenditures, while total fund balance represents 20.8% of that same amount. It is important to note that 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 6/30/2022, unassigned fund balance equals 17% of the subsequent year's expenditure budget. This amount is \$59,389,422. 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 (\$12,410,852), compared to a decrease in the prior year of (\$1,442,680). The lingering effects of the pandemic, including low attendance, and the economic downturn strongly influenced the financial results of fiscal year 2022. The Board of Trustees had, in some past years, approved deficit budgets to restore some of the budget reductions made in prior years due to the recession, to fund new initiatives, and provide minimal pay increases for all district employees. KISD adopted deficit budgets for both 2016 and 2017 in the amount of (\$9,047,586) and (\$5,656,326) respectively. However, since 2017 the adopted budget has reflected an estimated surplus. The budgeted surplus for 2019-20 was \$193,840 and was \$137,759 for 2020-21. For the 2022-2023 fiscal year, the Board of Trustees adopted a budget deficit of (\$5,135,456).

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 2021-2022 year.

1. *Variances of original expenditure budget compared to amended budget.* The amended expenditure budget increased \$6,022,788 from the original budget. Major budget amendments contributing to this increase include (1) \$1,565,000 from unused prior year Compensatory Education funds for summer intervention, (2) \$984,000 for outstanding encumbrances at the end of the prior year, (3) \$836,723 of unused prior year Early Education Allotment funds and (4) \$311,631 for special education residential and educational services required by law.
2. *Variances of amended budget to actual expenditures.* Variations of amended budget to actual expenditures were minimal in 2021-22, with an overall variation of 6.29%. The largest variance was 68.58% in the Health Services function, as many of these expenditures were reimbursed with federal pandemic relief funds. The second largest variance of 34.46% was in Social Services and due to a vacant position that year. Next was Community Services with a variance of 20.68% which was caused by less demand for the KEEP and Natatorium programs due to Covid fears.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2022, the district had invested approximately \$806 million in a broad range of capital assets, including land, equipment, and buildings. (See Table A-6) This amount represents a net increase of \$73.7 million or 10.07% from the prior year.

Table A-6
District's Capital Assets

	Governmental Activities		Percentage Change 2020 to 2021
	2022	2021	
Land	\$ 52,979,613	\$ 48,444,402	9.36%
Buildings and improvements	911,317,365	911,317,365	0.00%
Furniture and equipment	39,550,224	36,039,042	9.74%
Construction in progress	147,957,733	61,282,308	141.44%
Total Assets	1,151,804,935	1,057,083,117	8.96%
Less: accumulated depreciation	(345,955,252)	(324,978,064)	6.45%
Net Capital Assets	\$ 805,849,683	\$ 732,105,053	10.07%

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

Long-Term Debt

As of June 30, 2022, the District had total bonded debt outstanding of \$864,585,182, a decrease of (\$29,993,876) or (3.35%), from the previous year, due mostly to the payment of principal and interest during the 2022 year. The district also had accreted interest of \$10,845, a decrease of (\$4,270,729), or (99.75%), from the previous year.

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

	Governmental Activities		
	2022	2021	Percentage Change 2021 to 2022
Bonds and Notes Payable			
General Obligations Bonds	\$ 864,585,182	\$ 894,579,058	-3.35%
Premium on bonds	107,652,884	102,729,633	4.79%
Accreted interest	10,845	4,281,574	-99.75%
Total Bonds and Notes Payable	972,248,911	1,001,590,265	-2.93%
Other Liabilities			
Compensated Absences	969,781	996,363	-2.67%
Net Pension Liability	50,826,036	99,860,050	-49.10%
Claims Payable	3,455,038	3,507,459	-1.49%
OPEB Liability	96,246,773	93,268,293	3.19%
Total Other Liabilities	151,497,628	197,632,165	-23.34%
Total Long-Term Debt	\$ 1,123,746,539	\$ 1,199,222,430	-6.29%

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 2022-2023 are budgeted to increase from 2021-2022 amended budget revenue by approximately \$2.51 million, or 0.75%. Most of this increase is from an anticipated increase in property tax revenue, investment earnings and from the Student Health and Human Services (SHARS) reimbursement for certain special education students. Property tax revenue is expected to increase in 2022-2023 because of continuing property value increases. Revenue from investment earnings is expected to increase due to rising interest rates and more earning opportunities. An increase in SHARS revenue is anticipated due to the return to school of more and more students.

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

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

The last few years has seen districts all across the state scrambling to balance their budgets because many students have not come back to public schools after the pandemic. As a result, the district initiated a series of budget reductions in the 2022-2023 budget.

Significant amounts budgeted for 2022-23 are:

Pay increases for all staff, 2% of midpoint	\$ 8,195,790
Decrease based on staffing formula reductions	(1,242,000)
New positions, reclassification, and stipends	1,370,787
Other budget additions	506,770
Other budgetary reductions	<u>(10,443,922)</u>
	<u>\$ (1,612,575)</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.

Basic Financial Statements

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Keller Independent School District

Statement of Net Position

June 30, 2022

Exhibit A-1

<u>Data Control Codes</u>		<u>Governmental Activities</u>
ASSETS		
1110	Cash and temporary investments	\$ 272,381,725
1220	Property taxes receivable (delinquent)	4,812,511
1230	Allowance for uncollectible taxes	(481,251)
1240	Due from other governments	30,245,379
1290	Other receivables	1,018,040
1300	Inventories, at cost	537,263
1410	Prepaid items	5,903,894
	Capital assets:	
1510	Land	52,979,613
1520	Buildings and improvements, net	589,317,318
1530	Furniture and equipment, net	15,595,019
1580	Construction in progress	147,957,733
1810	Restricted cash	402,000
1910	Long-term investments	6,467,735
	Total assets	<u>1,127,136,979</u>
DEFERRED OUTFLOW OF RESOURCES		
1700	Deferred loss on refunding	32,762,358
1705	Deferred outflows - pension	33,777,765
1705	Deferred outflows - OPEB	24,516,184
	Total deferred outflows of resources	<u>91,056,307</u>
LIABILITIES		
2110	Accounts payable	16,256,241
2140	Interest payable	10,927,077
2150	Payroll deductions and withholdings payable	2,898,173
2160	Accrued wages payable	20,422,002
2180	Due to other governments	3,498,917
2210	Accrued expenses	4,105,439
2300	Unearned revenues	291,042
	Noncurrent liabilities:	
2501	Due within one year	52,958,147
2502	Due in more than one year	923,715,583
2540	Net pension liability	50,826,036
2545	Net OPEB liability	96,246,773
	Total liabilities	<u>1,182,145,430</u>
DEFERRED INFLOW OF RESOURCES		
2605	Deferred inflows - pension	55,794,847
2606	Deferred inflows - OPEB	67,246,463
	Total deferred inflows of resources	<u>123,041,310</u>
NET POSITION		
3200	Net investment in capital assets	(12,397,981)
3820	Restricted for grants and Food Service	6,260,651
3850	Restricted for debt service	66,107,246
3890	Restricted for employee health claims	402,000
3900	Unrestricted net position	(147,365,370)
	TOTAL NET POSITION	<u>\$ (86,993,454)</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, 2022

Exhibit B-1

Data Control Codes		Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Expenses	Charges for Services	Operating Grants & Contributions	Governmental Activities
	PRIMARY GOVERNMENT				
	Governmental activities:				
0011	Instruction	\$ 229,892,757	\$ 8,703,747	\$ 8,745,921	\$ (212,443,089)
0012	Instructional resources and media services	4,637,280	141,062	196,242	(4,299,976)
0013	Curriculum and instructional staff development	7,582,926	228,064	1,143,698	(6,211,164)
0021	Instructional leadership	5,012,252	168,697	195,696	(4,647,859)
0023	School leadership	21,873,661	707,532	389,866	(20,776,263)
0031	Guidance, counseling, and evaluation services	19,284,107	574,300	2,397,585	(16,312,222)
0032	Social services	264,363	7,877	45,695	(210,791)
0033	Health services	3,912,772	81,043	1,752,050	(2,079,679)
0034	Student (pupil) services	14,543,031	485,335	420,060	(13,637,636)
0035	Food services	15,515,970	1,624,555	26,096,593	12,205,178
0036	Cocurricular/extracurricular activities	14,075,680	978,169	1,188,997	(11,908,514)
0041	General administration	9,070,431	305,698	205,863	(8,558,870)
0051	Plant maintenance and operations	32,426,694	1,560,620	500,802	(30,365,272)
0052	Security and monitoring services	4,869,479	113,096	212,975	(4,543,408)
0053	Data processing services	8,115,273	174,888	527,553	(7,412,832)
0061	Community services	2,115,726	62,090	130,075	(1,923,561)
0072	Debt service - interest on long term debt	19,901,224	-	1,456,732	(18,444,492)
0093	Shared services agreement	361,882	6,535	195,872	(159,475)
0095	Juvenile Justice Alternative Education Program	22,704	768	378	(21,558)
0099	Other governmental charges	1,328,533	44,942	22,103	(1,261,488)
		<u>\$ 414,806,745</u>	<u>\$ 15,969,018</u>	<u>\$ 45,824,756</u>	<u>\$ (353,012,971)</u>
[TP]	TOTAL PRIMARY GOVERNMENT				
	General revenues:				
	Taxes:				
MT	Property taxes, levied for general purposes				214,057,009
DT	Property taxes, levied for debt service				72,435,073
SF	State grants, unrestricted				82,650,617
IE	Investment earnings				852,740
MI	Miscellaneous local and intermediate				6,173,757
					<u>376,169,196</u>
TR	Total general revenues				
CN	Change in net position				23,156,225
NB	Net position - beginning				<u>(110,149,679)</u>
NE	NET POSITION - ENDING				<u>\$ (86,993,454)</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, 2022

<u>Data Control Codes</u>		10	20
		General Fund	Federally Funded Grant Fund
	ASSETS		
1110	Cash and temporary investments	\$ 48,424,623	\$ 7,749,589
1220	Property taxes - delinquent	3,560,543	-
1230	Allowance for uncollectible taxes	(356,054)	-
1240	Due from other governments	17,524,826	12,555,399
1260	Due from other funds	25,589,934	-
1290	Other receivables	65,905	2,613
1300	Inventories, at cost	311,221	226,042
1410	Prepaid items	1,145,868	1,925,775
1910	Long-term investments	6,467,735	-
1000	Total assets	102,734,601	22,459,418
1000A	TOTAL ASSETS	\$ 102,734,601	\$ 22,459,418
	LIABILITIES		
2110	Accounts payable	\$ 2,945,781	\$ 1,429,131
2150	Payroll deduction and withholdings payable	2,898,173	-
2160	Accrued wages payable	18,787,579	1,622,862
2170	Due to other funds	1,036,813	11,595,704
2180	Due to other governments	3,497,080	-
2210	Accrued expenditures	1,701,667	-
2300	Unearned revenue	-	226,042
2000	Total liabilities	30,867,093	14,873,739
	DEFERRED INFLOWS OF RESOURCES		
2600	Deferred property taxes	2,246,623	-
	FUND BALANCES		
	Nonspendable:		
3410	Investments in inventory	311,221	226,042
3430	Prepaid items	1,145,868	1,925,775
	Restricted for:		
3480	Retirement of long term debt	-	-
3470	Capital acquisition program	-	-
3450	Food service	-	5,433,862
3450	Grant funds	-	-
	Committed for:		
3545	Campus activity fund	-	-
3545	Other purposes	-	-
	Assigned for:		
3590	Other purposes	8,774,374	-
3600	Unassigned	59,389,422	-
3000	Total fund balances	69,620,885	7,585,679
4000	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 102,734,601	\$ 22,459,418

