CITY OF KERRVILLE, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2019

KERRVILLE

YOUR VOICE
YOUR CITY

City of Kerrville, Texas

Comprehensive Annual Financial Report

Year Ended September 30, 2019

Prepared by City of Kerrville, Texas
Finance Department

Amy Dozier, Chief Financial Officer

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City of Kerrville, Texas

Comprehensive Annual Financial Report

Year Ended September 30, 2019

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Introductory Section

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City of Kerrville
701 MAIN STREET • KERRVILLE, TEXAS 78028 • 830.257.8000 • KERRVILLETX.GOV

Letter of Transmittal

February 25, 2020

Honorable Mayor and City Council
and Citizens of Kerrville, Texas:

The Comprehensive Annual Financial Report for the City of Kerrville, Texas (the City or Kerrville) for the fiscal year ended September 30, 2019, is hereby submitted. This report was prepared through the cooperative effort of the Finance Department and the City's independent auditor, in accordance with Section 103.001 of the Texas Local Government Code and Article VIII, Section 8.08 of the Charter of the City of Kerrville. The purpose of the report is to provide the City Council, management, staff, the public and other interested parties with detailed information reflecting the City's financial condition.

The full responsibility for the accuracy and reliability of the data, as well as completeness and fairness of this report, including all disclosures, rests with City management. The City has established and maintains a system of internal accounting controls designed in part to provide a reasonable assurance that assets are safeguarded against loss, theft, or unauthorized use, and that financial records can be relied upon to produce financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP). The concept of reasonable assurance recognizes that the cost of maintaining the system of internal accounting controls should not exceed the benefits likely to be derived. We believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

BKD, LLP, Certified Public Accountants, has issued unmodified opinions on the City's financial statements for the year ended September 30, 2019. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2019, are free of material misstatement. The independent audit involved 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.

The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion on the City's financial statements for the fiscal year ended September 30, 2019, and that the financial statements are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Also included in the financial section is management's discussion and analysis (MD&A), which provides users of the basic financial statements a narrative introduction, overview and analysis of the basic financial statements. The basic financial statements, including the accompanying notes, represent the core of the financial section. These financial statements present the financial condition of the City as a single entity, as well as the individual funds that account for the City's various governmental and business-type activities. This transmittal letter is designed to complement the MD&A and should be read in conjunction with it.

Profile of the Government

The City of Kerrville is the county seat and principal commercial center of Kerr County, Texas. It is located approximately 65 miles northwest of San Antonio on U.S. Interstate 10. Principal industries in the community include hospitality (made up of tourism, youth camps, retreat facilities, RV parks and hunting), health care, jewelry, retail and manufacturing.

The City continues to experience steady increases in population. The official census populations for 2000 and 2010 were 20,425 and 22,347 respectively. The 2019 population estimate was 24,931, representing an increase of 4,506 (22%) over 2000 and 2,584 (12%) increase since 2010.

For financial reporting purposes, the City is a primary government. As previously mentioned, the City's governing body is elected by the citizens of Kerrville. This report includes all organizations and activities for which the elected officials exercise financial control. The City is legally responsible for the Kerrville Economic Improvement Corporation (EIC), which is reported separately within the government wide financial statements of the City along with the Kerrville Public Utility Board, for which the City appoints all board members.

The City provides a full range of municipal services including general government, public safety (police and fire), streets, parks and recreation, community development, planning and zoning, code enforcement, a public library, emergency medical services and business-type activities, such as water and sewer services and golf. Solid waste collection services are provided through private contractors; non-residential customers contract with the collection firm of their choice, while residential customers contract through the City with collection fees added to their municipal water and sewer bill.

The annual budget of the City serves as the foundation for its financial planning and control. The budget is proposed by the City Manager and adopted by the City Council in accordance with policies and procedures established by the City Charter, State Law, Council ordinances and policies. The budget is prepared and presented by fund (e.g., general fund), department (e.g., police) or function (e.g., debt service) and line items (e.g., salaries and wages). The fund level is the legal level of control for budget expenditures. The budgetary process begins each year with budget priorities set by City Council.

Next, the City's Finance Department prepares revenue estimates and budget instructions. Then, each City department prepares expenditure estimates and requests. Estimates and requests are reviewed by a budget committee that includes the City Manager and evaluated within the total financial framework of the City.

The City Manager makes final decisions as to what budget recommendations are submitted to the City Council. The City Charter requires that a working copy of the budget be filed with the City Secretary no later than July 31. The City Manager's proposed budget is reviewed extensively by the City Council, along with a final public review process, including required public hearings prior to budget adoption. The City Charter requires adoption of the City budget no later than September 30.

Budgetary reporting is provided at the department level within the individual fund. Transfers of budget appropriations within departments may occur with the approval of the City Manager provided there is not an increase in overall expenditures. Transfers of budget appropriations between funds as well as any increase in total appropriations require Council approval.

Budget to actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund and major special revenue funds, this comparison is presented as required in the required supplementary information section of this report.

Local Economy

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates. Several small manufacturing firms are located in the Kerrville area, as well as a variety of commercial establishments, restaurants, building supply stores, retail shops, banks and supermarkets. Sales tax revenues have been steadily increasing since 2011. The unemployment rate of 2.9% continues to remain below state and national averages.

Economic and recreation opportunities continue to expand in Kerrville. In addition to recently renovated parks, a six-mile-long River Trail and a new youth sports complex, the City began projects in 2019 to extend River Trail to Schreiner University and renovate the city-owned tennis center. Both of these projects are funded by Kerrville's EIC. In addition, the City is nearing completion on a new wastewater lift station that will greatly expand sewer capacity and an enhanced water filtration system at the Water Treatment Plan that will result in some of the highest quality drinking water in the State of Texas.

Representatives of the City along with other community leaders continue to encourage development of this area to attract light, clean industry as well as additional retail and hospitality. The quality of life found in Kerrville is especially attractive to retirees, who provide a strong, stable economic base and active community involvement. In recent years, Kerrville has seen an increase in younger families moving into the community to fill jobs in Kerrville's expanding service industry. These factors, along with a continuing effort to bolster our economic base, are expected to result in continued economic improvement during the coming years.

Long-term Financial Planning

The City's fund balance reserve policy sets the minimum reserve at 25% for each fund, which exceeds the Government Finance Officers Association of the United States and Canada (GFOA) recommended best practice minimum of 15%. GFOA recommends that "general-purpose governments, regardless of size, maintain unassigned fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures." This policy allows the City to better weather economic downturns and strategically handle contingencies and unforeseen emergencies.

The City's General Fund's unassigned fund balance is approximately $8.6 million or 30% of General Fund operating expenditures as of September 30, 2019. In addition, the City uses a five-year forecast in its budget process to guide decisions and assist in policy. The long range view allows the City to plan appropriately for the future impact of current decisions.
The City maintains a 10-year Community Investment Plan (CIP), with all planned capital projects reviewed annually by the City staff and City Council. This annual review allows the City to change and adjust priorities by responding to changing growth patterns, economic conditions, or federal and state mandates. The CIP is used exclusively as a planning tool, and therefore does not commit the City to any project or project funding. The intent of the CIP is for the City staff to identify specific capital improvements needed and project affordability. The CIP is not a capital budget, and as such provides only recommended projects and the means of financing the improvements. Recommended improvements are not approved until official action has been taken by the City Council.

The CIP presented in the FY 2019 budget book identified approximately $59 million in projects during the next ten years. This list focuses on water and sewer infrastructure improvements including the construction of a new lift station and installation of a new water filtration system previously mentioned. General Fund projects include extensive streets and drainage projects in addition to the recreation projects previously mentioned. The City anticipates funding these improvements with both cash and debt. Debt obligations include both self-supporting debt (e.g., water and sewer improvements) and general obligation debt (e.g., streets and drainage). This CIP was reviewed and updated in the FY 2020 budget process to ensure consistency with current economic trends and City needs.

Awards and Acknowledgements

GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended September 30, 2018, and a reproduction of the certificate is included in this report. The City has received a Certificate of Achievement for thirty-five consecutive fiscal years (FY 1984 through FY 2018).

In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized comprehensive annual financial report, the contents of which must conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for the period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report could not be accomplished without the dedicated services of the entire staff of the Finance Department. Many individuals devoted extra hours and exhibited dedicated effort in ensuring the accuracy and timeliness of this report. Appreciation is expressed to the City employees throughout the organization, especially those responsible for the maintenance of records upon which this report is based. Acknowledgment and appreciation is also given to representatives of **BKD, LLP**, Certified Public Accountants, for their dedicated assistance and input into the preparation of this report.

Finally, our appreciation is extended to the Mayor and the members of the City Council for their interest and support in planning and conducting the financial operations of the City in a responsible manner.

Respectfully submitted,

Mark McDaniel
City Manager

Amy Dozier
Chief Financial Officer

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Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Kerrville

Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Christopher P. Morrill

Executive Director/CEO

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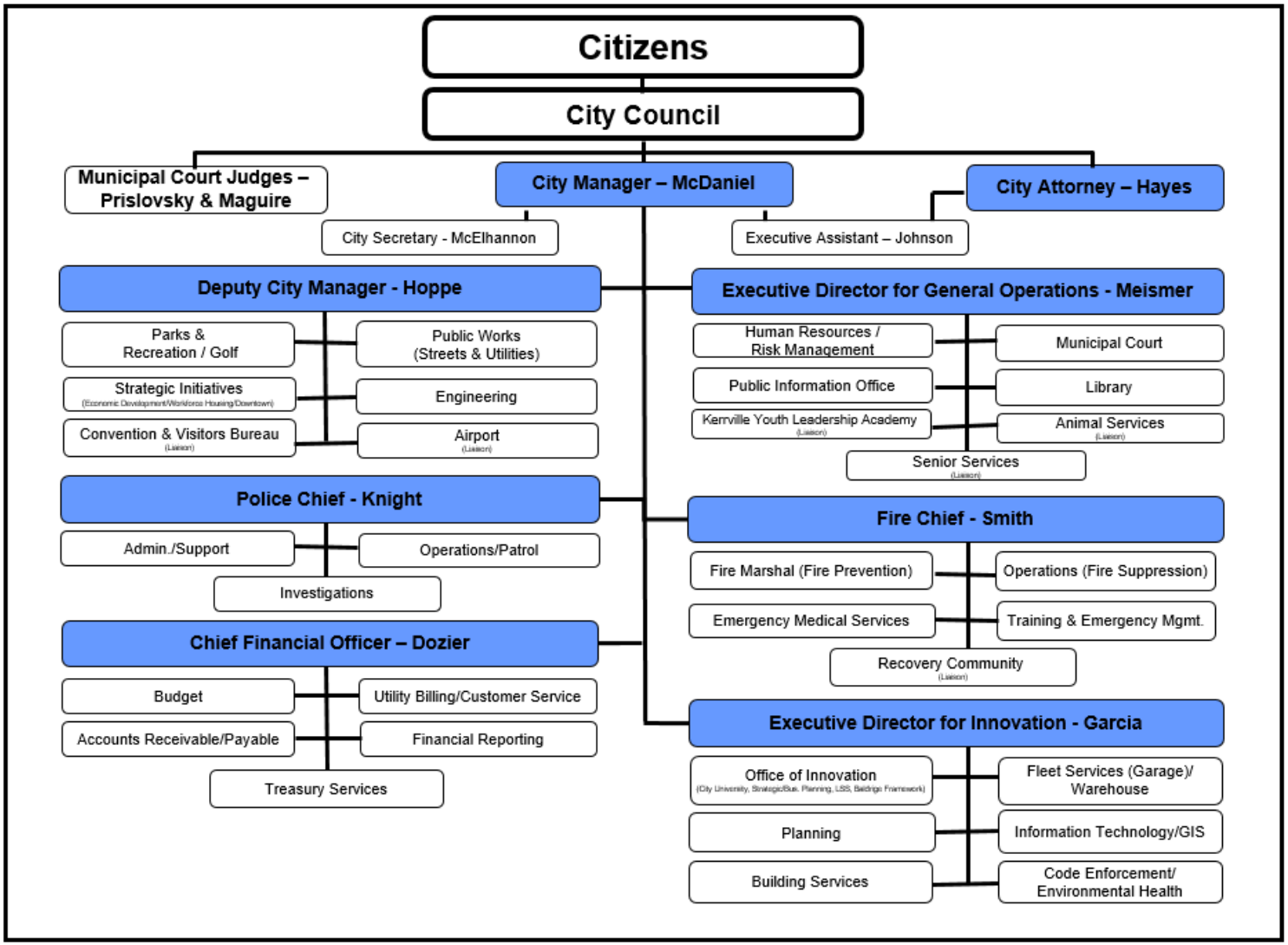
City of Kerrville, Texas

Organization Chart

Year Ended September 30, 2019



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City of Kerrville, Texas

List of Principal Officials

Year Ended September 30, 2019

Name	Position	Term Expiration
Elected Officials		
Bill Blackburn	Mayor	May 2020
Gary Cochrane	Place 1	May 2021
Kim Clarkson	Place 2	May 2021
Judy Eychner	Place 3, Mayor Pro Tem	May 2020
Delayne Sigerman	Place 4	May 2020
Appointed Officials		
Mark McDaniel	City Manager	
Mike Hayes	City Attorney	
E.A. Hoppe	Deputy City Manager	
Kim Meismer	Executive Director for General Operations	
Shelley McElhannon	City Secretary	
Amy Dozier	Chief Financial Officer	
David Knight	Police Chief	
Dannie Smith	Fire Chief	

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Financial Section

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BKD
CPAs & Advisors

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Independent Auditor's Report

The Honorable Mayor and City Council
City of Kerrville, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Kerrville, Texas (City), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Kerrville-Kerr County Airport Board, a joint venture between the City of Kerrville and Kerr County, which statements reflect total net position of $17,325,891 of which 50% ($8,662,946) is recorded in the statement of net position and represents 6.0% of the governmental activities total assets. We also did not audit the financial statements of Kerrville Public Utility Board (KPUB), a discretely presented component unit, which represents approximately 93%, 92% and 92%, respectively, of the assets, net position and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included as equity in joint venture and the aggregate discretely presented component units, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of KPUB were not audited in accordance with *Government Auditing Standards.*

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory information, combining statements, budgetary comparison schedules, financial statements of the Economic Improvement Corporation and statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements, budgetary comparison schedules and financial statements of the Economic Improvement Corporation are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements, budgetary comparison schedules and financial statements of the Economic Improvement Corporation are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2020, on our consideration of the City'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 the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

BKD, LLP

Dallas, Texas
February 25, 2020

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City of Kerrville, Texas

Management's Discussion and Analysis

Year Ended September 30, 2019

Introduction

As management of the City of Kerrville, Texas (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1 – 5 of this report.

Financial Highlights

Government-wide

- The City's assets and deferred outflows exceeded its liabilities and deferred inflows at the close of the 2019 fiscal year by $142,320,084. Of this amount, $26,071,650 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies as more fully described below.
- During 2019, the City's total net position decreased by $7,108,287 or 4.8%. The net position of business-type activities decreased by $2,429,530 or 4.6%. The net position of governmental activities decreased by $4,678,757 or 4.8%.
- Total expenses of all the City's programs were $54,930,990 in 2019 as compared to $43,191,590 in 2018.

Fund Statements

- As of September 30, 2019, the City's governmental funds reported combined ending fund balances of $34,681,142. Of this total amount, $8,577,240 or approximately 24.7%, is unassigned and available for use within the City's designation and policies in the governmental funds.
- At the end of the current fiscal year, unassigned fund balance in the General Fund was $8,577,240 or 30.5% of the General Fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) 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 statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities and deferred inflows, with the difference between assets plus deferred outflows of resources, less liabilities less deferred inflows reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial condition of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (*e.g.*, uncollected taxes and earned but unused vacation leave). Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works and culture and recreation. The business-type activities of the City include water and wastewater services and the City's public golf course.

The government-wide financial statements include not only the City itself, but also a legally separate electric utility, Kerrville Public Utility Board (KPUB), as well as the Economic Improvement Corporation (EIC). Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 20 – 22 of this report.

Fund Financial Statements

Fund Financial Statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to 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 on 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 funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains twelve individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund and the Governmental IP Fund, which are considered to be major funds. Data from the other ten funds are combined into a single, aggregated presentation. Individual funds data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining statements section in the report.

The governmental fund financial statements can be found on pages 23 – 26 of this report.

Proprietary Funds – The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City maintains two enterprise funds. The City uses enterprise funds to account for its water and wastewater services, and the City's public golf course.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for an automotive maintenance facility and employees' health insurance services. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Enterprise funds provide the same type of information as the government-wide financial statements, only in more detail. The enterprise fund financial statements provide information for the Water Fund and the Golf Course Fund. The Water Fund is considered to be a major fund of the City while the Golf Course Fund is presented in a single column as a nonmajor enterprise fund. The internal service funds are also combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the nonmajor enterprise funds and internal service funds is provided in the form of combining statements elsewhere in the report.

The basic proprietary fund financial statements can be found on pages 27 – 30 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. Each note is designed to give a more detailed explanation of the figures, which are presented in summary form throughout the financial statements section of the report.

The notes to the financial statements can be found on pages 33 – 65 of this report.

Comparative Financial Information

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by $142,320,084 at the close of the most recent fiscal year.

By far, the largest portion of the City's net position (79.6%) reflects its investment in capital assets (e.g., land, buildings, infrastructure and system improvements), less any related debt used to acquire those assets that is outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, 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		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	$ 46,308,467	$ 34,607,238	$ 21,274,328	$ 12,973,630	$ 67,582,795	$ 47,580,868
Capital assets	86,828,807	92,168,392	84,507,506	83,808,592	171,336,313	175,976,984
Total assets	133,137,274	126,775,630	105,781,834	96,782,222	238,919,108	223,557,852
Deferred outflows of resources	5,066,351	2,474,938	1,220,171	727,788	6,286,522	3,202,726
Long-term liabilities	41,306,972	26,307,415	51,178,621	40,199,354	92,485,593	66,506,769
Other liabilities	4,319,597	4,364,967	5,791,098	4,578,170	10,110,695	8,943,137
Total liabilities	45,626,569	30,672,382	56,969,719	44,777,524	102,596,288	75,449,906
Deferred inflows of resources	239,936	1,562,309	49,322	319,992	289,258	1,882,301
Net position						
Net investment in capital assets	67,740,741	71,381,407	45,521,130	45,057,360	113,261,871	116,438,767
Restricted for debt service	1,243,043	1,144,467	1,743,520	1,805,255	2,986,563	2,949,722
Unrestricted	23,353,336	24,490,003	2,718,314	5,549,879	26,071,650	30,039,882
Total net position	$ 92,337,120	$ 97,015,877	$ 49,982,964	$ 52,412,494	$ 142,320,084	$ 149,428,371

During 2019, both the governmental and business-type activities saw increases in current assets and long-term liabilities due to the issuance of debt. The General Fund issued $9,895,000 in debt in September 2019 to fund street and drainage projects. The Water Fund issued $13,000,000 in debt in December 2018 to fund a new sewer lift station and water filtration system.

The net investment in capital assets for Governmental Activities decreased largely due to a change in accounting estimate. Previously, the City used the modified approach to account for streets as allowed by GASB Statement 34. In fiscal year 2019, the City changed to a traditional depreciation approach. The change means that significant improvements to streets are now capitalized and depreciated. For fiscal year 2019, this resulted in depreciation expense for streets of $5,761,328 which was not applicable in fiscal year 2018.

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in each category of net position for the government as a whole.

The City's net position decreased during the current fiscal year. The decrease is primarily attributable to the change in accounting estimate as described above.

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenue						
Program revenue						
Charges for services	$ 6,683,930	$ 6,375,410	$ 12,636,102	$ 12,740,076	$ 19,320,032	$ 19,115,486
Operating grants and contributions	862,680	272,964	-	-	862,680	272,964
Capital grants and contributions	3,462,693	1,314,445	1,000,000	1,500,000	4,462,693	2,814,445
General revenue						
Property tax	11,073,307	10,990,038	-	-	11,073,307	10,990,038
Sales tax	7,297,167	6,899,129	-	-	7,297,167	6,899,129
Hotel occupancy tax	1,415,761	1,333,802	-	-	1,415,761	1,333,802
Franchise tax	1,943,378	1,950,886	-	-	1,943,378	1,950,886
Alcoholic beverage tax	112,508	87,059	-	-	112,508	87,059
Investment earnings	618,479	391,070	444,824	228,855	1,063,303	619,925
Miscellaneous revenue	266,755	1,152,754	5,119	-	271,874	1,152,754
Total revenue	33,736,658	30,767,557	14,086,045	14,468,931	47,822,703	45,236,488
Expenses						
General government	$ 7,900,898	$ 6,988,212	-	-	7,900,898	6,988,212
Public safety	14,984,076	14,242,578	-	-	14,984,076	14,242,578
Cultural and recreation	5,242,653	5,111,916	-	-	5,242,653	5,111,916
Public works	11,660,777	5,617,405	-	-	11,660,777	5,617,405
Interest on long-term debt	633,074	605,985	-	-	633,074	605,985
Water and sewer operations	-	-	13,401,647	9,579,018	13,401,647	9,579,018
Golf course	-	-	1,107,865	1,046,476	1,107,865	1,046,476
Total expenses	40,421,478	32,566,096	14,509,512	10,625,494	54,930,990	43,191,590
Excess (deficiencies) before transfers	(6,684,820)	(1,798,539)	(423,467)	3,843,437	(7,108,287)	2,044,898
Transfers	2,006,063	1,641,090	(2,006,063)	(1,641,090)	-	-
Changes in Net Position	(4,678,757)	(157,449)	(2,429,530)	2,202,347	(7,108,287)	2,044,898
Net Position, Beginning of Year	97,015,877	97,173,326	52,412,494	50,210,147	149,428,371	147,383,473
Net Position, End of Year	$ 92,337,120	$ 97,015,877	$ 49,982,964	$ 52,412,494	$ 142,320,084	$ 149,428,371

Overall Financial Position and Results of Operations

Governmental Activities

The City's net position from governmental activities decreased by $4,678,757. In fiscal year 2019, revenues increased primarily due to a $2 million contribution received by the library. Overall governmental expenses increased primarily due to two items. The City elected to begin depreciating streets in fiscal year 2019, resulting in additional depreciation of $5,761,328. In addition, pension expense increased approximately $1,727,000 in fiscal year 2019 due to poor investment performance in 2018, which negatively impacted the pension liability on the measurement date of December 31, 2018.

