

# CITY OF KERRVILLE, TEXAS

## BUDGET IN BRIEF

### FISCAL YEAR 2024

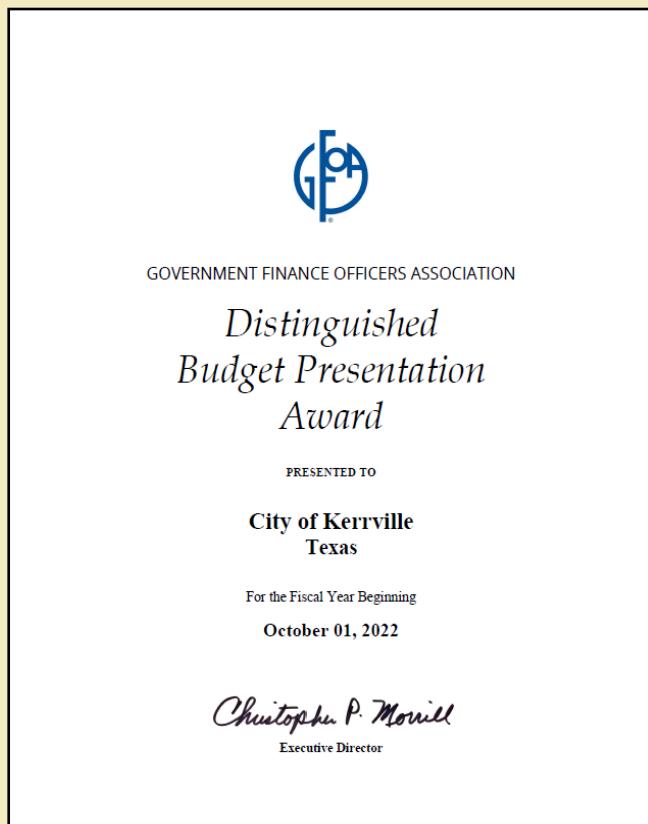


# LOOKING UP

# INTRODUCTION

The City of Kerrville's Finance Department is pleased to present the Fiscal Year 2024 (FY2024) Budget in Brief. The FY2024 budget begins on October 1, 2023 and ends on September 30, 2024. This document is intended to provide a high level overview of the City's FY2024 Budget, including projected revenues and expenditures for the entire City. This document will highlight funds that have significant budgetary impact. To view all City funds in detail, please visit <https://kerrvilletx.gov/313/Budget>.

The City has historically utilized a priority-based approach to budgeting. Given the unprecedented inflation that impacted FY2022 and the building of the FY2023 budget, City staff took a different approach when creating the budget for FY2024. The FY2024 operational budget used FY2023 as a baseline. Using trends and current data, staff increased the operational budget only in areas that continue to experience inflationary pressures. Personnel was impacted primarily due to an increase of 13.2% in health insurance, which is being experienced by employers nationwide. The budget also includes a 3% Cost-of-Living-Adjustment (COLA) for all employees, changes to the Public Safety Step Plans, as well as regular merit increases. The City continues to focus heavily on recruitment, training and retention efforts. Employee retention builds a quality, experienced workforce, which is key to providing high quality services to citizens. All operations of the City support the Kerrville 2050 Comprehensive Plan. The Key Priority Areas identified in The Kerrville 2050 Comprehensive Plan are: Economic Development, Housing, Community & Neighborhood Character/Placemaking, Mobility/Transportation, Water, Wastewater & Drainage, Public Facilities and Services, Parks, Open Space & The River Corridor, and Downtown Revitalization. Kerrville 2050 can be viewed in its entirety at: <https://www.Kerrvilletx.gov/1617/Kerrville-2050-Comprehensive-Plan>.



# BUDGET PROCESS

## 1. Council Priorities

Council identifies specific priorities, in alignment with Kerrville 2050, at the annual Council retreat



## 3. Departments submit budget requests

Departments submit their budget requests to support operational needs



## 5. Budget Committee Conducts a Budget Review



## 7. Proposed Budget and Tax Rate is Presented

A Proposed Budget and Tax Rate is presented to Council and the Public



## 9. Proposed Budget and Property Tax Rate are considered for adoption by City Council



## 2. Revenues are Identified

Finance estimates available resources (revenues)



## 4. Finance Preliminary Budget Review

Finance conducts preliminary budget review, coordinates with departments and makes budget recommendations to the Budget Committee



## 6. City Council Budget Workshops

City Council Budget Workshops are held to present preliminary information and provide opportunities for Council and citizen input and feedback



## 8. Council considers resolution to set public hearing for Proposed Tax Rate



# CITYWIDE FY2024 BUDGET HIGHLIGHTS & GOALS

- **Lowered property tax rate by 2.7%**
- **Heavy emphasis on the provision of public safety, specifically Police, Fire and EMS**
- **Continue to manage diverse Water/Wastewater system to ensure provision of affordable, high quality services with a focus on conservation**
- **Improve efforts relating to employee training, retention and engagement, including the continuation of the Employee Engagement Ambassador Program**
- **Increased asset replacement transfer to address aging assets**
- **Added new transfer to set aside funds to address aging infrastructure (facility maintenance/repair/replacement)**
- **Continue efforts to improve long-term asset replacement plan**
- **Complete third party Facility Condition Assessment to aid in development of long-term facility maintenance/replacement plan**
- **Upgrade Information Technology infrastructure**
- **Upgrade aging metering infrastructure**
- **Continue progress on Community Investment Plan (CIP projects) such as Public Safety Facility and Water/Wastewater Infrastructure**
- **Focus on ongoing streets maintenance and reconstruction efforts, including updating the Pavement Master Plan**
- **Implement funding mechanism for upgrades/improvements to quality of life facilities**
- **Continue efforts to address workforce housing needs**
- **Increase mechanisms for community engagement**
- **Downtown revitalization projects**
- **Prepare and plan for Solar Eclipse events to ensure citizen safety**
- **Grow community programs such as Household Hazardous Waste, Bulk Waste Pick Up and Neighborhood Enhancement events**
- **Increase community outreach by increasing accessibility of library services using mobile library van**
- **Support community organizations to ensure citizen access to specialized services**
- **Provide quality internal services to departments and staff**

# CITYWIDE REVENUE

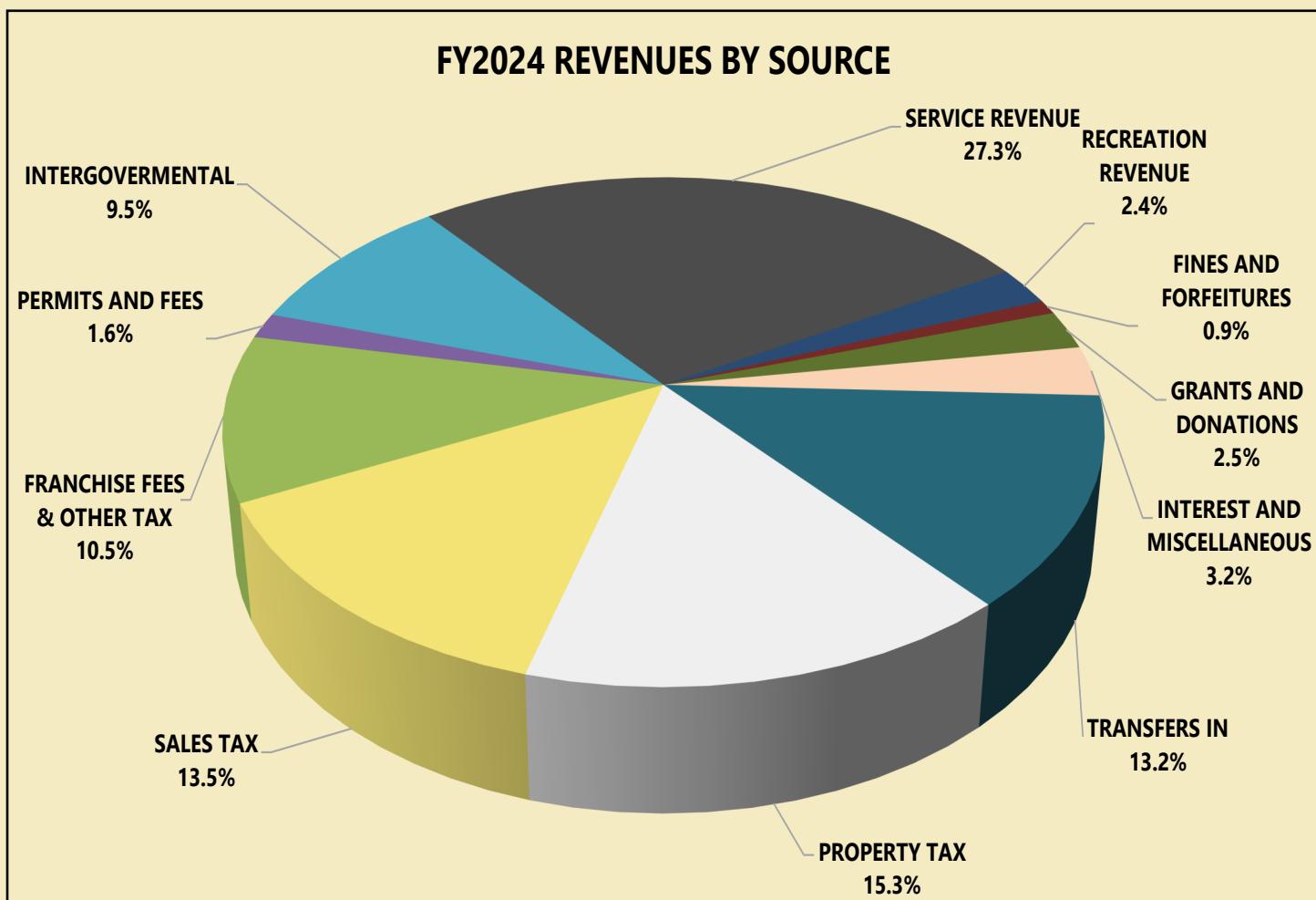
Major Citywide revenue sources:

**Services** include charges for water, sewer, EMS, solid waste, parks and recreation, library, and other miscellaneous services.

**Property Tax** was calculated using a rate for FY2024 of \$0.5595, to be levied on each \$100 of assessed property value. Property values are determined by the Kerr Central Appraisal District and provided to taxing entities in late July. More detailed information regarding Property Tax is included in upcoming pages.

**Sales Tax** is a 1% tax levied on eligible retail sales, rentals, leases and taxable services. Sales Tax is received monthly from the Texas Comptroller and has a two month lag time. For example, sales tax from purchases made by customers in October is received by the City in December.