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

Exhibit C-1

50 Debt Service Fund	60 Capital Projects Fund	30-42 State Funded Grant Fund	46-48 Local Fund	Total Governmental Funds
\$ 74,798,758	\$ 132,563,635	\$ 77,880	\$ 7,768,329	\$ 271,382,814
1,251,968	-	-	-	4,812,511
(125,197)	-	-	-	(481,251)
69,155	-	95,999	-	30,245,379
1,036,813	-	-	-	26,626,747
-	158,299	1,425	13,811	242,053
-	-	-	-	537,263
3,585	1,863,531	863,975	100,762	5,903,496
-	-	-	-	6,467,735
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
77,035,082	134,585,465	1,039,279	7,882,902	345,736,747
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 77,035,082	\$ 134,585,465	\$ 1,039,279	\$ 7,882,902	\$ 345,736,747
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ -	\$ 11,223,843	\$ 222	\$ 653,968	\$ 16,252,945
-	-	-	-	2,898,173
-	-	-	11,561	20,422,002
-	-	95,999	-	12,728,516
-	-	-	1,837	3,498,917
763	2,133,578	-	2,021	3,838,029
-	-	-	65,000	291,042
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763	13,357,421	96,221	734,387	59,929,624
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
801,302	-	-	-	3,047,925
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	-	537,263
3,585	1,863,531	863,975	100,762	5,903,496
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76,229,432	-	-	-	76,229,432
-	119,364,513	-	-	119,364,513
-	-	-	-	5,433,862
-	-	79,083	747,706	826,789
-	-	-	6,300,047	6,300,047
-	-	-	-	-
-	-	-	-	8,774,374
-	-	-	-	59,389,422
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
76,233,017	121,228,044	943,058	7,148,515	282,759,198
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\$ 77,035,082	\$ 134,585,465	\$ 1,039,279	\$ 7,882,902	\$ 345,736,747

Keller Independent School District**Exhibit C-2**
 Reconciliation of the Governmental Funds Balance Sheet
 to the Statement of Net Position
 June 30, 2022

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$ 282,759,198
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.	(15,446,679)
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.	1,151,804,935
Accumulated depreciation has not been recorded in the fund financial statements.	(345,955,252)
Bonds payable have not been included in the fund financial statements.	(864,585,182)
Net pension liability is not reported in the fund financial statements.	(50,826,036)
Net OPEB liability is not reported in the fund financial statements.	(96,246,773)
Accreted interest on capital appreciation bonds is not capitalized in the fund financial statements.	(10,845)
Premiums on the issuance of bonds are not capitalized in the fund financial statements.	(107,652,884)
Deferred loss on bond refunding has not been reflected in the fund financial statements.	32,762,358
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.	3,047,925
Deferred outflows of resources for pension related liabilities are recognized in the government-wide statements but are not recorded in the fund financial statements.	33,777,765
Deferred inflows of resources for pension related liabilities are recognized in the government-wide statements but are not recorded in the fund financial statements.	(55,794,847)
Deferred outflows of resources for OPEB related liabilities are recognized in the government-wide statements but are not recorded in the fund financial statements.	24,516,184
Deferred inflows of resources for OPEB related liabilities are recognized in the government-wide statements but are not recorded in the fund financial statements.	(67,246,463)
Accrued liabilities for compensated absences have not been reflected in the fund financial statements.	(969,781)
Interest is accrued on outstanding debt in the government-wide financial statements whereas in the fund financial statements interest expenditures are reported when due.	(10,927,077)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	<u>\$ (86,993,454)</u>

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Keller Independent School District
Statement of Revenues, Expenditures, and Changes in
Fund Balances – Governmental Funds
Year Ended June 30, 2022

Data Control Codes		10	20
		General Fund	Federally Funded Grant Fund
REVENUES			
5700	Local and intermediate sources	\$ 217,905,428	\$ 1,350,848
5800	State program revenues	94,074,119	710,563
5900	Federal program revenues	5,469,218	39,424,301
5020	Total revenues	317,448,765	41,485,712
EXPENDITURES			
Current:			
0011	Instruction	208,022,564	8,128,520
0012	Instructional resources and media services	4,138,668	36,053
0013	Curriculum and instructional staff development	5,630,939	2,073,873
0021	Instructional leadership	4,870,244	215,534
0023	School leadership	20,872,404	73,245
0031	Guidance, counseling and evaluation services	14,803,807	4,036,078
0032	Social work services	186,473	86,858
0033	Health services	503,018	3,545,355
0034	Student (pupil) transportation	14,122,795	420,236
0035	Food services	2,006	16,031,586
0036	Cocurricular/extracurricular activities	10,747,341	-
0041	General administration	9,029,762	-
0051	Facilities maintenance and operations	30,872,070	-
0052	Security and monitoring services	3,216,232	46,515
0053	Data processing services	4,622,583	694,507
0061	Community services	1,749,054	156,984
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	118,420	-
Intergovernmental:			
0093	Shared services agreement	-	361,882
0095	Juvenile Justice Alternative Education Program	22,704	-
0099	Other governmental charges	1,328,533	-
6030	Total expenditures	334,859,617	35,907,226
1100	Excess (deficiency) of revenues over (under) expenditures	(17,410,852)	5,578,486
OTHER FINANCING SOURCES (USES)			
7911	Issuance of refunding debt	-	-
7915	Transfers in	5,000,000	-
7916	Premium or discount on issuance of bonds	-	-
7957	Developer contributions	-	-
8949	Payment to refunded bond escrow agent	-	-
	Total other financing sources (uses)	5,000,000	-
1200	Net change in fund balance	(12,410,852)	5,578,486
0100	Fund balance - beginning	82,031,737	2,007,193
3000	FUND BALANCE - ENDING	\$ 69,620,885	\$ 7,585,679

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
\$ 72,609,814	\$ 531,247	\$ -	\$ 6,371,356	\$ 298,768,693
1,456,732	14,546	1,952,988	10,483	98,219,431
-	311,533	-	-	45,205,052
74,066,546	857,326	1,952,988	6,381,839	442,193,176
-	2,055,890	2,822,296	1,128,059	222,157,329
-	11,088	43	299,346	4,485,198
-	-	21,701	79,175	7,805,688
-	-	-	41,769	5,127,547
-	5,020	-	99,010	21,049,679
-	-	25,001	465,862	19,330,748
-	-	-	442	273,773
-	-	-	3,339	4,051,712
-	-	-	-	14,543,031
-	-	-	-	16,033,592
-	-	1,250	2,659,038	13,407,629
-	3,615	-	179,461	9,212,838
-	578,854	-	29,550	31,480,474
-	1,575,229	95,999	109,729	5,043,704
-	2,947,561	-	-	8,264,651
-	-	-	68,560	1,974,598
-	-	-	-	-
29,993,867	-	-	-	29,993,867
43,319,711	-	-	-	43,319,711
1,556,035	-	-	-	1,556,035
-	95,936,930	-	-	96,055,350
-	-	-	-	361,882
-	-	-	-	22,704
-	-	-	-	1,328,533
74,869,613	103,114,187	2,966,290	5,163,340	556,880,273
(803,067)	(102,256,861)	(1,013,302)	1,218,499	(114,687,097)
168,319,991	-	-	-	168,319,991
-	-	-	-	5,000,000
24,612,109	-	-	-	24,612,109
-	117,853	-	-	117,853
(191,383,719)	-	-	-	(191,383,719)
1,548,381	117,853	-	-	6,666,234
745,314	(102,139,008)	(1,013,302)	1,218,499	(108,020,863)
75,487,703	223,367,052	1,956,360	5,930,016	390,780,061
\$ 76,233,017	\$ 121,228,044	\$ 943,058	\$ 7,148,515	\$ 282,759,198

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, 2022

Exhibit C-4

TOTAL NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS	\$ (108,020,863)
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.	(3,944,191)
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.	95,535,104
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.	(21,781,430)
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.	(9,044)
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.	29,993,867
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.	(168,319,991)
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.	168,320,000
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	4,270,729
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.	(24,612,109)
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.	19,688,861
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.	(4,468,087)
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.	3,970,371
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.	3,855,190
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.	104,498
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.	26,582
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.	3,339,862
Current year deferred loss on refunding associated with bonds payable is reported net of amortization on the government-wide financial statements.	25,206,876
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES (B-1)	\$ 23,156,225

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, 2022

Exhibit D-1

	Governmental Activities - Internal Service Fund
ASSETS	
Current assets	
Cash and temporary investments	\$ 998,911
Accounts receivable	775,987
Prepaid items	398
Cash - restricted	402,000
Total current assets	<u>2,177,296</u>
TOTAL ASSETS	2,177,296
LIABILITIES	
Current liabilities	
Accounts and claims payable	3,296
Due to other funds	13,898,231
Accrued expenses	267,410
Total current liabilities	<u>14,168,937</u>
Noncurrent liabilities	
Claims payable	<u>3,455,038</u>
Total noncurrent liabilities	<u>3,455,038</u>
TOTAL LIABILITIES	17,623,975
NET POSITION	
Restricted for employee health claims	402,000
Unrestricted net position	<u>(15,848,679)</u>
TOTAL NET POSITION	<u>\$ (15,446,679)</u>

Keller Independent School District
Statement of Revenues, Expenses, and
Changes in Fund Net Position – Proprietary Funds
Year Ended June 30, 2022

Exhibit D-2

	Governmental Activities - Internal Service Fund
OPERATING REVENUES	
Local and intermediate sources	\$ 23,373,852
Total operating revenues	23,373,852
OPERATING EXPENSES	
Professional and contracted services	2,618,884
Supplies	12,276
Claim settlement costs	19,705,031
Total operating expenses	22,336,191
Operating income	1,037,661
NONOPERATING REVENUES	
Earnings from temporary deposits and investments	18,148
Total nonoperating revenues	18,148
Income before transfers	1,055,809
Transfers out	(5,000,000)
Change in net position	(3,944,191)
Net position - beginning	(11,502,488)
TOTAL NET POSITION - ENDING	\$ (15,446,679)

Keller Independent School District
Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2022

Exhibit D-3

	Governmental Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from user charges	\$ 22,213,813
Cash payments for insurance claims	(23,473,543)
Cash payments for other operating expenses	(398)
	<hr/>
Net cash used in operating activities	(1,260,128)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Transfers out	(5,000,000)
	<hr/>
Net cash used in non-capital financing activities	(5,000,000)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends on investments	18,148
	<hr/>
Net cash provided by investing activities	18,148
	<hr/>
Net change in cash and cash equivalents	(6,241,980)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	7,642,891
	<hr/>
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 1,400,911
	<hr/> <hr/>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION	
Cash and cash equivalents	998,911
Cash - restricted	402,000
	<hr/>
	\$ 1,400,911
	<hr/> <hr/>
RECONCILIATION OF OPERATING INCOME TO NET CASH USED IN OPERATING ACTIVITIES	
Operating income	1,037,661
Adjustments to reconcile operating income to net cash used in operating activities:	
Change in assets and liabilities:	
Increase in accounts receivable	(770,704)
Increase in prepaid items	(398)
Decrease in accounts and claims payable	(59,494)
Decrease in due to other funds	(1,160,039)
Decrease in accrued expenses	(307,154)
	<hr/>
NET CASH USED IN OPERATING ACTIVITIES	\$ (1,260,128)
	<hr/> <hr/>

Keller Independent School District
Statement of Fiduciary Net Position – Fiduciary Funds
June 30, 2022

Exhibit E-1

	<u>Custodial Funds</u>
ASSETS	
Cash and temporary investments	\$ 671,794
Accounts receivable	12,075
Prepaid items	<u>8,798</u>
Total assets	<u>\$ 692,667</u>
LIABILITIES	
Accounts payable and accrued liabilities	\$ 45,180
Due to other governments	<u>540</u>
Total liabilities	<u>\$ 45,720</u>
NET POSITION	
Restricted for other purposes	<u>\$ 646,947</u>

Keller Independent School DistrictStatement of Changes in Fiduciary Net Position – Fiduciary Funds
Year Ended June 30, 2022**Exhibit E-2**

	Custodial Fund
ADDITIONS	
Revenue from student activities	\$ 1,199,732
Total additions	1,199,732
DEDUCTIONS	
Supplies	486,411
Fees and dues	848,785
Contracted services	76,302
Total deductions	1,411,498
Change in net position	(211,766)
NET POSITION - BEGINNING OF YEAR	858,713
NET POSITION - END OF YEAR	\$ 646,947

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Keller Independent School District

Notes to the Financial Statements

Note 1. Significant Accounting Policies

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

A. Reporting Entity

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

B. Government-Wide and Fund Financial Statements

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

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

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

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

Keller Independent School District

Notes to Financial Statements

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

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

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

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

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do the Proprietary Fund and Fiduciary Fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the period for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

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

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

Keller Independent School District

Notes to Financial Statements

D. Fund Accounting

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

The District reports the following major governmental funds:

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

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

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

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

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

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

The District also reported the following fund types:

Proprietary Funds:

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

Keller Independent School District

Notes to Financial Statements

Fiduciary Funds:

Custodial Funds – The District accounts for resources held for others in a custodial capacity in custodial funds. The fund is used to account for assets held by the District as an 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. Contributions, gifts, and fundraisers benefit the student and other organizations that raise the funds, are not held in a trust.