Business-type Activities

Business-type activities operations decreased its net position by $2,429,530 primarily due to the $1,966,388 in major maintenance projects to rehabilitate a clarifier at the Water Treatment Plant and an oxidation ditch at the Water Reclamation Facility. In addition, the City recorded a $700,000 loss on disposal of an asset related to damage sustained during an October 2018 flood. These items were offset by a $1,000,000 contribution from EIC toward the funding of a new lift station.

Individual Financial Analysis of the City's Funds

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $34,681,142, an increase of $11,745,288 in comparison with the prior year. Approximately 24.7% of total fund balance or $8,577,240 constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is nonspendable, restricted, committed or assigned to indicate that it is not available for new spending because it has been committed for restricted purposes (debt service, capital projects).

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was $8,577,240. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 30.5% or almost three months of total General Fund expenditures.

The fund balance of the City's General Fund decreased by $693,949 during the current fiscal year. Key factors are as follows:

- Purchase of 13 vehicles including a fire truck, ambulance, two Fire Department vehicles, four Police Department vehicles, three Parks Department vehicles, a Streets truck and a Development Services truck.
- Decreases to the fund balance due to asset purchases were partially offset by continuing to save for future landfill needs in the Landfill Fund and strong sales tax performance in the General Fund.

The Governmental IP Fund's fund balance increased by $9,964,340 in fiscal year 2019 due primarily to $10.5 million in bond proceeds received in September 2019. The bonds were issued for streets and drainage projects.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail.

Unrestricted net position of the proprietary funds at the end of the year amounted to $2,718,314 with unrestricted net position of the Water Fund at the end of the year amounting to $2,932,082.

Overall, the Water Fund's net position decreased from operations by $2,245,184 compared to an increase of $2,113,687 in fiscal year 2018. The decrease is primarily due to $1,966,388 in major maintenance projects to rehabilitate a clarifier at the Water Treatment Plant and an oxidation ditch at the Water Reclamation Facility. In addition, the City recorded a $700,000 loss on the disposal of an asset related to damage sustained during an October 2018 flood. These items were offset by a $1,000,000 contribution from EIC toward funding of a new lift station.

General Fund Budgetary Analysis

In fiscal year 2019, the fund balance decreased by $693,949, which is $835,144 better than budgeted. This is due to higher than anticipated revenues combined with lower than anticipated expenditures.

Actual revenues exceeded budget by $625,146, primarily due to better than anticipated sales tax revenue and investment income.

Actual expenditures were $209,998 less than budget due primarily to an ambulance purchase that was budgeted and ordered in fiscal year 2019, but not received until fiscal year 2020.

Capital Asset and Long-term Debt Administration

Major Capital Additions

In fiscal year 2019, the General Fund purchased a new fire truck and continued working on major renovations at the Tennis Center. The Water Fund recorded new assets related to a new sewer lift station and water filtration system.

Capital Assets

As of September 30, 2019, total capital assets of the City's governmental and business-type amount to $171,336,313 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, infrastructure and system improvements (including streets and drainage infrastructure) and machinery and equipment. During fiscal year 2019, the City changed the depreciation accounting estimate related to streets. Previously, the City used the modified approach but changed to the traditional depreciation approach. The change means that significant improvements to streets are now capitalized and depreciated.

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	$ 7,535,757	$ 7,535,757	$ 488,831	$ 488,831	$ 8,024,588	$ 8,024,588
Construction in progress	990,746	1,584,053	4,461,263	684,570	5,452,009	2,268,623
Streets	28,860,706	34,425,208	-	-	28,860,706	34,425,208
Buildings	12,725,251	13,265,236	2,837,362	2,303,767	15,562,613	15,569,003
Improvements other than buildings	32,146,616	31,123,008	75,432,058	79,071,442	107,578,674	110,194,450
Vehicles	2,846,858	2,367,302	353,962	414,090	3,200,820	2,781,392
Machinery and equipment	1,448,935	1,604,318	913,043	840,870	2,361,978	2,445,188
Office equipment	273,938	263,510	20,987	5,022	294,925	268,532
Total	$ 86,828,807	$ 92,168,392	$ 84,507,506	$ 83,808,592	$ 171,336,313	$ 175,976,984

Additional information on the City's capital assets can be found in Note 4 on pages 45 – 47 of this report.

Long-term Debt

At the end of the current fiscal year, the City has total governmental activities net bonded debt outstanding of $29,107,685, which the City expects to retire through the Debt Service Fund. The City also has business activity net bonded debt outstanding of $44,697,177 at September 30, 2019. The City's net bonded debt increased by approximately $19,000,000 during the current fiscal year due to $13,000,000 in debt funding through the Texas Water Development Board for water projects and $9,895,000 in new certificates of obligation issued for streets and drainage projects, offset by principal payments.

The City's financial policies limit Water Fund debt service to no more than 35% of total water and sewer revenues. The City's debt service remained below that level in fiscal year 2019 and the City intends to comply with that policy with any future debt issuances.

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Gross Bonded Debt						
General obligation	$ 5,220,000	$ 6,060,000	$ 9,830,000	$ 10,465,000	$ 15,050,000	$ 16,525,000
Certificates of obligation	22,580,000	13,430,000	33,845,000	22,810,000	56,425,000	36,240,000
Total bonded debt	27,800,000	19,490,000	43,675,000	33,275,000	71,475,000	52,765,000
Bond premium/discount	1,307,685	655,408	1,055,177	1,253,255	2,362,862	1,908,663
Net bonded debt	29,107,685	20,145,408	44,730,177	34,528,255	73,837,862	54,673,663
Other Long-term Debt						
Cailloux Foundation promissory note	-	279,881	-	-	-	279,881
Kerrville Public Utility Board note	-	-	7,500,000	7,500,000	7,500,000	7,500,000
State infrastructure bank loan	-	42,320	-	34,626	-	76,946
Compensated absences	1,003,698	1,022,058	201,089	190,291	1,204,787	1,212,349
Net pension liability	8,962,473	3,232,952	1,835,690	662,171	10,798,163	3,895,123
Total OPEB liability	941,248	934,521	192,787	191,409	1,134,035	1,125,930
Landfill closure and post-closure costs	3,584,670	3,361,624	-	-	3,584,670	3,361,624
Total	$ 43,599,774	$ 29,018,764	$ 54,459,743	$ 43,106,752	$ 98,059,517	$ 72,125,516

Additional information on the City's long-term debt can be found in Note 6 on pages 49 – 51 of this report.

The City's ten-year Community Investment Plan identified almost $59 million of capital improvements through 2029. The City plans to use a combination of debt, cash and grant/donation funding to pay for the projects. In November 2019, Standard & Poor's confirmed the City's general obligation bond rating of an AA.

Items That Will Have a Significant Financial Impact

Economic Factors and Next Year's Budgets and Rates

The City has adopted an ad valorem tax rate of $0.5400 per $100 value for fiscal year 2020, which is a decrease from $0.5514 in fiscal year 2019.

Sales tax revenue in fiscal year 2019 was 5.8% higher than fiscal year 2018. The City budgeted a 2.4% increase in for the 2020 budget year.

Due to a change in the rate structure and amount, water revenue is budgeted to increase in fiscal year 2020. In addition, a more normal rainfall year is expected to increase revenues over the very wet 2019 fiscal year.

Hotel/motel occupancy tax revenue in fiscal year 2019 was $1,415,761, up 6.1 % over the prior year. The City anticipates revenues to remain strong in fiscal year 2020.

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, City of Kerrville, 701 Main Street, Kerrville, Texas 78028, or you may call (830) 258-1121.

Basic Financial Statements

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City of Kerrville, Texas
Statement of Net Position
September 30, 2019

Exhibit A-1

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Assets				
Cash and cash equivalents	$ 13,882,719	$ 3,125,189	$ 17,007,908	$ 4,300,919
Investments	10,517,962	2,626,828	13,144,790	15,657,921
Receivables (net of allowances for uncollectibles)				
Taxes	415,488	-	415,488	-
Accounts	590,770	1,482,815	2,073,585	5,223,979
Other	246,882	-	246,882	-
Due from other governments	1,338,584	-	1,338,584	594,842
Internal balances	49,630	(49,630)	-	-
Inventories	34,986	501,079	536,065	1,151,297
Prepaid expenses	3,362	-	3,362	-
Restricted assets				
Cash and cash equivalents	5,705,175	12,350,449	18,055,624	-
Investments	4,859,963	1,237,598	6,097,561	4,494,897
Equity in joint venture	8,662,946	-	8,662,946	-
Advance to the City of Kerrville	-	-	-	7,500,000
Capital assets (net of accumulated depreciation, where applicable)				
Depreciable	78,302,304	79,557,412	157,859,716	5,525,994
Non-depreciable	8,526,503	4,950,094	13,476,597	41,824,704
Total assets	133,137,274	105,781,834	238,919,108	86,274,553
Deferred Outflows of Resources				
Deferred outflows – pensions	4,860,796	995,586	5,856,382	1,749,966
Deferred outflows – OPEB	80,936	16,756	97,692	13,062
Deferred outflows – loss on refunding	124,619	207,829	332,448	-
Total deferred outflows of resources	5,066,351	1,220,171	6,286,522	1,763,028
Liabilities				
Accounts payable and accrued liabilities	1,960,461	1,503,377	3,463,838	5,612,287
Customer deposits	66,334	208,478	274,812	532,451
Unearned revenue	-	798,121	798,121	-
Noncurrent liabilities				
Due within one year				
Bonds and notes payable	1,680,967	3,092,210	4,773,177	392,000
Compensated absences	611,835	188,912	800,747	-
Due in more than one year				
Bonds and notes payable	27,426,718	49,137,967	76,564,685	4,081,000
Net pension liability	8,962,473	1,835,690	10,798,163	3,299,969
Total OPEB liability	941,248	192,787	1,134,035	234,590
Compensated absences	391,863	12,177	404,040	-
Landfill closure and post-closure costs	3,584,670	-	3,584,670	-
Total liabilities	45,626,569	56,969,719	102,596,288	14,152,297
Deferred Inflows of Resources				
Deferred inflows – pensions	186,856	38,272	225,128	267,575
Deferred inflows – OPEB	53,080	11,050	64,130	13,436
Total deferred inflows of resources	239,936	49,322	289,258	281,011
Net Position				
Net investment in capital assets	67,740,741	45,521,130	113,261,871	42,877,698
Restricted for				
Debt service	1,243,043	1,743,520	2,986,563	384,108
Capital projects	-	-	-	3,266,468
Unrestricted	23,353,336	2,718,314	26,071,650	27,075,999
Total net position	$ 92,337,120	$ 49,982,964	$ 142,320,084	$ 73,604,273

City of Kerrville, Texas
Statement of Activities
Year Ended September 30, 2019

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	$ 7,900,898	$ 995	$ -	$ 1,139,317
Public safety	14,984,076	4,214,499	77,680	-
Culture and recreation	5,242,653	650,053	-	2,284,508
Public works	11,660,777	1,818,383	785,000	38,868
Interest on long-term debt	633,074	-	-	-
Total expenses	40,421,478	6,683,930	862,680	3,462,693
Business-type Activities				
Water	13,401,647	11,797,941	-	1,000,000
Golf course	1,107,865	838,161	-	-
Total business-type activities	14,509,512	12,636,102	-	1,000,000
Total primary government	$ 54,930,990	$ 19,320,032	$ 862,680	$ 4,462,693
Component Units				
Economic Improvement Corporation	$ 3,879,387	$ -	$ -	$ -
Kerrville Public Utility Board	39,879,825	41,954,848	-	354,663
Total component units	$ 43,759,212	$ 41,954,848	$ -	$ 354,663

General Revenues
- Property taxes
- Sales and use taxes
- Hotel occupancy taxes
- Franchise taxes
- Alcoholic beverage taxes
- Investment earnings
- Miscellaneous income

Transfers

Total general revenues and transfers

Change in net position

Net Position, Beginning of Year

Net Position, End of Year

Exhibit A-2

Net (Expense) Revenue and Changes in Net Position

Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
$ (6,760,586)	$ -	$ (6,760,586)	
(10,691,897)	-	(10,691,897)	
(2,308,092)	-	(2,308,092)	
(9,018,526)	-	(9,018,526)	
(633,074)	-	(633,074)	
(29,412,175)	-	(29,412,175)	
-	(603,706)	(603,706)	
-	(269,704)	(269,704)	
-	(873,410)	(873,410)	
(29,412,175)	(873,410)	(30,285,585)	
			$ (3,879,387)
			2,429,686
			(1,449,701)
11,073,307	-	11,073,307	-
7,297,167	-	7,297,167	3,648,217
1,415,761	-	1,415,761	-
1,943,378	-	1,943,378	-
112,508	-	112,508	-
618,479	444,824	1,063,303	634,607
266,755	5,119	271,874	30,870
2,006,063	(2,006,063)	-	-
24,733,418	(1,556,120)	23,177,298	4,313,694
(4,678,757)	(2,429,530)	(7,108,287)	2,863,993
97,015,877	52,412,494	149,428,371	70,740,280
$ 92,337,120	$ 49,982,964	$ 142,320,084	$ 73,604,273

City of Kerrville, Texas
Balance Sheet – Governmental Funds
September 30, 2019

Exhibit A-3

	General Fund	Governmental IP Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 9,188,895	$ 9,442,846	$ 4,004,739	$ 22,636,480
Investments	4,755,980	5,084,609	2,156,399	11,996,988
Receivables, net				
Taxes	347,484	-	68,004	415,488
Accounts	590,770	-	-	590,770
Interest Receivable	2,154	1,885	701	4,740
Other	242,142	-	-	242,142
Due from other funds	53,326	-	-	53,326
Due from other governments	1,338,584	-	-	1,338,584
Inventories	10,260	-	-	10,260
Prepaids	3,362	-	-	3,362
Total assets	$ 16,532,957	$ 14,529,340	$ 6,229,843	$ 37,292,140
Liabilities				
Accounts payable and accrued liabilities	$ 1,470,770	$ 363,774	$ 19,152	$ 1,853,696
Customer deposits	66,334	-	-	66,334
Total liabilities	1,537,104	363,774	19,152	1,920,030
Deferred Inflows of Resources				
Unavailable revenue	641,081	-	49,887	690,968
Fund Balances				
Nonspendable	13,622	-	-	13,622
Restricted				
Landfill	3,011,363	-	-	3,011,363
Debt service	-	-	1,243,043	1,243,043
Tourism	-	-	1,728,872	1,728,872
Grants	-	-	3,117	3,117
Cailloux Theater	670,138	-	-	670,138
Police	-	-	79,841	79,841
PEG	-	-	51,241	51,241
Municipal court	-	-	99,576	99,576
Committed				
Park improvements	-	-	112,396	112,396
History center	-	-	209,973	209,973
Library	-	-	2,632,745	2,632,745
Insurance reserve	162,363	-	-	162,363
Capital improvements	1,920,046	14,165,566	-	16,085,612
Unassigned	8,577,240	-	-	8,577,240
Total fund balances	14,354,772	14,165,566	6,160,804	34,681,142
Total liabilities, deferred inflows of resources and fund balances	$ 16,532,957	$ 14,529,340	$ 6,229,843	$ 37,292,140

City of Kerrville, Texas

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

September 30, 2019

Exhibit A-4

Total fund balances – governmental funds balance sheet		$ 34,681,142
Amounts reported for governmental activities in the statement of net position are different because		
Receivable balances unavailable to pay for current period expenditures are unavailable in the funds. Unavailable revenues at year-end consist of:		
Property taxes	377,913	
Ambulance fees	283,825	
Court fines	29,230	690,968
Capital assets used in governmental activities, excluding the internal service funds, are not reported in the funds.		86,824,172
The assets and liabilities of internal service funds are included in governmental activities in the statement of net position.		272,957
The equity in a joint venture is not reported in the funds.		8,662,946
Deferred outflows of resources and deferred inflows of resources represent flows of resources which relate to future periods and, therefore, are not reported in the fund financial statements. Deferred outflows of resources and deferred inflows of resources at year-end, excluding internal service funds, consist of:		
Deferred outflows - pensions	4,802,234	
Deferred outflows - OPEB	79,876	
Deferred outflows - loss on refunding	124,619	
Deferred inflows - pensions	(184,605)	
Deferred inflows - OPEB	(52,354)	4,769,770
Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund financial statements. Long-term liabilities, excluding internal service funds, at year-end consist of:		
Principal outstanding	(27,800,000)	
Bond premiums	(1,307,685)	
Land closure/post-closure costs	(3,584,670)	
Net pension liability	(8,854,493)	
Total OPEB liability	(929,909)	
Compensated absences	(992,620)	(43,469,377)
Interest payable on long-term debt does not require current financial resources, therefore interest payable is not reported as a liability in the governmental funds balance sheet.		(95,458)
Net position of governmental activities		$ 92,337,120

City of Kerrville, Texas

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds

Year Ended September 30, 2019

Exhibit A-5

	General Fund	Governmental IP Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes and penalties	$ 18,870,924	$ -	$ 2,960,302	$ 21,831,226
Licenses and permits	673,259	-	20,625	693,884
Intergovernmental	1,431,074	788,868	-	2,219,942
Charges for services	4,246,406	-	29,973	4,276,379
Intergovernmental	99,579	-	3,366,696	3,466,275
Fines and forfeitures	485,764	-	31,737	517,501
Investment income	401,848	108,669	107,962	618,479
Miscellaneous	474,465	-	22,773	497,238
Total revenues	26,683,319	897,537	6,540,068	34,120,924
Expenditures				
Current				
General government	5,332,094	746,695	100,335	6,179,124
Public safety	13,777,279	20,226	-	13,797,505
Culture and recreation	3,387,361	-	1,288,166	4,675,527
Public works	4,361,530	594,961	-	4,956,491
Capital outlay	1,304,002	1,409,515	103,342	2,816,859
Debt service				
Principal	-	-	1,907,226	1,907,226
Interest	-	154,156	548,967	703,123
Total expenditures	28,162,266	2,925,553	3,948,036	35,035,855
Excess (deficiency) of revenues over (under) expenditures	(1,478,947)	(2,028,016)	2,592,032	(914,931)
Other Financing Sources (Uses)				
Issuance of long-term debt	-	9,895,000	-	9,895,000
Premium on issuance of debt	-	759,156	-	759,156
Transfers in	2,193,198	1,338,200	-	3,531,398
Transfers out	(1,408,200)	-	(117,135)	(1,525,335)
Net other financing sources	784,998	11,992,356	(117,135)	12,660,219
Net Change in Fund Balances	(693,949)	9,964,340	2,474,897	11,745,288
Fund Balances, Beginning of Year	15,048,721	4,201,226	3,685,907	22,935,854
Fund Balances, End of Year	$ 14,354,772	$ 14,165,566	$ 6,160,804	$ 34,681,142

See Notes to Basic Financial Statements

City of Kerrville, Texas

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year Ended September 30, 2019

Exhibit A-6

Net change in fund balances – total governmental funds	$	11,745,288
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital assets recorded in the current period.		2,816,859
Governmental funds do not recognize contributed capital assets. However, in the statement of activities the acquisition value of those assets is recognized as revenue, then allocated over their estimated useful lives and reported as depreciation expense.		27,131
Depreciation expense on capital assets is reported in the statement of activities but does not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds.		(8,083,434)
The issuance of long-term debt (bonds and related premium and capital leases) provides current financial resources to governmental funds, but has no effect on net position.		(10,654,156)
Current year payments on long-term debt are reported as debt service in the governmental funds but are a reduction of the associated liability on the statement of net position.		1,907,201
Current year changes in joint venture equity are not reported in the governmental fund statements.		(249,014)
Amortization of bond premiums and effect of losses on refundings is reported in the statement of activities but is not recognized in the governmental funds.		93,033
Current year change in long-term liability for compensated absences do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.		13,748
Current year changes in accrued interest payable do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.		(22,984)
Current year pension & OPEB expenditures are reported on the fiscal year basis on the governmental statement of revenues, expenditures and changes in fund balance and as actuarially determined in the government-wide statement of activities. These differences are reflected in deferred outflows of resources and deferred inflow of resources balances.		(1,791,028)
Current year changes in landfill post-closure costs do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.		(223,048)
Internal service funds are used by management to share the costs of certain activities including self-insurance and fleet maintenance to individual funds. This is a net loss for the year.		(67,939)
In the governmental fund financial statements the the effect of net book value of disposed assets is not shown. This value represents the net book value loss on disposal of capital assets.		(93,823)
Certain revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds. This is the net change in these revenues for the year.		(96,591)
Change in net position of governmental activities	$	(4,678,757)

