



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2021



COMMUNITY STRONG



City of Kerrville, Texas

Annual Comprehensive Financial Report

Year Ended September 30, 2021

**Prepared by City of Kerrville, Texas
Finance Department**

Julie Behrens, Director of Finance



This Page Has Been Intentionally Left Blank

City of Kerrville, Texas
Annual Comprehensive Financial Report
Year Ended September 30, 2021

Table of Contents

	<u>Page</u>	<u>Exhibit/Table</u>
Introductory Section		
Letter of Transmittal	1	
GFOA Certificate of Achievement for Excellence in Financial Reporting	7	
Organization Chart.....	8	
List of Principal Officials.....	9	
Financial Section		
Independent Auditor’s Report.....	10	
Management’s Discussion and Analysis.....	13	
<u>Basic Financial Statements</u>		
Government-wide Financial Statements:		
Statement of Net Position	22	Exhibit A-1
Statement of Activities	23	Exhibit A-2
Fund Financial Statements:		
Balance Sheet – Governmental Funds.....	25	Exhibit A-3
Reconciliation of the Governmental Funds		
Balance Sheet to the Statement of Net Position.....	26	Exhibit A-4
Statement of Revenues, Expenditures and Changes in		
Fund Balances – Governmental Funds	27	Exhibit A-5
Reconciliation of the Statement of Revenues, Expenditures, and Changes in		
Fund Balances of Governmental Funds to the Statement of Activities	28	Exhibit A-6
Statement of Net Position – Proprietary Funds	29	Exhibit A-7
Statement of Revenues, Expenses, and Changes in		
Net Position – Proprietary Funds.....	31	Exhibit A-8
Statement of Cash Flows – Proprietary Funds	32	Exhibit A-9
Statements of Net Position – Component Units	33	Exhibit A-10
Statements of Activities – Component Units	34	Exhibit A-11
Notes to Basic Financial Statements	35	
<u>Required Supplementary Information</u>		
Texas Municipal Retirement System – Schedule of Changes in Net		
Pension Liability and Related Ratios – City	70	Exhibit B-1
Texas Municipal Retirement System – Schedule of Contributions – City.....	71	Exhibit B-2
Texas Municipal Retirement System – Schedule of Changes in Total		
OPEB Liability and Related Ratios – City.....	72	Exhibit B-3

City of Kerrville, Texas

Annual Comprehensive Financial Report

Year Ended September 30, 2021

Table of Contents

	<u>Page</u>	<u>Exhibit/Table</u>
Texas Municipal Retirement System – Schedule of Changes in Net Pension Liability and Related Ratios – KPUB.....	73	Exhibit B-4
Texas Municipal Retirement System – Schedule of Contributions – KPUB	74	Exhibit B-5
Texas Municipal Retirement System – Schedule of Changes in Total OPEB Liability and Related Ratios – KPUB	75	Exhibit B-6
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (General Fund)	76	Exhibit B-7
Grant Fund – Special Revenue Fund – Budgetary Comparison Fund.....	78	Exhibit B-8
Notes to Required Supplementary Information.....	79	
 <u>Combining Statements and Budgetary Comparison Schedules as Supplementary Information</u>		
Combining Balance Sheet – Nonmajor Governmental Funds.....	80	Exhibit C-1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	82	Exhibit C-2
 <u>Budgetary Comparison Schedules</u>		
Special Revenue Funds:		
Library Memorial	84	Exhibit C-3
Hotel/Motel Tax	85	Exhibit C-4
History Center	86	Exhibit C-5
Police	87	Exhibit C-6
PEG	88	Exhibit C-7
Municipal Court.....	89	Exhibit C-8
TIRZ Fund	90	Exhibit C-9
 Parkland Dedication	 91	 Exhibit C-10
Debt Service Fund	92	Exhibit C-11
 <u>Internal Service Funds</u>		
Combining Statement of Net Position.....	93	Exhibit C-12
Combining Statement of Revenues, Expenses, and Changes in Net Position.....	94	Exhibit C-13
Combining Statement of Cash Flows.....	95	Exhibit C-14
 <u>Economic Improvement Corporation</u>		
Balance Sheet.....	96	Exhibit C-15
Statement of Revenues, Expenditures, and Changes in Fund Balance	97	Exhibit C-16