E. Budgets and Budgetary Accounting

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

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

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

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

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

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

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

F. Cash and Cash Equivalents

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

Keller Independent School District

Notes to Financial Statements

G. Investments

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

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

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

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

H. Inventory

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

I. Compensated Absences

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, 2022 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 \$2,246,623 and \$801,302 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, 2022 were the result of these types of reimbursements and are expected to be repaid within one year.
- Transfers in and out, as appropriate, are shown as other financing sources or uses in the fund financial statements.

Q. Restricted Resources

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

R. Prepaid Items

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

S. Deferred Inflows and Deferred Outflows of Resources

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

Keller Independent School District

Notes to Financial Statements

Deferred outflows/inflows of resources are amortized as follows:

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

T. Pensions

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

U. Other Post-Employment Benefits

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

V. GASB Pronouncements implemented by the District

GASB Statement No. 87, Leases (GASB 87), establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement were originally effective for reporting periods beginning after December 15, 2019; however, issuance of GASB Statement No.95, Postponement of the Effective Dates of Certain Authoritative Guidance (GASB 95), extended the effective date of GASB 87 to reporting periods beginning after June 15, 2021, with earlier application encouraged. GASB 87 was implemented in the District's 2022 financial statements with no impact to amounts reported under previous standards.

Keller Independent School District

Notes to Financial Statements

Note 2. Bonded Debt Payable

Bonded debt payable as of June 30, 2022 is as follows:

Description	Interest Rate Payable	Amount of Original Issue	Amount Outstanding 7/1/2021	Issued Current Year	Refunded Current Year	Retired Current Year	Amount Outstanding 6/30/2022
Unlimited Tax School Building and Refunding Bonds Series 1996A Final maturity 2022	3.60-5.90	\$ 59,539,931	\$ 1,959,074	\$ -	\$ -	\$ 1,959,074	\$ -
Unlimited Tax School Building and Refunding Bonds Series 1997A Final maturity 2027	3.85-6.00	29,698,013	2,169,995	-	-	689,995	1,480,000
Unlimited Tax Refunding Bonds Series 2013 Final maturity 2031	1.50-5.00	81,080,000	19,025,000	-	-	-	19,025,000
Unlimited Tax Refunding Bonds Series 2014 Final maturity 2025	2.46	43,350,000	25,895,000	-	-	3,045,000	22,850,000
Unlimited Tax Refunding Bonds Series 2014A Final maturity 2029	2.00-5.00	56,565,000	31,280,000	-	-	4,355,000	26,925,000
Unlimited Tax Building Bonds Series 2015 Final maturity 2041	1.00-5.00	153,875,000	127,740,000	-	-	2,015,000	125,725,000
Unlimited Tax Refunding Bonds Series 2015 Final maturity 2026	5.00	98,675,000	95,750,000	-	89,225,000	-	6,525,000
Unlimited Tax Refunding Bonds Series 2015A Final maturity 2026	4.00-5.00	116,577,588	96,685,000	-	79,095,000	3,370,000	14,220,000
Unlimited Tax Refunding Bonds Series 2016A Final maturity 2032	2.00-5.00	70,915,000	64,845,000	-	-	3,050,000	61,795,000
Unlimited Tax Refunding Bonds Series 2016B Final maturity 2032	2.00-3.00	56,020,000	50,840,000	-	-	1,900,000	48,940,000
Unlimited Tax Refunding Bonds Series 2019 Final maturity 2031	2.00-5.00	14,280,000	13,920,000	-	-	-	13,920,000
Unlimited Tax Building Bonds Series 2020 Final maturity 2047	5.00	279,465,000	270,465,000	-	-	265,000	270,200,000
Unlimited Tax Refunding Bonds Series 2020 Final maturity 2030	2.00-5.00	8,645,000	8,245,000	-	-	7,550,000	695,000
Unlimited Tax Refunding Bonds Taxable Series 2020 Final maturity 2035	4.00	85,759,989	85,759,989	-	-	-	85,759,989
Unlimited Tax Refunding Bonds Taxable Series 2021 Final maturity 2036	5.00	168,319,991	-	168,319,991	-	1,794,798	166,525,193
Total bonded debt payable		\$ 1,322,765,512	\$ 894,579,058	\$ 168,319,991	\$ 168,320,000	\$ 29,993,867	\$ 864,585,182

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
2023	\$ 40,480,195	\$ 36,093,550	\$ 76,573,745
2024	41,355,000	32,942,225	74,297,225
2025	50,939,989	32,798,898	83,738,887
2026	30,345,000	29,477,985	59,822,985
2027	51,925,000	27,858,760	79,783,760
2028-2032	240,640,000	107,947,636	348,587,636
2033-2037	98,890,000	73,650,579	172,540,579
2038-2042	159,285,000	48,303,975	207,588,975
2043-2047	150,724,998	18,658,600	169,383,598
Total	\$ 864,585,182	\$ 407,732,208	\$ 1,272,317,390

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

The District has issued advanced refunding bonds to refund prior year outstanding debt before the callable date of the principal payments. At the end of the fiscal year 2022, there was outstanding debt that was refunded with advance refunding bonds of \$250,205,000 which is considered defeased and not outstanding debt on the Statement of Net Position.

On October 15, 2021, the District issued \$168,319,991 in Unlimited Tax Refunding Bonds with an interest rate of 5% to refund \$89,225,000 of Series 2015 Refunding Bonds with original maturities between 2025 and 2032 with an interest rate of 5%, and \$79,095,000 of Series 2015-A Refunding Bonds with original maturities between 2026 and 2035 with interest rates between 4% and 5%. The refunding was undertaken to reduce the District's total debt service payments over the next 14 years by \$17,239,032 and to obtain an economic gain (difference between the present value of the debt service payment on the old and new debt) of \$14,579,268.

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, 2021	\$ 996,363
New entrants and salary increments	63,316
Payments to participants	<u>(89,898)</u>
Balance, June 30, 2022	\$ <u>969,781</u>

Keller Independent School District

Notes to Financial Statements

Note 4. Changes in Long-term Liabilities

Long-term activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds:	\$ 894,579,058	\$ 168,319,991	\$ 198,313,867	\$ 864,585,182	\$ 40,480,195
Accreted interest	4,281,574	13,628	4,284,357	10,845	10,845
Premium on bonds	102,729,636	24,612,109	19,688,861	107,652,884	8,961,357
Compensated absences	996,363	63,316	89,898	969,781	50,712
Claims payable	3,507,459	18,822,418	18,874,839	3,455,038	3,455,038
Net pension liability	99,860,050	6,943,965	55,977,979	50,826,036	-
OPEB Liability	93,268,293	13,884,834	10,906,354	96,246,773	-
Total governmental activities long-term liabilities	\$ 1,199,222,433	\$ 232,660,261	\$ 308,136,155	\$ 1,123,746,539	\$ 52,958,147

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, 2022 was as follows:

Primary government:

	Balance 7/1/2021	Additions	Transfers	Deletions	Balance 6/30/2022
Capital assets, not being depreciated:					
Land	\$ 48,444,402	\$ 4,535,211	\$ -	\$ -	\$ 52,979,613
Construction in progress	61,282,308	86,675,425	-	-	147,957,733
Total capital assets, not being depreciated	109,726,710	91,210,636	-	-	200,937,346
Capital assets, being depreciated:					
Buildings and improvements	911,317,365	-	-	-	911,317,365
Furniture and equipment	36,039,042	4,324,468	-	(813,286)	39,550,224
Total capital assets, being depreciated	947,356,407	4,324,468	-	(813,286)	950,867,589
Less accumulated depreciation on:					
Buildings and improvements	303,289,249	18,710,798	-	-	322,000,047
Furniture and equipment	21,688,815	3,070,632	-	(804,242)	23,955,205
Accumulated depreciation	324,978,064	21,781,430	-	(804,242)	345,955,252
Total capital assets, being depreciated, net	622,378,343	(17,456,962)	-	(9,044)	604,912,337
Governmental activities capital assets, net	\$ 732,105,053	\$ 73,753,674	\$ -	\$ (9,044)	\$ 805,849,683

Keller Independent School District

Notes to Financial Statements

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

Instruction	\$	14,204,448
Instructional resources and media services		260,623
Curriculum and staff development		117,424
Instructional leadership		84,879
School leadership		1,455,492
Guidance, counseling and evaluation services		778,468
Social services		4,471
Health services		281,020
Food services		12,744
Co-curricular/extracurricular activities		1,194,422
General administration		74,005
Plant maintenance and operations		1,898,053
Security and monitoring services		822,797
Data processing services		275,584
Community services		317,000
Total depreciation expense	\$	21,781,430

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, 2022 are classified in the accompanying financial statements as follows:

Primary government	\$	272,381,725
Fiduciary funds		671,794
	\$	273,053,519

The District's financial statements also include restricted cash in the amount of \$402,000.

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, 2022, 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 \$15,539,220
- c. Largest cash, savings and time deposit combined account balance amounted to \$13,840,072 and occurred during the month of October 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, 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 PPIA. 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, 2022	Percent of Total Investments	Weighted Average Maturity (Days)	Credit Risk
Investments measured at amortized cost				
Investment pools				
TexPool	\$ 354,295	0%	25	AAAm
TexasCLASS	95,546,317	35%	32	AAAm
Money Markets, CDs and CDARS	106,245,924	39%	N/A	NR
Investments measured at net asset value (NAV)				
Investment pools				
LOGIC	70,906,983	26%	14	AAAm
Total	\$ 273,053,519	100%	15	

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.

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

Keller Independent School District

Notes to Financial Statements

Rates for the plan are as follows:

	Contribution Rates	
	2021	2022
Member	7.70%	8.00%
Non-employer contributing entity (state)	7.50%	7.75%
Employers	7.50%	7.75%

The contribution amounts for the District's fiscal year 2022 are as follows:

Employer contributions	\$	9,351,315
Member contributions		18,372,104
NECE on-behalf contributions		12,853,587

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.

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.