City of Kerrville, Texas

Statement of Net Position – Proprietary Funds

September 30, 2019

	Business-type Activities – Enterprise Funds			Governmental Activities
	Water Fund	Nonmajor Golf Course Fund	Total Enterprise Funds	Internal Service Funds
Assets				
Current Assets				
Cash and cash equivalents	$ 3,083,668	$ 41,521	$ 3,125,189	$ 216,028
Investments	2,626,828	-	2,626,828	116,323
Receivables (net of allowances for uncollectibles)	1,482,815	-	1,482,815	-
Inventories	438,112	62,967	501,079	24,726
Total current assets	7,631,423	104,488	7,735,911	357,077
Noncurrent Assets				
Restricted assets				
Cash and cash equivalents	12,350,449	-	12,350,449	-
Investments	1,237,598	-	1,237,598	-
Total restricted assets	13,588,047	-	13,588,047	-
Capital assets				
Land	488,831	-	488,831	-
Buildings	3,794,063	374,668	4,168,731	159,000
Improvements other than buildings	111,569,357	2,488,855	114,058,212	-
Vehicles	1,522,108	10,360	1,532,468	18,056
Machinery and equipment	3,288,101	443,397	3,731,498	40,388
Office equipment	134,948	-	134,948	-
Construction in progress	4,461,263	-	4,461,263	-
Accumulated depreciation	(41,837,456)	(2,230,989)	(44,068,445)	(212,809)
Net capital assets	83,421,215	1,086,291	84,507,506	4,635
Total noncurrent assets	97,009,262	1,086,291	98,095,553	4,635
Total assets	104,640,685	1,190,779	105,831,464	361,712
Deferred Outflows of Resources				
Deferred outflows - pension	819,895	175,691	995,586	58,562
Deferred outflows - OPEB	14,855	1,901	16,756	1,060
Deferred charges for refunding	207,829	-	207,829	-
Total deferred outflows of resources	$ 1,042,579	$ 177,592	$ 1,220,171	$ 59,622

Exhibit A-7

	Business-type Activities – Enterprise Funds			Governmental Activities
	Water Fund	Nonmajor Golf Course Fund	Total Enterprise Funds	Internal Service Funds
Liabilities				
Current Liabilities				
Accounts payable and accrued liabilities	$ 1,468,994	$ 34,383	$ 1,503,377	$ 11,307
Unearned revenue	750,218	47,903	798,121	-
Compensated absences – current	154,432	34,480	188,912	-
Due to other funds	38,385	11,245	49,630	3,696
Customer deposits	208,478	-	208,478	-
Bonds and notes – current	3,092,210	-	3,092,210	-
Total current liabilities	5,712,717	128,011	5,840,728	15,003
Noncurrent Liabilities				
Net pension liability	1,511,745	323,945	1,835,690	107,980
Total OPEB liability	158,765	34,022	192,787	11,339
Bonds and notes – noncurrent	49,137,967	-	49,137,967	-
Compensated absences – noncurrent	9,954	2,223	12,177	11,078
Total noncurrent liabilities	50,818,431	360,190	51,178,621	130,397
Total liabilities	56,531,148	488,201	57,019,349	145,400
Deferred Inflows of Resources				
Deferred inflows - pension	31,518	6,754	38,272	2,251
Deferred inflows - OPEB	10,157	893	11,050	726
Total deferred inflows of resources	41,675	7,647	49,322	2,977
Net Position				
Net investment in capital assets	44,434,839	1,086,291	45,521,130	4,635
Restricted for debt service	1,743,520	-	1,743,520	-
Unrestricted	2,932,082	(213,768)	2,718,314	268,322
Total net position	$ 49,110,441	$ 872,523	$ 49,982,964	$ 272,957

City of Kerrville, Texas

Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds

Year Ended September 30, 2019

Exhibit A-8

	Business-type Activities – Enterprise Funds			Governmental Activities
	Water Fund	Nonmajor Golf Course Fund	Total Enterprise Funds	Internal Service Funds
Operating Revenues				
Charges for services	$ 11,290,026	$ 838,161	$ 12,128,187	$ 3,445,620
Other charges	507,915	-	507,915	-
Total operating revenues	11,797,941	838,161	12,636,102	3,445,620
Operating Expenses				
Personnel services	3,445,230	627,569	4,072,799	319,309
Repairs and maintenance	2,926,673	49,046	2,975,719	7,937
Supplies and materials	605,824	165,442	771,266	16,710
Utilities	663,043	53,142	716,185	5,079
Depreciation	3,037,455	69,982	3,107,437	2,147
General administration	471,153	142,684	613,837	4,082
Premiums and other charges	-	-	-	3,158,295
Total operating expenses	11,149,378	1,107,865	12,257,243	3,513,559
Operating income (loss)	648,563	(269,704)	378,859	(67,939)
Nonoperating Revenues (Expenses)				
Investment income	444,585	239	444,824	-
Loss on disposal of assets	(707,997)	-	(707,997)	-
Miscellaneous revenue	-	5,119	5,119	-
Bond issuance cost	(244,029)	-	(244,029)	-
Interest expense	(1,300,243)	-	(1,300,243)	-
Net nonoperating revenues (expenses)	(1,807,684)	5,358	(1,802,326)	-
Net loss before contributions and transfers	(1,159,121)	(264,346)	(1,423,467)	(67,939)
Capital Contributions and Transfers				
Capital contributions	1,000,000	-	1,000,000	-
Transfers in	-	80,000	80,000	-
Transfers out	(2,086,063)	-	(2,086,063)	-
Capital contributions and net transfers	(1,086,063)	80,000	(1,006,063)	-
Change in Net Position	(2,245,184)	(184,346)	(2,429,530)	(67,939)
Net Position, Beginning of Year	51,355,625	1,056,869	52,412,494	340,896
Net Position, End of Year	$ 49,110,441	$ 872,523	$ 49,982,964	$ 272,957

City of Kerrville, Texas

Statement of Cash Flows – Proprietary Funds

Year Ended September 30, 2019

Exhibit A-9

	Business-Type Activities – Enterprise Funds			Governmental Activities
	Water Fund	Nonmajor Golf Course Fund	Total Enterprise Funds	Internal Service Funds
Operating Activities				
Cash received from customers	$ 11,177,689	$ 837,572	$ 12,015,261	$ 3,445,620
Cash payments to employees	(3,133,146)	(558,990)	(3,692,136)	(302,164)
Cash payments to other suppliers for goods and services	(4,534,293)	(388,063)	(4,922,356)	(3,198,053)
Other operating activities	1,232,938	-	1,232,938	-
Net cash provided by (used in) operating activities	4,743,188	(109,481)	4,633,707	(54,597)
Noncapital Financing Activities				
Transfers from other funds	-	84,561	84,561	-
Transfers to other funds	(2,086,063)	-	(2,086,063)	-
Proceeds from other nonoperating reveneus	-	5,119	5,119	-
Net cash provided by (used in) noncapital financing activities	(2,086,063)	89,680	(1,996,383)	-
Capital and Related Financing Activities				
Capital contributions	(244,029)	-	(244,029)	-
Proceeds from issuance of debt	13,000,000	-	13,000,000	-
Principal and interest paid	(4,090,968)	-	(4,090,968)	-
Acquisition or construction of capital assets	(3,514,348)	-	(3,514,348)	-
Net cash provided by capital and related financing activities	5,150,655	-	5,150,655	-
Investing Activities				
Investment income	444,585	239	444,824	2,457
Sale of investments	20,753,024	-	20,753,024	47,608
Purchase of investments	(19,646,670)	-	(19,646,670)	-
Net cash provided by investing activities	1,550,939	239	1,551,178	50,065
Net Increase (Decrease) in Cash and Cash Equivalents	9,358,719	(19,562)	9,339,157	(4,532)
Cash and Cash Equivalents, Beginning of Year	6,075,398	61,083	6,136,481	220,560
Cash and Cash Equivalents, End of Year	$ 15,434,117	$ 41,521	$ 15,475,638	$ 216,028
Reconciliation to the Statement of Net Position				
Cash and cash equivalents	$ 3,083,668	$ 41,521	$ 3,125,189	$ 216,028
Restricted cash and cash equivalents	12,350,449	-	12,350,449	-
	$ 15,434,117	$ 41,521	$ 15,475,638	$ 216,028
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities				
Operating income (loss)	$ 648,563	$ (269,704)	$ 378,859	$ (67,939)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	3,037,455	69,982	3,107,437	2,147
Change in assets and deferred outflows				
(Increase) decrease in receivables	(112,337)	-	(112,337)	-
(Increase) decrease in inventories	17,129	16,989	34,118	(3,550)
(Increase) decrease in prepaid expenses	-	-	-	-
(Increase) decrease in deferred pension outflows	(439,762)	(94,235)	(533,997)	(31,410)
(Increase) decrease in deferred OPEB outflows	(1,358)	993	(365)	(97)
Change in liabilities and deferred inflows				
Increase (decrease) in accounts payable	87,274	5,262	92,536	(2,400)
Increase (decrease) in accrued compensated absences	754,746	2,720	757,466	(4,612)
Increase (decrease) in due to other funds	5,763	-	5,763	-
Increase (decrease) in net pension liability	966,428	207,091	1,173,519	69,029
Increase (decrease) in total OPEB liability	1,135	243	1,378	81
Increase (decrease) in deferred pension inflows	(232,005)	(49,715)	(281,720)	(15,846)
Increase (decrease) in deferred OPEB inflows	10,157	893	11,050	
Total adjustments	4,094,625	160,223	4,254,848	13,342
Net cash provided by (used in) operating activities	$ 4,743,188	$ (109,481)	$ 4,633,707	$ (54,597)

City of Kerrville, Texas

Statements of Net Position – Component Units

September 30, 2019

Exhibit A-10

	Kerrville Economic Improvement Corporation (EIC)	Kerrville Public Utility Board (KPUB)	Total
Assets			
Cash and cash equivalents	$ 3,921,213	$ 379,706	$ 4,300,919
Investments	-	15,657,921	15,657,921
Receivables (net of allowances for uncollectible)	-	5,223,979	5,223,979
Due from other governments	594,842	-	594,842
Inventories	-	1,151,297	1,151,297
Restricted assets			
Investments	-	4,494,897	4,494,897
Advance to City of Kerrville	-	7,500,000	7,500,000
Capital assets nondepreciable			
Land	1,138,436	233,398	1,371,834
Construction in progress	-	4,154,160	4,154,160
Depreciable (net of accumulated depreciation)			
Buildings	-	2,498,537	2,498,537
Improvements other than buildings	-	36,215,124	36,215,124
Vehicles	-	1,846,668	1,846,668
Machinery and equipment	-	1,264,375	1,264,375
Total assets	5,654,491	80,620,062	86,274,553
Deferred Outflows of Resources			
Deferred outflows – pensions	-	1,749,966	1,749,966
Deferred outflows – OPEB	-	13,062	13,062
Total deferred outflows of resources	-	1,763,028	1,763,028
Liabilities			
Current Liabilities			
Accounts payable and accrued liabilities	-	5,612,287	5,612,287
Payable from restricted assets			
Customer deposits	-	532,451	532,451
Bonds payable, current	-	392,000	392,000
Total current liabilities	-	6,536,738	6,536,738
Noncurrent Liabilities			
Net pension liability	-	3,299,969	3,299,969
Total OPEB liability	-	234,590	234,590
Bonds payable, net of current portion	-	4,081,000	4,081,000
Total noncurrent liabilities	-	7,615,559	7,615,559
Total liabilities	-	14,152,297	14,152,297
Deferred Inflows of Resources			
Deferred inflows – pensions	-	267,575	267,575
Deferred inflows – OPEB	-	13,436	13,436
Total deferred inflows of resources	-	281,011	281,011
Net Position			
Net investment in capital assets	1,138,436	41,739,262	42,877,698
Restricted for			
Debt service	-	384,108	384,108
Capital projects	3,266,468	-	3,266,468
Unrestricted	1,249,587	25,826,412	27,075,999
Total net position	$ 5,654,491	$ 67,949,782	$ 73,604,273

City of Kerrville, Texas

Statements of Activities – Component Units

Year Ended September 30, 2019

Exhibit A-11

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: EIC	Net (Expense) Revenue and Changes in Net Position: KPUB	Net (Expense) Revenue and Changes in Net Position: Total
Kerrville Economic Improvement Corporation						
General government	$ 3,879,387	$ -	$ -	$ (3,879,387)	$ -	$ (3,879,387)
Total EIC	3,879,387	-	-	(3,879,387)	-	(3,879,387)
Kerrville Public Utility Board						
Purchased power	27,433,339	41,954,848	354,663	-	14,876,172	14,876,172
Distribution	3,005,119	-	-	-	(3,005,119)	(3,005,119)
Administration and other	6,200,354	-	-	-	(6,200,354)	(6,200,354)
Depreciation and amortization	3,241,013	-	-	-	(3,241,013)	(3,241,013)
Total KPUB	39,879,825	41,954,848	354,663	-	2,429,686	2,429,686
Total Component Units	$ 43,759,212	$ 41,954,848	$ 354,663	(3,879,387)	2,429,686	(1,449,701)
General Revenues						
Sales taxes				3,648,217	-	3,648,217
Investment earnings				93,077	541,530	634,607
Miscellaneous income				-	30,870	30,870
Total general revenues				3,741,294	572,400	4,313,694
Change in Net Position				(138,093)	3,002,086	2,863,993
Net Position, Beginning of Year				5,792,584	64,947,696	70,740,280
Net Position, End of Year				$ 5,654,491	$ 67,949,782	$ 73,604,273

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Notes to Basic Financial Statements

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City of Kerrville, Texas
Notes to Basic Financial Statements
September 30, 2019

Note 1: Summary of Significant Accounting Policies

General Statement

The City of Kerrville, Texas (City), was founded in 1889. The City operates under the council manager form of government as adopted by a home rule charter approved February 25, 1942. The City provides a full range of municipal services including public safety (police and fire), streets, culture and recreation, health services, planning and zoning and general administrative services. In addition, the City provides water and sewer service as a proprietary function of the City.

The accounting policies of the City conform to generally accepted accounting principles issued by the Governmental Accounting Standards Board (GASB) which is the recognized financial accounting standard setting body for governmental entities. The notes to the financial statements are an integral part of the City's general purpose financial statements.

Financial Reporting Entity

The City is a home rule municipality governed by an elected mayor and a four-member City Council that appoints a City Manager. The City's (primary government) financial statements include its component units. The accompanying general purpose financial statements comply with the provisions of the GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 61, in that the financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either: (1) the City's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the City.

The Kerrville Public Utility Board (KPUB) – the electric utility, an entity legally separate from the City, is governed by a five-member board appointed by the City Council. For financial statement purposes, KPUB is reported as a discretely presented component unit of the City because the City appoints its governing body, is potentially obligated to finance any deficits that may occur, and receives significant franchise fees. Financial statements may be obtained from the Kerrville Public Utility Board, P.O. Box 294999, Kerrville, Texas 78029.

The Kerrville Economic Improvement Corporation (EIC), an entity legally separate from the City, is governed by a seven-member board of directors appointed by the City Council. For financial statement purposes, EIC is reported as a discretely presented component unit of the City because the City appoints its governing body, and is potentially able to impose its will. EIC collects a half cent sales tax per dollar of sales to support its activities. Separate financial statements are not prepared for EIC.

Kerrville Airport Joint Venture – The City and Kerr County operate a municipal airport under a joint venture agreement. Participants provide financial support and are entitled to an undivided 50% interest in net position. The City reports its interest as "Equity in Joint Venture."

Government-wide and Fund Financial Statements

The government-wide financial statements (*i.e.*, the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. The effect of interfund activity has been removed from these statements.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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 the operational or capital requirements of a particular function. Taxes and other items properly not included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year 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 are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal year are all considered to be susceptible to accrual and thus have been recognized as revenues of the current fiscal year.

The City reports the following major governmental funds:

- **General Fund –** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- **Governmental IP Fund –** is a capital project fund that accounts for major capital improvement projects.

The City reports the following major proprietary fund:

- **Water Fund –** accounts for the provisions of water and sewer service to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service and billing and collection.

Additionally, the City reports the following fund types:

- **Special Revenue Funds –** accounts for the collection and disbursement of earmarked monies.
- **Debt Service Fund –** accounts for the accumulation and use of property and sales tax revenue to meet the debt service requirements of the City's general and revenue bonded debt.
- **Capital Projects Fund –** accounts for the acquisition or construction of governmental capital assets not recorded in the Government IP Fund.
- **Nonmajor Golf Course fund –** accounts for all activities of the City's municipal golf course.
- **Internal Service Funds –** accounts for automotive maintenance and employee benefit services provided to other departments or agencies of the City.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are administrative fees and other charges between the City's water and sewer function and various other functions of the City on a cost reimbursement basis. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes, miscellaneous revenue and investment income.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Golf Course enterprise funds are charges to customers for sales and services. The Water Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State law and the City's investment policy restrict both time and demand deposits to those depositories doing business in the state of Texas and further require full insurance and/or pledging of collateral. CDs are limited to a stated maturity not exceeding 18 months. Pledged collateral, equal to 102% of the covered account balance is required for all deposits and is limited to obligations of the U.S. government or U.S. state, its agencies or instrumentalities and municipal obligations rated A or better by two nationally recognized rating agencies. Independent safekeeping is required outside the pledging bank's holding company with monthly reporting. Securities are monitored and priced at market on a daily basis as a contractual responsibility of the depository.

State law and the City's investment policy limit repurchase agreements to those with defined termination dates executed with a primary dealer (as defined by the Federal Reserve). The agreements require written master repurchase agreement with a defined termination date, secured by approved obligations, held by an independent third-party custodian with a final maturity not to exceed 90 days.

State law and the City's investment policy require commercial paper be rated A1/P1 or equivalent by two nationally recognized rating agencies and restricts maturity to a maximum maturity of 185 days from the date of issuance.

State law and the City's investment policy restrict investment in SEC registered mutual funds to AAA rated money market mutual funds striving to maintain a $1 net asset value and complying with SEC Rule 2a-7.

The City investment policy also allows AAA rated, constant dollar Texas local government investment pools which strive to maintain a $1 net asset value.

Receivables and Payables

Activity between the City and component unit(s) that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "advances to/from" (*i.e.*, loans due to component unit(s)). All other outstanding balances between funds of the City are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade receivables are shown net of an allowance for uncollectible amounts.

Property Tax Calendar

Property taxes are levied on October 1 by the City based on the January 1 property values as assessed by the Kerr Central Appraisal District. Taxes are due without penalty by January 31 of the next calendar year.

After January 31, the City has an enforceable lien with respect to both real and personal property. Under state law, property taxes levied on real property constitute a perpetual lien on the real property which cannot be forgiven without specific approval of the state legislature. Taxes applicable to personal property can be deemed uncollectible by the City.

Inventories and Prepaid Expenses

All inventories are valued at cost using the weighted-average cost method. The consumption method is used to account for governmental fund type inventories. Under the consumption method, inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in both government-wide and fund financial statements.

Restricted Assets

Certain proceeds of Governmental Activities, Water Fund and Component Unit bonds are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants. Customer deposits are also classified as restricted.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (*e.g.*, roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000.

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.

Contributions of capital assets to proprietary funds from external sources are recorded as revenue.

Property, plant and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Buildings	30 years
Improvements other than buildings	40 years
System infrastructure	40 years
Streets	1-20 years
Machinery and equipment	10 years
Office equipment	10 years
Vehicles	8 years
Drainage	50 years

In the case of the initial capitalization of general infrastructure assets (*i.e.*, streets and storm water drains), the City chose to include all such items regardless of their acquisition date or amount. The City was able to estimate the historical cost for the initial reporting of these assets through back trending (*i.e.*, estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the City constructs or acquires additional capital assets each year, including infrastructure assets, they are capitalized and reported at historical cost.

The KPUB utility plant computes depreciation using the straight-line method over the estimated service lives of the various classes of depreciable property. Rates will be changed as needed based upon period engineering studies. Depreciation as a percentage of average depreciable plant was 4.4% for the year ended September 30, 2019.

Deferred Outflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Compensated Absences

Vested or accumulated vacation leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

Unearned Revenue

Enterprise funds report unearned revenue in connection with resources that have been received, but not yet earned. The Water Fund received funding for future capital projects from the Texas Water Development Board. These funds will be recognized as revenue as the City completes related capital projects for which these funds were provided. Prepayment for golf course fees within the nonmajor Golf Course Fund are reported as unearned.

Long-term Obligations

In the government-wide financial statements, and proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type 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 effective interest method. Bonds payable are reported net of the applicable unamortized bond premium or discount balance at year end.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, 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.

Defined Benefit Pension Plan

For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS' fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Information regarding the City's total pension liability is obtained from TMRS through a report prepared for the City by TMRS' consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*.

Allocation of pension related balances to reporting units is determined on the basis of employee payroll funding.

Defined Benefit Other Postemployment Benefit Plan

The City has a single-employer defined benefit other postemployment benefit (OPEB) plan (Plan). For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Allocation of OPEB related balances to reporting units is determined on the basis of employee payroll funding.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Classification of Fund Equity

Fund balances are classified as nonspendable, restricted, committed, assigned or unassigned in governmental funds. Nonspendable fund balance cannot be spent, either because it is not in spendable form or because of legal or contractual requirements. Restricted fund balances have constraints for specific purposes which are externally imposed by providers, such as creditors, grantors or other governments or by enabling legislation of the City Council.

Committed fund balances can only be used for specific purposes pursuant to constraints imposed by the City Council through an ordinance or resolution, which are equally binding and represent the highest level actions of the City Council. Assigned fund balances are constrained by intent to be used for specific purposes, but are neither restricted nor committed. Assignments are made by the City management based on the City Council's direction.

Unassigned fund balances include residual positive fund balances within the General Fund that had not been classified within the other mentioned categories. Unassigned fund balances may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those specific purposes.

The City designates restricted amounts to be spent first if both restricted and unassigned fund balances are available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed, followed by assigned, and lastly unassigned amounts when expenditures are incurred for purpose for which amounts in any of those fund balance classifications could be used.

The propriety funds and government-wide financial statements have three classifications of equity: (1) net investment in capital assets; (2) restricted net position and (3) unrestricted net position. In the first category, capital assets are netted with related bonded and capital lease debt. Restricted net position includes debt service, grantor and other government restrictions for proprietary funds and the same categories as restricted fund balance for governmental activities.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements along with reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

Change in Accounting Estimate

As of October 1, 2018, the City made a change in accounting estimate to eliminate use of the modified approach for reporting streets under GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments*. The City elected to use the modified approach when it implemented GASB Statement No. 34 in 2003. The City reconsidered the approach in 2019 and elected to change to another acceptable method, the traditional depreciation approach. The change in estimate aligns reporting for streets with the most common accounting method used by other city governments. In addition, the change fosters transparency and reduces administrative burden by using a single, consistent accounting approach.