City of Kerrville, Texas
Annual Comprehensive Financial Report
Year Ended September 30, 2021

Table of Contents

	<u>Page</u>	<u>Exhibit/Table</u>
Statistical Section		
Net Position by Component	98	Table D-1
Expenses, Program Revenues, and Net (Expense) Revenue.....	99	Table D-2
General Revenues and Total Change in Net Position	101	Table D-3
Fund Balances of Governmental Funds	103	Table D-4
Changes in Fund Balances of Governmental Funds	105	Table D-5
Tax Revenues by Source, Governmental Funds	107	Table D-6
Assessed Value and Estimated Actual Value of Taxable Property.....	108	Table D-7
Direct and Overlapping Property Tax Rates	109	Table D-8
Principal Property Tax Payers.....	110	Table D-9
Property Tax Levies and Collections	111	Table D-10
Gross Sales by Category	112	Table D-11
Ratios of Outstanding Debt by Type.....	114	Table D-12
Ratios of General Bonded Debt Outstanding.....	116	Table D-13
Direct and Overlapping Governmental Activities Debt.....	117	Table D-14
Legal Debt Margin Information	118	Table D-15
Pledged-Revenue Coverage	119	Table D-16
Demographic and Economic Statistics.....	120	Table D-17
Principal Employers – Kerr County	122	Table D-18
Budgeted Full-time Equivalent Employees by Function/Program	123	Table D-19
Operating Indicators by Function/Program.....	125	Table D-20
Capital Asset Statistics by Function/Program.....	126	Table D-21



This Page Has Been Intentionally Left Blank



Introductory Section



This Page Has Been Intentionally Left Blank



City of Kerrville

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

Letter of Transmittal

March 2, 2022

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

The Annual Comprehensive Financial Report for the City of Kerrville, Texas (the City or Kerrville) for the fiscal year ended September 30, 2021, is hereby submitted. This report was prepared through the cooperative effort of the City's Finance Department and the City's independent auditor, **BKD, LLP**, in accordance with Section 103.001 of the Texas Local Government Code and Article VIII, Section 8.08 of the City's Charter. 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 generally accepted accounting principles (GAAP) accepted in the United States of America. 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, 2021. 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, 2021, 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, 2021, 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 health care, hospitality (made up of tourism, youth camps, retreat facilities, RV parks, and hunting), manufacturing, and retail.

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 official 2020 census documented a population of 24,278 representing a 19 percent increase over 2000 and a 9 percent increase over 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, fire, emergency medical services, and emergency operations), streets, parks and recreation, planning and zoning, code enforcement, a public library, 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, and Council ordinances and policies. The budget is prepared and presented by fund (e.g., general fund), department (e.g., fire), or function (e.g., public safety), and line items (e.g., supplies and materials). The fund level is the legal level of control for budget expenditures.

The budgetary process begins each year in conjunction with the ongoing review of priorities outlined in the Kerrville 2050 Comprehensive Plan and prioritization by City Council. Next, the City's Finance Department prepares revenue estimates and budget instructions. Each City department then prepares expenditure estimates and requests including requests that support the City's comprehensive plan, Kerrville 2050. Estimates and requests are reviewed, in detail, by the Finance department followed by the budget committee that includes the City Manager. The requests are 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 31st of each year. The 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 30th.

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 manufacturing firms are located in the Kerrville area, as well as a variety of commercial establishments, restaurants, building supply stores, big box retail, banks, and supermarkets. Sales tax revenues have increased steadily since 2011 as Kerrville continues to expand its position as a regional retail hub for a large geographic area, mostly west of Kerrville. Sales tax revenue remained strong throughout 2021 due to the City's position as a regional retail hub and continued economic development, the impact of changes in state laws relating to online sales, efforts for businesses to return to normal operations after shut-downs related to the COVID-19 pandemic, and inflation that has affected retail pricing on consumer goods.