Keller Independent School District

Notes to Financial Statements

Actuarial Assumptions

The actuarial valuation of the total pension liability was performed as of August 31, 2020. Update procedures were used to roll forward the total pension liability to August 31, 2021 and was determined using the following actuarial methods and assumptions:

Actuarial cost method	Individual entry age normal
Asset valuation method	Fair value
Single discount rate	7.25%
Long term expected investment rate of return	7.25%
Municipal bond rate	1.95%. 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	2120
Salary increases including inflation	3.05% to 9.05% including inflation
Ad hoc post-employment benefit changes	None
Active Mortality 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, 2017 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, 2021 are summarized below:

Asset Class*	Target Allocation**	Long-Term Expected Geometric Real Rate of Return***	Expected Contribution to Long Term Portfolio Returns
Global Equity			
U.S.	18.00%	3.60%	0.94%
Non-U.S. Developed	13.00%	4.40%	0.83%
Emerging Markets	9.00%	4.60%	0.74%
Private Equity	14.00%	6.30%	1.36%
Stable Value			
Government Bonds	16.00%	-0.20%	0.01%
Absolute return	0.00%	1.10%	0.00%
Stable value hedge funds	5.00%	2.20%	0.12%
Real Return			
Real Estate	15.00%	4.50%	1.00%
Energy, natural resources and inflation			
Commodities	6.00%	4.70%	0.35%
Risk Parity	0.00%	1.70%	0.00%
Risk Parity			
Risk Parity	8.00%	2.80%	0.28%
Asset Allocation Leverage			
Cash	2.00%	-0.70%	-0.01%
Asset Allocation Leverage	-6.00%	-0.50%	0.03%
Inflation Expectation			2.20%
Volatility Drag****			-0.95%
Total	100%		6.90%

* Absolute Return includes Credit Sensitive Investments

** Target allocations are based on the FY2021 policy model

*** Capital Market Assumptions come from Aon Hewitt (as of 8/31/2021)

**** 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	\$ 111,062,956	\$ 50,826,036	\$ 1,955,610

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

At June 30, 2022, the District reported a liability of \$50,826,036 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	\$ 50,826,036
State's proportionate share that is associated with District	<u>76,704,696</u>
Total	<u>\$ 127,530,732</u>

The net pension liability was measured as of August 31, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2020, rolled forward to August 31, 2021. 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, 2020 through August 31, 2021. The net pension liability is typically liquidated by the General Fund.

At August 31, 2021, the employer's proportion of the collective net pension liability was 0.19958%, an increase of 0.000131% from its proportionate share of 0.18645% measured as of August 31, 2020.

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, 2022, the District recognized negative pension expense of \$3,663,715 and revenue of \$306,656 for support provided by the State.

Keller Independent School District

Notes to Financial Statements

At June 30, 2022, 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	\$ 85,056	\$ 3,578,193
Changes in actuarial assumptions	17,966,011	7,831,640
Differences between projected and actual investment earnings	-	42,616,972
Changes in proportion and difference between the employer's contributions and the proportionate share of the contributions	6,375,383	1,768,042
Contributions paid to TRS subsequent to the measurement dates	9,351,315	-
	<u>\$ 33,777,765</u>	<u>\$ 55,794,847</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, 2023 and are reported as deferred outflows of resources in the amount of \$9,351,315. 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
2023	\$ (5,176,040)
2024	(5,751,264)
2025	(9,471,431)
2026	(11,815,014)
2027	643,316
Thereafter	202,036
	<u>\$ (31,368,397)</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 Annual Comprehensive 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-Care1) 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 non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. There are no automatic post-employment benefit changes including automatic cost of living adjustments (COLAs). The Board of Trustees of TRS is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052.

The premium rates for the optional health insurance are based on years of services 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.

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

	<u>Medicare</u>	<u>Non Medicare</u>
Retiree or Surviving Souse	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree or Surviving Spouse and children	468	408
Retiree and Family	1,020	999

Contributions

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

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

Rates for such plan fiscal years are as follows:

	<u>2021</u>	<u>2022</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 2022 are as follows:

Employer contributions	\$	2,005,075
Member contributions		1,498,589
NECE on-behalf contributions		2,611,536

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 \$5.5 million in fiscal year 2021 for consumer protections against medical health care billing by certain out-of-network providers.

Actuarial Assumptions

The actuarial valuation of the total OPEB liability was performed as of August 31, 2020. Updated procedures were used to roll forward the total OPEB liability to August 31, 2021.

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

<u>Demographic Assumptions</u>	<u>Economic Assumptions</u>
Rates of mortality	General inflation
Rates of retirement	Wage inflation
Rates of termination	Salary increases
Rates of disability	

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

The initial medical trend rates were 8.50% for Medicare retirees and 7.10% for non-medicare retirees. There was an initial prescription drug trend rate of 8.50% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 12 years.

Keller Independent School District

Notes to Financial Statements

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	1.95%
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

Discount Rate

A single discount rate of 1.95% was used to measure the total OPEB liability at August 31, 2021. This was a decrease of 0.38% in the discount rate since the August 31, 2020 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" as of August 31, 2021.

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 (1.95%) in measuring the net OPEB liability.

	1% Decrease (0.95%)	Current Single Discount Rate (1.95%)	1% Increase (2.95%)
District's proportionate share of the net OPEB liability	\$ 116,095,786	\$ 96,246,773	\$ 80,624,954

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	\$ 77,956,697	\$ 96,246,773	\$ 120,787,512

Keller Independent School District

Notes to Financial Statements

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

At June 30, 2022, the District reported a liability of \$96,246,773 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	\$ 96,246,773
State's proportionate share that is associated with District	<u>128,949,226</u>
Total	<u>\$ 225,195,999</u>

The net OPEB liability was measured as of August 31, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of August 31, 2020 rolled forward to August 31, 2021. 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, 2020 through August 31, 2021.

At August 31, 2021 the employer's proportion of the collective net OPEB liability was 0.0024951%, an increase of 0.0000416% from its proportionate share of 0.0024534% measured as of August 31, 2020.

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 single discount rate changed from 2.33% as of August 31, 2020 to 1.95%, as of August 31, 2021. This change increased 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, 2022, the District recognized OPEB expense of \$3,120,905 and revenue of \$870,246 for support provided by the State.

At June 30, 2022, 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	\$ 4,143,879	\$ 46,590,171
Changes in actuarial assumptions	10,660,460	20,354,411
Differences between projected and actual investment earnings	104,493	-
Changes in proportion and difference between the employer's contributions and the proportionate share of the contributions	7,961,009	301,881
Contributions paid subsequent to the measurement dates	<u>1,646,343</u>	<u>-</u>
	<u>\$ 24,516,184</u>	<u>\$ 67,246,463</u>

Keller Independent School District

Notes to Financial Statements

The deferred outflow of resources relating to District contributions subsequent to the measurement date of \$1,646,343 will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. 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
2023	\$ (8,886,253)
2024	(8,888,610)
2025	(8,887,965)
2026	(6,354,486)
2027	(2,924,612)
Thereafter	(8,434,696)
Total	\$ (44,376,622)

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, 2020, June 30, 2021 and June 30, 2022, the subsidy payments received by the TRS-Care on behalf of the District were \$1,001,574, \$1,105,353 and \$773,654 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 \$3,455,038 as of June 30, 2022, 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.

Keller Independent School District

Notes to Financial Statements

Changes in the fund's claims liability amount for the periods ended June 30, 2022 and June 30, 2021 are as follows:

	2022	2021
Liability, beginning of year	\$ 3,507,459	\$ 3,433,007
Current year claims and changes in estimates	18,822,418	18,290,639
Claim payments	(18,874,839)	(18,216,187)
Liability, end of year	\$ 3,455,038	\$ 3,507,459

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, 2022 nor future costs that will have a material effect on the financial statements of the District.

Note 11. Commitments

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

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

As of June 30, 2022, the District has entered into long-term construction projects with an aggregate unexpended balance of \$72,668,204.

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, 2022, 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	\$ 17,524,826	\$ -	\$ 17,524,826
Debt Service	69,155		69,155
State funded grants	95,999	-	95,999
Federally funded grants	-	12,555,399	12,555,399
Total	\$ 17,689,980	\$ 12,555,399	\$ 30,245,379

Keller Independent School District

Notes to Financial Statements

Note 13. Interfund Balances and Activities

Interfund balances at June 30, 2022 consisted of the following individual fund balances:

Due to Fund	Due from Fund	Amount
Debt Service Fund	General Fund	\$ 1,036,813
General Fund	Federally Funded Grant Fund	11,595,704
General Fund	State Funded Grant Funds	95,999
General Fund	Internal Service Fund	13,898,231
		<u>\$ 26,626,747</u>

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

During year ended June 30, 2022, \$5,000,000 was transferred from the internal service fund to the general fund for the purpose of offsetting the reduction in state program revenue.

Note 14. Other Receivables

Other receivables recorded in the fund level financial statements consisted of the following at June 30, 2022:

	General Fund	Federally Funded Grants	Capital Projects Fund	State Funded Grants	Local Funds	Total
Services rendered	\$ 65,905	\$ 2,613	\$ 158,299	\$ 1,425	\$ 13,811	\$ 242,053
Total	<u>\$ 65,905</u>	<u>\$ 2,613</u>	<u>\$ 158,299</u>	<u>\$ 1,425</u>	<u>\$ 13,811</u>	<u>\$ 242,053</u>

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.

Keller Independent School District

Notes to Financial Statements

Spendable Fund Balance

Restricted Fund Balance

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

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

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.

Assigned Fund Balance

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

Unassigned Fund Balance

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

- The District's Board of Trustees voted to have unassigned fund balance equal to 17% of the 2023 general fund expenditure budget for budgetary contingencies.

Keller Independent School District

Notes to Financial Statements

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 \$1,786,637 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, 2022, 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. 91: *Conduit Debt Obligations* was issued in May 2019. This Statement established 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 2023. 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. 100, *Accounting Changes and Error Corrections (GASB 100)*, enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement 1) defines accounting changes and corrections of errors; 2) prescribes the accounting and financial reporting for each type of accounting change and error corrections; and 3) clarifies required note disclosures. The requirements of this statement are effective for reporting periods beginning after June 15, 2023, with earlier application encouraged. GASB 100 will be implemented in the District's fiscal year 2024 financial statements and the impact has not yet been determined.