Accounting Pronouncements Adopted During the Fiscal Year

The City has adopted and implemented the following GASB statements which have become effective for fiscal year 2019:

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*

- This Statement defines debt for purposes of financial statement disclosure and establishes disclosure requirements for additional information related to debt including balances of unused lines of credit, assets pledge as collateral for debt and significant contractual terms including what would happen in the event of default, significant termination events and any significant subjective acceleration clauses. Adoption of GASB 88 had no effect on the City's financial statements.

Future Adoption of Accounting Principles

The GASB has issued the following potentially significant statements which the City has not yet adopted, and which require adoption subsequent to September 30, 2019.

Statement No.	Title	Adoption Required
84	Fiduciary Activities	September 30, 2020
87	Leases	September 30, 2021
91	Conduit Debt Obligations	September 30, 2021

Note 2: Deposits and Investments

At year-end, the carrying amount of the City's cash on hand and deposits with financial institutions was $16,044,612 (including certificates of deposits of $500,000). At September 30, 2019, the City had sufficient collateral pledged to insure deposits.

- **Custodial Credit Risk – Deposits** – In the matter of collateral pledged to the City for time and demand deposits by a financial institution, the City incurs no custodial credit risk. The Public Funds Collateral Act and the Public Funds Investment Act require that collateral pledged to a governmental unit be held at an independent third-party institution outside the holding company of the bank. The law (Public Funds Collateral Act and the FDIC) stipulate that an event of default of the financial institution the custodian becomes the legal "bailee" to the City and holds all collateral for the City until the City chooses to sell the collateral securities to make their claim whole. The City's Investment Policy and the contract binding the City's depository requires a margin of 102% of market value of those securities over the total amount of time and demand deposits daily. The 2% margin resets when any change in interest rates, and therefore securities prices, occur. This dual guarantee prevents any custodial credit risk.

Investments as of September 30, 2019, are as follows:

Investment Type	Carrying Amount	Days to Maturity	Rating as of Year-End
Federal agency securities	$ 9,692,631	608	AA+
Commercial paper	9,049,720	114	A-1
TexPool Prime local government pool	10,929,097	32	AAAm
Texas CLASS local government pool	2,249,919	50	AAAm
LOGIC local government pool	10,261,117	49	AAAm
Certificates of deposit	500,000	460	N/A
Total fair value	$ 42,682,484		
Portfolio weighted-average maturity		190	

Deposits and investments as of September 30, 2019, are classified in the accompanying financial statements as follows:

Statement of Net Position	
Cash and cash equivalents – primary government	$ 17,007,908
Restricted cash and cash equivalents – primary government	18,055,624
Investments – primary government	13,144,790
Restricted investments – primary government	6,097,561
Cash and cash equivalents – EIC	3,921,213
Total cash, cash equivalents and investments	$ 58,227,096

Deposits and investments as of September 30, 2019, consist of the following:

Deposits (excluding certificates of deposits)	$ 15,544,612
Investments	42,682,484
Total deposits and investments	$ 58,227,096

The City is a voluntary participant in TexPool. 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. The State Comptroller has established an advisory board composed of both participants in TexPool and others not otherwise associated. TexPool uses amortized cost rather than the market value to report net position to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the net asset value of TexPool shares.

The City is invested in Texas Cooperative Liquid Assets Securities System (Texas CLASS) Trust. Texas CLASS was created as an investment pool for its participants pursuant to Section 2256.016 of the *Public Funds Investment Act*, Texas Government Code, or other laws of the State of Texas governing the investment of funds of a participant or funds under its control. Texas CLASS is administered by Public Trust Advisors, LLC with Wells Fargo Bank Texas, NA as the Custodian and is supervised by a Board of Trustees who are elected by the participants.

The City is invested in the Texas Local Government Investment Cooperative (LOGIC) Liquid Asset Portfolio. LOGIC is a AAA rated local government investment pool administered by Hilltop Securities and JPMorgan Chase. LOGIC investments are not categorized in accordance with GASB Statement No. 3 disclosure requirements since the City has not issued securities, but rather it owns an individual beneficial interest in the assets of the related investment pools. LOGIC uses amortized cost rather than market value to report net position to compute share prices. Accordingly, the fair value of the position in LOGIC is the same as the net asset value of LOGIC shares.

- **Concentration of Credit Risk** – The City's investment policy recognizes that over-concentration of assets by market sector or maturity as a risk to the portfolio. Diversification is a major object of the investment program. The investment policy has established limits for concentration by market sector as shown below:

Obligations of the U.S. government	90%
Obligations of U.S. agencies/instrumentalities	90%
Certificates of deposit	90%
Limitation by banking institution	15%
Commercial paper	20%
Limitation by issuer	10%
Money market mutual funds	70%
Limitation by ownership in fund	5%
Constant dollar Texas investment pools	90%
Limitation by ownership in fund	5%
State and municipal obligations	25%

- **Interest Rate Risk** – In order to limit interest and market rate risk from changes in interest rates, the City has set a maximum stated maturity date of two years, with a weighted-average maturity of one year for the total portfolio. Longer maturities may be utilized for bond proceeds, but only if matched to planned expenditures of the funds.
- **Custodial Credit Risk – Investments** –For an investment, this is the risk that, in the event of the failure of a counterparty which is holding the City's securities as a custodian. The PFIA, Government Code 105 (depository law) and the City's Investment Policy require that all securities purchased be delivered delivery versus payment to the custodian. Investment are then held in the City's name. Failure of the custodian would not affect ownership or access to the investments. These guarantees and requirements prevent any custodial credit risk for the City.

Note 3: Receivables

Receivables as of year-end for the government's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental				Business-type Activities	Component Units	
	General	Governmental IP Fund	Other Governmental Funds	Total Governmental	Water	KPUB	EIC
Taxes receivable	$ 509,170	$ -	$ 90,221	$ 599,391	$ -	$ -	$ -
Allowance for uncollectible taxes	(161,686)	-	(22,217)	(183,903)	-	-	-
	347,484	-	68,004	415,488	-	-	-
Accounts receivable	2,453,351	-	-	2,453,351	1,752,830	5,310,323	-
Allowance for uncollectible accounts	(1,862,581)	-	-	(1,862,581)	(270,015)	(86,344)	-
	590,770	-	-	590,770	1,482,815	5,223,979	-
Other receivables	1,911,146	1,885	701	1,913,732	-	-	-
Allowance for uncollectible accounts	(1,666,850)	-	-	(1,666,850)	-	-	-
	244,296	1,885	701	246,882	-	-	-
Due from other governments	1,338,584	-	-	1,338,584	-	-	594,842
Total	$ 2,521,134	$ 1,885	$ 68,705	$ 2,591,724	$ 1,482,815	$ 5,223,979	$ 594,842

Note 4: Capital Assets

Capital asset activity for the year ended September 30, 2019, was as follows:

	Balance October 1, 2018	Additions	Sales or Other Dispositions	Adjustments/ Transfers	Balance September 30, 2019
Governmental Activities					
Capital assets not being depreciated					
Land and land improvements	$ 7,535,757	$ -	$ -	$ -	$ 7,535,757
Construction in progress	1,584,053	1,035,490	-	(1,628,797)	990,746
Total capital assets not being depreciated	9,119,810	1,035,490	-	(1,628,797)	8,526,503
Capital assets being depreciated					
Buildings	19,657,747	-	-	-	19,657,747
Improvements other than buildings	36,120,017	287,564	-	1,628,797	38,036,378
Streets	34,425,208	196,826	-	-	34,622,034
Vehicles	7,393,151	1,097,508	(773,331)	27,131	7,744,459
Machinery and equipment	4,241,170	130,966	-	-	4,372,136
Office equipment	525,626	64,334	-	-	589,960
Total capital assets being depreciated	102,362,919	1,777,198	(773,331)	1,655,928	105,022,714
Less: accumulated depreciation for					
Buildings	(6,392,511)	(539,985)	-	-	(6,932,496)
Improvements other than buildings	(4,997,009)	(892,753)	-	-	(5,889,762)
Streets	-	(5,761,328)	-	-	(5,761,328)
Vehicles	(5,025,849)	(551,260)	679,508	-	(4,897,601)
Machinery and equipment	(2,636,852)	(286,349)	-	-	(2,923,201)
Office equipment	(262,116)	(53,906)	-	-	(316,022)
Total accumulated depreciation	(19,314,337)	(8,085,581)	679,508	-	(26,720,410)
Capital assets being depreciated, net	83,048,582	(6,308,383)	(93,823)	1,655,928	78,302,304
Governmental activities capital assets, net	$ 92,168,392	$ (5,272,893)	$ (93,823)	$ 27,131	$ 86,828,807

	Balance October 1, 2018	Additions	Sales or Other Dispositions	Adjustments/ Transfers	Balance September 30, 2019
Business-type Activities					
Capital assets not being depreciated					
Land	$ 488,831	$ -	$ -	$ -	$ 488,831
Construction in progress	684,570	3,776,693	-	-	4,461,263
Total capital assets not being depreciated	1,173,401	3,776,693	-	-	4,950,094
Capital assets being depreciated					
Building	4,159,401	9,330	-	-	4,168,731
Improvements other than buildings	116,150,852	379,707	(2,472,347)	-	114,058,212
Vehicles	1,545,243	49,990	(35,635)	(27,130)	1,532,468
Machinery and equipment	3,483,802	292,100	(44,404)	-	3,731,498
Office equipment	118,248	16,700	-	-	134,948
Total capital assets being depreciated	125,457,546	747,827	(2,552,386)	(27,130)	123,625,857
Less: accumulated depreciation for					
Building	(1,209,634)	(121,735)	-	-	(1,331,369)
Improvements other than buildings	(37,725,410)	(2,665,095)	1,764,351	-	(38,626,154)
Vehicles	(1,131,153)	(99,944)	52,591	-	(1,178,506)
Machinery and equipment	(2,642,932)	(219,928)	44,405	-	(2,818,455)
Office equipment	(113,226)	(735)	-	-	(113,961)
Total accumulated depreciation	(42,822,355)	(3,107,437)	1,861,347	-	(44,068,445)
Capital assets being depreciated, net	82,635,191	(2,359,610)	(691,039)	(27,130)	79,557,412
Business-type activities capital assets, net	$ 83,808,592	$ 1,417,083	$ (691,039)	$ (27,130)	$ 84,507,506

Depreciation expense was charged to functions/programs of the primary government as follows:

General government	$ 702,746
Public safety	639,184
Culture and recreation	366,210
Public works	6,375,294
Total depreciation expense – governmental activities	$ 8,083,434
Business-type activities	
Water Fund	$ 3,037,455
Golf course	69,982
Total depreciation expense – business-type activities	$ 3,107,437
Internal Service Fund	
Garage fund	$ 2,147

	Balance October 1, 2018	Additions	Sales or Other Dispositions	Adjustments/ Transfers	Balance September 30, 2019
EIC					
Land	1,138,436	-	-	-	1,138,436
Total capital assets	$ 1,138,436	$ -	$ -	$ -	$ 1,138,436

	Balance October 1, 2018	Additions	Transfers	Retirements	Balance September 30, 2019
KPUB					
Capital assets, not being depreciated					
Land	$ 233,398	$ -	$ -	$ -	$ 233,398
Construction in progress	6,792,565	6,826,938	(9,396,360)	68,983	4,154,160
Total capital assets not being depreciated	7,025,963	6,826,938	(9,396,360)	68,983	4,387,558
Capital assets, being depreciated					
Buildings	6,509,012	-	465,933	80,551	6,894,394
Improvements other than buildings	63,914,183	-	7,498,073	2,713,895	68,698,361
Vehicles	2,782,302	-	627,618	403,264	3,006,656
Machinery and equipment	1,109,956	-	627,281	30	1,737,207
Total capital assets being depreciated	74,315,453	-	9,218,905	3,197,740	80,336,618
Less accumulated depreciation for					
Buildings	(4,334,819)	(319,044)	177,455	80,551	(4,395,857)
Improvements other than buildings	(32,301,967)	(2,876,338)	-	2,695,068	(32,483,237)
Vehicles	(1,328,829)	(183,598)	-	352,439	(1,159,988)
Machinery and equipment	(426,957)	(45,903)	-	28	(472,832)
Total accumulated depreciation	(38,392,572)	(3,424,883)	177,455	3,128,086	(38,511,914)
Total capital assets being depreciated, net	35,922,881	(3,424,883)	9,396,360	6,325,826	41,824,704
Business-type activities capital assets, net	$ 42,948,844	$ 3,402,055	$ -	$ 6,394,809	$ 46,212,262

KPUB uses a composite rate to depreciate its investment in the electric plant. The composite rate was 4.4% for the year ended September 30, 2019.

Construction Commitments

The City has numerous active construction projects as of September 30, 2019. The projects include street, water and sewer projects, park and other improvements. These improvements are being paid with bond proceeds, EIC contributions and internally generated sources.

	Spent to Date	Remaining Commitments	Total Commitments
Governmental IP Fund			
Tennis Center Renovations	$ 370,150	$ 1,189,036	$ 1,559,186
Olympic Pool Replaster	-	178,109	178,109
River Trail-Schreiner University	-	1,219,806	1,219,806
	$ 370,150	$ 2,586,951	$ 2,957,101
Water Fund			
Reuse System	$ 21,440,243	$ 256,367	$ 21,696,610
Rehabilitate Clarifier	1,195,820	134,610	1,330,430
Legion Lift Station	2,074,397	3,477,369	5,551,766
TTHM Mitigation	471,752	3,530,049	4,001,801
	$ 25,182,212	$ 7,398,395	$ 32,580,607

Note 5: Interfund Receivables, Payables, and Transfers

Interfund receivables and payables:

Interfund Payable	Interfund Receivable General Fund
Water Fund	$ 38,385
Nonmajor Enterprise Funds	11,245
Internal Service Funds	3,696
	$ 53,326

The interfund receivable and payable listed above was necessary due to timing of payroll reimbursement by the Water Fund, Golf Fund and Internal Service Fund.

Interfund transfers:

Transfer Fund	Transfer In	Transfer Out	Purpose of Transfer
General Fund	$ 2,193,198	$ 1,408,200	Budgetary
Governmental IP Fund	1,338,200	-	Capital Projects
Hotel/Motel Fund	-	35,000	Budgetary
Debt Service Fund	-	82,135	Budgetary
Golf Course Fund	80,000	-	Budgetary
Water Fund	-	2,086,063	Budgetary
	$ 3,611,398	$ 3,611,398	

- **Eliminations** – Interfund transfers are reported in the governmental activities and business-type activities fund financial statements. In the government-wide financial statements, interfund transfers are eliminated within the governmental activities column and within the business-type column.
- **Purpose of Transfers** – Interfund transfers between the General Fund, Nonmajor Governmental Funds and the Governmental IP Fund relate to the funding of capital projects. The Water Fund provides transfers to the General Fund to pay for administrative services and street use. Debt Service Fund transfers relate to an interfund loan. The Hotel/Motel Fund transfer relates to funding for tourism events in other funds. The Golf Course Fund receives funding transfers for operational expenses.

Note 6: Long-term Debt

The City issues general obligation bonds, certificates of obligation bonds, contractual obligation bonds and notes to provide funds for the acquisition and construction of major capital projects. General obligation bonds have been issued for both governmental and business-type activities. These issues are direct obligations and pledge the full faith and credit of the City.

In December 2018, the City issued $8,000,000 of Series 2018A and $5,000,000 of Series 2018B Combination Tax and Surplus Revenue Certificates of Obligation. The debt was directly placed with the Texas Water Development Board through programs offering subsidized interest rates for qualifying water related projects. The proceeds will be used to fund a new lift station and an enhanced water filtration system.

In September 2019, the City issued $9,895,000 of Series 2019, Combination Tax and Revenue Certificates of Obligation, with interest rates ranging from 2.0% to 4.0% at a premium of $759,156 with maturities through 2040. The proceeds will be used to fund street reconstruction and drainage improvements.

Debt Currently Outstanding:

	Governmental Activities	Business-type Activities	Component Units
Certificates of Obligations			
Combination Tax and Revenue Certificates of Obligation, Series 2008, 3.33%, maturing in annual installments of $185,000 to $225,000 through 2023	$ -	$ 860,000	$ -
Combination Tax and Revenue Certificates of Obligation, Series 2011A, 2.00% to 3.50%, maturing in annual installments of $175,000 to $255,000 through 2031	2,625,000	-	-
Combination Tax and Revenue Certificates of Obligation, Series 2012, 2.00% to 2.50%, maturing in annual installments of $465,000 to $645,000 through 2032	2,560,000	4,500,000	-
Combination Tax and Revenue Certificates of Obligation, Series 2013, 1.50% to 2.75%, maturing in annual installments of $450,000 to $610,000 through 2033	-	7,430,000	-
Combination Tax and Revenue Certificates of Obligation, Series 2015, 2% to 3.625%, maturing in annual installments of $360,000 to $585,000 through 2035	7,500,000	-	-
Combination Tax and Revenue Certificates of Obligation, Series 2016, 2% to 3.625%, maturing in annual installments of $370,000 to $610,000 through 2035	-	8,055,000	-
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2018A, 0.93% to 2.38%, maturing in installments of $5,000 to $365,000 through 2050.	-	8,000,000	-
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2018B, 0.79% to 2.33%, maturing in installments of $5,000 to $225,000 with installments through 2049.	-	5,000,000	-
Combination Tax and Revenue Certificates of Obligation, Series 2019, 2% to 4.0%, maturing in annual installments of $330,000 to $635,000 through 2040	9,895,000	-	-
	$ 22,580,000	$ 33,845,000	$ -

	Governmental Activities	Business-type Activities	Component Units
General Obligations			
General Obligation Refunding Bonds, Series 2017, 2.00% to 5.00%, maturing in annual installments of $190,000 to $1,755,000 through 2030	$ 5,220,000	$ 9,830,000	$ -
	$ 5,220,000	$ 9,830,000	$ -
Revenue Bonds			
City of Kerrville, Texas Electric System Revenue Refunding Bonds, Series 2013, 0.49% to 4.13%; maturing in annual installments of $375,000 to $520,000 through 2029	$ -	$ -	$ 4,473,000
Kerrville Public Utility Board Loan			
Kerrville Public Utility Board Loan, 2.4%, maturing in annual installments of $1,071,429 beginning 2023 through 2029	$ -	$ 7,500,000	$ -

During the year ended September 30, 2019, the following changes occurred in business-type and governmental activities long-term debt:

	Beginning of Year	Additions	Deletions	End of Year	Within One Year
Governmental Activities					
General obligation bonds	$ 6,060,000	$ -	$ 840,000	$ 5,220,000	$ 764,000
Certificates of obligation	13,430,000	9,895,000	745,000	22,580,000	765,000
Cailloux Foundation promissory note	279,881	-	279,881	-	-
State Infrastructure Bank loan	42,320	-	42,320	-	-
Unamortized bond premium	655,408	759,156	106,879	1,307,685	151,967
Net bonds and notes payable	20,467,609	10,654,156	2,014,080	29,107,685	1,680,967
Compensated absences	1,022,058	754,977	773,337	1,003,698	611,835
Landfill closure and post-closure costs	3,361,624	223,046	-	3,584,670	-
Governmental activity long-term liabilities	$ 24,851,291	$ 11,632,179	$ 2,787,417	$ 33,696,053	$ 2,292,802
Business-type Activities					
General obligation bonds	$ 10,465,000	$ -	$ 635,000	$ 9,830,000	$ 1,545,000
Certificates of obligation	22,810,000	13,000,000	1,965,000	33,845,000	1,385,000
State Infrastructure Bank loan	34,626	-	34,626	-	-
Kerrville Public Utility Board note	7,500,000	-	-	7,500,000	-
Unamortized bond premium	1,253,255	-	198,078	1,055,177	162,210
Net bonds and notes payable	42,062,881	13,000,000	2,832,704	52,230,177	3,092,210
Compensated absences	190,291	189,566	178,768	201,089	188,912
Business-type activity long-term liabilities	$ 42,253,172	$ 13,189,566	$ 3,011,472	$ 52,431,266	$ 3,281,122
Discrete Component Unit – KPUB					
Revenue refunding bonds	$ 4,858,000	$ -	$ 385,000	$ 4,473,000	$ 392,000

For the governmental activities, compensated absences and landfill closure and post-closure costs are generally liquidated by the General Fund.