Economic and recreational opportunities continue to expand in Kerrville. Kerrville's park system is made up of 27 individual parks. Kerrville Schreiner Park (KSP), most of which is located on the banks of the Guadalupe River, hosts RV sites as well as cabin and tent site rentals. KSP draws tourists from across the nation to experience the beauty and serenity of the Guadalupe River and Kerrville's charm. Visitors can enjoy the City's six mile long River Trail that includes the recently completed project that extends the River Trail to Schreiner University. This project was funded by the Kerrville Economic Improvement Corporation (EIC) with a contribution from Schreiner University. The City is also home to the Arcadia Live, which is a historic theatre renovated with support from the City's EIC. The Cailloux Theatre is also located in Kerrville and is host to numerous art performances including popular artists, theatrical performances, and symphonies. The City completed renovations at the Kerrville Tennis Center in 2021, making 14 lighted courts available as well as a pro shop. Cart path improvements along with overseeding and grooming efforts at the Scott Schreiner Municipal Golf Course continues to attract tournament hosts and recreational players from across the nation. Grant funding allowed the City to add field lighting, playground equipment, and turf to pitching areas at the Kerrville Sports Complex, a 104 acre multi-sport complex home to baseball, softball, and soccer fields.

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. State and local leaders worked together to recruit new companies and expand existing companies that will support Kerrville's growth and sustainability while retaining the small town feel enjoyed by residents and tourists. In accordance with this goal, in August 2020, Killdeer Mountain Manufacturing (KMM) announced their plans to build a manufacturing facility in Kerrville. KMM began production in a leased facility in 2021 awaiting construction completion of their new manufacturing plant anticipated to open in late 2022. KMM expects to employ 400 people in the new facility that will manufacture aerospace electronic components. Gulf Avionics, a full-service maintenance and repair operation, located its headquarters and operations at the Kerrville/Kerr County Airport. In 2021, new restaurants such as Qdoba, Arby's, and Shipley's Donuts opened while others such as Baskin Robbins/Dunkin Donuts and a 5D steakhouse are under construction. Kerr County's unemployment rate of 4.3 percent (as of September 30, 2021) is significantly lower than the 5.7 percent reported in the previous year due to the COVID-19 pandemic. During the height of the COVID-19 pandemic, Kerrville's unemployment rate trended lower than the national average.

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 financial management policy instructs the general fund to maintain an unassigned fund balance between 15 percent and 25 percent of annual operating expenditures, which exceeds the Government Finance Officers Association of the United States and Canada (GFOA) recommended best practice. 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.

Winter Storm Uri presented an unforeseen emergency in February of 2021 creating power and water outages across the state. The City responded quickly to meet the needs of citizens causing an increase in supply use and overtime. The City had reduced budgeted expenses in response to the unknown impact of the ongoing COVID-19 pandemic. Sales tax, service, and recreation revenues increased substantially in 2021, despite an unstable economy. In addition, the City received significant State and Local Fiscal Recovery funds as part of the *American Rescue Plan Act* (ARPA). Fiscally responsible budgeting combined with increases in the revenue streams helped pave the way for favorable financial results for the year.

The unassigned fund balance of the City's General Fund is approximately \$11.8 million or 40 percent of General Fund operating expenditures as of September 30, 2021. This fund balance includes surplus funds of \$2.4 million that will be reallocated in 2022, with Council approval. 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 ten 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 Community Investment Plan (CIP) is used exclusively as a planning tool, and therefore does not commit the City to any specific 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 provides only recommended projects and the means of financing the improvements. Recommended improvements align with Kerrville 2050 and are approved by the City Council on a project by project basis. The CIP presented in the FY2021 budget book identified prospective projects over the next ten years. This list focuses on water and sewer infrastructure improvements including an Advanced Metering Infrastructure (AMI) project, construction of a new water well to increase capacity for water production, and water tank improvements.

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 FY2022 budget process to ensure consistency with current economic trends and City needs.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its annual comprehensive financial report for the fiscal year ended September 30, 2020. A reproduction of the certificate is included in this report. The City has received a Certificate of Achievement for thirty-seven consecutive fiscal years (FY1984 through FY2020).