**Intergovernmental Revenue** includes Kerrville ISD payments for the shared cost of School Resource Officers, payments from Kerr County for Fire and EMS services and other smaller revenues.



**Total Revenue \$78.0 Million**

\*This graph does not include the FY2024 Budget for the Economic Improvement Corporation (EIC)

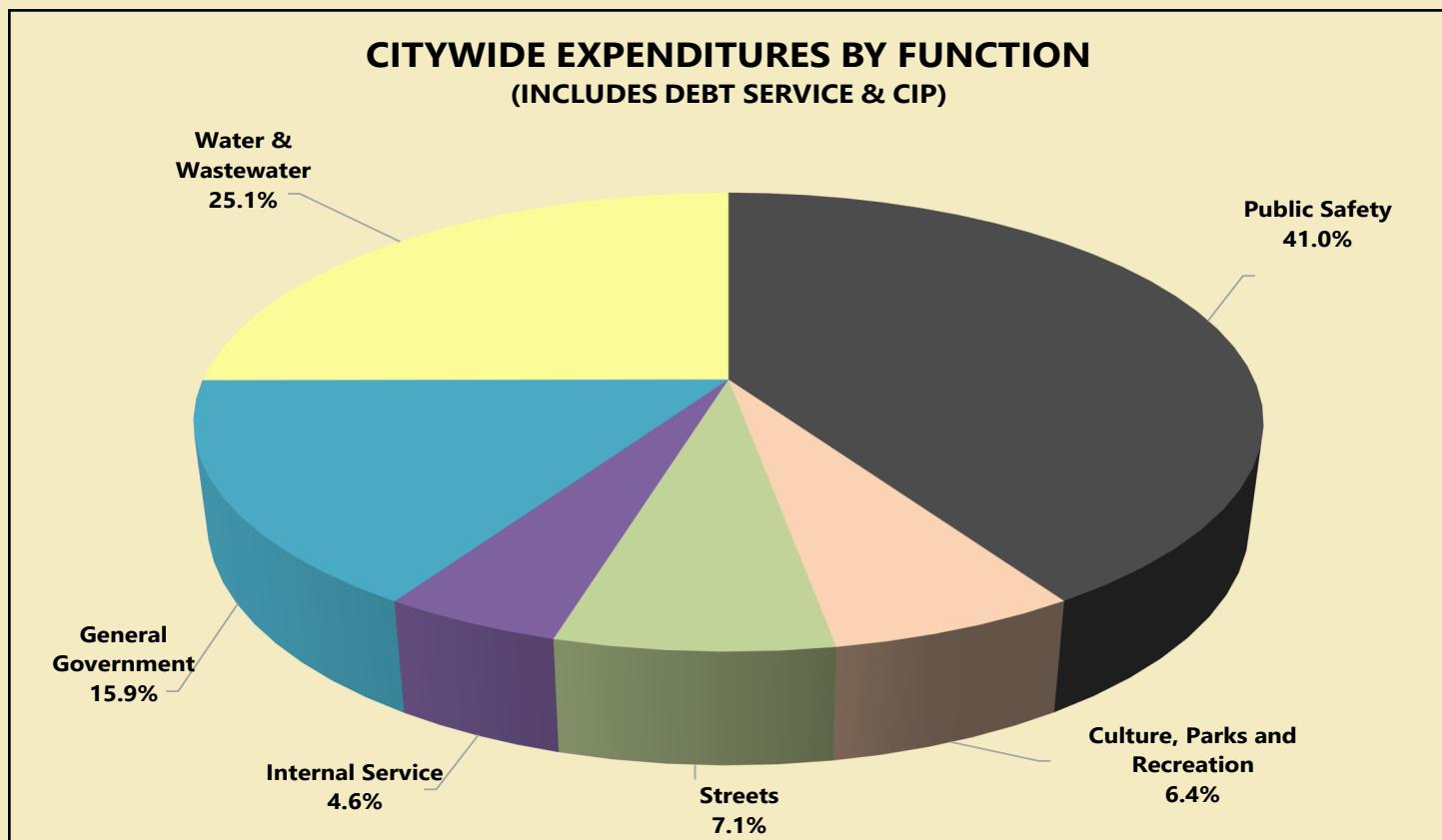
# CITYWIDE EXPENDITURES

Major expenditures of the Citywide budget, by function:

**Public Safety** includes services provided by the Kerrville Police Department and all divisions of the Kerrville Fire Department, including Emergency Medical Services. The City places a heavy emphasis on all areas of Public Safety in order to ensure fast response time and quality services to citizens. It is important to note that the City's Fire-EMS department provides EMS services to residents of Kerr County as a whole, including those who live outside the City limits. The City has a contract with Kerr County to provide such services for which Kerr County compensates the City. These revenues are part of the Intergovernmental category. In FY2024, construction efforts will begin on the new Public Safety Facility for which funding was approved by voters in May of 2022. The City is expects to spend more than \$20M (of the \$45M budget) on this project in the upcoming year.

**Water & Wastewater** is another top priority of the City. In FY2023, the City Council approved an updated Water/Wastewater Master plan which outlines current and future maintenance and various upgrades to the system. To fund these projects, City Council approved the issuance of \$11.5M in Revenue Bonds in FY2023. In FY2024, the City expects to spend more than \$6M on projects outlined in the Water/Wastewater Master Plan. These capital expenditures are included in the graph below.

**General Government** category includes expenditures that support the City as a whole and are not specifically dedicated to one function.



**Total Expenditures \$106.4 Million**

\*This graph does not include the FY2024 Budget for the EIC

# CITYWIDE FUNDS

**City of Kerrville**  
**Consolidated Budget Totals by Fund**  
**FY2024**

**PROGRAM FUNDS**

#	Fund Name	Revenue	Expenditures	Change in Net Position
1	General	\$ 37,639,074	\$ 37,639,074	-
2	Water	15,543,926	15,543,926	-
3	Garage	461,182	459,462	1,719
5	Employee Benefit Trust	4,423,557	4,423,557	-
8	Parkland Dedication	112,432	45,000	67,432
13	Public Safety Special Revenue	18,879	10,800	8,079
15	Library Memorial	70,814	154,862	(84,048)
18	General Asset Replacement	757,741	1,169,849	(412,108)
19	Water Asset Replacement	543,000	408,546	134,454
20	Hotel Occupancy Tax	1,919,118	1,972,102	(52,985)
21	P.E.G. Special Revenue	62,428	59,950	2,478
22	Muni Court Special Revenue	77,552	56,444	21,108
26	Landfill	52,498	50,000	2,498
28	Landfill Post Closure	41,108	-	41,108
29	Development Services	1,179,628	1,179,629	-
50	General Debt Service	4,996,711	4,789,500	207,211
51	TIRZ #1	342,621	-	342,621
53	Water Debt Service	4,265,229	4,265,229	-
68	History Center	17,771	19,661	(1,890)
70	General Capital Projects	2,337,620	25,790,179	(23,452,559)
71	Water Capital Projects	1,094,546	6,441,782	(5,347,236)
83	Library Endowment	65,736	7,000	58,735
84	Cailloux Theater Endowment	27,273	25,000	2,273
85	Grant	1,814,541	1,749,541	65,000
90	Insurance Reserve	153,846	153,250	596
	TOTAL	\$ 78,018,829	\$ 106,414,343	\$ (28,395,514)
<b>COMPONENT UNIT FUND</b>				
40	Economic Improvement Corp	\$ 5,423,270	\$ 3,760,106	\$ 1,663,164

\*Transfers into a fund are shown as revenues for that fund and transfers out of a fund are shown as expenditures to that fund. For accounting and transparency purposes, revenue of one fund is considered the expenditure of another fund, even though transfers are not actual cash transactions. Transfers in and out are balanced within all funds and total \$9,006,108. After eliminating this interfund activity (transfers in / transfers out), the consolidated revenue budget for FY2024 is \$69,012,721 and the expenditures total \$97,408,235.

\*Expenditures for large capital projects, such as the Public Safety Facility, span over multiple years, which is why expenditures from one year are larger than revenues in that same year. This explains the negative overall change in net position. All projects are funded before contracts are awarded. In accordance with the City's purchasing policy, City Council approves all contracts for projects that exceed \$50K. To view all City Funds in detail please visit: <https://kerrvilletx.gov/313/Budget>.

# GENERAL FUND

The General Fund is the largest operating fund of the City. It includes government services such as City Council, City Secretary, City Attorney, City Administration, Human Resources, Finance, Information Technology, Public Information, Municipal Court, Office of Innovation, Economic Development, Police, Fire - EMS, Emergency Management, Fire Prevention, Kerrville Schreiner Park, Tennis Complex, Aquatics, Parks Maintenance, Kerrville Sports Complex, Recreation, Community Events, Golf, Engineering, Streets, Solid Waste, and Library, and General Fund General Operations. The General Fund is primarily funded by Property Tax, Sales Tax, Franchise Fees, EMS Services, Intergovernmental, Solid Waste, and Recreation Revenue.

The FY2024 budget for the General Fund includes \$37.6 million in revenues and expenditures, resulting in a balanced budget. The summary below shows FY2022 year-end actual numbers as well as FY2023 and FY2024 budgets by category. To view the General Fund in more detail please visit <https://kerrvilletx.gov/313/Budget>.