Annual debt service requirements to maturity for debt, excluding bond premium, is as follows:

	Governmental Activities		
Fiscal Years Ending September 30	Principal	Interest	Total
2020	$ 1,905,000	$ 839,928	$ 2,744,928
2021	1,900,000	805,786	2,705,786
2022	1,950,000	752,736	2,702,736
2023	1,555,000	703,486	2,258,486
2024	1,605,000	655,024	2,260,024
2025 – 2029	8,610,000	2,251,619	10,861,619
2030 – 2034	6,120,000	1,050,839	7,170,839
2035 – 2039	3,520,000	285,744	3,805,744
2040 – 2043	635,000	7,938	642,938
Total	$ 27,800,000	$ 7,353,101	$ 35,153,101

	Business-type Activities		
Fiscal Years Ending September 30	Principal	Interest	Total
2020	$ 2,930,000	$ 1,299,768	$ 4,229,768
2021	2,865,000	1,232,002	4,097,002
2022	3,160,000	1,158,125	4,318,125
2023	3,246,429	1,083,842	4,330,271
2024	3,416,429	1,004,915	4,421,344
2025 – 2029	18,122,142	3,619,720	21,741,862
2030 – 2034	8,925,000	1,607,786	10,532,786
2035 – 2039	2,850,000	825,083	3,675,083
2040 – 2044	2,500,000	547,352	3,047,352
2045 – 2049	2,795,000	243,787	3,038,787
2050 – 2054	365,000	8,687	373,687
Total	$ 51,175,000	$ 12,631,067	$ 63,806,067

	KPUB		
Fiscal Years Ending September 30	Principal	Interest	Total
2020	392,000	138,448	530,448
2021	401,000	130,055	531,055
2022	411,000	120,325	531,325
2023	422,000	109,197	531,197
2024	434,000	96,584	530,584
2025 – 2029	2,413,000	241,584	2,654,584
Total	$ 4,473,000	$ 836,193	$ 5,309,193

Note 7: Other Information

Risk Management

The City is exposed to various risks of loss relating to general liability, the accidental loss of real and personal property damage to City assets, errors and omissions and personal risks which relate to workers' compensation. The City participates in the Texas Municipal League Intergovernmental Risk Pool. As an insured, the City is not obligated to reimburse the pool for losses. Any losses reported but unsettled or incurred and not reported, are believed to be insignificant to the City's basic financial statements.

The City provides health care benefits on a fully insured basis to eligible employees. The City contributes 100% of the premium for employee coverage and approximately 60% of the premium for dependent coverage. All funds are deposited into the internal service fund and paid to the provider out of the same fund.

Commercial insurance is purchased for the other risks of losses to which the City is exposed. There have been no significant reductions in insurance coverage and settlement amounts have not exceeded insurance coverage for the current year or the two prior years.

Closure and Post-closure Care Costs

State and federal laws and regulations require that the City place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future post-closure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of the landfill post-closure care cost is based on the amount of the landfill used during the year. The estimated liability for landfill post-closure care costs of $3,584,670 as of September 30, 2019, is based on 73% usage (filled) of the landfill. It is estimated that an additional $1,332,543 will be recognized as post-closure care expenses between the date of the statement of net position and the date the landfill is expected to be filled to capacity (2046). The City's estimated total cost of the landfill post-closure care of $4,917,213 is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor and maintain the landfill were acquired as of September 30, 2019. However, the actual cost of closure and post-closure care may be higher due to inflation, changes in technology or changes in landfill laws and regulations.

The City has contractually obligated the landfill operator to bear the cost of the landfill closure. The City monitors the closure costs and meets the financial assurance requirements noted below. For the governmental activities of the City, landfill closure and post-closure costs are generally liquidated by the General Fund.

The City's financial assurance requirements for closure and post-closure care costs are being met through the financial test specified in TAC §37.271 (relating to Local Government Financial Test).

Contingent Liabilities and Commitments

The City is a party in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's management that the resolution of these matters will not have a material adverse effect on the financial condition of the City.

The City contracts for garbage disposal with a third-party. Under the terms of the agreement the City bills and collects the residential billing and remits that amount to the contracting party. The contractor bills the commercial customers and remits a franchise fee to the City based on total revenues received from the contract.

Note 8: Employee Retirement Systems and Pension Plans

Plan Description

The City and KPUB, one of its discretely presented component units, participate as two of 880 plans in the nontraditional, joint contributory, hybrid agent multiple-employer defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the *TMRS Act*, Subtitle G, Title 8, Texas Government Code (TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS' defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. The plan provisions as adopted by the City and KPUB are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by TMRS. This report may be obtained by writing to TMRS, P. O. Box 149153, Austin, Texas 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at www.TMRS.com.

All eligible employees of the City and KPUB are required to participate in TMRS.

For the year ended September 30, 2019, the City and KPUB reported the following:

	City	KPUB	Entity
Pension liability	$ 10,798,163	$ 3,299,969	$ 14,098,132
Deferred outflows of resources	5,856,382	1,749,966	7,606,348
Deferred inflows of resources	225,128	267,575	492,703
Pension expense	3,877,691	890,426	4,768,117

For the governmental activities of the City, the pension liability is generally liquidated by the General Fund.

Benefits Provided:

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City and KPUB, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven actuarially equivalent payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

A summary of plan provisions for the City and KPUB are as follows:

Employee Deposit Rate:	7.0%
Matching Ratio (City to employee):	2 to 1
Years required for vesting	5 years
Service retirement eligibility	20 years at any age, 5 years at age 60 and above
Updated service credit	100% Repeating, Transfers
Annuity increase to retirees	0% of CPI

Employees Covered by Benefit Terms:

At the December 31, 2018, valuation and measurement date, the following employees were covered by the benefit terms:

	City	KPUB
Retirees or beneficiaries currently receiving benefits	245	39
Inactive employees entitled to but not yet receiving benefits	179	30
Active employees	305	53
Total	729	122

Contributions

Employees for the City and KPUB were required to contribute 7% of their annual gross earnings during the fiscal year. Employer contributions are actuarially determined. For the fiscal year ended September 30, 2019, contributions of $1,713,463 and $542,527, were made by the City and KPUB, respectively, and were equal to the required contributions.

Net Pension Liability

The City's net pension liability and KPUB's net pension liability at September 30, 2019, were measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year for the City and KPUB
Overall Payroll Growth	3.5% per year for the City and KPUB
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation for the City and KPUB

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Mortality Table with Blue Collar Adjustments, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2018, valuation were based on the results of actuarial experience studies. This experience study was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate 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.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)
Domestic equity	17.5%	4.30%
International equity	17.5%	6.10%
Core fixed income	10.0%	1.00%
Non-core fixed income	20.0%	3.39%
Real return	10.0%	3.78%
Real estate	10.0%	4.44%
Absolute return	10.0%	3.56%
Private equity	5.0%	7.75%
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will remain at the current 7.00% and employer contributions will be made at the rates specified in statute. Based on that assumption, 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.

Changes in the City's Net Pension Liability:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances as of October 1, 2018	$ 79,312,845	$ 75,417,722	$ 3,895,123
Changes for the year:			
Service cost	2,516,755	-	2,516,755
Interest on total pension liability	5,299,675	-	5,299,675
Effect of difference in expected and actual experience	(297,054)	-	(297,054)
Employer contributions	-	1,713,463	(1,713,463)
Member contributions	-	1,206,664	(1,206,664)
Benefit payments, including refunds of employee contributions	(4,115,045)	(4,115,045)	-
Net investment income	-	(2,257,846)	2,257,846
Administrative expenses	-	(43,661)	43,661
Other	-	(2,284)	2,284
Balances as of September 30, 2019	$ 82,717,176	$ 71,919,013	$ 10,798,163

Changes in KPUB's Net Pension Liability:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances as of October 1, 2018	$ 26,954,727	$ 25,882,194	$ 1,072,533
Changes for the year:			
Service cost	615,347	-	615,347
Interest on total pension liability	1,805,527	-	1,805,527
Effect of difference in expected and actual experience	(169,108)	-	(169,108)
Employer contributions	-	542,527	(542,527)
Member contributions	-	272,968	(272,968)
Net investment income	-	(775,398)	775,398
Benefit payments, including refunds of employee contributions	(1,027,706)	(1,027,706)	-
Administrative expenses	-	(14,984)	14,984
Other	-	(783)	783
Balances as of September 30, 2019	$ 28,178,787	$ 24,878,818	$ 3,299,969

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the City and KPUB, calculated using the discount rate of 6.75%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Current Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability (asset)	$ 22,159,989	$ 10,798,163	$ 1,435,264
KPUB's net pension liability (asset)	$ 7,362,581	$ 3,299,969	$ (27,951)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately-issued TMRS financial report. That report may be obtained on the internet at www.tmrs.com.

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended September 30, 2019, the City and KPUB recognized pension expense of $3,877,691 and $890,426, respectively.

At September 30, 2019, the City and KPUB reported deferred outflows of resources related to pensions from the following sources:

	City		KPUB	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 484,368	$ 225,128	$ 10,389	$ 267,575
Changes of assumptions	88,633	-	12,062	-
Differences between projected and actual investment earnings	3,902,512	-	1,339,905	
Contributions subsequent to the measurement date through year-end	1,380,869	-	387,610	-
Total	$ 5,856,382	$ 225,128	$ 1,749,966	$ 267,575

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of $1,380,869 and $387,610 made by the City and KPUB, respectively, will be recognized as a reduction of the net pension liability for the year ending September 30, 2020.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30	City	KPUB
2020	$ 1,751,696	$ 370,897
2021	578,014	83,292
2022	460,315	137,777
2023	1,460,360	502,815
Total	$ 4,250,385	$ 1,094,781

Note 9: Other Postemployment Benefit Plan

Plan Description

Texas Municipal Retirement System (TMRS) administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an OPEB and is a fixed amount of $7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan.

The member entity contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers.

Benefits Provided

The plan provides a $7,500 post-retirement death benefit to beneficiaries of service retirees and disability retirees of employers that have elected participation in the SDBF. The OPEB benefit is a fixed $7,500 lump-sum benefit and no future increases are assumed in the benefit amount.

The SDBF fund does not meet the requirements of a trust under Paragraph 4b of GASBS No. 75, as the assets of the SDBF can be used to pay active SDBF benefits which are not part of the OPEB plan. The contributions for retiree SDBF coverage are assigned to the OPEB plan under GASBS No. 75 and are used to determine the benefit payments shown in the changes in the total OPEB liability.

Benefit terms are established under the TMRS Act. Participation in the retiree SDBF is optional and the employer may elect to opt out of (or opt into) coverage as of January 1 each year. KPUB's contribution rate for the retiree SDBF program is calculated annually on an actuarial basis, and is equal to the cost of providing a one-year death benefit equal to $7,500.

Contributions

The member city contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers.

Employees Covered by Benefit Terms

At the December 31, 2018, valuation and measurement date, the following employees were covered by the benefit terms:

	City	KPUB
Inactive employees or beneficiaries currently receiving benefits	192	34
Inactive employees entitled to but not yet receiving benefits	50	20
Active employees	305	53
Total employees	547	107

Total OPEB Liability

The City's total OPEB liability and KPUB's total OPEB liability at September 30, 2019, were measured as of December 31, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions

	December 31, 2017
Actuarial Cost Method	Individual Entry-Age
Discount Rate	3.71% as of December 31, 2018 (3.31% as of December 31, 2017)
Inflation	2.50%
Overall Payroll Growth	3.50% to 10.50%, including inflation
Administrative Expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality Rates – Service Retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality Rates – Disabled Retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

The TMRS SDBF is treated as unfunded OPEB plan because the SDBF trust covers both actives and retirees and the assets are not segregated for these groups. Under GASBS No. 75 (paragraph 155), the discount rate for an unfunded OPEB plan should be based on 20-year tax-exempt AA or higher Municipal Bonds. Therefore, a discount rate of 3.71% based on the 20 Year Bond GO Index published by bondbuyer.com is used as of the measurement date of December 31, 2018. At transition, GASBS No. 75 also requires that the Total OPEB Liability (TOL) as of the prior fiscal year end be estimated based on the 20 Year Bond GO Index.

Changes in the City's Total OPEB Liability

	Total OPEB Liability
Balance as of October 1, 2018	$ 1,125,930
Changes for the year:	
Service cost	39,648
Interest on total OPEB liability	37,753
Effect of differences between expected and actual experience	19,397
Effect of assumption changes and inputs	(78,350)
Benefit payments	(10,343)
Balance as of September 30, 2019	$ 1,134,035

For the governmental activities of the City, the OPEB liability is generally liquidated by the General Fund.

Changes in the KPUB's Total OPEB Liability

	Total OPEB Liability
Balance as of October 1, 2018	$ 236,491
Changes for the year:	
Service cost	6,629
Interest on total OPEB liability	7,918
Effect of differences between expected and actual experience	1,880
Effect of assumption changes and inputs	(17,158)
Benefit payments	(1,170)
Balance as of September 30, 2019	$ 234,590

Sensitivity Analysis

The following presents the Total OPEB Liability of the employer, calculated using the discount rate of 3.71%, as well as what the Total OPEB Liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.71%) or 1 percentage point higher (4.71%) than the current rate. Note that the healthcare cost trend rate does not affect the Total OPEB Liability, so sensitivity to the healthcare cost trend rate is not shown.

	1% Decrease in Discount Rate (2.71%)	Current Discount Rate (3.71%)	1% Increase in Discount Rate (4.71%)
City's total OPEB liability	$ 1,345,330	$ 1,134,035	$ 968,562
KPUB's total OPEB liability	$ 280,817	$ 234,590	$ 198,215

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

For the year ended September 30, 2019, the City and KPUB recognized OPEB expense of $82,572 and $15,338, respectively.

At September 30, 2019, the City and KPUB reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	City		KPUB	
	Deferred Outflows	Deferred Inflows of Resources	Deferred Outflows	Deferred Inflows of Resources
Differences between expected and actual experience	$ 15,877	$ -	$ 1,472	$ -
Changes of assumptions	55,709	64,130	10,713	13,436
Contributions subsequent to the measurement date through year-end	26,106	-	-	-
Total	$ 97,692	$ 64,130	$ 12,185	$ 13,436

Contributions subsequent to the measurement date and before fiscal year-end will be recognized as a reduction of the total OPEB liability in the year ending September 30, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB benefits will be recognized in OPEB expense as follows:

Year Ended	City	KPUB
2018	$ 5,171	$ 791
2019	5,171	791
2020	5,171	(811)
2021	(2,604)	(2,022)
2022	(5,453)	-
Total	$ 7,456	$ (1,251)

Note 10: Investment in Joint Venture

The City and Kerr County operate a municipal airport under a joint venture agreement. Participants provide financial support and are entitled to an undivided 50% interest in net position. The following is condensed financial information for the airport as of and for the year ended September 30, 2019:

Assets

Cash	$ 751,795
Receivables	28,215
Prepaid items	8,531
Nondepreciable property	
Land	2,872,627
Depreciable property, net	
Buildings	3,553,039
Improvements	10,322,900
Vehicle	7,578
Machinery and equipment	12,619
Total assets	17,557,304

Liabilities and Net Position

Liabilities	
Accounts payable	$ 20,686
Wages and salaries payable	7,816
Unearned revenue	183,486
Other current liabilities	19,425
Total liabilities	231,413
Net Position	
Net investment in capital assets	16,768,763
Restricted for capital projects	56,740
Unrestricted	500,388
Total net position	$ 17,325,891

Revenues	
Capital grants and contributions	$ 19,720
Charges for services	492,999
Total Revenues	512,719
Expenses	
Airport operations	1,023,627
Operating loss	(510,908)
General Revenues	
Miscellaneous revenue	12,311
Unrestricted investment earnings	569
	12,880
Change in Net Position	(498,028)
Net Position, Beginning of Year	17,823,919
Net Position, End of Year	$ 17,325,891

Note 11: Disclosures About Fair Value of Assets

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2019:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
U.S. agency securities	$ 9,692,631	$ -	$ 9,692,631	$ -
Commercial paper	9,049,720	-	9,049,720	-
Total investments by fair value level	18,742,351	$ -	$ 18,742,351	$ -
Investments measured at net asset value				
LOGIC	$ 10,261,117			
Texas CLASS	2,249,919			
	12,511,036			
Investments measured at amortized cost				
Texpool Prime	$ 7,007,884			
Texpool Prime (EIC)	3,921,213			
Non-negotiable certificates of deposit	500,000			
	11,429,097			
Total investments	$ 42,682,484			

Certain investments that are measured using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above approximate net asset value for all related external investment pool balances.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. As of September 30, 2019, no investments were classified within Level 3 of the fair value hierarchy.

Note 12: Subsequent Event

In December 2019, the City issued $2,285,000 of General Obligation Refunding bonds, Series 2019. The debt was issued to refund remaining principal amounts due for the Certificates of Obligation, Series 2011A, and resulted in a present value savings of $89,996.

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Required Supplementary Information

City of Kerrville, Texas

Schedule of Changes in Net Pension Liability and Related Ratios – City Texas Municipal Retirement System

Exhibit B-1

	Measurement Year 2014	Measurement Year 2015	Measurement Year 2016	Measurement Year 2017	Measurement Year 2018
Total Pension Liability:					
Service cost	$ 1,951,508	$ 2,199,722	$ 2,302,945	$ 2,369,887	$ 2,516,755
Interest	4,299,140	4,537,125	4,749,013	5,033,587	5,299,675
Difference between expected and actual experience	224,385	833,034	752,018	413,315	(297,054)
Change of assumptions	-	1,401,697	-	-	-
Benefit payments, including refunds of employee contributions	(2,893,459)	(3,505,260)	(3,461,755)	(3,781,320)	(4,115,045)
Net Change in Total Pension Liability	3,581,574	5,466,318	4,342,221	4,035,469	3,404,331
Total Pension Liability – Beginning	61,887,263	65,468,837	70,935,155	75,277,376	79,312,845
Total Pension Liability – Ending (a)	65,468,837	70,935,155	75,277,376	79,312,845	82,717,176
Plan Fiduciary Net Position:					
Contributions – employer	1,285,810	1,333,494	1,326,321	1,572,311	1,713,463
Contributions – employee	1,033,371	1,087,221	1,103,361	1,141,721	1,206,664
Net investment income	3,552,041	95,956	4,323,251	9,313,809	(2,257,846)
Benefit payments, including refunds of employee contributions	(2,893,459)	(3,505,260)	(3,461,755)	(3,781,320)	(4,115,045)
Administrative expense	(37,086)	(58,447)	(48,835)	(48,283)	(43,661)
Other	(3,049)	(2,887)	(2,631)	(2,445)	(2,284)
Net Change in Plan Fiduciary Net Position	2,937,628	(1,049,923)	3,239,712	8,195,793	(3,498,709)
Plan Fiduciary Net Position – Beginning	62,094,512	65,032,140	63,982,217	67,221,929	75,417,722
Plan Fiduciary Net Position – Ending (b)	65,032,140	63,982,217	67,221,929	75,417,722	71,919,013
City's Net Pension Liability – Ending (a) - (b)	$ 436,697	$ 6,952,938	$ 8,055,447	$ 3,895,123	$ 10,798,163
Plan fiduciary net position as a percentage of total pension liability	99.3%	90.2%	89.3%	95.1%	86.9%
Covered payroll	$ 14,762,442	$ 15,523,799	$ 15,752,020	$ 16,310,305	$ 17,238,051
City's net pension liability as a percentage of covered payroll	3.0%	44.8%	51.1%	23.9%	62.6%

Other Information:

The discount rate changed from 7.00% to 6.75% for the 2015 valuation; there were no other changes in assumptions.

The information in this schedule has been determined as of the measurement date (December 31) of the City's net pension liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provisions of GASB 68, only periods for which such information is available are presented.

City of Kerrville, Texas

Schedule of Contributions – City

Texas Municipal Retirement System

Exhibit B-2

	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019
Actuarially determined contribution	1,325,004	1,376,486	1,539,845	1,677,349	1,795,272
Contribution in relation of the actuarially determined contribution	1,325,004	1,376,486	1,539,845	1,677,349	1,795,272
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	15,367,386	15,968,863	16,148,368	16,993,172	17,909,038
Contributions as a percentage of covered payroll	8.6%	8.6%	9.5%	9.9%	10.0%

Notes to Schedule:

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31st each year and become effective in January, 12 months and a day later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	27 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 – 2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB. There were no benefit changes during the year.

Other Information:

The information in this schedule has been determined as of the City's most recent fiscal year-end and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provisions of GASB 68, only periods for which such information is available are presented.

City of Kerrville, Texas

Schedule of Changes in Total OPEB Liability and Related Ratios - City Texas Municipal Retirement System

Exhibit B-3

	Measurement Year 2017	Measurement Year 2018
Total OPEB Liability:		
Service cost	$ 32,621	$ 39,648
Interest	37,409	37,753
Difference between expected and actual experience	-	19,397
Change in assumptions	87,451	(78,350)
Benefit payments	(9,786)	(10,343)
Net Change in Total OPEB Liability	147,695	8,105
Total OPEB Liability – Beginning	978,235	1,125,930
Total OPEB Liability – Ending	$ 1,125,930	$ 1,134,035
Covered Payroll	16,310,305	17,238,051
Total OPEB Liability as a Percentage of Covered Payroll	6.90%	6.58%

Other Information:

The information in this schedule has been determined as of the City's most recent fiscal year-end and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provisions of GASB 75, only periods for which such information is available are presented.

City of Kerrville, Texas

Schedule of Changes in Net Pension Liability and Related Ratios – KPUB

Last Five Fiscal Years

Exhibit B-4

	Measurement Year 2014	Measurement Year 2015	Measurement Year 2016	Measurement Year 2017	Measurement Year 2018
Total Pension Liability:					
Service cost	$ 553,679	$ 673,011	$ 647,310	$ 638,277	$ 615,347
Interest	1,474,035	1,588,966	1,643,216	1,711,786	1,805,527
Difference between expected and actual experience	190,503	119,729	(365,600)	(22,320)	(169,108)
Change of assumptions	-	139,038	-	-	-
Benefit payments, including refunds of employee contributions	(526,824)	(745,186)	(981,761)	(827,347)	(1,027,706)
Net Change in Total Pension Liability	1,691,393	1,775,558	943,165	1,500,396	1,224,060
Total Pension Liability – Beginning	21,044,215	22,735,608	24,511,166	25,454,331	26,954,727
Total Pension Liability – Ending (a)	22,735,608	24,511,166	25,454,331	26,954,727	28,178,787
Plan Fiduciary Net Position:					
Contributions – employer	437,344	513,580	473,838	512,666	542,527
Contributions – employee	270,204	304,924	281,090	279,946	272,968
Net investment income	1,153,226	31,695	1,457,035	3,157,178	(775,398)
Benefit payments, including refunds of employee contributions	(526,824)	(745,186)	(981,761)	(827,347)	(1,027,706)
Administrative expense	(12,040)	(19,305)	(16,459)	(16,360)	(14,984)
Other	(990)	(953)	(887)	(829)	(783)
Net Change in Plan Fiduciary Net Position	1,320,920	84,755	1,212,856	3,105,254	(1,003,376)
Plan Fiduciary Net Position – Beginning	20,158,409	21,479,329	21,564,084	22,776,940	25,882,194
Plan Fiduciary Net Position – Ending (b)	21,479,329	21,564,084	22,776,940	25,882,194	24,878,818
KPUB's Net Pension Liability – Ending (a) - (b)	$ 1,256,279	$ 2,947,082	$ 2,677,391	$ 1,072,533	$ 3,299,969
Plan fiduciary net position as a percentage of total pension liability	94.5%	88.0%	89.5%	96.0%	88.3%
Covered payroll	$ 3,860,050	$ 4,356,061	$ 4,015,570	$ 3,999,227	$ 3,899,540
KPUB's net pension liability as a percentage of covered payroll	32.5%	67.7%	66.7%	26.8%	84.6%

Other Information:

The discount rate changed from 7.00% to 6.75% for the 2015 valuation; there were no other changes in assumptions.