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

Required Supplementary Information

Keller Independent School District
 Budgetary Comparison Schedule – General Fund
 Year Ended June 30, 2022

Exhibit G-1

Data Control Codes		Budgeted Amounts		Actual Amounts	Variance With
		Original	Final	(GAAP Basis)	Final Budget Positive or (Negative)
REVENUES					
5700	Local and intermediate sources	\$ 216,479,427	\$ 216,479,427	\$ 217,905,428	\$ 1,426,001
5800	State program revenues	112,951,941	113,227,577	94,074,119	(19,153,458)
5900	Federal program revenues	3,996,684	3,996,684	5,469,218	1,472,534
5020	Total revenues	333,428,052	333,703,688	317,448,765	(16,254,923)
EXPENDITURES					
Current:					
0011	Instruction	218,193,472	220,056,371	208,022,564	12,033,807
0012	Instructional resources and media services	4,354,640	4,471,358	4,138,668	332,690
0013	Curriculum and instructional staff development	6,755,170	6,559,379	5,630,939	928,440
0021	Instructional leadership	4,982,669	5,163,185	4,870,244	292,941
0023	School leadership	21,874,111	22,025,577	20,872,404	1,153,173
0031	Guidance counseling and evaluation services	16,239,325	16,115,876	14,803,807	1,312,069
0032	Social services	287,684	284,530	186,473	98,057
0033	Health services	4,178,379	1,601,155	503,018	1,098,137
0034	Student (pupil) transportation	11,666,927	15,425,867	14,122,795	1,303,072
0035	Food services	3,000	3,000	2,006	994
0036	Cocurricular/extracurricular activities	10,994,970	11,332,280	10,747,341	584,939
0041	General administration	8,692,032	9,256,022	9,029,762	226,260
0051	Plant maintenance and operations	30,955,763	32,401,195	30,872,070	1,529,125
0052	Security and monitoring services	3,747,957	4,004,942	3,216,232	788,710
0053	Data processing services	4,547,981	4,933,794	4,622,583	311,211
0061	Community services	2,243,459	2,205,107	1,749,054	456,053
Capital outlay:					
0081	Facilities acquisition and construction	124,000	146,144	118,420	27,724
Intergovernmental:					
0095	Juvenile Justice Alternative Education Programs	20,820	25,013	22,704	2,309
0099	Other intergovernmental charges	1,454,181	1,328,533	1,328,533	-
6030	Total expenditures	351,316,540	357,339,328	334,859,617	22,479,711
1100	Excess (deficiency) of revenues over (under) expenditures	(17,888,488)	(23,635,640)	(17,410,852)	6,224,788
OTHER FINANCING SOURCES (USES)					
7915	Transfers in	-	-	5,000,000	5,000,000
7949	Other resources	3,000,000	-	-	-
7080	Total other financing sources	3,000,000	-	5,000,000	-
1200	Net change in fund balance	(14,888,488)	(23,635,640)	(12,410,852)	6,224,788
0100	Fund balances - beginning	82,031,737	82,031,737	82,031,737	-
3000	FUND BALANCES - ENDING	\$ 67,143,249	\$ 58,396,097	\$ 69,620,885	\$ 6,224,788

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

Keller Independent School District

Notes to the Required Supplementary Information Budgetary Data

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

The following procedures are followed in establishing the budgetary data:

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

Function	Increase
Instruction	\$ 1,862,899
Student (pupil) transportation	3,758,940
Plant maintenance and operations	1,445,432
Health services	(2,577,224)
Data processing services	385,813
Cocurricular/extracurricular activities	337,310
Guidance counseling and evaluation services	(123,449)
Security and monitoring services	256,985

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, 2022

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

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

Note 2: GASB 68, Paragraph 81.2.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, 2021 - the period from September 1, 2020 - August 31, 2021.

Exhibit G-2

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

Keller Independent School District
 Schedule of the District's Contributions
 Year Ended June 30, 2022

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

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

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

Exhibit G-3

2019	2018	2017	2016	2015
\$ 3,871,147 (3,871,147)	\$ 3,544,262 (3,544,262)	\$ 4,209,448 (4,209,448)	\$ 3,841,258 (3,841,258)	\$ 3,597,578 (3,597,578)
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 220,697,913 1.75%	\$ 184,484,467 1.92%	\$ 204,888,225 2.05%	\$ 194,375,460 1.98%	\$ 184,444,586 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, 2022

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

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

Note 2: The information on this schedule is for the period corresponding with the period covered as of the measurement date of August 31, 2021 - the period from September 1, 2020 - August 31, 2021.

Keller Independent School District
 Schedule of the District's Contributions
 Year Ended June 30, 2022

Exhibit G-5

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

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

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Required TEA Schedules and Other Supplementary Schedules

Keller Independent School District
 Schedule of Delinquent Taxes Receivable
 Year Ended June 30, 2022

Years Ended June 30,	1		2		3	10
	Tax Rates				Assessed or Appraised Valuation	Delinquent Balance by Year/Period July 1, 2021
	Maintenance		Debt Service			
2013 and prior	\$	Various	\$	Various	\$	1,072,222
2014		1.040		0.500	11,925,386,754	97,064
2015		1.040		0.500	12,950,447,900	74,030
2016		1.040		0.500	12,902,894,457	103,966
2017		1.040		0.480	14,963,935,148	133,256
2018		1.040		0.480	16,498,543,735	220,338
2019		1.170		0.340	18,404,740,923	349,108
2020		1.068		0.340	19,920,809,990	454,213
2021		1.055		0.340	19,503,345,318	2,513,538
2022 (current)		1.004		0.340	21,300,459,155	-
1000 TOTALS						<u>\$ 5,017,735</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, 2022
\$ -	\$ 259	\$ 325	\$ 584	\$ (85,930)	\$ 985,708
-	4,246	2,041	6,287	(390)	90,387
-	5,507	2,648	8,155	(2,183)	63,692
-	11,745	5,647	17,392	(3,058)	83,516
-	24,644	11,374	36,018	(1,156)	96,082
-	78,429	36,198	114,627	8,696	114,407
-	195,791	56,897	252,688	73,251	169,671
-	151,504	48,218	199,722	(13,672)	240,819
-	850,491	274,169	1,124,660	(1,112,151)	276,727
<u>276,670,952</u>	<u>212,072,306</u>	<u>71,817,312</u>	<u>283,889,618</u>	<u>9,910,168</u>	<u>2,691,502</u>
<u>\$ 276,670,952</u>	<u>\$ 213,394,922</u>	<u>\$ 72,254,829</u>	<u>\$ 285,649,751</u>	<u>\$ 8,773,575</u>	<u>\$ 4,812,511</u>

Keller Independent School District
 Budgetary Comparison Schedule –
 Child Nutrition Fund
 Year Ended June 30, 2022

Exhibit J-2

<u>Data Control Codes</u>		<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
		<u>Original</u>	<u>Final</u>	<u>(GAAP Basis)</u>	<u>(Negative)</u>
	REVENUES				
5700	Local and intermediate sources	\$ 3,123,615	\$ 3,123,615	\$ 1,350,848	\$ (1,772,767)
5800	State program revenues	352,010	352,010	270,072	(81,938)
5900	Federal program revenues	13,233,147	13,233,147	19,989,155	6,756,008
5020	Total revenues	16,708,772	16,708,772	21,610,075	4,901,303
	EXPENDITURES				
0035	Food service	14,768,195	15,761,195	16,031,586	(270,391)
6030	Total expenditures	14,768,195	15,761,195	16,031,586	(270,391)
1200	Net changes in fund balances	1,940,577	947,577	5,578,489	4,630,912
0100	Fund balance - July 1 (beginning)	2,007,193	2,007,193	2,007,193	-
3000	FUND BALANCE - JUNE 30 (ENDING)	\$ 3,947,770	\$ 2,954,770	\$ 7,585,682	\$ 4,630,912

Keller Independent School District
 Budgetary Comparison Schedule –
 Debt Service Fund
 Year Ended June 30, 2022

Exhibit J-3

<u>Data Control Codes</u>		<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With</u>
		<u>Original</u>	<u>Final</u>	<u>(GAAP Basis)</u>	<u>Final Budget (Negative)</u>
	REVENUES				
5700	Local and intermediate sources	\$ 74,685,536	\$ 74,685,536	\$ 72,609,814	\$ (2,075,722)
5800	State program revenues	1,203,586	1,203,586	1,456,732	253,146
5020	Total revenues	75,889,122	75,889,122	74,066,546	(1,822,576)
	EXPENDITURES				
0071	Debt service	72,614,540	74,873,580	74,869,613	3,967
6030	Total expenditures	72,614,540	74,873,580	74,869,613	3,967
	Excess (deficiency) of revenues over (under) expenditures	3,274,582	1,015,542	(803,067)	(1,818,609)
	OTHER FINANCING SOURCES (USES)				
7911	Issuance of bonds	-	-	168,319,991	168,319,991
7916	Premium or discount on issuance of bonds	-	-	24,612,109	24,612,109
8949	Payment to refunded bond escrow agent	-	-	(191,383,719)	(191,383,719)
7080	Total other financing sources (uses)	-	-	1,548,381	1,548,381
1200	Net change in fund balance	3,274,582	1,015,542	745,314	(270,228)
0100	Fund balance - beginning	75,487,703	75,487,703	75,487,703	-
3000	FUND BALANCE - ENDING	\$ 78,762,285	\$ 76,503,245	\$ 76,233,017	\$ (270,228)

<u>Data Codes</u>		<u>Responses</u>
<u>Section A: Compensatory Education Programs</u>		
AP1	Did your LEA expend any state compensatory education program state allotment funds during the District's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the District's fiscal year.	\$ 12,853,796
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30, 34)	\$ 7,930,533
<u>Section B: Bilingual Education Programs</u>		
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$ 2,068,655
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	\$ 945,728

Statistical Section

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Statistical Section (Unaudited)

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

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

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Keller Independent School District

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

Table I

	Fiscal Year				
	2013 as restated	2014	2015	2016 as restated	2017 as restated
GOVERNMENTAL ACTIVITIES					
Net investment in capital assets	\$ (31,475,706)	\$ (25,308,063)	\$ (22,871,720)	\$ (20,615,977)	\$ (14,625,003)
Restricted	7,588,984	6,759,290	3,889,959	10,109,546	21,433,525
Unrestricted	41,920,606	39,809,055	(10,832,736)	(19,715,591)	(28,946,706)
TOTAL PRIMARY GOVERNMENT NET POSITION	\$ 18,033,884	\$ 21,260,282	\$ (29,814,497)	\$ (30,222,022)	\$ (22,138,184)

	Fiscal Year				
	2018 ten month period	2019	2020	2021	2022
GOVERNMENTAL ACTIVITIES					
Net investment in capital assets	\$ (25,801,873)	\$ (10,215,349)	\$ (24,717,205)	\$ (29,813,017)	\$ (12,397,981)
Restricted	68,504,510	59,501,912	67,965,228	64,825,226	72,769,897
Unrestricted	(155,786,410)	(151,311,829)	(145,080,587)	(145,161,888)	(147,365,370)
TOTAL PRIMARY GOVERNMENT NET POSITION	\$ (113,083,773)	\$ (102,025,266)	\$ (101,832,564)	\$ (110,149,679)	\$ (86,993,454)

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

	Fiscal Period			
	2013	2014	2015	2016
EXPENSES				
Governmental activities				
Instruction	\$ 158,093,657	\$ 169,674,602	\$ 185,202,372	\$ 192,543,062
Instructional Resources and Media Services	3,669,131	3,976,459	4,064,395	4,101,419
Curriculum and Staff Development	2,899,611	4,289,446	4,928,683	5,011,692
Instructional Leadership	2,465,543	2,945,318	2,855,696	3,067,583
School Leadership	15,324,170	17,083,843	17,247,461	17,975,838
Guidance, Counseling and Evaluation Services	10,963,668	12,199,237	13,527,953	14,350,156
Social Work Services	204,112	149,486	186,794	186,441
Health Services	3,306,124	3,543,211	3,224,463	4,520,733
Student (Pupil) Transportation	5,687,815	6,807,163	6,686,403	7,680,726
Food Services	12,452,594	13,247,466	13,580,453	13,460,964
Cocurricular/Extracurricular Activities	8,838,689	10,013,525	10,579,801	10,986,247
General Administration	6,178,573	5,772,175	6,904,386	7,385,418
Plant Maintenance and Operations	20,029,457	21,774,504	23,417,979	25,475,399
Security and Monitoring Services	1,591,648	2,053,138	2,301,600	2,453,664
Data Processing Services	4,960,996	5,203,488	5,241,972	5,279,989
Community Services	1,023,234	1,012,650	964,285	1,008,673
Debt Service - Interest on Long Term Debt	38,588,692	29,753,356	40,665,465	33,855,378
Facilities Acquisition and Construction	-	226,588	-	-
Shared Services Agreement	3,059,151	3,425,122	2,887,489	261,892
Juvenile Justice Alternative Ed Program	-	-	9,804	-
Payments to Tax Increment Fund	1,973,187	2,055,966	2,294,948	2,679,362
	-	1,068,490	1,153,257	1,095,381
Total Primary Government Expenses	301,310,052	316,275,233	347,925,659	353,380,017
PROGRAM REVENUES				
Charges for services				
Instruction	5,153,446	6,214,788	5,399,497	5,754,413
Instructional Resources and Media Services	103,893	129,162	108,058	110,959
Curriculum and Staff Development	89,283	139,535	172,978	142,202
Instructional Leadership	75,705	100,677	89,771	93,248
School Leadership	469,161	599,345	496,425	537,111
Guidance, Counseling and Evaluation Services	410,717	525,376	463,205	386,825
Social Work Services	6,989	5,869	5,786	5,826
Health Services	91,614	107,422	92,965	100,410
Student (pupil) services	195,915	269,584	212,425	248,380
Food Services	7,442,377	7,276,413	7,283,932	7,693,450
Cocurricular/Extracurricular Activities	909,624	985,275	874,016	887,247
General Administration	183,971	199,923	197,638	214,944
Plant Maintenance and Operations	1,372,248	1,376,577	1,222,925	1,339,813
Security and Monitoring Services	54,277	74,694	61,028	70,149
Data Processing Services	150,317	182,898	157,278	163,674
Community Services	35,978	35,358	50,374	22,365
Facilities Acquisition and Construction	-	-	-	-
Shared services agreement	96,181	135,645	91,555	4,913
Payments to Juvenile Justice Alternative Ed	-	-	310	-
Payments to tax increment fund	-	-	72,619	86,658
Other governmental charges	-	81,422	-	-
Operating Grants and Contributions	20,475,623	22,155,964	23,619,227	24,146,792
Total Primary Government Program Revenues	37,317,319	40,595,927	40,672,012	42,009,379
NET (EXPENSE)/REVENUE				
Total Primary Government Net Expense	\$ (263,992,733)	\$ (275,679,306)	\$ (307,253,647)	\$ (311,370,638)

