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PRESS RELEASE

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

Kerrville, Texas (Sept. 14, 2020) – S&P Global Ratings, an international leader in credit analysis, recently maintained the City of Kerrville’s debt rating at AA. The company delivered the following assessment of the city’s financial standing:

- Located in Texas Hill Country, Kerrville’s economic base recently has expanded, reflected in new commercial and residential development. Robust policies and practices support management's ability to maintain a strong financial profile, using surplus results to cash-fund a significant portion of the city's capital needs.
- The fiscal 2021 budget is balanced with underlying assumptions that we view as conservative, particularly given the uncertainty associated with the (COVID-19) pandemic. In the event that revenue trends remain depressed or unexpected



expenses arise, Kerrville maintains very strong available reserves and liquidity that it could use to keep the budget in line, supporting near-term stability.

- We view the city's management as very strong, with strong financial policies and practices under our FMA (Financial Management Assessment) methodology, indicating financial practices are strong, well embedded, and likely sustainable.
- Officials also maintain a five-year financial forecast that is based on conservative assumptions, with a goal of ensuring fiscal sustainability and maintaining desired reserve levels.
- The fiscal 2021 budget is balanced and approximately 2.4% lower than the fiscal 2020 budget at \$28 million.
- Kerrville's budgetary flexibility is very strong, in our view, with an available fund balance in fiscal 2019 of 30% of operating expenditures, or \$8.6 million.
- In our view, Kerrville's debt and contingent liability profile is strong. Total governmental fund debt service is 7.4% of total governmental fund expenditures, and net direct debt is 69.9% of total governmental fund revenue. Approximately 66.9% of the direct debt is scheduled to be repaid within 10 years, which is in our view a positive credit factor.

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