The information in this schedule has been determined as of the measurement date (December 31) of KPUB's net pension liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provision of GASB 68, only periods for which such information is available are presented.

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City of Kerrville, Texas

Schedule of Contributions – KPUB
Texas Municipal Retirement System
Last Five Fiscal Years

Exhibit B-5

	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019
Actuarially determined contribution	$ 486,427	$ 478,030	$ 496,124	$ 537,357	$ 558,424
Contribution in relation of the actuarially determined contribution	486,427	478,030	496,124	537,357	558,424
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	4,165,019	4,052,120	4,020,268	3,919,181	4,012,557
Contributions as a percentage of covered payroll	11.7%	11.8%	12.3%	13.7%	13.9%

Notes to Schedule:

Valuation Date:

Actuarial determined contribution rates are calculated as of December 31st each year and become effective in January, 12 months and a day later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	27 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to KPUB's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 – 2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB. There were no benefit changes during the year.

Other Information:

The information in this schedule has been determined as of KPUB's most recent fiscal year-end and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provision of GASB 68, only periods for which such information is available are presented.

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City of Kerrville, Texas

Schedule of Changes in Total OPEB Liability and Related Ratios – KPUB

Texas Municipal Retirement System

Exhibit B-6

	Measurement Year 2017	Measurement Year 2018
Total OPEB Liability:		
Service cost	$ 5,999	$ 6,629
Interest	7,837	7,918
Difference between expected and actual experience	-	1,880
Change in assumptions	18,923	(17,158)
Benefit payments	(1,200)	(1,170)
Net Change in Total OPEB Liability	31,559	(1,901)
Total OPEB Liability – Beginning	204,932	236,491
Total OPEB Liability – Ending	$ 236,491	$ 234,590
Covered Payroll	3,999,227	3,899,540
Total OPEB Liability as a Percentage of Covered Payroll	5.91%	6.02%

Other Information:

The information in this schedule has been determined as of KPUB's most recent fiscal year-end and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provisions of GASB 75, only periods for which such information is available are presented.

City of Kerrville, Texas

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (General Fund)

Year Ended September 30, 2019

	Budgeted Amounts			Variance With Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Taxes, penalties and interest	$ 18,501,038	$ 18,501,038	$ 18,870,924	$ 369,886
Intergovernmental	1,424,114	1,424,114	1,431,074	6,960
Licenses and permits	524,645	567,145	673,259	106,114
Charges for services	4,321,287	4,322,887	4,246,406	(76,481)
Fines and forfeitures	572,225	572,225	485,764	(86,461)
Intergovernmental	22,000	49,853	99,579	49,726
Investment income	194,400	225,900	401,848	175,948
Miscellaneous	294,611	395,011	474,465	79,454
Total revenues	25,854,320	26,058,173	26,683,319	625,146
Expenditures				
General government				
City council	11,989	18,204	17,738	466
City secretary	188,366	202,169	202,082	87
City attorney	285,009	278,713	278,703	10
Municipal court	435,674	428,274	425,960	2,314
City administration	750,724	758,931	758,291	640
Human resources	381,944	381,944	381,334	610
Finance	732,147	812,008	809,204	2,804
Information technology	1,119,454	1,119,338	1,117,058	2,280
General operations	1,191,183	1,343,001	1,341,724	1,277
Total general government	5,096,490	5,342,582	5,332,094	10,488
Public safety				
Police	6,057,029	5,890,394	5,885,687	4,707
Fire	4,711,932	4,969,529	4,969,394	135
Emergency management and training	223,427	192,927	192,859	68
Fire prevention	234,568	228,576	228,148	428
Emergency medical services	2,613,962	2,501,410	2,501,191	219
Total public safety	13,840,918	13,782,836	13,777,279	5,557
Public works				
Planning	158,410	147,729	136,928	10,801
Building services	511,086	582,862	575,351	7,511
Engineering	487,845	491,047	490,418	629
Streets	3,326,708	2,889,306	2,885,812	3,494
Solid waste	146,726	131,741	128,304	3,437
Code compliance	169,992	151,396	144,717	6,679
Total public works	4,800,767	4,394,081	4,361,530	32,551

Exhibit B-7

	Budgeted Amounts			Variance With Final Budget Positive
	Original	Final	Actual	(Negative)
Culture and recreation				
Kerrville-Schreiner Park	$ 503,765	$ 450,640	$ 446,833	$ 3,807
Tennis center	13,748	30,737	28,621	2,116
Aquatics	153,693	165,649	165,425	224
Parks maintenance	1,336,806	1,310,889	1,305,378	5,511
Sports Complex	557,261	532,551	529,311	3,240
Recreation	185,752	164,789	163,447	1,342
Community events	110,702	104,635	103,774	861
Library	651,692	647,842	644,572	3,270
Total culture and recreation	3,513,419	3,407,732	3,387,361	20,371
Capital outlay	1,482,818	1,445,033	1,304,002	141,031
Total expenditures	28,734,412	28,372,264	28,162,266	209,998
Excess (deficiency) of revenues over expenditures	(2,880,092)	(2,314,091)	(1,478,947)	835,144
Other Financing Sources (Uses)				
Transfers in	1,993,199	2,193,198	2,193,198	-
Transfers out	(349,200)	(1,408,200)	(1,408,200)	-
Total other financing sources	1,643,999	784,998	784,998	-
Net Changes in Fund Balance	(1,236,093)	(1,529,093)	(693,949)	835,144
Fund Balance, Beginning of Year	15,048,721	15,048,721	15,048,721	-
Fund Balance, End of Year	$ 13,812,628	$ 13,519,628	$ 14,354,772	$ 835,144

City of Kerrville, Texas
Notes to Required Supplementary Information
September 30, 2019

Budgetary Information

The City follows the following procedures in establishing the budgetary data reflected in the financial statements:

Prior to adoption of a formal budget, the City Manager must file by July 31 with the City Clerk a proposed operating budget for the year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.

A public hearing is conducted to obtain taxpayers' comments.

Prior to October 1 the budget is adopted and legally enacted through passage of an ordinance.

The City Manager is authorized to transfer budgeted amounts between accounts within a fund as long as the request results in a $0 net impact to the fund. The City Council must authorize all changes to the budget that result in a change to the net position of a fund. Budgeted amounts in this report include transfers and revisions to the original appropriations ordinance; most department budgets were modified during the year.

Formal budgetary integration is employed as a management control device during the year. The City uses the encumbrance basis which is comprised of GAAP basis transactions modified by encumbrances made for legal obligations incurred as of year-end. Annual budgets are not adopted for capital projects funds which use project length budgets for projects which encompass two or more fiscal years.

Budgets have been adopted for the General Fund, Water Fund, Golf Course Fund, Special Revenue Funds, Internal Service Funds, Debt Service Fund and the Economic Improvement Corporation.

Annual budgeted expenditures are adopted at the department level within funds. As described above, the City Manager is authorized to make transfers within a fund. Accordingly, the level at which expenditures cannot legally exceed appropriations is the fund level.

Appropriations for annually budgeted funds lapse at year-end.

Excess of Expenditures Over Appropriations

For the fiscal year ended September 30, 2019, the General Fund had no expenditures in excess of appropriations of the final adopted budget to actual.

Combining Statements and Budgetary Comparison Schedules as Supplementary Information

City of Kerrville, Texas

Combining Balance Sheet – Nonmajor Governmental Funds

September 30, 2019

	Special Revenue Funds				
	Library Memorial	Hotel/Motel Tax	Hotel Reserve Fund	History Center	Grant
Assets					
Cash and cash equivalents	$ 1,711,905	$ 862,700	$ 260,950	$ 136,736	$ 2,026
Investments	921,795	464,531	140,512	73,627	1,091
Interest receivable	355	179	-	-	-
Taxes receivable	-	-	-	-	-
Total assets	$ 2,634,055	$ 1,327,410	$ 401,462	$ 210,363	$ 3,117
Liabilities					
Accounts payable and accrued expenses	$ 1,310	$ -	$ -	$ 390	$ -
`	1,310	-	-	390	-
Deferred Inflows of Resources					
Unavailable revenue	-	-	-	-	-
Fund Balances					
Restricted	-	1,327,410	401,462	-	3,117
Committed	2,632,745	-	-	209,973	-
Total fund balances	2,632,745	1,327,410	401,462	209,973	3,117
Total liabilities, deferred inflows of resources and fund balances	$ 2,634,055	$ 1,327,410	$ 401,462	$ 210,363	$ 3,117

Exhibit C-1

Special Revenue Funds			Capital Projects Fund	Debt Service Fund	
Police	PEG	Municipal Court	Parkland Dedication	Debt Service Fund	Total Nonmajor Funds
$ 62,314	$ 24,261	$ 64,947	$ 73,057	$ 805,843	$ 4,004,739
33,554	13,063	34,971	39,339	433,916	2,156,399
-	-	-	-	167	701
-	15,000	-	-	53,004	68,004
$ 95,868	$ 52,324	$ 99,918	$ 112,396	$ 1,292,930	$ 6,229,843
$ 16,027	$ 1,083	$ 342	$ -	$ -	$ 19,152
16,027	1,083	342	-	-	19,152
-	-	-	-	49,887	49,887
79,841	51,241	99,576	-	1,243,043	3,205,690
-	-	-	112,396	-	2,955,114
79,841	51,241	99,576	112,396	1,243,043	6,160,804
$ 95,868	$ 52,324	$ 99,918	$ 112,396	$ 1,292,930	$ 6,229,843

City of Kerrville, Texas

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds

Year Ended September 30, 2019

	Special Revenue Funds				
	Library Memorial	Hotel/Motel Tax	Hotel Reserve Fund	History Center	Grant
Revenues					
Taxes and penalties	$ -	$ 1,415,761	$ -	$ -	$ -
License and permits	-	-	-	-	-
Charges for services	-	-	-	80	-
Fines and forfeitures	-	-	-	-	-
Intergovernmental	2,209,438	-	-	-	35,000
Investment income	20,424	28,809	9,665	5,010	-
Miscellaneous	867	-	-	13,206	-
Total revenues	2,230,729	1,444,570	9,665	18,296	35,000
Expenditures					
Current					
Culture and recreation	12,217	1,252,001	-	7,469	10,000
General government	-	-	-	-	25,000
Capital outlay	17,486	-	-	-	-
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	29,703	1,252,001	-	7,469	35,000
Excess (deficiency) of revenues over expenditures	2,201,026	192,569	9,665	10,827	-
Other Financing Sources (Uses)					
Transfers out	-	(35,000)	-	-	-
Total other financing sources (uses)	-	(35,000)	-	-	-
Net Change in Fund Balances	2,201,026	157,569	9,665	10,827	-
Fund Balances, Beginning of Year	431,719	1,169,841	391,797	199,146	3,117
Fund Balances, End of Year	$ 2,632,745	$ 1,327,410	$ 401,462	$ 209,973	$ 3,117

Exhibit C-2

Special Revenue Funds			Capital Projects Fund	Debt Service Fund	
Police	PEG	Municipal Court	Parkland Dedication	Debt Service Fund	Total Nonmajor Funds
$ -	$ 60,802	$ -	$ -	$ 1,483,739	$ 2,960,302
-	-	-	20,625	-	20,625
29,893	-	-	-	-	29,973
-	-	31,737	-	-	31,737
10,072	-	-	-	1,112,186	3,366,696
2,459	776	2,221	3,566	35,032	107,962
2,753	-	-	-	5,947	22,773
45,177	61,578	33,958	24,191	2,636,904	6,540,068
6,479	-	-	-	-	1,288,166
-	61,932	13,403	-	-	100,335
19,835	-	-	66,021	-	103,342
-	-	-	-	1,907,226	1,907,226
-	-	-	-	548,967	548,967
26,314	61,932	13,403	66,021	2,456,193	3,948,036
18,863	(354)	20,555	(41,830)	180,711	2,592,032
-	-	-	-	(82,135)	(117,135)
-	-	-	-	(82,135)	(117,135)
18,863	(354)	20,555	(41,830)	98,576	2,474,897
60,978	51,595	79,021	154,226	1,144,467	3,685,907
$ 79,841	$ 51,241	$ 99,576	$ 112,396	$ 1,243,043	$ 6,160,804

City of Kerrville, Texas

Library Memorial
Special Revenue Fund
Budgetary Comparison Schedule
Year Ended September 30, 2019

Exhibit C-3

	Budgeted Amounts			Variance With Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues				
Grants	$ 26,500	$ 41,060	$ 2,209,438	$ 2,168,378
Investment income	6,000	6,000	20,424	14,424
Miscellaneous	500	500	867	367
Total revenues	33,000	47,560	2,230,729	2,183,169
Expenditures				
Culture and recreation	8,850	17,360	12,217	5,143
Capital outlay	17,000	23,050	17,486	5,564
Total expenditures	25,850	40,410	29,703	10,707
Net Change in Fund Balance	7,150	7,150	2,201,026	2,193,876
Fund Balance, Beginning of Year	431,719	431,719	431,719	-
Fund Balance, End of Year	$ 438,869	$ 438,869	$ 2,632,745	$ 2,193,876

City of Kerrville, Texas
Hotel/Motel Tax
Special Revenue Fund
Budgetary Comparison Schedule
Year Ended September 30, 2019

Exhibit C-4

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Hotel/motel taxes	$ 1,313,250	$ 1,313,250	$ 1,415,761	$ 102,511
Investment income	16,500	16,500	28,809	12,309
Total revenues	1,329,750	1,329,750	1,444,570	114,820
Expenditures				
Culture and recreation	1,294,750	1,294,750	1,252,001	42,749
Total expenditures	1,294,750	1,294,750	1,252,001	42,749
Other Financing Uses				
Transfer to other funds	(35,000)	(35,000)	(35,000)	-
Net Change in Fund Balance	-	-	157,569	157,569
Fund Balance, Beginning of Year	1,169,841	1,169,841	1,169,841	-
Fund Balance, End of Year	$ 1,169,841	$ 1,169,841	$ 1,327,410	$ 157,569

City of Kerrville, Texas

Hotel Reserve Fund
Special Revenue Fund
Budgetary Comparison Schedule
Year Ended September 30, 2019

Exhibit C-5

	Budgeted Amounts			Variance With Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues				
Investment income	$ 5,850	$ 5,850	$ 9,665	$ 3,815
Total revenues	5,850	5,850	9,665	3,815
Other Financing Uses				
Transfer to other funds	-	-	-	-
Net Change in Fund Balance	5,850	5,850	9,665	3,815
Fund Balance, Beginning of Year	391,797	391,797	391,797	-
Fund Balance, End of Year	$ 397,647	$ 397,647	$ 401,462	$ 3,815

City of Kerrville, Texas
History Center
Special Revenue Fund
Budgetary Comparison Schedule
Year Ended September 30, 2019

Exhibit C-6

	Budgeted Amounts			Variance With Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues				
Charges for services	$ 150	$ 150	$ 80	$ (70)
Investment income	2,850	2,850	5,010	2,160
Miscellaneous	13,200	13,200	13,206	6
Total revenues	16,200	16,200	18,296	2,096
Expenditures				
Cultural and recreation	12,494	12,494	7,469	5,025
Capital outlay	-	-	-	-
Total expenditures	12,494	12,494	7,469	5,025
Net Change in Fund Balance	3,706	3,706	10,827	7,121
Fund Balance, Beginning of Year	199,146	199,146	199,146	-
Fund Balance, End of Year	$ 202,852	$ 202,852	$ 209,973	$ 7,121

City of Kerrville, Texas

PEG Fund

Special Revenue Fund

Budgetary Comparison Schedule

Year Ended September 30, 2019

Exhibit C-7

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes	$ 50,000	$ 50,000	$ 60,802	$ 10,802
Investment income	300	300	776	476
Total revenues	50,300	50,300	61,578	11,278
Expenditures				
General government	11,500	38,871	38,803	68
Capital outlay	38,500	23,129	23,129	-
Total expenditures	50,000	62,000	61,932	68
Net Change in Fund Balance	300	(11,700)	(354)	11,346
Fund Balance, Beginning of Year	51,595	51,595	51,595	-
Fund Balance, End of Year	$ 51,895	$ 39,895	$ 51,241	$ 11,346

City of Kerrville, Texas
Debt Service
Budgetary Comparison Schedule
Year Ended September 30, 2019

Exhibit C-8

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes and penalties	$ 1,482,225	$ 1,482,225	$ 1,483,739	$ 1,514
Intergovernmnetal	1,112,186	1,112,186	1,112,186	-
Investment income	22,500	22,500	35,032	12,532
Miscellaneous	-	-	5,947	5,947
Total revenues	2,616,911	2,616,911	2,636,904	19,993
Expenditures				
Debt Service				
Principal	1,907,201	1,907,201	1,907,226	25
Interest	560,171	560,171	548,967	11,204
Total expenditures	2,467,372	2,467,372	2,456,193	11,179
Other Financing Uses				
Transfers to other funds	(82,135)	(82,135)	(82,135)	-
Net Change in Fund Balance	67,404	67,404	98,576	31,172
Fund Balance, Beginning of Year	1,144,467	1,144,467	1,144,467	-
Fund Balance, End of Year	$ 1,211,871	$ 1,211,871	$ 1,243,043	$ 31,172

City of Kerrville, Texas
Combining Statement of Net Position
Internal Service Funds
September 30, 2019

Exhibit C-9

	Garage	Employee Benefit Trust	Total Internal Service Funds
Assets			
Current Assets			
Cash and cash equivalents	$ 49,607	$ 166,421	$ 216,028
Investments	26,712	89,611	116,323
Inventories	24,726	-	24,726
Total current assets	101,045	256,032	357,077
Capital Assets			
Buildings	159,000	-	159,000
Vehicles	18,056	-	18,056
Machinery and equipment	40,388	-	40,388
Accumulated depreciation	(212,809)	-	(212,809)
Net capital assets	4,635	-	4,635
Total assets	105,680	256,032	361,712
Deferred Outflows of Resources			
Deferred outflows - pension	58,562	-	58,562
Deferred outflows - OPEB	1,060	-	1,060
Total deferred outflows of resources	59,622	-	59,622
Liabilities			
Current Liabilities			
Accounts payable and accrued liabilities	11,094	213	11,307
Due to other funds	3,696	-	3,696
Total current liabilities	14,790	213	15,003
Noncurrent Liabilities			
Compensated absences	11,078	-	11,078
Net pension liability	107,980	-	107,980
Net OPEB liability	11,339	-	11,339
Total noncurrent liabilities	130,397	-	130,397
Total liabilities	145,187	213	145,400
Deferred Inflows of Resources			
Deferred inflows - pensions	2,251	-	2,251
Deferred inflows - OPEB	726	-	726
Total deferred outflows of resources	2,977	-	2,977
Net Position			
Net investment in capital assets	4,635	-	4,635
Unrestricted	12,503	255,819	268,322
Total net position	$ 17,138	$ 255,819	$ 272,957

City of Kerrville, Texas

Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
Year Ended September 30, 2019

Exhibit C-10

	Garage	Employee Benefit Trust	Total Internal Service Funds
Revenues			
Charges for services	$ 350,451	$ 3,095,169	$ 3,445,620
Total revenues	350,451	3,095,169	3,445,620
Operating Expenses			
Personnel services	319,309	-	319,309
Repairs and maintenance	7,937	-	7,937
Supplies and materials	16,710	-	16,710
Utilities	5,079	-	5,079
Depreciation	2,147	-	2,147
General administration	4,082	-	4,082
Premiums and other charges	-	3,158,295	3,158,295
Total operating expenses	355,264	3,158,295	3,513,559
Change in Net Position	(4,813)	(63,126)	(67,939)
Net Position, Beginning of Year	21,951	318,945	340,896
Net Position, End of Year	$ 17,138	$ 255,819	$ 272,957

City of Kerrville, Texas
Combining Statement of Cash Flows
Internal Service Funds
Year Ended September 30, 2019

Exhibit C-11

	Garage	Employee Benefit Trust	Total Internal Service Funds
Operating Activities			
Cash received from customers	$ 350,451	$ 3,095,169	$ 3,445,620
Cash payments to employees	(302,164)	-	(302,164)
Cash payments to suppliers for goods and services	(39,802)	(3,158,251)	(3,198,053)
Net cash provided by (used in) operating activities	8,485	(63,082)	(54,597)
Investing Activities			
Sales of investments	-	47,608	47,608
Investment income	2,457	-	2,457
Net cash provided by investing activities	2,457	47,608	50,065
Net Increase (Decrease) In Cash and Cash Equivalents	10,942	(15,474)	(4,532)
Cash and Cash Equivalents, Beginning of Year	38,665	181,895	220,560
Cash and Cash Equivalents, End of Year	$ 49,607	$ 166,421	$ 216,028
Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities			
Operating loss	$ (4,813)	$ (63,126)	$ (67,939)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities			
Depreciation	2,147	-	2,147
Changes in assets and deferred outflows			
(Increase) decrease in inventories	(3,550)	-	(3,550)
(Increase) decrease in deferred pension outflows	(31,410)	-	(31,410)
(Increase) decrease in deferred OPEB outflows	(97)	-	(97)
Changes in liabilities and deferred inflows			
Increase (decrease) in accounts payable	(2,444)	44	(2,400)
Increase (decrease) in compensated absences	(4,612)	-	(4,612)
Increase (decrease) in net pension liability	69,029	-	69,029
Increase (decrease) in total OPEB liability	81	-	81
Increase (decrease) in deferred pension inflows	(15,846)	-	(15,846)
Total adjustments	13,298	44	13,342
Net cash provided by (used in) operating activities	$ 8,485	$ (63,082)	$ (54,597)

City of Kerrville, Texas
Balance Sheet
Economic Improvement Corporation
September 30, 2019

Exhibit C-12

Assets		
Cash and cash equivalents	$	3,921,213
Due from other governments		594,842
Land		1,138,436
Total assets	$	5,654,491
Fund Balances		
Restricted for capital projects	$	3,266,468
Unassigned		1,249,587
Total fund balance		4,516,055
Total liabilities and fund balance	$	4,516,055
Reconciliation of EIC Fund Balance Sheet to Discretely Presented Component Unit Statement of Net Position		
Total fund balances – EIC balance sheet	$	4,516,055
Amounts Reported for Governmental Activities in the Discretely Presented Component Unit Statement of Net Position are Different Because		
Capital assets used in governmental activities are not reported in the funds		1,138,436
EIC net position	$	5,654,491

City of Kerrville, Texas

Statement of Revenues, Expenditures and Changes in Fund Balance
Economic Improvement Corporation
Year Ended September 30, 2019

Exhibit C-13

Revenues		
Sales and other taxes	$	3,648,217
Investment income		93,077
Total revenues		3,741,294
Expenditures		
General government		3,879,387
Total expenditures		3,879,387
Net Change in Fund Balance		(138,093)
Fund Balance, Beginning of Year		4,654,148
Fund Balance, End of Year	$	4,516,055

Reconciliation of EIC Statement of Revenues, Expenditures and Changes in Fund Balance to Discretely Presented Component Unit Statement of Activities		
EIC change in fund balance	$	(138,093)
Amounts Reported for Governmental Activities in the Discretely Presented		
EIC change in net position	$	(138,093)

Statistical Section

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Statistical Section

This part of the City of Kerrville's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City's overall financial health. The tables herein, are unaudited.