Table II

Fiscal Period						
2017	Ten Month Period 2018	2019	2020	2021	2022	
\$ 204,784,429	\$ 134,863,562	\$ 233,124,013	\$ 249,406,832	\$ 254,963,679	\$ 229,892,757	
4,295,319	3,352,924	4,734,290	4,630,922	4,607,174	4,637,280	
5,508,074	2,635,056	7,718,146	8,791,246	8,832,232	7,582,926	
3,697,518	1,902,578	4,359,489	5,469,940	5,196,458	5,012,252	
18,981,354	11,426,864	22,460,628	23,851,395	23,936,205	21,873,661	
15,278,414	6,810,827	18,435,694	20,864,446	21,291,170	19,284,107	
191,823	122,603	229,167	295,576	240,629	264,363	
4,927,856	3,479,593	5,483,065	5,719,147	5,617,329	3,912,772	
8,774,400	8,399,095	10,331,746	13,441,122	13,070,481	14,543,031	
14,626,820	9,443,516	14,953,331	15,005,680	12,656,406	15,515,970	
12,323,976	8,108,679	13,141,858	13,385,332	12,479,273	14,075,680	
7,668,059	4,890,980	8,763,316	9,022,735	8,979,535	9,070,431	
27,353,038	21,614,420	29,299,421	31,263,076	40,904,762	32,426,694	
2,792,900	2,321,617	3,354,580	6,916,708	5,506,226	4,869,479	
4,658,225	3,831,814	4,847,519	11,059,662	9,491,468	8,115,273	
1,118,744	900,050	1,938,405	2,274,587	2,265,649	2,115,726	
32,800,765	24,748,166	29,779,733	35,000,067	29,571,878	19,901,224	
-	-	-	-	-	-	
283,581	241,570	299,964	301,677	254,027	361,882	
11,352	12,513	10,062	-	-	22,704	
2,852,110	3,117,970	-	-	-	-	
1,205,128	1,089,363	1,381,484	1,380,611	1,283,519	1,328,533	
374,133,885	253,313,760	414,645,911	458,080,761	461,148,100	414,806,745	
5,934,808	5,802,481	7,293,084	8,209,201	8,684,299	8,703,747	
112,249	110,701	127,277	145,225	151,541	141,062	
148,717	133,560	186,182	240,318	203,339	228,064	
110,724	101,157	132,113	171,788	174,112	168,697	
545,697	514,068	645,250	760,219	785,939	707,532	
391,960	346,228	452,917	577,005	629,462	574,300	
5,799	5,062	6,662	7,861	6,128	7,877	
106,261	102,137	119,051	138,460	86,750	81,043	
275,808	270,696	348,373	479,965	486,671	485,335	
7,967,621	7,332,511	8,038,028	6,244,328	1,584,141	1,624,555	
961,000	840,896	938,176	933,261	845,065	978,169	
225,478	193,088	251,149	301,707	311,004	305,698	
1,400,085	1,243,459	1,576,384	1,526,953	1,363,132	1,560,620	
71,300	68,410	95,639	117,167	133,080	113,096	
137,390	131,032	154,803	191,827	180,679	174,888	
22,728	24,825	47,139	61,979	66,136	62,090	
-	-	-	-	-	-	
5,135	4,927	6,052	11,450	3,735	6,535	
358	405	342	-	-	768	
89,892	100,826	-	-	-	-	
-	35,227	46,961	52,402	48,130	44,942	
25,867,032	(23,701,503)	51,631,861	57,291,990	62,623,298	45,824,756	
44,380,042	(6,339,807)	72,097,443	77,463,106	78,366,641	61,793,774	
\$ (329,753,843)	\$ (259,653,567)	\$ (342,548,468)	\$ (380,617,655)	\$ (382,781,459)	\$ (353,012,971)	

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

	Fiscal Period			
	2013	2014	2015	2016
NET (EXPENSE)/REVENUE				
Total primary government net expense	\$ (263,992,733)	\$ (275,679,306)	\$ (307,253,647)	\$ (311,370,638)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities:				
Taxes				
Property Taxes, Levied for General Purposes	117,999,604	123,722,646	133,949,135	138,389,296
Property Taxes, Levied for Debt Service	56,616,666	59,396,906	64,344,372	66,455,898
State Aid - Formula Grants	83,578,692	94,396,991	98,759,927	104,034,451
Grants and Contributions not Restricted	-	-	-	-
Investment Earnings	503,704	205,056	425,718	1,335,280
Miscellaneous Local and Intermediate Revenue	16,555,404	1,184,105	1,236,846	1,831,069
Total Primary Government	<u>275,254,070</u>	<u>278,905,704</u>	<u>298,715,998</u>	<u>312,045,994</u>
CHANGES IN NET POSITION				
Total Primary Government	<u>\$ 11,261,337</u>	<u>\$ 3,226,398</u>	<u>\$ (8,537,649)</u>	<u>\$ 675,356</u>

Table III

Fiscal Period					
2017	Ten Month Period 2018	2019	2020	2021	2022
\$ (329,753,843)	\$ (259,653,567)	\$ (342,548,468)	\$ (380,617,655)	\$ (382,781,459)	\$ (353,012,971)
157,492,713	174,009,523	209,616,823	209,195,035	212,616,903	214,057,009
72,643,326	80,231,598	60,903,936	66,595,722	68,525,318	72,435,073
101,554,176	86,335,746	74,207,101	95,871,743	89,243,152	82,650,617
-	-	-	-	-	-
1,603,406	1,890,242	3,393,048	3,605,715	822,165	852,740
4,544,060	2,151,054	5,486,067	5,542,142	3,256,806	6,173,757
<u>337,837,681</u>	<u>344,618,163</u>	<u>353,606,975</u>	<u>380,810,357</u>	<u>374,464,344</u>	<u>376,169,196</u>
<u>\$ 8,083,838</u>	<u>\$ 84,964,596</u>	<u>\$ 11,058,507</u>	<u>\$ 192,702</u>	<u>\$ (8,317,115)</u>	<u>\$ 23,156,225</u>

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

	Fiscal Period			
	2013	2014	2015	2016, as restated
GENERAL FUND				
Nonspendable	\$ 1,220,509	\$ 2,035,489	\$ 1,351,973	\$ 1,373,721
Assigned	3,538,000	5,611,000	4,049,750	1,698,788
Committed	45,962,311	49,904,046	51,554,002	50,361,656
Unassigned	27,599,602	18,869,538	9,661,367	380,305
Total General Fund	78,320,422	76,420,073	66,617,092	53,814,470
ALL OTHER GOVERNMENTAL FUNDS				
Nonspendable	136,188	59,169	383,319	426,326
Restricted	8,229,583	7,798,705	178,432,758	74,088,698
Committed	47,569,680	33,405,954	3,760,919	3,975,069
Unassigned				
Total all other Governmental Funds	55,935,451	41,263,828	182,576,996	78,490,093
TOTAL GOVERNMENTAL FUNDS	\$ 134,255,873	\$ 117,683,901	\$ 249,194,088	\$ 132,304,563

Table IV

Fiscal Period					
2017	Ten Month Period 2018	2019	2020	2021	2022
\$ 1,450,479	\$ 1,325,161	\$ 1,185,337	\$ 1,738,392	\$ 1,925,770	\$ 1,457,089
-	-	54,163,590	56,667,670	9,842,659	8,774,374
45,174,517	49,682,857	-	-	-	-
1,265,837	10,929,581	17,004,876	25,068,355	70,263,308	59,389,422
47,890,833	61,937,599	72,353,803	83,474,417	82,031,737	69,620,885
177,007	1,229,377	659,291	3,876,156	5,284,622	4,983,670
35,584,663	94,768,957	84,416,115	388,292,494	298,751,137	201,854,596
3,976,935	4,294,174	4,726,580	4,968,069	5,186,541	6,300,047
39,738,605	100,292,508	89,801,986	397,136,719	(473,976)	-
39,738,605	100,292,508	89,801,986	397,136,719	308,748,324	213,138,313
\$ 87,629,438	\$ 162,230,107	\$ 162,155,789	\$ 480,611,136	\$ 390,780,061	282,759,198

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

	Fiscal Period			
	2013	2014	2015	2016
FEDERAL SOURCES				
Distributed by TEA	\$ 7,296,537	\$ 6,164,527	\$ 5,989,017	\$ 7,242,164
Distributed by other State of Texas Government Agencies	5,140,284	6,739,147	8,139,928	8,633,753
Distributed directly from the Federal Government	253,235	235,365	261,491	198,293
Total federal sources	12,690,056	13,139,039	14,390,436	16,074,210
STATE SOURCES				
Per capita and foundation school program act revenues	83,578,692	96,100,114	98,972,062	104,126,784
Program revenues distributed by TEA	9,791,808	14,011,593	12,759,172	11,713,165
Revenues from State of Texas Government Agencies	-	22,800	970	25,995
Total state sources	93,370,500	110,134,507	111,732,204	115,865,944
LOCAL AND MAINTENANCE SOURCES				
Real and personal property taxes	174,381,741	182,037,145	197,413,380	205,078,837
Tuition and fees	131,243	133,891	112,518	149,256
Other revenues	24,715,810	8,083,241	6,339,829	8,650,206
Cocurricular, enterprising services or activities	5,437,179	7,993,222	8,519,517	8,138,867
Intermediate sources	-	-	-	-
Total local and intermediate sources	204,665,973	198,247,499	212,385,244	222,017,166
TOTAL REVENUES	\$ 310,726,529	\$ 321,521,045	\$ 338,507,884	\$ 353,957,320