GENERAL FUND - BUDGET SUMMARY						
	FY2022 Actual	FY2023 Original Budget	FY2023 Current Budget	FY2024 Budget	\$ Change Compared to FY2023 Original	% Change Compared to FY2023 Original
<strong>REVENUES</strong>						
Property Tax	10,891,138	11,426,842	11,426,842	<b>11,957,339</b>	530,497	4.6%
Sales Tax	9,760,511	10,539,565	10,539,565	<b>10,523,261</b>	(16,304)	-0.2%
Franchise & Other Tax	2,093,445	2,041,275	2,041,275	<b>2,233,534</b>	192,259	9.4%
Permits and Fees	111,154	179,884	179,884	<b>235,610</b>	55,726	31.0%
Intergovernmental Revenue	1,475,812	1,679,980	1,679,980	<b>1,872,507</b>	192,527	11.5%
Service Revenue	4,524,820	4,581,617	4,581,617	<b>5,621,288</b>	1,039,671	22.7%
Recreation Revenue	743,537	1,813,950	1,813,950	<b>1,876,551</b>	62,601	3.5%
Fines and Forfeitures	398,162	446,700	446,700	<b>429,500</b>	(17,200)	-3.9%
Grant & Donation Revenue	54,538	52,800	52,800	<b>44,902</b>	(7,898)	-15.0%
Interest and Miscellaneous	389,492	322,963	322,963	<b>432,724</b>	109,761	34.0%
Operating Transfer In	2,276,115	2,271,464	2,271,464	<b>2,411,858</b>	140,394	6.2%
<strong>TOTAL REVENUES</strong>	<strong>32,718,724</strong>	<strong>35,357,039</strong>	<strong>35,357,039</strong>	<strong><b>37,639,074</b></strong>	<strong>2,282,035</strong>	<strong>6.5%</strong>
<strong>EXPENDITURES</strong>						
Personnel	22,804,207	25,160,450	25,150,316	<b>26,841,827</b>	1,681,377	6.7%
Supplies	1,562,337	1,918,012	1,912,274	<b>1,865,153</b>	(52,859)	-2.8%
Maintenance	3,094,618	3,979,009	3,943,762	<b>4,098,039</b>	119,030	3.0%
Services	2,388,542	2,862,947	2,957,268	<b>3,082,478</b>	219,531	7.7%
Other Expenses	286,120	629,511	566,972	<b>703,193</b>	73,682	11.7%
Capital Outlay	71,865	15,000	34,337	-	(15,000)	-100.0%
Operating Transfers Out	2,134,114	792,110	1,192,110	<b>1,048,384</b>	256,274	32.4%
<strong>TOTAL EXPENDITURES</strong>	<strong>32,341,803</strong>	<strong>35,357,039</strong>	<strong>35,757,039</strong>	<strong><b>37,639,074</b></strong>	<strong>2,282,035</strong>	<strong>6.5%</strong>

**\*Both "\$ Change" and "% Change" columns are comparing FY2024 Budget to FY2023 Original**

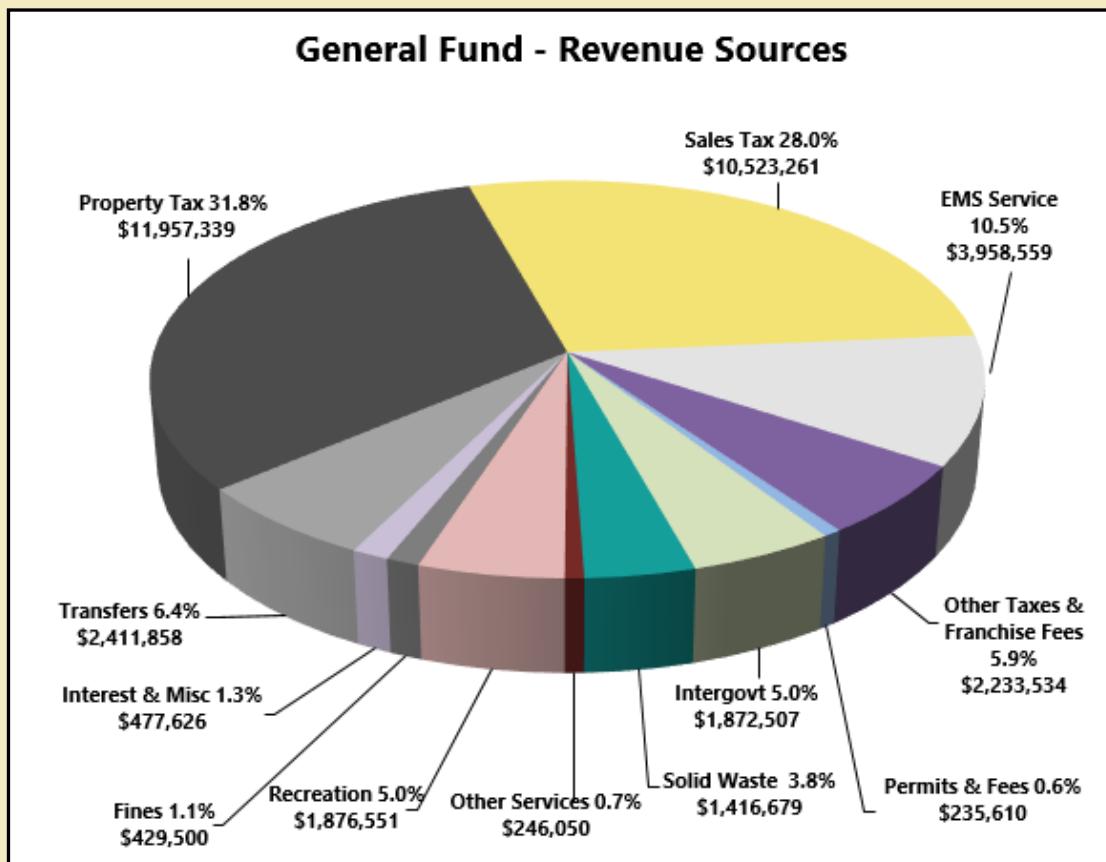
# GENERAL FUND

The General Fund is the general operating fund and the largest fund of the City. Per City policy, the General Fund Budget is required to be balanced each year and maintain a fund balance of at least 25% of operating expenses at all times. In the event that a fiscal year produces a positive change in net position, meaning that the fund ends the year with more revenues than expenses (profit), excess funds are allowed to be reallocated by Council through a budget amendment or excess funds can remain in fund balance. Staff makes recommendations regarding excess fund balance based on overall financial health and sustainability of the fund, including forecasting revenues and expenses in upcoming years to ensure fund balance requirements are met.

The General Fund houses departments that provide services to the public such as Police, Fire-EMS, Streets and Parks and Recreation. In addition, administrative and internal services such as City Council, City Secretary, City Attorney, City Administration, Information Technology, Public Information, Human Resources, and Finance are part of the General Fund. These internal services are also provided to the Water Fund, which operates like a business and reimburses the General Fund for such internal services through a transfer out of the Water Fund. This transfer is considered a revenue source for the General Fund and is included in total Transfers Out. More detailed information about the financial impact of interfund transfers is in the budget book at: <https://kerrvilletx.gov/313/Budget>.

Services provided by the General Fund are funded primarily by Property Tax, Sales Tax, Franchise Fees, Intergovernmental Revenue, EMS Service Fees, Solid Waste Fees collected at the landfill and other smaller service fees. Recreation Revenue from Golf and Kerrville-Schreiner Park fee-based programs also contribute to the General Fund.

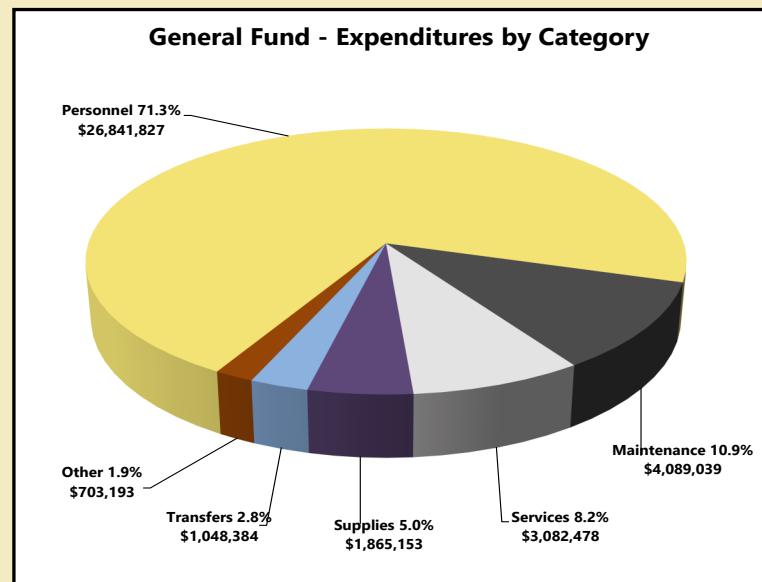
***The General Fund Budget Summary on the previous page contains amount and percent change of each category compared to prior year. More detailed information regarding Property Tax and Sales Tax are including on the upcoming pages of this document.***



# GENERAL FUND

## Expenses By Category:

Personnel is the largest spending category in the General Fund. Public Safety accounts for 71.3% of all Personnel costs. Kerrville 2050 identified Public Safety as the top priority and City funds are allocated accordingly. The Maintenance category is the second largest expense of the General Fund, which includes streets maintenance. Streets were also identified as a top priority in Kerrville 2050. The Services category includes expenses such as utilities, medical billing and other professional services. The Supplies category includes purchases for fuel, tools and small equipment, technology equipment, etc.

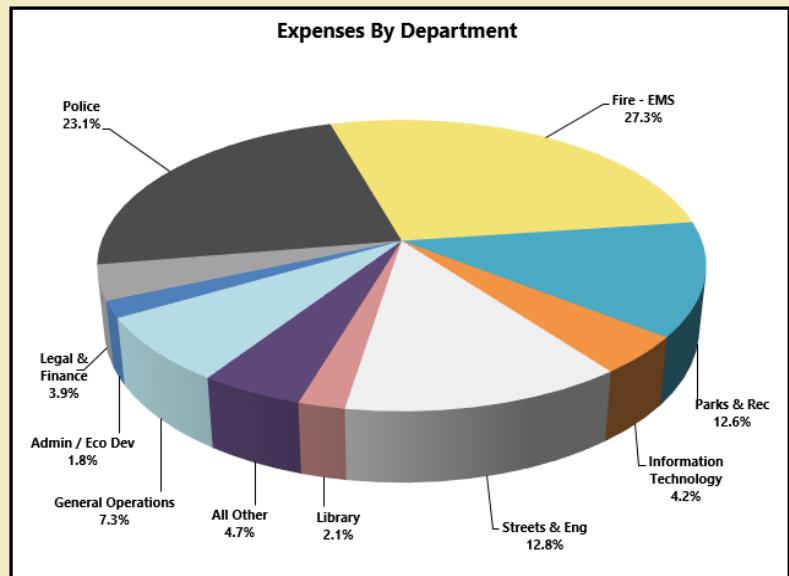


## Kerrville 2050 Planning Efforts:

Kerrville 2050 was developed over a nine-month period after extensive input from a committee largely made up of community members. City Council and City Staff are mindful of the goals outlined within this comprehensive plan when allocating budget resources each year as is evident in the expenditure graphs included on this page. Public Safety, Streets, and Parks (including quality of life aspects) are top priorities both within Kerrville 2050 and the FY2024 Budget. It is important to note that, although the graph identifies expenses by department, most departments dedicate resources in the form of staff time to support the three priorities mentioned above. Additionally, resources from other funds are dedicated to all Kerrville 2050 Key Priority Areas. These graphs are only indicative of the distribution of General Fund Resources which equate to \$37.6M of the \$106M Citywide budget.