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Financial Trends **90**

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity **98**

These schedules contain trend information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.

Debt Capacity **105**

These schedules contain trend information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information **110**

The schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time with other governments

Operating Information **114**

The schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from comprehensive annual financial reports for the relevant year.

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City of Kerrville, Texas

Net Position by Component

Last Ten Fiscal Years

(Accrual Basis of Accounting)

(Amounts Expressed in Thousands)

Table D-1

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities										
Net investment in capital assets	$ 45,568	$ 49,627	$ 57,920	$ 61,342	$ 60,765	$ 61,339	$ 64,579	$ 69,695	$ 71,382	$ 67,741
Restricted	5,712	6,251	1,509	1,434	1,386	1,324	1,165	1,139	1,144	1,243
Unrestricted	7,616	10,097	15,355	15,684	18,595	22,953	25,343	27,133	24,490	23,353
Total governmental activities net position	$ 58,896	$ 65,975	$ 74,784	$ 78,460	$ 80,746	$ 85,616	$ 91,087	$ 97,967	$ 97,016	$ 92,337
Business-type Activities										
Net investment in capital assets	$ 37,551	$ 38,078	$ 38,404	$ 38,699	$ 37,157	$ 39,106	$ 41,630	$ 37,218	$ 45,057	$ 45,521
Restricted	-	-	2,898	4,105	3,789	3,451	1,675	1,805	1,805	1,744
Unrestricted	10,245	8,641	4,739	5,064	8,143	7,773	6,619	11,349	5,550	2,718
Total business-type activities net position	$ 47,796	$ 46,719	$ 46,041	$ 47,868	$ 49,089	$ 50,330	$ 49,924	$ 50,372	$ 52,412	$ 49,983
Primary Government										
Net investment in capital assets	$ 83,119	$ 87,705	$ 96,324	$ 100,041	$ 97,922	$ 100,445	$ 106,209	$ 106,913	$ 116,439	$ 113,262
Restricted	5,712	6,251	4,407	5,539	5,175	4,775	2,840	2,944	2,949	2,987
Unrestricted	17,861	18,738	20,094	20,748	26,738	30,726	31,962	38,482	30,040	26,071
Total primary government net position	$ 106,692	$ 112,694	$ 120,825	$ 126,328	$ 129,835	$ 135,946	$ 141,011	$ 148,339	$ 149,428	$ 142,320

Note: 2013 net position has been adjusted due to implementation of GASB Statements 65.
2015 net position has been adjusted due to implementation of GASB Statements 68.
2018 net position has been adjusted due to implementation of GASB Statements 75.

City of Kerrville, Texas

Expenses, Program Revenues and Net (Expense) Revenue
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Amounts Expressed in Thousands)

	Fiscal Year			
	2010	2011	2012	2013
Expenses				
Governmental Activities				
General government	$ 4,594	$ 4,022	$ 4,077	$ 4,667
Public safety	11,880	12,632	11,312	11,631
Culture and recreation	2,707	3,461	3,082	3,371
Public works	3,635	3,104	3,004	3,327
Business programs	183	177	167	-
Interest on long-term debt	655	717	645	566
Total governmental activities expenses	23,654	24,113	22,287	23,562
Business-type Activities				
Water and sewer services	7,582	8,198	8,737	8,442
Kerrville-Schreiner Park	542	1	-	-
Golf course	990	952	1,041	934
Total business-type activities expenses	9,114	9,151	9,778	9,376
Total primary government expenses	$ 32,768	$ 33,264	$ 32,065	$ 32,938
Program Revenues				
Governmental Activities				
Charges for services				
General government	$ 5,200	$ 2,638	$ 2,126	$ 1,054
Public safety	2,589	2,225	1,327	2,442
Cultural and recreation	134	75	583	410
Public works	-	435	470	359
Operating grants and contributions	1,473	1,461	303	719
Capital grants and contributions	351	2,959	5,553	2,000
Total governmental activities program revenues	9,747	9,793	10,362	6,984
Business-type Activities				
Charges for services				
Water and sewer services	8,943	10,536	10,009	11,072
Kerrville-Schreiner Park	344	-	-	-
Golf course	784	903	1,031	877
Operating grants and contributions	4	-	-	-
Capital grants and contributions	2,723	-	-	508
Total business-type activities program revenues	12,798	11,439	11,040	12,457
Total primary government program revenues	$ 22,545	$ 21,232	$ 21,402	$ 19,441
Net (Expense)/Revenue				
Governmental activities	$ (13,907)	$ (14,320)	$ (11,925)	$ (16,578)
Business-type activities	3,684	2,288	1,262	3,081
Total primary government net expense	$ (10,223)	$ (12,032)	$ (10,663)	$ (13,497)

Note: Kerrville-Schreiner Park is reported as a governmental activity beginning in fiscal year 2011.

Table D-2

Fiscal Year					
2014	2015	2016	2017	2018	2019
$ 5,159	$ 6,272	$ 6,107	$ 5,805	$ 6,988	$ 7,901
12,365	13,169	12,933	14,240	14,243	14,984
3,066	3,405	3,701	4,543	5,112	5,242
3,159	3,490	3,404	4,002	5,617	11,661
-	-	-	-	-	-
564	519	818	722	606	633
24,313	26,855	26,963	29,312	32,566	40,421
8,984	8,241	9,753	8,997	9,579	13,402
-	-	-	-	-	-
908	863	926	1,090	1,046	1,108
9,892	9,104	10,679	10,087	10,625	14,510
$ 34,205	$ 35,959	$ 37,642	$ 39,399	$ 43,191	$ 54,931
$ 100	$ 24	$ 1	$ 1	$ 1	$ 1
3,391	4,340	3,672	4,353	4,233	4,214
425	465	520	599	613	650
519	1,169	1,241	1,537	1,528	1,818
72	141	759	348	273	863
971	772	2,626	2,595	1,314	3,463
5,478	6,911	8,819	9,433	7,962	11,009
11,080	11,118	11,329	11,885	11,885	11,798
-	-	-	-	-	-
884	784	743	864	855	838
-	-	-	-	-	-
10	-	19	1,500	1,500	1,000
11,974	11,902	12,091	14,249	14,240	13,636
$ 17,452	$ 18,813	$ 20,910	$ 23,682	$ 22,202	$ 24,645
$ (18,835)	$ (19,944)	$ (18,144)	$ (19,879)	$ (24,604)	$ (29,412)
2,082	2,798	1,412	4,162	3,615	(874)
$ (16,753)	$ (17,146)	$ (16,732)	$ (15,717)	$ (20,989)	$ (30,286)

City of Kerrville, Texas

General Revenues and Total Change in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Amounts Expressed in Thousands)

	Fiscal Year			
	2010	2011	2012	2013
Net (Expense)/Revenue				
Governmental activities	$ (13,907)	$ (14,320)	$ (11,925)	$ (16,578)
Business-type activities	3,684	2,288	1,262	3,081
Total primary government net expense	(10,223)	(12,032)	(10,663)	(13,497)
General Revenues and Other Changes in Net Position				
Governmental activities				
Taxes				
Property taxes levied for general purposes	8,255	8,314	8,439	8,427
Property taxes levied for debt service	1,301	1,242	1,216	1,262
Sales and use taxes	4,537	4,773	5,120	5,554
Hotel occupancy taxes	873	846	854	958
Franchise taxes	1,764	1,836	1,826	1,716
Alcoholic beverage taxes	60	58	53	55
Investment earnings	78	52	56	44
Miscellaneous income	229	1,427	1,257	1,322
Gain/(loss) on sale of assets	(19)	-	(235)	-
Transfers	447	4,259	2,149	1,250
Total governmental activities	17,525	22,807	20,735	20,588
Business-type Activities				
Unrestricted investment earnings	72	9	23	50
Miscellaneous income	226	69	186	333
Transfers	(447)	(4,259)	(2,149)	(1,250)
Total business-type activities	(149)	(4,181)	(1,940)	(867)
Total primary government	$ 17,376	$ 18,626	$ 18,795	$ 19,721
Change in Net Position				
Governmental activities	$ 3,618	$ 8,487	$ 8,810	$ 4,010
Business-type activities	3,535	(1,893)	(678)	2,214
Total primary government	$ 7,153	$ 6,594	$ 8,132	$ 6,224

Table D-3

Fiscal Year					
2014	**2015**	**2016**	**2017**	**2018**	**2019**
$ (18,835)	$ (19,944)	$ (18,144)	$ (19,879)	$ (24,604)	$ (29,412)
2,082	2,798	1,412	4,162	3,615	(874)
(16,753)	(17,146)	(16,732)	(15,717)	(20,989)	(30,286)
8,459	8,765	8,963	9,321	9,531	9,589
1,293	1,343	1,390	1,448	1,459	1,484
5,787	6,201	6,427	6,722	6,900	7,297
1,046	1,081	1,107	1,219	1,334	1,416
1,776	1,742	1,580	1,734	1,950	1,943
68	74	74	72	87	113
58	57	130	244	391	618
1,509	2,789	2,033	2,064	1,153	267
-	-	-	-	-	-
1,125	1,802	1,910	3,934	1,641	2,006
21,121	23,854	23,614	26,758	24,446	24,733
66	49	92	222	229	445
197	-	-	-	-	5
(1,125)	(1,802)	(1,910)	(3,934)	(1,641)	(2,006)
(862)	(1,753)	(1,818)	(3,712)	(1,412)	(1,556)
$ 20,259	$ 22,101	$ 21,796	$ 23,046	$ 23,034	$ 23,177
$ 2,286	$ 3,910	$ 5,470	$ 6,879	$ (158)	$ (4,679)
1,220	1,045	(406)	450	2,203	(2,430)
$ 3,506	$ 4,955	$ 5,064	$ 7,329	$ 2,045	$ (7,109)

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City of Kerrville, Texas

Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Amounts Expressed in Thousands)

Table D-4

	Fiscal Year				
	2010	2011	2012	2013	2014
General fund					
Reserved	$ 1,353				
Unreserved	3,157				
Post—GASB 54					
Nonspendable		$ 35	$ 33	$ 35	$ 17
Restricted		1,667	2,340	2,657	2,476
Committed		715	666	580	633
Unassigned		3,719	5,701	6,294	5,969
Total general fund	$ 4,510	$ 6,136	$ 8,740	$ 9,566	$ 9,095
All other governmental funds					
Reserved	$ 1,494				
Unreserved, reported in					
Special revenue funds	875				
Capital projects funds	4,670				
Post—GASB 54					
Restricted		$ 1,901	$ 9,266	$ 8,923	$ 5,946
Committed		5,093	762	1,638	3,289
Total all other governmental funds	$ 7,039	$ -	$ 10,028	$ 10,561	$ 9,235

	Fiscal Year				
	2015	2016	2017	2018	2019
General fund					
Nonspendable	$ 22	$ 18	$ 19	$ 12	$ 14
Restricted	3,079	3,912	3,361	3,501	3,682
Committed	311	428	1,633	3,117	2,082
Assigned	41	42	10	-	-
Unassigned	6,786	7,880	8,417	8,419	8,577
Total general fund	$ 10,239	$ 12,280	$ 13,440	$ 15,049	$ 14,355
All other governmental funds					
Restricted	$ 11,593	$ 9,835	$ 2,640	$ 2,901	$ 3,206
Committed	4,040	4,450	7,232	4,986	17,120
Unassigned	(3)	-	-	-	-
Total all other governmental funds	$ 15,630	$ 14,285	$ 9,872	$ 7,887	$ 20,326

Note: The City implemented GASB Statement No. 54 which amended fund balance classifications in 2011.

City of Kerrville, Texas

Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Amounts Expressed in Thousands)

	Fiscal Year			
	2010	2011	2012	2013
Revenues				
Taxes and penalties	$ 16,790	$ 17,026	$ 17,558	$ 17,981
Licenses and permits	346	366	328	359
Intergovernmental	1,289	2,364	1,535	1,120
Charges for services	1,850	2,629	2,549	2,564
Grants	258	484	786	719
Fines and forfeitures	507	656	467	433
Investment income	78	52	56	44
Miscellaneous	1,345	1,270	1,211	1,405
Total revenues	22,463	24,847	24,490	24,625
Expenditures				
General government	4,304	3,704	3,716	4,360
Public safety	11,645	11,591	10,666	11,138
Culture and recreation	2,685	3,071	2,815	3,163
Public works	2,745	2,724	2,806	2,992
Business programs	183	177	167	-
Capital outlay	2,503	841	6,536	1,519
Debt service				
Principal	1,119	582	725	754
Interest	653	719	619	590
Other charges	1	-	155	-
Total expenditures	25,838	23,409	28,205	24,516
Excess (deficiencies) of revenues over expenditures	(3,375)	1,438	(3,715)	109
Other Financing Sources (Uses)				
Proceeds from debt issuance	-	1,983	6,965	-
Bond premium	-	151	138	-
Payment to refunded bond escrow agent	-	(2,090)	-	-
Transfers in	1,530	2,070	2,856	2,523
Transfers out	(1,082)	(1,164)	(606)	(1,273)
Total other financing sources (uses)	448	950	9,353	1,250
Net change in fund balances	$ (2,927)	$ 2,388	$ 5,638	$ 1,359
Debt Service as a Percentage of Noncapital Expenditures	7.5%	5.9%	7.4%	5.9%

Table D-5

Fiscal Year					
2014	2015	2016	2017	2018	2019
$ 18,526	$ 19,113	$ 19,500	$ 20,430	$ 21,152	$ 21,831
519	551	480	549	627	694
1,004	1,523	1,348	3,827	2,651	2,220
2,261	3,488	3,425	4,044	4,214	4,276
1,005	552	781	321	259	3,466
355	351	549	631	612	518
58	57	130	243	391	619
1,479	1,838	1,923	2,338	1,453	497
25,207	27,473	28,136	32,383	31,359	34,121
4,534	5,656	4,367	5,186	5,985	6,179
12,001	12,678	12,303	12,651	13,124	13,762
3,155	3,383	3,476	3,837	4,545	4,676
3,007	3,162	3,017	3,373	5,206	4,992
-	-	-	-	-	-
4,497	4,939	3,645	11,969	1,955	2,817
779	1,393	1,736	1,833	2,018	1,907
565	520	818	722	618	703
-	-	-	-	-	-
28,538	31,731	29,362	39,571	33,451	35,036
(3,331)	(4,258)	(1,226)	(7,188)	(2,092)	(915)
284	9,746	-	-	6,750	9,895
-	249	-	-	458	759
-	-	-	-	(7,133)	-
3,582	2,897	3,349	7,170	3,444	3,531
(2,332)	(1,094)	(1,428)	(3,236)	(1,803)	(1,525)
1,534	11,798	1,921	3,934	1,716	12,660
$ (1,797)	$ 7,540	$ 695	$ (3,254)	$ (376)	$ 11,745
5.7%	7.3%	9.9%	9.9%	8.4%	8.8%

City of Kerrville, Texas

Tax Revenues by Source, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Amounts Expressed in Thousands)

Table D-6

Fiscal Years	Property Tax	Sales & Use Tax	Occupancy Tax	Franchise Tax	Mixed Beverage Tax	Total
2010	$ 9,495	$ 4,537	$ 872	$ 1,826	$ 61	$ 16,791
2011	9,512	4,772	846	1,826	58	17,014
2012	9,642	5,120	838	1,846	53	17,499
2013	9,698	5,554	958	1,716	54	17,980
2014	9,752	5,786	1,046	1,776	68	18,428
2015	10,108	6,201	1,081	1,742	74	19,206
2016	10,305	6,427	1,107	1,632	74	19,545
2017	10,738	6,722	1,219	1,734	72	20,484
2018	10,824	6,899	1,334	1,951	87	21,094
2019	11,062	7,297	1,416	1,943	113	21,831

City of Kerrville, Texas

Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

(Amounts Expressed in Thousands)

Table D-7

Fiscal Years	Assessed Value	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage or Actual Value
2010	$ 1,872,261	$ 601,551	$ 1,270,710	0.5625	$ 1,270,710	100%
2011	1,882,517	622,484	1,260,033	0.5625	1,260,033	100%
2012	1,883,208	613,787	1,269,421	0.5625	1,269,421	100%
2013	1,898,458	618,795	1,279,663	0.5625	1,279,663	100%
2014	1,896,723	621,753	1,274,970	0.5625	1,274,970	100%
2015	2,024,552	661,361	1,363,191	0.5625	1,363,191	100%
2016	2,019,808	664,840	1,354,968	0.5625	1,354,968	100%
2017	2,079,313	673,968	1,405,346	0.5625	1,405,346	100%
2018	2,202,697	716,902	1,485,795	0.5514	1,485,795	100%
2019	2,249,471	751,499	1,497,972	0.5514	1,497,972	100%

Source: Kerr Central Appraisal District

City of Kerrville, Texas

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

(Amounts Expressed in Thousands)

Table D-8

	City of Kerrville Direct Tax Rate			Overlapping Tax Rates			
Fiscal Years	General Government	Debt Service	Total	School District	Kerr County	Guadalupe River Authority	Total Direct & Overlapping Rates
2010	0.4851	0.0774	0.5625	1.1800	0.4443	-	2.1868
2011	0.4890	0.0735	0.5625	1.1800	0.4443	0.0324	2.2192
2012	0.4890	0.0735	0.5625	1.1800	0.4443	0.0324	2.2192
2013	0.4890	0.0735	0.5625	1.1800	0.4443	0.0324	2.2192
2014	0.4890	0.0735	0.5625	1.1800	0.4443	0.0318	2.2186
2015	0.4890	0.0735	0.5625	1.1800	0.4850	0.0318	2.2593
2016	0.4890	0.0735	0.5625	1.1800	0.4850	0.0318	2.2593
2017	0.4890	0.0735	0.5625	1.1800	0.5000	0.0318	2.2743
2018	0.4779	0.0735	0.5514	1.1800	0.5000	0.0309	2.2623
2019	0.4779	0.0735	0.5514	1.1800	0.5150	0.0302	2.2766

Source: Kerr Central Appraisal District

Overlapping rates are those of local and county governments that apply to property owners within the City of Kerrville. Not all overlapping rates apply to all City of Kerrville property owners (e.g., the rates for special districts apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the special district).