Table V

Fiscal Period					
2017	Ten Month Period 2018	2019	2020	2021	2022
\$ 7,161,700	\$ 6,553,911	\$ 8,516,279	\$ 10,129,161	\$ 20,894,910	\$ 19,722,183
9,730,182	6,296,438	14,533,462	11,722,884	16,294,647	25,097,346
211,422	132,306	108,530	61,789	282,917	385,523
17,103,304	12,982,655	23,158,271	21,913,834	37,472,474	45,205,052
101,649,010	88,067,530	74,302,830	95,438,257	89,243,152	82,374,981
12,606,639	13,447,284	14,521,500	17,811,100	18,299,906	13,891,462
43,252	64,356	33,758	23,200	25,738	1,952,988
114,298,901	101,579,170	88,858,088	113,272,557	107,568,796	98,219,431
229,551,099	253,912,389	270,940,822	274,983,528	281,715,874	286,387,584
175,164	246,952	752,011	582,216	876,736	1,116,982
10,102,598	8,604,489	10,321,714	10,969,523	5,128,172	9,139,248
8,553,507	8,675,593	9,210,342	6,583,545	1,901,929	2,124,879
-	-	-	-	-	-
248,382,368	271,439,423	291,224,889	293,118,812	289,622,711	298,768,693
<u>\$ 379,784,573</u>	<u>\$ 386,001,248</u>	<u>\$ 403,241,248</u>	<u>\$ 428,305,203</u>	<u>\$ 434,663,981</u>	<u>\$ 442,193,176</u>

Keller Independent School District

Governmental Funds Expenditures and Debt Service Ratio

Last Ten Fiscal Periods

(modified accrual basis of accounting)

	Fiscal Period			
	2013	2014	2015	2016
Instruction	\$ 144,563,470	\$ 156,612,149	\$ 176,132,985	\$ 173,991,768
Instructional Resources and Media Services	3,345,419	3,619,137	3,810,470	3,803,914
Curriculum and Instructional Staff Development	2,465,712	3,654,330	4,837,526	4,860,782
Instructional Leadership	2,112,412	2,446,534	2,774,756	2,938,823
School Leadership	13,671,533	15,186,047	15,768,172	16,711,207
Guidance, Counseling and Evaluation Services	10,224,865	11,431,030	12,625,002	13,631,399
Social Work Services	202,973	148,189	182,939	180,126
Health Services	2,683,242	2,743,828	2,964,515	3,117,838
Student (Pupil) Transportation	5,687,815	6,807,163	6,686,403	7,706,062
Food Services	12,180,602	12,899,687	13,749,031	13,696,544
Cocurricular/Extracurricular Activities	8,158,341	9,827,485	10,210,050	10,476,096
General Administration	5,583,815	5,113,321	6,406,375	6,834,724
Facilities Maintenance and Operations	19,531,372	21,029,781	23,500,150	24,775,021
Security and Monitoring Services	1,694,051	2,709,758	3,759,373	3,331,315
Data Processing Services	4,390,347	4,891,652	5,540,617	5,064,464
Community Services	828,185	767,228	1,503,077	712,357
Debt Service				
Principal	14,508,842	23,934,768	23,278,028	20,642,572
Interest	42,948,531	35,136,159	41,058,833	43,595,799
Bond Issuance Cost and Fees	950,783	226,588	6,744,314	1,224,732
Facilities Acquisition and Construction	11,851,971	12,582,876	13,343,717	105,979,279
Shared services arrangements	3,059,151	3,425,122	2,887,489	261,892
Juvenile Justice Alternative Education Program	-	-	9,804	-
Payments to Tax Increment Fund	1,973,187	2,055,966	2,294,948	2,679,362
Other governmental charges	-	1,068,490	1,153,257	1,095,381
TOTAL EXPENDITURES	\$ 312,616,619	\$ 338,317,288	\$ 381,221,831	\$ 467,311,457
Debt Service as a Percentage of Noncapital Expenditures	19.81%	19.08%	18.20%	14.53%

Table VI

Fiscal Period						
2017	2018	2019	2020	2021	2022	
\$ 181,295,806	\$ 172,972,519	\$ 194,287,381	\$ 205,286,002	\$ 223,525,183	\$ 222,157,329	
3,962,790	3,850,094	4,147,576	4,093,063	4,296,882	4,485,198	
5,271,019	4,697,466	6,413,728	7,235,074	7,924,354	7,805,688	
3,540,550	3,153,336	3,925,161	4,572,740	4,709,794	5,127,547	
17,552,941	16,097,699	19,206,898	20,258,404	21,496,959	21,049,679	
14,314,729	12,272,128	15,310,390	17,182,610	19,247,600	19,330,748	
184,001	167,087	201,454	239,776	213,615	273,773	
3,383,307	3,161,040	3,505,429	3,677,684	3,798,160	4,051,712	
8,770,502	8,395,846	10,327,848	13,437,224	13,066,583	14,543,031	
14,221,227	11,765,349	13,809,761	13,721,981	11,597,601	16,033,592	
11,455,275	9,820,122	11,849,965	11,724,053	11,323,164	13,407,629	
7,333,075	6,174,313	7,956,268	8,133,640	8,406,344	9,212,838	
26,197,867	22,418,785	28,005,979	30,018,504	40,370,912	31,480,474	
2,457,156	2,187,128	2,981,881	7,072,423	8,186,686	5,043,704	
4,428,534	4,106,340	4,566,296	11,382,192	9,909,655	8,264,651	
789,662	796,482	1,488,385	1,745,709	1,880,949	1,974,598	
21,744,471	3,297,392	29,285,675	16,916,122	32,792,656	29,993,867	
42,011,645	16,529,435	36,999,678	44,789,425	45,870,698	43,319,711	
10,261	8,330	239,293	146,351	815,856	1,556,035	
53,030,920	5,068,272	2,343,748	3,979,633	54,336,526	96,055,350	
283,581	241,570	299,964	301,677	254,027	361,882	
11,352	12,513	10,062	-	-	22,704	
2,852,110	3,117,970	-	-	-	-	
1,205,128	1,089,363	1,381,484	1,380,611	1,283,519	1,328,533	
<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>	<u>\$ 556,880,273</u>	
17.00%	6.48%	16.74%	14.67%	17.05%	16.23%	

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			
	2013	2014	2015	2016
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	\$ (1,890,090)	\$ (16,796,243)	\$ (42,713,947)	\$ (113,354,137)
OTHER FINANCING SOURCES (USES)				
General Long-term Debt Issued	85,419,998	45,650,000	425,692,588	126,935,000
Transfers In	-	-	3,285,775	-
Premium or Discount on Issuance of Bonds	15,269,804	3,645,068	66,744,576	25,527,395
Transfers Out	-	-	(3,285,775)	-
Payment to Bond Refunding Escrow Agent	(99,734,652)	(49,070,797)	(318,213,030)	(152,246,597)
Other Sources (Uses)	-	-	-	331,695
Total Other Financing Sources (Uses)	955,150	224,271	174,224,134	547,493
NET CHANGE IN FUND BALANCES	\$ (934,940)	\$ (16,571,972)	\$ 131,510,187	\$ (112,806,644)

Table VII

Fiscal Period					
2017	Ten Month Period 2018	2019	2020	2021	2022
\$ (46,523,336)	\$ 74,600,669	\$ 4,696,944	\$ 1,010,305	\$ (90,643,742)	\$ (114,687,097)
-	-	14,280,000	288,110,000	85,759,989	168,319,991
-	-	-	-	205,550	5,000,000
-	-	3,512,595	39,836,850	12,537,311	24,612,109
-	-	-	-	(205,550)	-
-	-	(22,563,857)	(10,501,808)	(97,484,633)	(191,383,719)
1,848,211	-	-	-	-	117,853
1,848,211	-	(4,771,262)	317,445,042	812,667	6,666,234
<u>\$ (44,675,125)</u>	<u>\$ 74,600,669</u>	<u>\$ (74,318)</u>	<u>\$ 318,455,347</u>	<u>\$ (89,831,075)</u>	<u>\$ (108,020,863)</u>

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 ^a Value	Total Direct Tax Rate ^b	Estimated Actual Taxable ^c Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
	Real Property	Personal Property					
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%
2022	22,896,401,734	1,176,980,666	2,772,923,245	21,300,459,155	1.3440	24,073,382,400	88.48%

Source: Tarrant County Tax Appraisal District

Notes:

^aMarket value less exemptions

^bPer \$100 of assessed valuation

^cMarket value

Keller Independent School District

Table IX

Property Tax Rates for Direct and Overlapping Governments

Last Ten Fiscal Periods

(rate per \$100 of assessed value)

Fiscal Year	District Direct Rates			Overlapping Government Rates ^a				
	Operating	Debt Service	Total	Tarrant County	Tarrant Co. Hospital District	Tarrant County College District	City of Colleyville	City of Fort Worth
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
2022	1.0040	0.3400	1.3440	0.22900	0.22443	0.13017	0.29178	0.73250

Fiscal Year	Overlapping Government Rates ^a				
	City of Haltom City	City of Keller	City of North Richland Hills	City of Southlake	City of Watauga
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
2022	0.64565	0.39500	0.52184	0.39000	0.58040

Note:

^aIncludes levies for operating and debt service costs

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

Table X

Taxpayer	2022			2013		
	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	\$ 210,400,030	1	0.99%			
WW 1300 Keller Parkway LLC WW 4	126,700,000	2	0.59%			
FMR Texas Lp	116,064,183	3	0.54%	\$ 129,645,077	1	1.15%
Kroger Co	115,939,091	4	0.54%	109,359,229	2	0.97%
Hillwood Monterra LP	93,700,000	5	0.44%	30,556,922	9	0.27%
VR Republic LP/VR Beltterra Holdings	93,000,000	6	0.44%			
ATC Investors LP	92,250,000	7	0.43%			
Wal-Mart.com USA LLC	90,411,347	8	0.42%	64,066,207	4	0.57%
HCA Health Services of TX	87,194,339	9	0.41%			
WOP Westhouse Flats LLC	72,700,000	10	0.34%			
Alliance Town Center LP			-	65,002,200	3	0.58%
Oncor Electric Delivery Co LLC			-	40,613,188	6	0.36%
Fidelity Investments Inc			-	41,552,790	5	0.37%
North Beach TX Partners LLC			-	37,900,000	7	0.34%
SC Dominion SPE LLC			-	32,680,000	8	0.29%
SW Fossil Creek Apt LP			-	29,000,000	10	0.26%
			-			
Subtotal	1,098,358,990		5.16%	580,375,613		5.13%
All other taxpayers	20,202,100,165		94.84%	10,723,479,147		94.87%
	<u>\$ 21,300,459,155</u>		<u>100.00%</u>	<u>\$ 11,303,854,760</u>		<u>100.00%</u>

Source: Tarrant Appraisal District

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

Table XI

Fiscal Year	Tax Year	Original Levy	Adjustments	Adjusted Levy	Collected in First Period		Collected in Subsequent Period	Total Collections	
					Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
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%
2022	2021	276,670,952	9,666,267	286,337,219	283,889,618	102.61%	1,418,111	285,307,729	99.64%

Source: Tarrant County Tax Office

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

Keller Independent School District

Table XII

Outstanding Debt by Type
Last Ten Fiscal Periods

Governmental Activities

Fiscal Year	Bonded Debt	Total Primary Government	Percentage of Personal Income^a	Estimated Population	Per Capita^a	Ratio of Net Bonded Debt to Estimated Actual Property Value^b
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
2022	972,248,911	972,248,911	31.25%	46,028	21,123	24.76

Notes:

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

^bSee Schedule VIII for estimated actual property value.