## Expenses By Department:

Public Safety is the top priority and accounts for 50.4% of the General Fund budget. Streets maintenance also remains a top priority in FY2024 with a budget of \$2M (not including CIP). The City updated the Pavement Condition Assessment in FY2023 and will be presenting the new Pavement Master Plan in FY2024. Recreation expenses make up 12.6% of the General Fund budget. In line with Kerrville 2050, the Parks and Recreation Department continues to find ways to enhance the quality of life for citizens and visitors. Both Golf and Kerrville-Schreiner Park generate substantial revenue streams for the General Fund.



# PROPERTY TAX

Property Tax is the City's largest revenue source (31.8% of General Fund) and is budgeted to increase 4.6% to \$11.9M in the General Fund in FY2024 compared to FY2023. The budget includes taxes due from **current year** as well as estimates from taxes owed from **prior year taxes (past due)**. The **FY2024 budget includes a decrease in both the overall property tax rate and the Maintenance and Operations (M&O) portion of the rate, which is the portion that supports the General Fund. The FY2024 M&O rate of \$0.4185 is lower than the FY2023 M&O rate of \$0.4341**. This decrease is in response to overall reduction in percent increases to General Fund expenses compared to FY2023, an increase in property valuations and the addition of approximately \$45 million in new property added to the City's tax base.

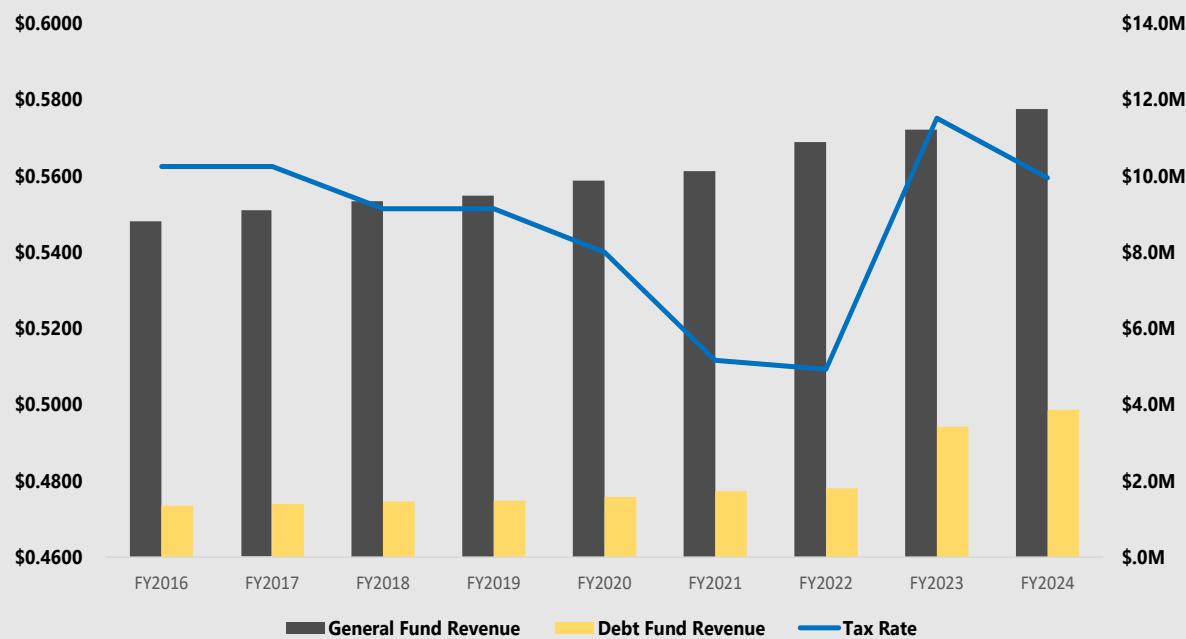
Property valuations are determined by the Kerr Central Appraisal District (KCAD). Senate Bill 2 limits taxing entities to an increase of no more than 3.5% over the M&O No New Revenue Rate (NNR). Change in valuations have a direct impact on the tax rate. As values go up, the rate naturally goes down.

The City tax rate is determined by calculating the amount of revenue to be generated by taxable properties at a rate (when combined with other revenues) adequate to provide resources necessary to cover the costs of services the City provides while remaining in compliance with state law.

Year	Tax Rate	M&O	I&S
FY2010	\$ 0.5625	\$ 0.4851	\$ 0.0774
FY2011	\$ 0.5625	\$ 0.4890	\$ 0.0735
FY2012	\$ 0.5625	\$ 0.4890	\$ 0.0735
FY2013	\$ 0.5625	\$ 0.4890	\$ 0.0735
FY2014	\$ 0.5625	\$ 0.4890	\$ 0.0735
FY2015	\$ 0.5625	\$ 0.4890	\$ 0.0735
FY2016	\$ 0.5625	\$ 0.4890	\$ 0.0735
FY2017	\$ 0.5625	\$ 0.4890	\$ 0.0735
FY2018	\$ 0.5514	\$ 0.4779	\$ 0.0735
FY2019	\$ 0.5514	\$ 0.4779	\$ 0.0735
FY2020	\$ 0.5400	\$ 0.4665	\$ 0.0735
FY2021	\$ 0.5116	\$ 0.4381	\$ 0.0735
FY2022	\$ 0.5093	\$ 0.4358	\$ 0.0735
FY2023	\$ 0.5752	\$ 0.4341	\$ 0.1411
FY2024			
Proposed	\$ 0.5595	\$ 0.4185	\$ 0.1410

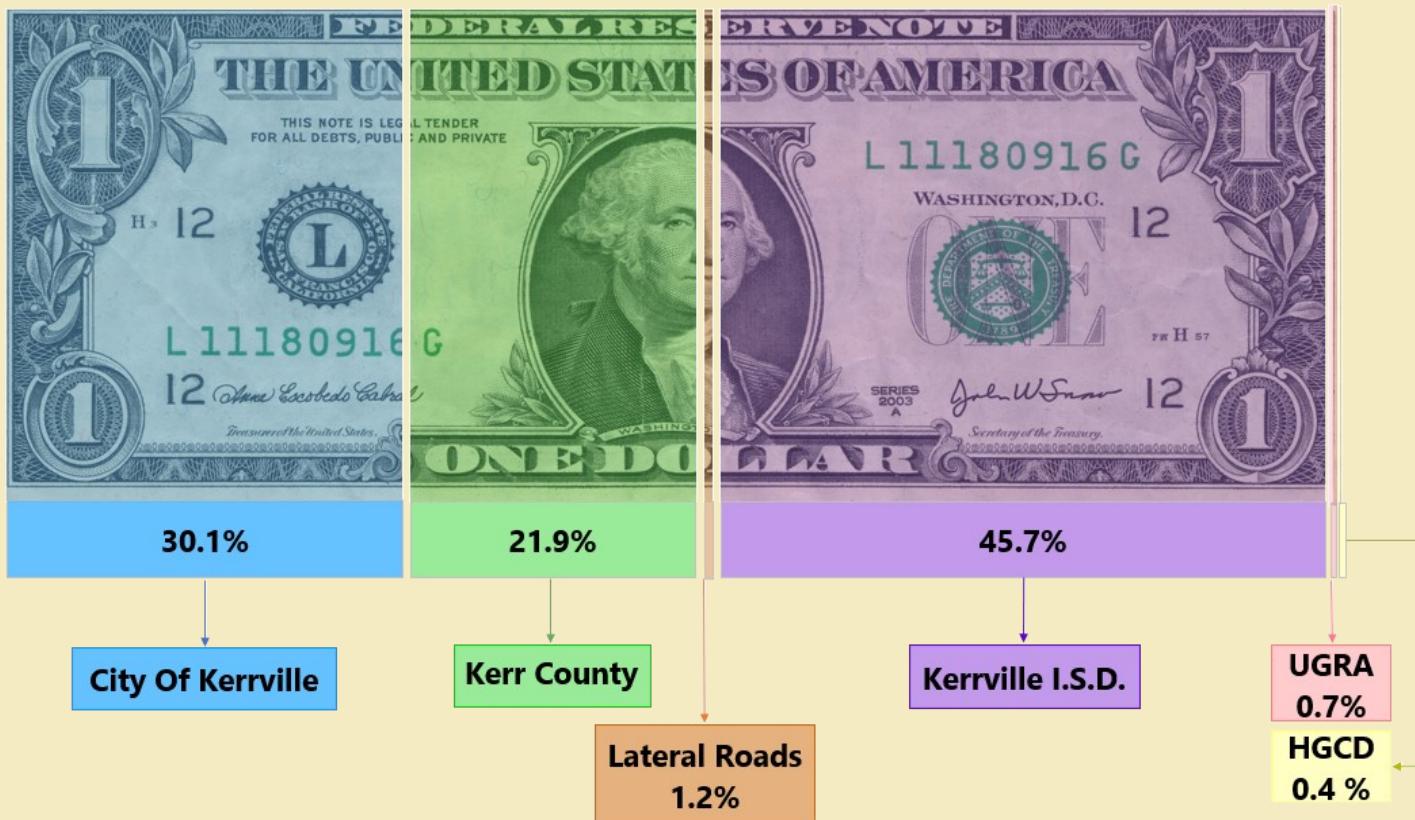
Information about the debt service (I&S) portion of the property tax rate can be found in the General Debt Service Fund section of this document.

Historical Property Tax Rate / Revenue General & Debt Fund



# YOUR PROPERTY TAX DOLLARS AT WORK

City residents will pay a total property tax rate of \$1.86 per \$100 of assessed property value. The image below demonstrates how property tax dollars are allocated among various taxing entities.