City of Kerrville, Texas
Principal Property Tax Payers
Current Year and Nine Years Ago

Table D-9

	2019			2010		
Taxpayer	Assessed Value	Rank	Percentage of Total City Assessed Value	Assessed Value	Rank	Percentage of Total City Assessed Value
James Avery Craftsman	38,245,799	1	1.70%			
Mooney International Corporation	17,561,586	2	0.78%			
Atmos Energy/Mid-Tex Distribution	10,055,888	3	0.45%			
Wal-Mart Stores Inc	8,561,493	4	0.38%	6,421,847	7	0.34%
S-H Forty-Nine Properties LLC	8,202,220	5	0.36%			
CC Butt Grocery Company	7,789,132	6	0.35%			
Emerald Cottages of Kerrville, LLC	7,418,032	7	0.33%			
Windstream Comm Kerrville LP	6,363,443	8	0.28%	24,986,951	1	1.33%
Home Depot, USA Inc.	6,322,572	9	0.28%	8,021,774	4	0.43%
Lowe's Home Centers, Inc.	5,894,682	10	0.26%	6,599,820	6	0.64%
Sunswest Management Inc.				9,243,094	2	0.49%
Comanche Trace Ranch & Golf				8,250,788	3	0.44%
Wal-Mart Inc.				7,784,640	5	0.42%
Atek Plastics				4,793,768	8	0.26%
Best Friends Air LLC				4,389,425	9	0.23%
Kerrville Rio Verde, LTD				4,351,342	10	0.23%
	116,414,847		5.16%	84,843,449		4.82%
All Other	2,133,056,291		94.84%	1,787,417,551		95.47%
Total	$ 2,249,471,138		100.00%	$ 1,872,261,000		100.29%

Source: Kerr Central Appraisal District

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City of Kerrville, Texas

Property Tax Levies and Collections
Last Ten Fiscal Years
(Amounts Expressed in Thousands)

Table D-10

		Collected Within Year of the Levy			Total Collections to Date	
Fiscal Years	Taxes Levied for the Fiscal Year	Current Year Amount	Percentage of Levy	Delinquent Collections in Subsequent Years	Combined Amount	Percentage of Levy
2010	$ 9,398	$ 9,275	98.69%	$ 109	$ 9,384	99.85%
2011	9,439	9,298	98.51%	122	9,420	99.80%
2012	9,537	9,404	98.61%	99	9,503	99.64%
2013	9,679	9,417	97.29%	206	9,623	99.42%
2014	9,688	9,545	98.52%	104	9,649	99.60%
2015	10,024	9,840	98.16%	142	9,982	99.58%
2016	10,320	10,132	98.18%	132	10,264	99.46%
2017	10,653	10,491	98.48%	85	10,575	99.27%
2018	10,951	10,774	98.38%	90	10,823	98.83%
2019	11,108	10,939	98.48%	24	10,963	98.69%

Source: Kerrville Central Appraisal District

City of Kerrville, Texas
Taxable Sales by Category
Last Ten Fiscal Years

Type	Fiscal Year 2010	2011	2012	2013
Accommodation/food services	$ 74,777,208	$ 75,367,568	$ 77,902,407	$ 80,993,418
Admin/support/waste mgmt/remediation srvcs	12,487,071	20,060,075	18,874,150	21,314,998
Agriculture/forestry/fishing/hunting	40,197	33,643	352,751	714,641
Arts/entertainment/recreation	10,245,245	10,203,919	5,331,787	4,692,190
Construction	60,295,196	78,350,310	72,304,961	92,022,514
Educational services	13,677,155	27,269,909	31,052,368	30,859,006
Finance/insurance	192,706	6,275	12,973	58,606
Health care/social assistance	3,915,694	3,614,412	3,540,104	13,049,140
Information	24,866,344	23,979,339	23,287,473	23,351,651
Manufacturing	48,940,992	39,636,780	45,929,975	45,808,283
Mining/quarrying/oil and gas extraction	398,584	-	-	-
Other services (except public administration)	44,416,436	44,651,159	45,168,666	44,899,714
Professional/scientific/technical services	14,700,029	17,100,198	17,224,688	17,823,513
Public administration	31,580,361	38,957,201	44,214,112	41,666,600
Real estate/rental/leasing	2,490,669	2,848,689	8,313,596	4,201,799
Retail trade	636,717,056	672,668,692	680,086,182	730,374,049
Transportation/warehousing	3,054,389	2,877,438	3,122,381	3,269,255
Wholesale trade	55,808,281	48,756,748	52,800,978	53,131,891
Total	$ 1,038,603,613	$ 1,106,382,355	$ 1,129,519,552	$ 1,208,231,268
Direct sales tax rate	1.50%	1.50%	1.50%	1.50%

Source: Texas Comptroller of Public Accounts
*** Third and fourth quarters not available

Table D-11

Fiscal Year					
2014	2015	2016	2017	2018	***2019
$ 86,829,574	$ 90,808,253	$ 99,768,744	$ 103,430,428	$ 105,539,617	$ 54,083,231
22,289,923	20,465,440	20,904,166	21,426,494	14,572,883	6,065,762
563,751	899,048	843,386	1,026,297	845,740	320,191
4,631,153	5,151,280	4,867,701	5,007,627	4,810,259	2,599,070
98,568,268	101,540,976	156,396,169	133,145,615	103,404,904	54,647,072
32,115,711	33,054,086	35,228,505	36,301,968	38,184,943	174,015
89,760	83,638	97,335	217,055	388,912	191,506
4,821,994	4,313,333	4,022,867	3,713,659	4,195,709	2,960,256
25,079,857	26,097,466	25,910,010	24,105,256	23,277,197	11,561,424
52,060,982	61,045,814	62,392,882	58,197,045	72,163,305	34,217,832
-	-	-	-		-
51,428,069	53,411,249	54,146,862	40,167,168	39,679,044	19,232,987
18,519,033	20,182,472	18,449,324	20,889,638	17,584,712	12,240,633
42,307,481	43,510,601	38,010,491	38,842,343	43,789,470	18,639,684
12,231,231	7,666,292	3,873,704	11,637,480	12,379,884	9,049,455
838,913,172	799,333,138	867,204,733	836,748,834	849,117,196	440,043,555
3,835,865	2,386,422	2,346,229	1,717,323	1,723,837	999,093
46,402,764	47,227,827	44,107,128	44,770,943	49,878,321	22,394,965
$ 1,340,688,588	$ 1,317,177,335	$ 1,438,570,236	$ 1,381,345,173	$ 1,381,535,933	$ 689,420,731
1.50%	1.50%	1.50%	1.50%	1.50%	1.50%

City of Kerrville, Texas

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(Amounts Expressed in Thousands)

Table D-12

	Governmental Activities			
Fiscal Years	General Obligation Bonds	Certificates of Obligation	Bank Loans & Promissory Note	Capital Leases
2010	$ 2,623	$ 9,424	$ 802	$ 26
2011	4,566	6,878	716	-
2012	4,539	13,230	631	-
2013	4,163	12,940	542	-
2014	3,933	12,757	735	-
2015	3,519	21,260	1,384	-
2016	3,092	20,261	1,034	-
2017	2,557	19,189	680	-
2018	6,443	13,702	322	-
2019	5,527	23,581	-	-

	Business-type Activities					
Fiscal Years	General Obligation Bonds	Certificates of Obligation	Bank Loans and Notes	Total Primary Government	Percentage of Personal Income	Per Capita
2010	$ 3,272	$ 14,411	$ 648	$ 31,206	6.76%	$ 1,364
2011	5,694	17,022	585	35,461	7.37%	1,587
2012	5,661	22,195	516	46,772	9.52%	2,093
2013	5,192	31,060	444	54,341	10.11%	2,423
2014	4,911	29,933	368	52,637	9.10%	2,290
2015	4,390	28,286	290	59,129	9.97%	2,510
2016	3,853	36,119	7,708	72,067	11.96%	3,027
2017	3,193	34,010	7,623	67,252	11.16%	2,789
2018	11,239	23,290	7,535	62,530	10.81%	2,574
2019	10,460	34,271	7,500	81,338	11.87%	3,263

Note: Premiums on bonds payable is presented starting with fiscal year 2015.

City of Kerrville, Texas

Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(Amounts Expressed in Thousands)

Table D-13

	General Bonded Debt Outstanding				
Fiscal Years	General Obligation Bonds	Less: Amounts Available In Debt Service Fund	Total	Percentage of Actual Taxable Value of Property	Per Capita
2010	$ 5,895	$ 1,698	$ 4,197	0.33%	$ 183
2011	10,260	2,632	7,628	0.61%	341
2012	10,200	4,144	6,056	0.48%	271
2013	9,355	5,443	3,912	0.31%	174
2014	8,844	5,162	3,682	0.29%	160
2015	7,909	4,770	3,139	0.23%	133
2016	6,945	2,513	4,432	0.33%	186
2017	5,750	2,536	3,214	0.23%	133
2018	17,682	2,074	15,607	1.05%	629
2019	15,987	2,580	13,407	0.89%	538

Source: GO bonds total from table D-12

City of Kerrville, Texas
Direct and Overlapping
Governmental Activities Debt

Table D-14

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Debt Repaid with Property Taxes			
Kerrville ISD	$ 60,675,000	66.97%	$ 40,634,048
Kerr County	31,250,000	43.42%	13,568,750
Subtotal, Overlapping Debt			54,202,798
City of Kerrville Direct Debt	29,107,684	100%	29,107,684
Total Direct and Overlapping Debt			$ 83,310,482
Average Debt Per Capita			$ 3,342

Sources: Municipal Advisory Council of Texas

City of Kerrville, Texas

Legal Debt Margin Information
Last Ten Fiscal Years
(Amounts Expressed in Thousands)

Table D-15

	Fiscal Year				
	2010	2011	2012	2013	2014
Total Taxable Assessed Value	$ 1,270,710	$ 1,260,033	$ 1,269,421	$ 1,279,663	$ 1,274,970
Annual payment	8,471	8,400	8,463	8,531	8,500
Debt limit	127,071	126,003	126,942	127,966	127,497
Total net debt applicable to limit	4,605	4,566	4,539	2,826	2,826
Legal debt margin	122,466	121,437	122,403	125,140	124,671

	Fiscal Year				
	2015	2016	2017	2018	2019
Total taxable assessed value	$ 1,363,191	$ 1,354,968	$ 1,405,346	$ 1,485,795	$ 1,497,972
Annual payment	9,088	9,033	9,369	9,905	9,986
Debt limit	136,319	135,497	140,535	148,580	149,797
Total net debt applicable to limit	2,826	5,783	7,470	16,538	14,747
Legal debt margin	133,493	129,714	133,065	132,042	135,051

Legal Debt Margin Calculation for the Current Fiscal Year	
Assessed value	$ 2,249,471
Exempt real property	(751,499)
	1,497,972
Debt limit (10% of assessed value)	149,797
Debt applicable to limit	
General obligation bonds	15,987
Less: Amount set aside for repayment of general obligation debt	1,240
Total net debt applicable to limit	14,747
Legal debt margin	$ 135,051

Note:

The Constitution of Texas in Article 11, Section 5, limits the maximum amount that a home rule city can tax to $2.50 per $100 of valuation.

The Attorney General of Texas has created a rule for the guidance of home rule cities which states that bonds outstanding under this constitutional provision shall be on the basis of no greater than $1.50 per $100 of assessed valuation.

Calculations are based on a 20-year payment term and at an annual interest rate of 4%.

City of Kerrville, Texas

Pledged-Revenue Coverage

Last Ten Fiscal Years

(Amounts Expressed in Thousands)

Table D-16

	Water and Sewer Revenue Bonds					
		Less		Debt Service		
Fiscal Years	Utility Service Charges	Operating Expenses*	Net Available Revenue	Principal	Interest	Coverage
2010	$ 8,943	$ 5,468	$ 3,475	$ 580	$ 5	5.94
2011	10,536	6,459	4,077	-	-	N/A
2012	10,009	5,843	4,166	-	-	N/A
2013	11,072	5,311	5,761	-	-	N/A
2014	11,080	5,512	5,568	-	-	N/A
2015	10,904	5,204	5,700	-	-	N/A
2016	11,157	6,277	4,880	-	-	N/A
2017	11,656	5,753	5,903	-	-	N/A
2018	11,743	5,987	5,756	-	-	N/A
2019	11,290	8,112	3,178	-	-	N/A

* Total operating expense excluding depreciation

Note: Refer to Table D-12 for total business-type debt

City of Kerrville, Texas
Demographic and Economic Statistics
Last Ten Fiscal Years

Table D-17

	Fiscal Year				
	2010	2011	2012	2013	2014
Population	22,347	22,347	22,347	22,983	23,558
Personal income (000s)	$ 481,160	$ 490,848	$ 492,940	$ 578,275	$ 592,968
Per capita personal income	$ 20,193	$ 24,871	$ 23,965	$ 25,161	$ 25,171
Median age	45.3	44.5	46.0	45.7	45.7
Education level in years of schooling					
Percentage with high school diploma or greater	81.2%	85.1%	85.6%	87.5%	85.1%
School enrollment	6,177	5,200	4,923	5,031	5,038
Unemployment rate	6.1%	6.3%	6.9%	5.6%	4.8%

	Fiscal Year				
	2015	2016	2017	2018	2019
Population	23,808	24,111	24,292	24,796	24,931
Personal income (000s)	$ 602,414	$ 602,699	$ 578,394	$ 627,501	$ 685,029
Per capita personal income	$ 25,303	$ 24,997	$ 23,810	$ 25,307	$ 27,477
Median age	46.5	46.0	46.5	47.3	46.7
Education level in years of schooling					
Percentage with high school diploma or greater	85.4%	88.6%	85.7%	86.1%	88.5%
School enrollment	5,029	5,018	5,004	4,951	4,828
Unemployment rate	3.8%	3.9%	3.2%	3.3%	2.9%

Sources: US Census, Texas Workforce Commission, Kerrville Independent School District, Kerr Economic Development Corporation and City of Kerrville estimates.

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City of Kerrville, Texas

Principal Employers – Kerr County

Current Year and Nine Years Ago

Table D-18

	2019			2010		
Employer	**Employees**	**Rank**	**Percentage of Total City Employment**	**Employees**	**Rank**	**Percentage of Total City Employment**
Peterson Health	1,200	1	5.64%	851	1	3.85%
Kerrville ISD	700	2	3.29%	741	2	3.35%
Kerrville State Hospital	550	3	2.59%	535	3	2.42%
James Avery Craftsman	685	4	3.22%	350	6	1.58%
Kerrville VA Hospital	400	5	1.88%	452	4	2.05%
HEB Food & Drug Store	400	6	1.88%	320	8	1.45%
City of Kerrville	300	7	1.41%	323	7	1.46%
Kerr County	300	8	1.41%	296	9	1.34%
Wal-Mart	250	9	1.18%	400	5	1.81%
Brookdale Senior Services	150	10	0.71%			
Sava Senior Center				281	10	1.27%
	4,935		23.20%	4,549		20.58%
All others	16,339		76.80%	17,549		79.42%
Total employed	21,274		100.00%	22,098		100.00%

Source: Kerr Economic Development Corporation

City of Kerrville, Texas

Budgeted Full-time Equivalent Employees by Function/Program

Last Ten Fiscal Years

	Fiscal Year			
	2010	2011	2012	2013
General Fund				
City secretary	2	2	2	2
City attorney	1	2	2	2
City administration	4	4	4	4
Human resources	4	4	4	4
Finance	7	6	5	5
Information technology	4	4	5	5
Purchasing	1	-	-	-
Municipal court	5	4	5	5
Kerrville-Schreiner Park	8	6	6	6
Police	72	71	71	71
Fire	53	49	49	49
Emergency management and training	-	-	-	-
Fire prevention	2	1	2	2
Emergency Medical Services	24	27	27	27
Solid waste	5	5	5	5
Planning	3	3	2	2
Building services	5	5	5	5
Code compliance	4	3	2	2
Environment health	-	-	-	-
Business programs	2	2	2	2
Parks and recreation	-	-	-	-
Aquatics	1	1	-	-
Parks maintenance	16	14	12	12
Recreation	4	2	1	1
Community events	-	-	-	-
Sports Complex	-	-	-	-
Engineering	16	21	21	21
Streets	-	-	-	-
Library	11	10	10	10
General operations	-	-	-	-
Total general fund	254	246	242	242
Water and Sewer Fund				
Utility billing	7	8	8	8
Utility administration	4	4	4	4
Water production	11	11	11	11
Water distribution	9	9	9	9
Water reclamation	14	14	14	17
Utility information system	1	-	-	-
Utility laboratory	4	4	4	4
Total water fund	50	50	50	53
Golf Course Fund				
Golf course maintenance	8	8	8	8
Pro shop	3	6	3	3
Total golf course fund	11	14	11	11
Garage	4	4	4	4
Grand total	319	314	307	310

Source: City Budget Book

Note: Kerrville-Schreiner Park was moved to general fund in fiscal year 2011.
Solid Waste was moved to general fund in fiscal year 2015.

Table D-19

Fiscal Year					
2014	2015	2016	2017	2018	2019
2	2	2	2	2	2
2	1	2	1	1	1
5	6	6	6	6	5
4	4	4	4	4	4
5	5	5	5	5	5
5	5	5	5	6	6
-	-	-	-	-	-
5	5	5	6	6	6
6	6	6	7	7	8
68	70	71	71	72	72
49	48	49	49	49	48
-	-	-	-	-	1
2	2	2	2	2	2
27	28	27	27	26	26
5	5	1	1	1	1
2	2	2	3	2	2
4	4	5	5	5	6
2	2	1	2	2	2
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
13	18	19	19	20	20
2	1	2	2	2	2
-	-	-	-	-	1
-	-	-	2	4	6
3	4	4	4	5	5
16	18	18	18	18	19
11	9	9	9	9	9
-	-	-	-	-	1
238	245	245	250	254	260
9	8	8	8	7	7
5	3	3	-	-	-
11	11	11	12	13	13
9	9	9	9	9	10
14	14	14	15	15	15
-	-	-	-	-	-
4	4	4	4	4	4
52	49	49	48	48	49
8	7	7	7	7	7
3	3	3	3	3	3
11	10	10	10	10	10
4	4	4	4	5	5
305	308	308	312	317	324

City of Kerrville, Texas
Operating Indicators by Function/Program
Last Ten Fiscal Years

Table D-20

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Function/Program										
Police										
Calls for service	15,277	15,308	15,937	16,126	14,820	16,220	17,040	17,164	14,534	14,247
Avg. response time per call (minutes)	4.6	8.0	8.0	9.0	6.2	8.3	7.4	6.2	6.5	6.4
Clearance rate	57%	67%	62%	54%	55%	54%	58%	52%	58%	70%
Fire										
Fire response time (minutes)	3.8	4.0	4.4	N/A	4.2	4.3	4.6	4.7	5.0	4.8
First responder response time (min)	7.4	8.0	7.9	N/A	8.9	8.1	6.2	8.7	4.0	4.3
EMS response time - City (minutes)	5.7	5.0	5.1	N/A	5.3	5.0	4.9	5.2	5.4	5.1
EMS response time - County (min)	11.5	11.6	12.0	N/A	12.7	12.9	13.3	13.3	N/A	12.3
Inspections	326	471	568	458	393	429	491	593	802	647
Highway and Streets										
Street maintenance – man hours	7,192	1,391	2,000	1,749	6,224	4,161	4,128	4,789	6,785	4,912
Pothole repairs	1,549	1,459	1,800	1,323	2,109	2,273	2,250	2,208	1,234	1,553
Traffic control (signs) – man hours	2,022	1,625	1,722	1,804	1,722	1,777	2,185	2,110	2,111	2,114
Solid Waste										
Annual tonnages at landfill	51,484	7,939	8,000	7,500	8,279	8,242	9,259	8,932	9,839	8,591
Annual tonnages at transfer station*	-	46,086	46,767	48,402	50,175	55,528	66,162	72,773	68,460	72,510
Annual tonnages - recycling program*	2,353	1,908	1,700	1,200	1,383	669	1,508	1,595	1,643	1,561
Culture and Recreation										
Park maintenance – man hours	25,175	19,148	20,785	17,675	25,033	27,622	29,450	29,198	33,781	34,291
Golf course – rounds of golf played	32,464	33,270	36,262	32,509	29,489	27,111	26,252	25,979	23,468	21,744
Swimming pool attendance	10,753	9,071	7,613	9,719	15,290	17,118	10,158	13,024	13,867	14,178
Kerrville-Schreiner Park										
Entrance permits processed	5,674	4,183	5,407	7,263	12,507	13,369	14,333	15,749	16,783	15,291
Reservations processed	3,087	3,628	3,340	3,421	11,954	13,482	12,892	13,772	14,515	13,026
Water										
Water meters read	114,916	115,295	115,777	116,563	117,459	119,126	120,053	120,836	121,081	120,998
Work orders processed	11,477	10,281	10,221	10,672	10,737	10,748	11,191	12,013	11,256	9,574
Water main breaks	118	71	53	42	21	28	19	-	-	-
Water main break calls**	-	-	-	-	-	-	-	100	62	107
Total water consumption (thousands of gallons)	1,096,605	1,368,522	1,289,982	1,302,333	1,243,039	1,072,229	1,206,145	1,347,170	1,281,620	1,128,810
Cost per thousand gallons	$ 1.25	$ 1.03	$ 1.10	$ 1.07	$ 1.22	$ 1.55	$ 1.30	$ 1.24	$ 1.53	$ 1.69
Wastewater										
Average daily sewage treatment (thousands of gallons)	2,400	2,016	2,148	2,199	2,132	2,044	2,484	2,054	2,010	2,165

* Transfer station began operation in 2011. Revised recycling program began in 2015.

** In 2017, the metric was changed to show how many calls for main breaks the public works department resolved.

City of Kerrville, Texas

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

Table D-21

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Function/Program										
Public Safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Fire stations	4	4	4	4	4	4	4	4	4	4
Highway and Streets										
Streets (lane miles)	282	282	282	282	282	282	282	282	282	282
Area in square miles	21.1	21.1	21.1	21.1	21.27	21.8	22.2	22.2	22.4	22.4
Culture and Recreation										
Parks acreage	937	937	937	937	937	937	937	1,041	1,041	1,046
Swimming pools	1	1	1	1	1	1	1	1	1	1
Picnic areas and playgrounds	21	22	23	23	23	23	23	23	23	23
Municipal auditoriums	1	1	1	1	1	1	1	1	1	1
Golf course	1	1	1	1	1	1	1	1	1	1
Tennis center	1	1	1	1	1	1	1	1	1	1
Water										
Water main (miles)	234	238	241	246	249	253	253	255	257	258
Average daily consumption (millions of gallons)	2.73	3.24	3.82	3.88	3.166	3.67	2.85	3.01	3.86	3.33
Sewer										
Sanitary sewers (miles)	194	202	194	214	209	227	227	227	227	227
Storm sewers (miles)	7	7	7	7	7	7	7	7	8	8
Maximum treatment capacity (millions of gallons)	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5

Sources: Various city departments

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