2018 was a ten month period

Keller Independent School District

Direct and Overlapping Governmental Activities Debt

As of June 30, 2022

Table XIII

Governmental Unit	Total Tax Supported Debt as of 06/30/22	Estimated Percentage Applicable ^b	Estimated Share of Direct and Overlapping Debt
City of Colleyville	\$ 2,275,000	13.34%	\$ 303,485
City of Fort Worth	908,665,000	9.77%	88,776,571
City of Haltom City	64,185,000	3.84%	2,464,704
City of Hurst	59,690,000	1.23%	734,187
City of Keller	45,665,000	98.06%	44,779,099
City of North Richland Hills	109,190,000	10.82%	11,814,358
City of Southlake	62,312,000	4.97%	3,096,906
City of Watauga	38,825,000	37.30%	14,481,725
Town of Westlake	47,649,000	43.99%	20,960,795
Tarrant County	433,175,000	8.93%	38,682,528
Tarrant Co. College District	255,995,000	8.93%	22,860,354
Tarrant Co. Hospital District	12,825,000	8.93%	1,145,273
Subtotal, Overlapping Debt			250,099,984
District Direct Debt			972,248,911
TOTAL DIRECT AND OVERLAPPING DEBT			\$ 1,222,348,895
RATIO OF TOTAL DIRECT AND OVERLAPPING DEBT TO ASSESSED VALUATION			5.23%
PE CAPITA OVERLAPPING DEBT			\$ 5,434

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

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

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

Table XIV

<u>Calendar Year</u>	<u>Population^a</u>	<u>Personal Income^b</u>	<u>Personal</u>	<u>Rate^c</u>
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%
2022	46,028	3,111,308,688	67,593	2.90%

Sources:

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

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

^cTexas Workforce Commission

Notes:

All information above is for the Keller municipal area.

2018 was a ten month period.

Keller Independent School District

Principal Employers
Last Ten Fiscal Periods

Table XV

Employer	2022			2013		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Charles Schwab	6,000	1	13.78%			
Fidelity Investments	5,900	2	13.55%	3,700	5	5.05%
BNSF Railway	4,900	3	11.25%	3,250	7	4.43%
Keller ISD	4,692	4	10.78%	3,794	4	5.18%
Bell Helicopter	4,600	5	10.57%	3,825	3	5.22%
Amazon Fulfillment	4,000	6	9.19%	-		
AMR Corporation	4,000	7	9.19%	24,890	2	33.95%
Sabre Holdings	3,545	8	8.14%	25,832	1	35.24%
Genco Distribution	3,000	9	6.89%			
TD Ameritrade	2,900	10	6.66%			0.00%
ATC Logistics				3,315	6	4.52%
DFW Administration				1,600	8	2.18%
Healthmarkets				1,600	9	2.18%
Gaylord Texan Resort				1,500	10	2.05%
	<u>43,537</u>		<u>100%</u>	<u>73,306</u>		<u>100%</u>

Source: North Central Council of Governments

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

Table XVI

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Change 2013-2022
SUPERVISORY											
Instructional administrators	12.5	13.5	17	18	21	21	20	26	27	26.5	112.0%
Noninstructional administrators	43.5	49.5	57.8	60.25	66.25	71.25	74	76	83	94	116.1%
Consultants/supervisors of instruction	8.5	12	24	25	41	49	56.5	64.5	66.5	73.5	764.7%
Principals	39	39	39	40	42	42	42	41	41	42	7.7%
Assistant Principals	66	66	67	69	70	78	80	82	82	81	22.7%
Total supervisory	169.5	180.0	204.8	212.3	240.3	261.3	272.5	289.5	299.5	317.0	87.0%
INSTRUCTION											
Elementary classroom teachers	1117.33	1134.25	1200.5	1228.5	1260	1254	1254.25	1281	1331	1324	18.5%
Secondary classroom teachers	787.44	901.75	961.5	979.67	1060.81	1086.86	1120.22	1144.87	1161.87	1198.2	52.2%
Other teachers (adult)	-	-	-	-	-	-	-	-	-	-	0.0%
Other professionals (instructional)	79	81	85.5	89	80.4	80.4	84.1	86.1	91.1	84.1	6.5%
Aides	283	302	333	342	367.5	381.5	413.5	471.5	515.5	493.5	74.4%
Total Instruction	2,266.77	2,419.00	2,580.50	2,639.17	2,768.71	2,802.76	2,872.07	2,983.47	3,099.47	3,099.80	36.7%
STUDENT SERVICES											
Guidance counselors	82	98	100	108	111	105	109	112	132	134	63.4%
Visiting teacher/social workers	2	2	3	3	3	3	3	3	2.5	2.5	25.0%
Librarians	8	8	8	8	8	9	10	12	12	12	50.0%
Other professionals (noninstructional)	38	38	38	38	39	40	40	40	40	40	5.3%
Technicians	83.5	83.5	92.5	97	98	100	99	99	102	114	36.5%
Total student services	213.5	229.5	241.5	254.0	263.0	267.0	271.0	277.0	302.0	316.0	48.0%
SUPPORT AND ADMINISTRATION											
Clerical/secretarial	205.5	235	246	252.25	261.75	265.75	279.25	285.5	289.5	289.25	40.8%
Service workers	271	270	272	268	274	277	282	280	284	290	7.0%
Skilled crafts	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Unskilled Laborers	318	323	333	334	346	353	362	367	370.5	379.5	19.3%
Total support and administration	794.5	828.0	851.0	854.3	881.8	895.8	923.3	932.5	944.0	958.8	20.7%
TOTAL	3,444.3	3,656.5	3,877.8	3,959.7	4,153.7	4,226.8	4,338.8	4,482.5	4,645.0	4,691.6	36.2%

Source: Keller Independent School District records.

Note: 2018 was a ten month period

Keller Independent School District

Operating Statistics
All Funds
Last Ten Fiscal Periods

Table XVII

<u>Fiscal Year</u>	<u>Peak Enrollment</u>	<u>Operating Expenditures</u>	<u>Cost per Pupil</u>	<u>Teaching Staff</u>	<u>Pupil-Teacher Ratio</u>	<u>Percentage of Students Receiving Fee or Reduced-Price Meals</u>
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%
2022	34,813	377,064,934	10,831	2,606	13.4	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 2022, all students received free meals due to the COVID-19 pandemic.

Keller Independent School District

Building Information Last Ten Fiscal Periods

	School Year			
	2013	2014	2015	2016
SCHOOLS				
ELEMENTARY				
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	13,033	13,019	12,713	12,915
INTERMEDIATE/MIDDLE				
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	10,595	10,518	10,366	10,426
HIGH				
Buildings	5	5	5	5
Square feet	1,578,974	1,613,974	1,613,974	1,613,974
Capacity	10,000	10,000	10,000	10,000
Enrollment	9,795	10,226	10,540	10,839
ADMINISTRATIVE				
Buildings	3	3	3	3
Square feet	119,566	119,566	119,566	139,299
ATHLETICS				
Football/soccer/play fields	45	45	45	45
Stadiums	13	13	13	13
Indoor Practice Facilities	-	-	-	-
Running tracks	10	10	10	10
Baseball/softball	14	14	14	14
Natatorium	1	1	1	1

Table XVIII

School Year					
2017	2018	2019	2020	2021	2022
25	25	25	25	25	25
1,933,237	1,933,237	1,933,237	1,933,237	1,990,855	2,022,490
17,170	17,170	17,170	17,170	17,302	17,424
13,064	13,103	13,103	13,103	12,766	13,433
11	11	11	11	10	10
1,756,873	1,756,873	1,756,873	1,756,873	1,621,873	1,675,625
11,910	11,910	11,910	11,910	10,960	10,960
10,533	10,679	10,679	10,679	10,009	10,005
6	6	6	6	7	7
1,946,615	1,946,615	1,946,615	1,946,615	2,081,615	2,177,603
12,300	12,300	12,300	12,300	13,250	13,826
11,063	11,155	11,155	11,155	11,544	11,303
3	3	3	3	3	3
138,983	138,983	138,983	138,983	138,983	138,983
45	47	47	47	47	47
13	11	11	11	11	11
-	-	-	-	-	4
10	10	10	10	10	10
14	14	14	14	14	14
1	1	1	1	1	1

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Federal Awards Section

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, 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, 2022, 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 28, 2022.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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.

Report on Compliance and Other Matters

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

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

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 28, 2022



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Keller Independent School District's (the District's) compliance with the types of compliance requirements 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, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

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

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Auditor's Responsibility for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

Board of Trustees
Keller Independent School District

Our consideration of internal control over compliance was for the limited purpose described in the 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 28, 2022

Keller Independent School District
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2022

Exhibit K-1

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed Through State Department of Education:			
ESSA Title I, Part A Improving Basic Programs	84.010A	22610101220907	\$ 1,038,414
ESSA Title I, Part C-Migrant	84.011A	21615001220907	1,095
IDEA-B Formula ⁽¹⁾	84.027A	22600012209076600	5,258,907
IDEA-B Preschool Grant ⁽¹⁾	84.173A	226610012209076610	38,874
High Cost Fund ⁽¹⁾	84.027A	66002106	318,586
IDEA-B Formula ARP ⁽¹⁾	84.027X	225350012209075350	212,813
IDEA-B Preschool ARP ⁽¹⁾	84.173X	225360012209075360	17,551
Total Special Education Cluster			5,846,731
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	20521001220907	61,393
Total 84.425D			61,393
COVID-19 - American Rescue Plan - ESSER	84.425U	21528001220907	11,445,793
Total 84.425U			11,445,793
Educator Assessments	84.367A	69452171	781
Instructional Continuity	84.377A	17610740220907	2,593
Carl D. Perkins Basic Formula Grant	84.048A	22420006220907	238,748
ESSA Title II, Part A Teacher/Principal Training/Recruiting	84.367A	22694501220907	602,189
ESSA Title III, Part A English Language Acquisition	84.365A	22671001220907	338,864
ESSA Title III, Part A English Language Acquisition Summer LEP	84.369A	69552002	11,797
ESSA Title IV, Part A, Subpart 1	84.424A	22680101220907	133,619
Texas Education for Homeless Children and Youth	84.196A	21460057110046	166
Total U.S. Department of Education			19,722,183
U.S. Department of Treasury			
Passed through Federal Communications Commission:			
Emergency Connectivity Program	32.009	140932	1,119,000
Total U.S. Department of Treasury			1,119,000

Keller Independent School District
 Schedule of Expenditures of Federal Awards - Continued
 Year Ended June 30, 2022

Exhibit K-1

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Direct Funding			
Supply Chain Assistance Grant	10.555	6TX300400	696,230
Passed through State Department of Agriculture:			
COVID-19 - National School Breakfast Program ⁽²⁾	10.553	71402001	979,799
COVID-19 - National School Lunch Program ⁽²⁾	10.555	71302001	4,297,419
COVID-19 - National School Lunch Program - Non-cash Assistance ⁽²⁾	10.555	71302001	1,052,839
COVID-19 - Seamless Summer Option Breakfast Program ⁽²⁾	10.555	71402001	2,470,979
COVID-19 - Seamless Summer Option Lunch Program ⁽²⁾	10.555	71302001	10,491,889
			19,989,155
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 40,830,338
School Health and Related Services ⁽³⁾			3,995,185
School and Libraries Program ⁽³⁾			379,530
TOTAL FEDERAL REVENUES, RECONCILED TO EXHIBIT C-3			\$ 45,205,053

(1) Reported as Special Education Cluster, as required by Compliance Supplement August 2022

(2) Reported as Child Nutrition Cluster, as required by Compliance Supplement August 2022

(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, 2022, 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, 2022, the District received and disbursed food commodities totaling \$1,052,839.

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, 2022

Section I – Summary of Auditors’ Results

Financial Statements

An unmodified opinion was issued on the financial statements.

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

An unmodified opinion was issued on compliance for major programs.

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

Identification of major programs:

- 84.425 – COVID-19 – Elementary and Secondary School Education Emergency Relief Fund
 - 84.425D – COVID-19 ESSER I
 - 84.425U – COVID-19 ESSER III - ARP
- 84.010 – ESSA Title I, Part A Improving Basic Programs
- 32.009 – Emergency Connectivity Fund Program

Dollar threshold used to distinguish between type A and type B programs? \$1,224,910

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, 2022

Section II – Financial Statement Findings

There were no matters reported

Section III – Federal Award Findings and Questioned Costs

There were no matters reported.

Section IV – Prior Year Findings and Questioned Costs

None