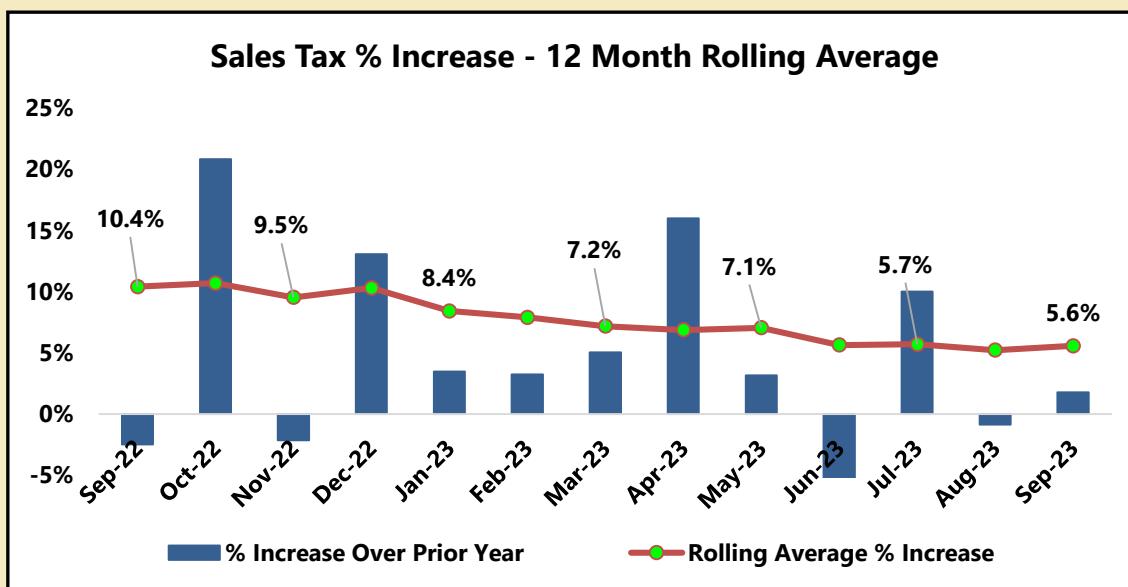
For information about the City's Property Tax Rate Calculation, refer to the Appendix section of the Budget Book by visiting: <https://kerrvilletx.gov/313/Budget>.

(visit the Texas Comptroller's website for more information on property tax)

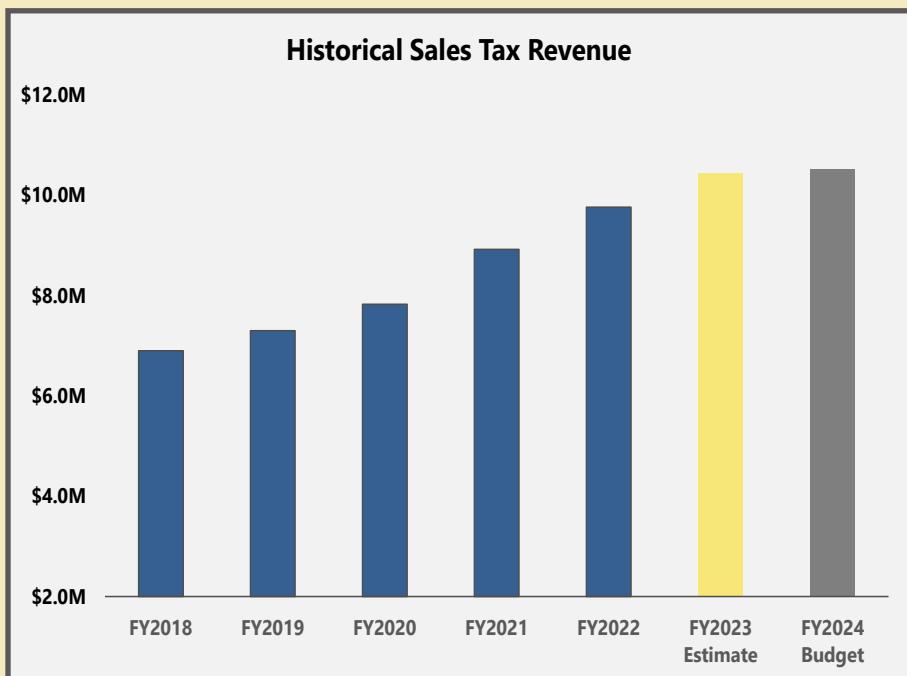


# SALES TAX

Sales Tax is the City's second largest General Fund revenue source at 28% . Sales Tax is expected to generate \$10,523,261 in FY2024, which is a slight decrease from the FY2023 budget. The flattening of the budget is due to changing sales tax trends. City staff constantly analyze and monitor trends, utilizing this analysis as a budgeting and estimation tool. Inflationary pressures and economic conditions have slowed spending due to assumed decreases in expendable income. Even with this reduction in the budget, Sales Tax remains very healthy. Sales Tax grew at a record pace during the pandemic creating unusual increases. FY2023 is expected to end the year 5% ahead of FY2022, which is very close to budget. FY2023 is currently 40% ahead of the last "normal" economic year, FY2019. The slowing can be perceived as more of a "normalizing" event and a "slowing" because of the factors already described.



Kerrville is a regional retail hub for rural areas within approximately a 100 mile radius. Kerrville's retail and food service expansion, as well as very stable top sales tax payers, help stabilize the City's sales tax revenue. Continued growth in sales tax provides relief to property owners by offsetting the City's reliance on property tax for general operations. However, it is a volatile resource and careful consideration has to be given to projections. Due to the volatility, the FY2024 budget is very conservative.



# GENERAL ASSET REPLACEMENT FUND

Providing safe and adequate vehicles and equipment is a critical part of providing services to citizens. During the FY2024 budget process, a team was assembled and given the task of doing a complete inventory and assessment of all City assets. This team made recommendations about which assets to replace for FY2024 and beyond. The team also made recommendations about "right sizing" the City's fleet and equipment. This process is now an ongoing part of the budget process in to ensure adequate resources are allocated to assets, equipment and infrastructure and that items no longer needed or are not in use are sold. Revenue from these sales will be added to the Asset Replacement Funds to help build a balance for future replacement of aging assets.

The General Asset Replacement is dedicated for the replacement of General Fund capital items such as fleet vehicles, heavy equipment, IT purchases, and other assets.

## **FY2024 Budgeted Expenditures: \$1.1 Million**

### **FY2024 Most Notable Expenditures:**

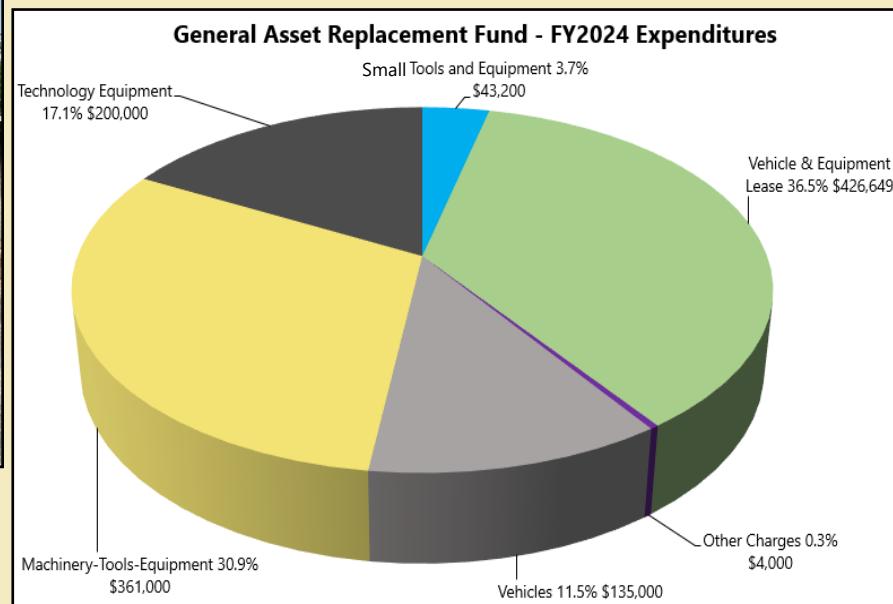
- Streets: Street Sweeper - \$278K
- Streets: Dump Truck - \$135K
- IT: Server Equipment - \$200K
- Golf: Course Maintenance Equipment - \$135K

## **FY2024 Budgeted Revenue: \$758K**

- Transfer in (General Fund) - \$650K
- Asset Disposal Proceeds - \$90K
- Interest / Miscellaneous Revenue - \$18K



\*\*In FY2023, Council approved the use of \$2.4M in ARPA Funds for the purchase of Police & Fire Vehicles & Equipment.\*\*



# WATER FUND

The Water Fund is the City's second largest fund. The Water Fund accounts for the provision of water and wastewater services to the residents of the City and certain areas outside the city limits. All activities necessary to provide these services are accounted for in this fund. Costs associated with the maintenance of the City's water/wastewater systems are heavily fixed, meaning that the Water Production and Water Wastewater plants as well as all other systems must be maintained in the same manner regardless of water consumption. Water consumption is heavily impacted by weather, especially rainfall. With 97% of the fund's revenues generated from consumption-based services, budgeting revenues for this fund is challenging.

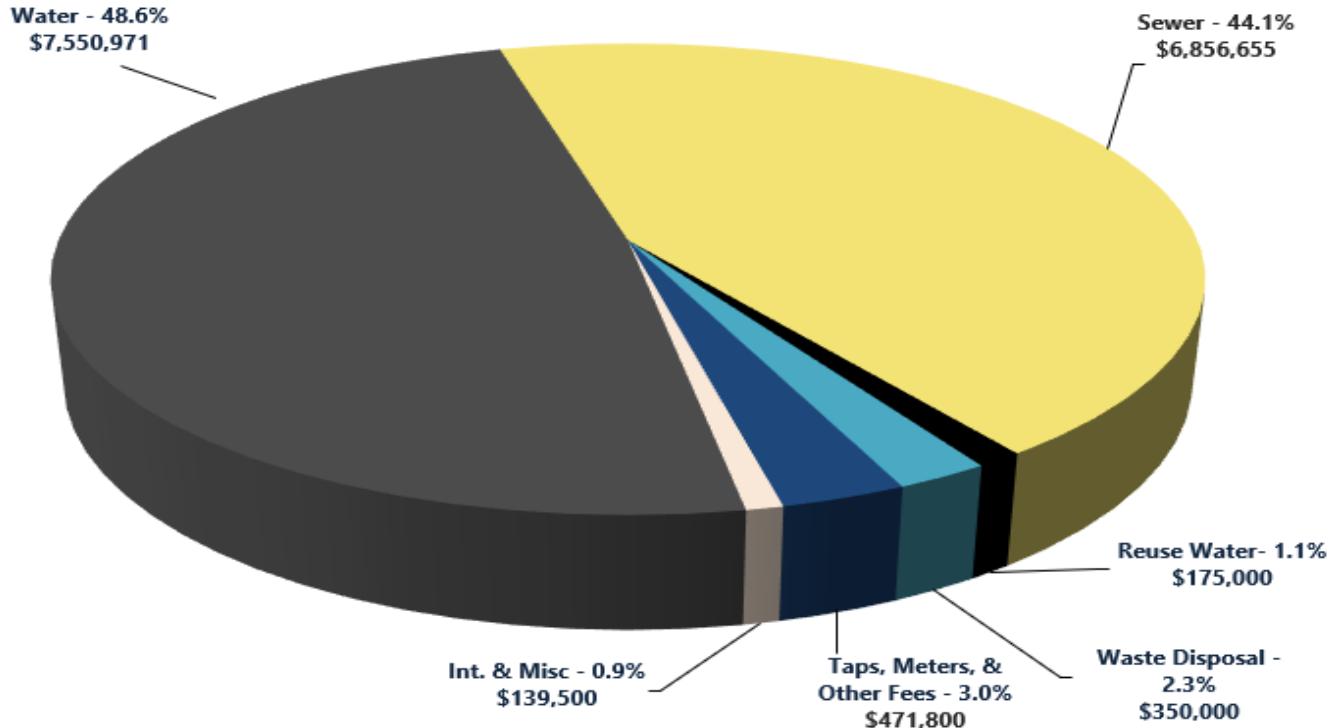
The FY2024 budget for the Water Fund includes \$15.6 million in revenues and expenditures, resulting in a balanced budget. The summary below shows FY2022 year-end actual numbers as well as FY2023 and FY2024 budgets by category. To view the water fund in more detail please visit <https://kerrvilletx.gov/313/Budget>.

