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PRESS RELEASE

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S&P Global reaffirms City of Kerrville credit rating at AA

Kerrville, Texas (Aug. 9, 2022) – S&P Global Ratings, an international leader in credit analysis, recently maintained the City of Kerrville's credit rating at AA. The rating reflects S&P's view of the city's:

- Very strong financial-management, with strong financial-management policies and practices under our Financial Management Assessment (FMA) methodology, and strong Institutional Framework score.
- Consistently growing local tax base with a high retiree population and improving income and property wealth.

The AA credit rating will apply to the city's upcoming sale of voter-approved general obligation bonds in the amount of \$45 million to fund a new Public Safety Facility. S&P delivered the following assessment of the city's financial position:



- “We expect Kerrville will likely manage its debt and maintain, what we consider, very strong finances during the two-year outlook, supported by financial policies and practices and a growing tax base.
- Officials also maintain a five-year financial forecast that reflects conservative assumptions with a goal of ensuring fiscal sustainability and maintaining desired reserves. A formal policy requires maintaining unassigned general fund balance at 15%-25% of expenditures to meet cash-flow requirements.

S&P also noted the city’s very strong management with strong financial-management policies and practices, stating:

- Kerrville uses multiple years of historical data in revenue and expenditure assumptions, coupled with forward- looking information regarding property and sales taxes.

Looking forward to Fiscal Year 2023, the city expects to see an increase in the overall budget with increasing personnel costs, particularly in public safety, increased funding to replace aging city assets, and other inflationary factors. S&P mentioned the city’s “stable finances with the maintenance of very strong reserves” and added:

- Kerrville has historically had, what we consider, very strong cash balances; we do not think cash will likely weaken during the next two years.

For more than 150 years, S&P Global has been gathering intelligence in every corner of the globe to deliver the credit ratings, assessments and analyses that governments, companies and individuals depend on all over the world. The company is listed on the New York Stock Exchange under the trade symbol SPGI.