WATER FUND - BUDGET SUMMARY						
	FY2022 Actual	FY2023 Original Budget	FY2023 Current Budget	FY2024 Budget	\$ Change Compared to FY2023 Original	% Change Compared to FY2023 Original
BEGINNING FUND BALANCE	\$ 3,632,554	\$ 4,154,368	\$ 4,154,368	\$ 3,643,368	\$ (511,000)	-12.3%
REVENUES						
Water Service	6,867,304	7,123,558	7,123,558	<b>7,550,971</b>	427,413	6.0%
Sewer Service	6,163,123	6,468,542	6,468,542	<b>6,856,655</b>	388,113	6.0%
Reuse Water	180,495	177,844	177,844	<b>175,000</b>	(2,844)	-1.6%
Waste Disposal	381,562	415,000	415,000	<b>350,000</b>	(65,000)	-15.7%
Taps, Meters, & Other Fees	477,478	467,000	467,000	<b>471,800</b>	4,799	1.0%
Interest and Miscellaneous	73,828	31,000	31,000	<b>139,500</b>	108,500	350.0%
TOTAL REVENUES	\$ 14,143,790	\$ 14,682,944	\$ 14,682,944	<b>\$ 15,543,926</b>	860,982	5.9%
EXPENDITURES						
Personnel	3,674,216	4,055,517	4,057,671	<b>4,431,141</b>	375,625	9.3%
Supplies	789,376	936,779	932,366	<b>911,280</b>	(25,499)	-2.7%
Maintenance	901,724	1,183,268	1,350,075	<b>1,197,070</b>	13,801	1.2%
Services	1,088,573	1,069,329	1,116,679	<b>1,096,980</b>	27,651	2.6%
Other Expenses	84,361	328,678	302,881	<b>338,292</b>	9,614	2.9%
Capital	136,493	143,920	143,820	<b>144,980</b>	1,060	0.7%
Operating Transfers Out	6,947,233	6,965,452	7,290,452	<b>7,424,183</b>	458,731	6.6%
TOTAL EXPENDITURES	\$ 13,621,975	\$ 14,682,944	\$ 15,193,944	<b>\$ 15,543,926</b>	860,982	5.9%

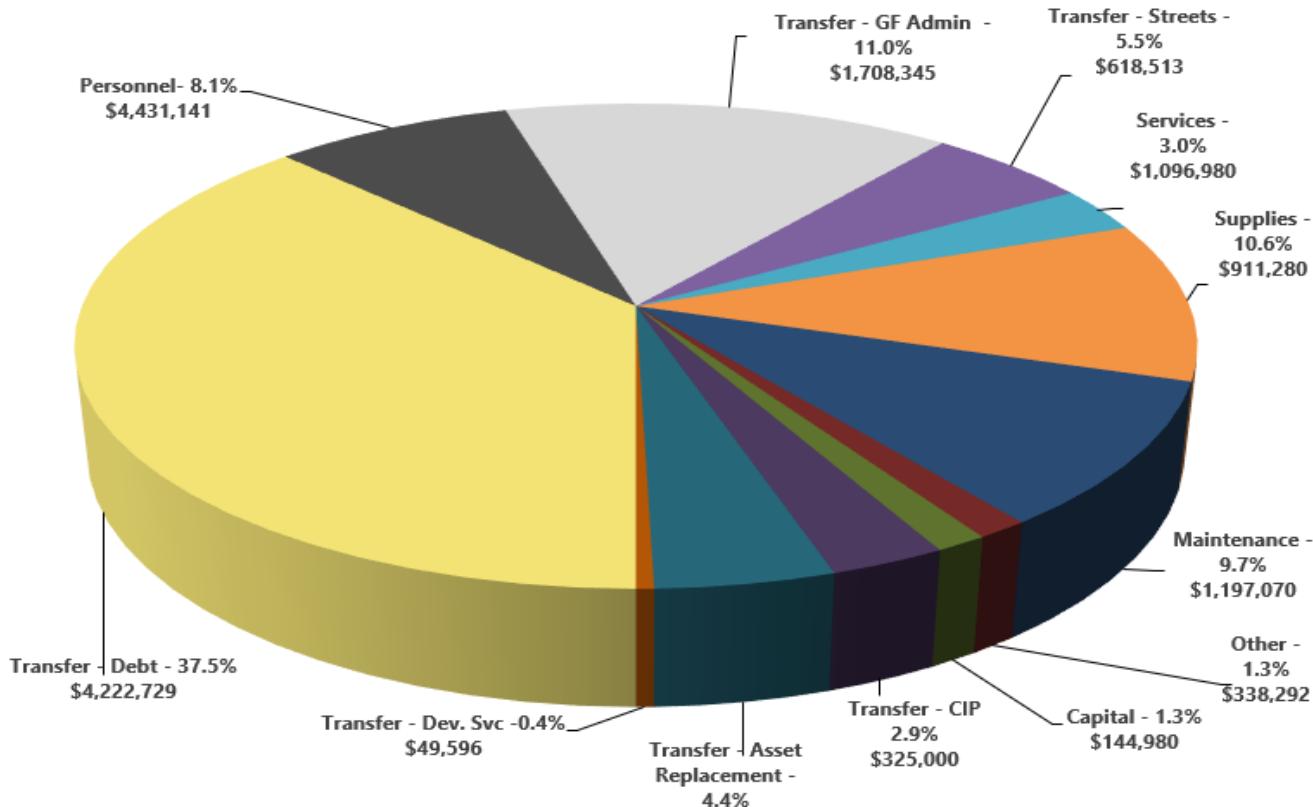
**\*Both "\$ Change" and "% Change" columns are comparing FY2024 Budget to FY2023 Original**

# WATER FUND

## WATER FUND REVENUE SOURCES



## WATER FUND EXPENSES BY CATEGORY



# WATER ASSET REPLACEMENT FUND

The Water Asset Replacement Fund is dedicated for the replacement of Water Fund capital items such as fleet vehicles, heavy equipment, and other assets. This fund was included in the Asset Replacement Team assessments is described on page 13 of this document.

## **FY2024 Budgeted Expenditures: \$409K**

### **FY2024 Most Notable Expenditures:**

- Water Distribution: Freightliner Truck - \$150K
- Water Distribution: Hydraulic Breaker - \$13K
- Utility Billing: Meter Infrastructure - \$100K
- Water Reclamation: Tractor - \$40K
- Water Reclamation: Utility Vehicle - \$30K



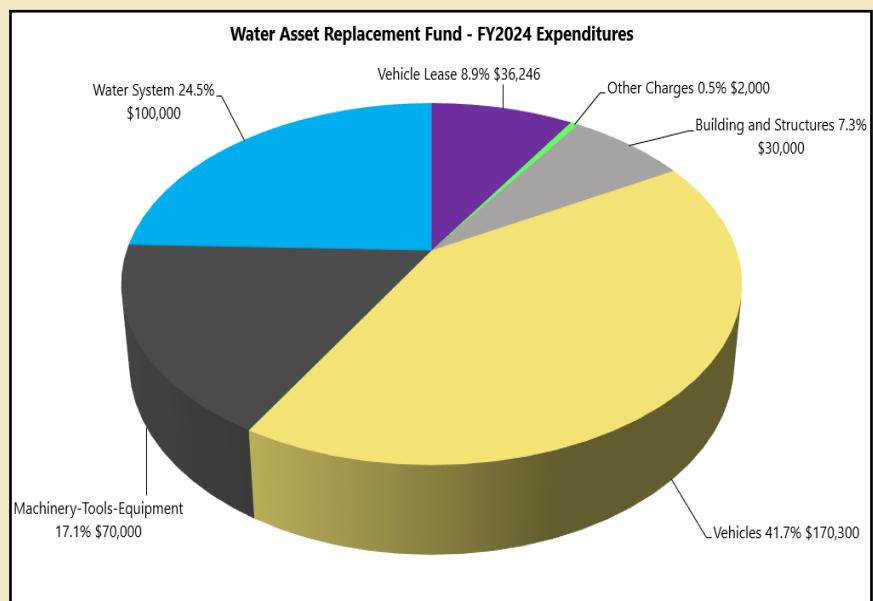
**Meter Technician updating  
Meter Infrastructure**

## **FY2024 Budgeted Revenue: \$543K**

- Transfer In (Water Fund) - \$500K
- Asset Disposal Proceeds - \$25K
- Interest/Miscellaneous Revenue - \$18K



**Granular Activated Carbon  
Filtration System**



# HOTEL OCCUPANCY TAX FUND

The Hotel Occupancy Tax Fund (HOT) is a special revenue fund that accounts for revenues and expenditures related to the hotel/motel occupancy tax received by the City. The primary revenue source for the HOT fund is a 7% occupancy tax collected by hoteliers (including short-term rentals). Use of occupancy tax funds is heavily restricted by state law and can only be used to promote tourism, arts and culture, and convention type programs or events.

	FY2022	FY2023		FY2024		\$ Change	% Change
		Original	Current	Budget	FY2023	Compared to FY2023	Compared to FY2023
		Actual	Budget	Budget	Budget	Original	Original
<b>Beginning Restricted Fund Balance</b>		<b>\$ 1,710,936</b>	<b>\$ 2,052,638</b>	<b>\$ 2,052,638</b>	<b>\$ 1,219,466</b>		
<b>Revenues</b>							
Occupancy Tax		1,760,465	1,920,720	1,920,720	1,719,032	(201,688)	-10.5%
<b>Total Tax Revenue</b>		<b>1,760,465</b>	<b>1,920,720</b>	<b>1,920,720</b>	<b>1,719,032</b>	<b>(201,688)</b>	<b>-10.5%</b>
Merchandise Sales		-	-	-	25,000	25,000	0.0%
Grants & Donations		-	-	-	140,000	140,000	0.0%
Interest Revenue		13,636	10,000	10,000	35,086	25,086	250.9%
<b>Total Interest and Miscellaneous</b>		<b>13,636</b>	<b>10,000</b>	<b>10,000</b>	<b>200,086</b>	<b>190,086</b>	<b>1900.9%</b>
<b>Total Revenues</b>		<b>1,774,101</b>	<b>1,930,720</b>	<b>1,930,720</b>	<b>1,919,118</b>	<b>(11,603)</b>	<b>-0.6%</b>
<b>Expenditures</b>							
Professional Services		29,080	20,400	20,400	22,900	2,500	12.3%
Advertising		1,012,549	1,120,992	1,170,992	1,409,702	288,710	25.8%
<b>Total Services</b>		<b>1,041,629</b>	<b>1,141,392</b>	<b>1,191,392</b>	<b>1,432,602</b>	<b>291,210</b>	<b>25.5%</b>
Community Support		155,770	277,500	277,500	329,500	52,000	18.7%
Other		175,000	185,000	160,000	100,000	(85,000)	-45.9%
Contingency		-	25,000	25,000	25,000	-	0.0%
<b>Total Other Expenses</b>		<b>330,770</b>	<b>487,500</b>	<b>462,500</b>	<b>454,500</b>	<b>(33,000)</b>	<b>-6.8%</b>
Buildings and Structures		-	50,000	25,000	-	(50,000)	-100.0%
<b>Total Capital Outlay</b>		<b>-</b>	<b>50,000</b>	<b>25,000</b>		<b>(50,000)</b>	<b>-100.0%</b>
Transfer Out - General Fund		45,000	85,000	85,000	85,000	-	0.0%
Transfer Out - Golf		15,000	-	-	-	-	0.0%
Transfer Out - Library Memorial		-	1,000,000	1,000,000	-	(1,000,000)	-100.0%
<b>Total Transfer Out</b>		<b>60,000</b>	<b>1,085,000</b>	<b>1,085,000</b>	<b>85,000</b>	<b>(1,000,000)</b>	<b>-92.2%</b>
<b>Total Expenditures</b>		<b>1,432,399</b>	<b>2,763,892</b>	<b>2,763,892</b>	<b>1,972,102</b>	<b>(791,790)</b>	<b>-28.6%</b>
<b>Net Revenue (Expenditures)</b>		<b>341,702</b>	<b>(833,172)</b>	<b>(833,172)</b>	<b>(52,985)</b>		
<b>Ending Restricted Fund Balance</b>		<b>\$ 2,052,638</b>	<b>\$ 1,219,466</b>	<b>\$ 1,219,466</b>	<b>\$ 1,166,481</b>		

## FY2024 Key Changes:

- The increase in Advertising expense is due to the introduction of the Community Arts Program, under the direction of the Kerrville Convention & Visitor's Bureau. This expense is partially funded by a grant from The Community Foundation of the Texas Hill Country. The grant funds are included in Grants & Donations Revenue.
- The increase in Special Events expense is due to an allowance for expenses related to Solar Eclipse events.
- Merchandise Sales and Donations are restricted for expenses related to Solar Eclipse events.
- Transfer Out—Library Memorial in FY2023 shows \$1M budgeted to be used for the construction of the Heart of the Hills Heritage Center that was not budgeted in FY2024.

# DEVELOPMENT SERVICES FUND

Development Services Fund accounts for, Planning, Building Services, and Code Compliance activities for the City. In partnership with builders, contractors and property owners of the City, Development Services is committed to promoting economic growth and ensuring the safety of buildings and structures in our community.

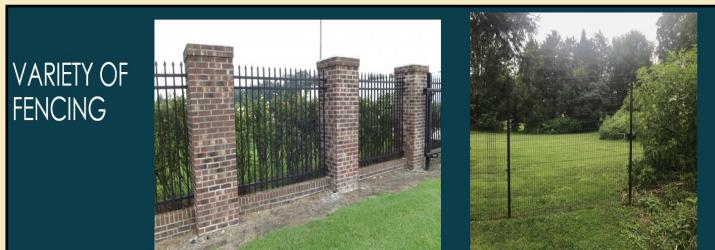
DEVELOPMENT SERVICES FUND - BUDGET SUMMARY						
	FY2022 Actual	FY2023 Original Budget	FY2023 Current Budget	FY2024 Budget	\$ Change Compared to FY2023 Original	
					% Change Compared to FY2023 Original	
<b>REVENUES</b>						
Permits and Fees	795,693	857,758	857,758	<b>931,648</b>	73,890	8.6%
Operating Transfer In	147,895	213,456	213,456	<b>247,980</b>	34,524	16.2%
<b>TOTAL REVENUES</b>	<b>943,588</b>	<b>1,071,214</b>	<b>1,071,214</b>	<b>1,179,629</b>	108,415	10.1%
<b>EXPENDITURES</b>						
Personnel	927,880	952,587	953,075	<b>1,056,458</b>	103,871	10.9%
Supplies	12,544	13,234	12,893	<b>11,680</b>	(1,554)	-11.7%
Maintenance	39,422	43,241	43,350	<b>41,694</b>	(1,547)	-3.6%
Services	38,819	28,292	28,036	<b>41,967</b>	13,675	48.3%
Other Expenses	10,534	33,860	33,860	<b>27,830</b>	(6,030)	-17.8%
<b>TOTAL EXPENDITURES</b>	<b>1,029,198</b>	<b>1,071,214</b>	<b>1,071,214</b>	<b>1,179,629</b>	108,415	10.1%

**\*Both “\$ Change” and “% Change” columns are comparing FY2024 Budget to FY2023 Original**



**Ridgeland Subdivision**

Will provide moderately priced homes through an agreement with Lennar Homes



**VARIETY OF FENCING**



**Development Services Fence Ordinance**

Adopted by City Council to address safety concerns

# GENERAL DEBT SERVICE FUND

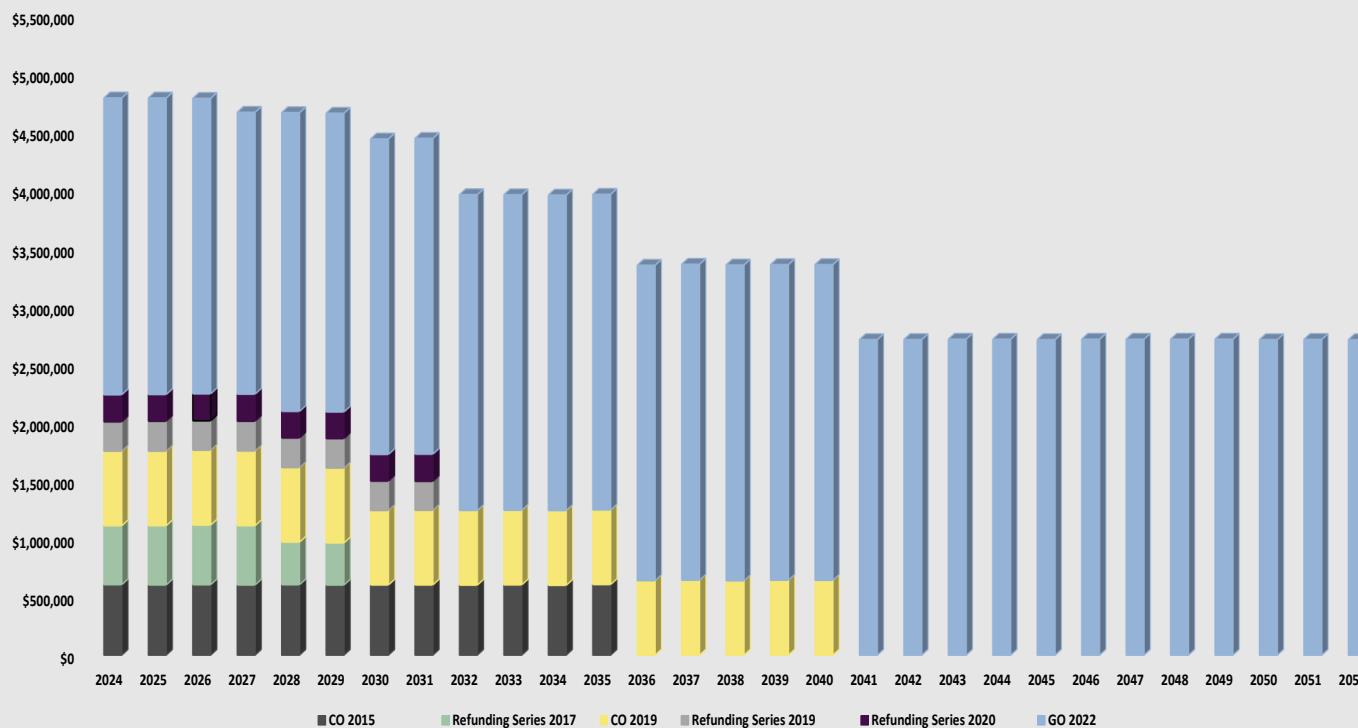
The City uses separate funds to budget for annual principal and interest payments on outstanding debt. General Debt Service is funded from Property Tax Revenue and 4B Sales Tax Revenue. 4B Sales Tax Revenue is contributed by the Economic Improvement Corporation to pay for the River Trail, Kerrville Sports Complex, and economic incentive related debt. The City has an AA rating from Standard & Poor's rating service for its general obligation debt. This rating indicates a high credit quality and investment grade status.

The State law limits the debt service portion of the levy to no more than \$1.50 per \$100 of assessed value. The City's Financial Management Policy directs that debt service obligations for the General Fund should not cause the debt portion of the tax rate to exceed 25% of the total tax rate.

\*Funded using 4B Sales Tax Revenue that is contributed by the Economic Improvement Corporation.

FY2024 General Debt Service	
	Total Debt Payments
*CO 2015 - Sports Complex	\$ 605,200
Refunding Series 2017 - CO 2007, GO 2007 & CO 2009	\$ 506,325
CO 2019 - Streets and Drainage	\$ 641,475
*Refunding Series 2019 - CO 2011A (River Trail)	\$ 251,206
*Refunding Series 2020 - CO 2012 (River Trail)	\$ 233,250
GO 2022 - Public Safety Facility	\$ 2,549,994
Banking Fees	\$ 2,050
<b>Total FY2024 General Debt Service Payments</b>	<b>\$ 4,789,500</b>

## General Fund Debt Service

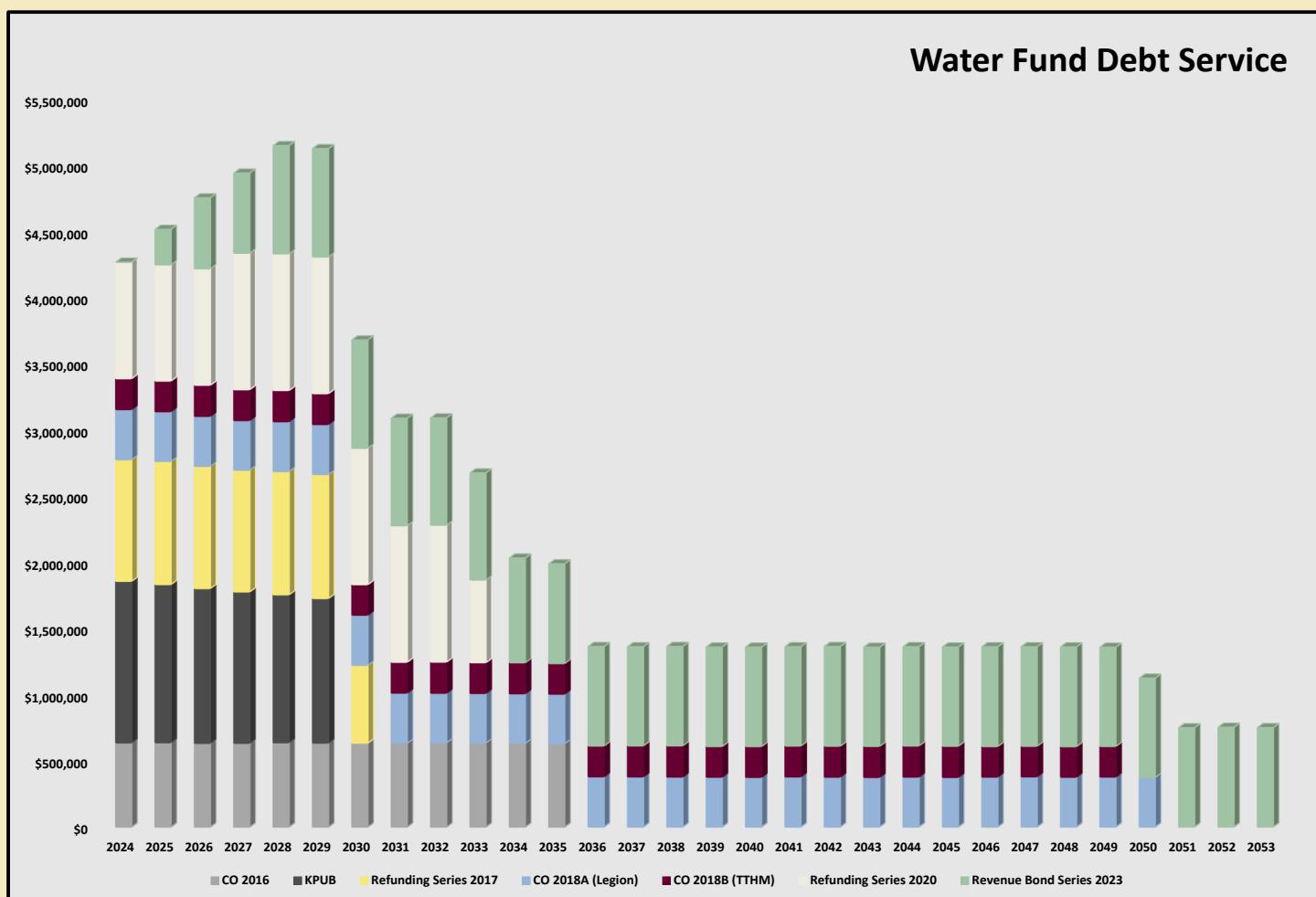


# WATER DEBT SERVICE FUND

The City uses separate funds to budget for annual principal and interest payments on outstanding debt. The City uses municipal bond funds and loans to finance significant public infrastructure projects such as wells, lift stations, pump stations, transmission lines, and water lines. Revenue in this fund is transferred in from the Water Fund for budgetary purposes. Budgeted expenditures include principal and interest payments for debt service and related banking fees.

Debt for the Water Fund is limited by City policy. Water Fund debt service shall not exceed 35% of Water Fund annual revenue. For the FY2024 budget, this limit means that debt service should be less than \$5.4 million. Actual debt service in FY2024 is 27.4% of revenue totaling \$4.2 million.

FY2024 Water Debt Service	
	Total Debt Payments
CO 2016 - Water/Wastewater System (reuse and others)	\$ 634,750
Kerrville Public Utility Board - Reuse Infrastructure	\$ 1,219,286
Refunding Series 2017 - GO 2007, CO 2009, CO 2010, & CO2011	\$ 917,925
CO 2018A - Legion Lift Station	\$ 378,116
CO 2018B - Trihalomethanes (TTHM) Filtration	\$ 232,802
Refunding 2020 - CO 2012 & CO 2013	\$ 878,500
Banking Fees	\$ 3,850
<b>Total FY2024 Water Debt Service Payments</b>	<b>\$ 4,265,229</b>



# COMMUNITY INVESTMENT PLAN

## What is the Community Investment Plan?

The Community Investment Plan is a 10-year capital project plan that focuses on priorities identified in the Kerrville 2050 Comprehensive Plan and other master plans. Most project timelines exceed one fiscal year, therefore the CIP budget is shown in a multi-year format using estimates.. In addition, priorities over a ten year period are subject to change. The Community Investment Plan is reviewed and updated annually to incorporate new information.

## What is a Capital Improvement Project?

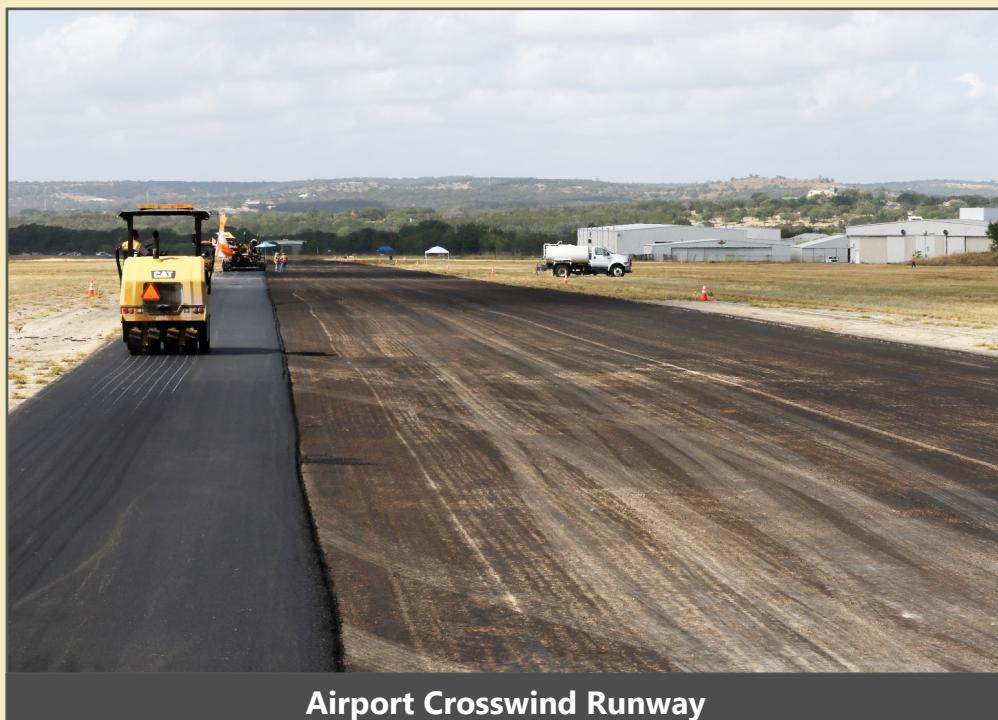
Capital improvement project funds may be used for:

- A single project that spans more than one fiscal year
- Projects costing more than \$25,000
- Improvement projects that are capitalized as a City owned asset
- A large maintenance project that does not result in a new asset
- Expenditures such as professional services that do not create a capital asset, for example master plans or feasibility studies

## How are Projects Paid For?

Capital projects are paid for in a variety of ways including:

- Cash transfers from General Fund or Water Fund
- Debt (General or Water)
- Grants and donations
- 4B funds from the Economic Improvement Corporation
- Property Tax from TIRZ Fund



# GENERAL AND WATER CAPITAL PROJECTS

**General Capital Projects** expected to either start or have expenses in FY2024 are as follows:

- Public Safety Facility
- Public Safety Communication System
- Westminster Street Reconstruction
- Lower Lois Street Drainage
- Downtown Walkability Improvements
- City Hall Security Upgrades
- River Trail Downtown Extension
- River Trail Nimitz Lake Study
- Facilities Condition Assessment
- Comprehensive Plan Update (including area development)
- Catalyst Area 2 Pedestrian Improvements
- GIS Aerials
- City Hall Drive-Thru Upgrades
- Kerrville Schreiner Park Water Line Replacement/Looping
- Sidewalk Improvements
- Parks & Recreation Storage
- Potential Airport Land Acquisition
- Neighborhood Enhancement Program



**Westminster Street Reconstruction**



**Public Safety Facility**

**Water Capital Projects** expected to either start or have expenses in FY2024 are as follows:

- Knapp Wastewater Collection Projects
- Lois Tank Replacement
- Travis Street Pump Station Improvements
- Advanced Metering Infrastructure (AMI) Phase III
- H Street Well
- Wastewater Clarifier #3 Rehabilitation
- Flow Equalization Basin Rehabilitation
- Water Street Water Main Enhancements



**Clarifier #3 Rehabilitation**

To view more information about the City's long term capital projects please visit the CIP section of the City's FY2024 Budget Book at: <https://kerrvilletx.gov/313/Budget>.

# 2024