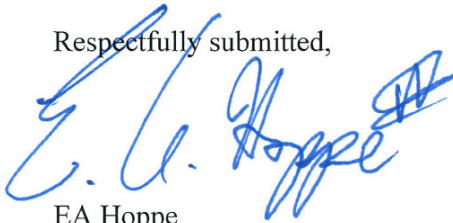
In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized annual comprehensive financial report, the contents of which must conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable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

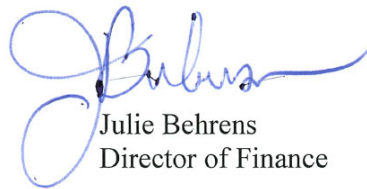
The preparation of this report could not be accomplished without the dedicated services of the entire staff of the Finance Department. Many individuals devoted extra hours and exhibited dedicated effort in ensuring the accuracy and timeliness of this report. Appreciation is expressed to the City employees 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,



EA Hoppe
City Manager



Julie Behrens
Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Kerrville
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morill

Executive Director/CEO

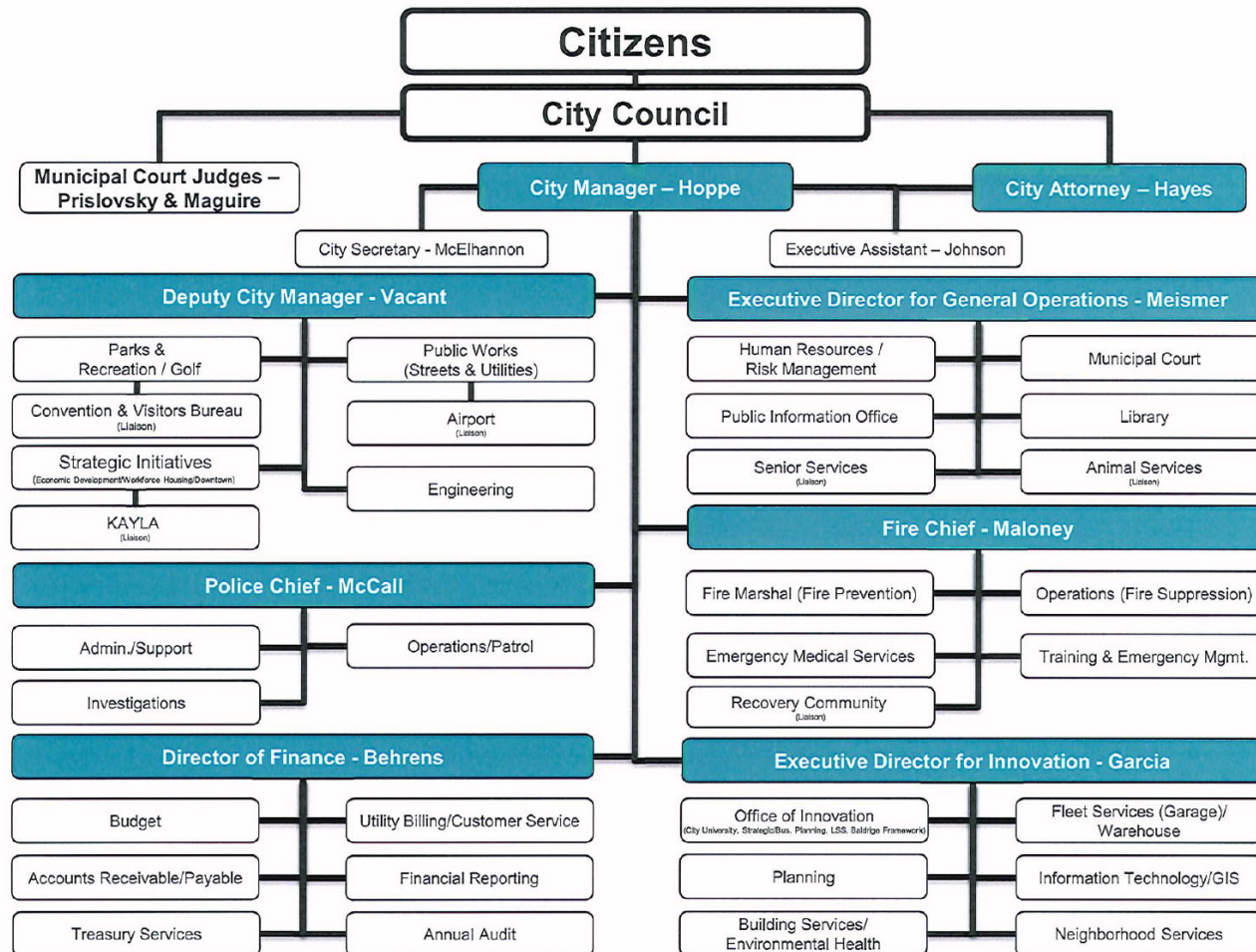


This Page Has Been Intentionally Left Blank

City of Kerrville, Texas

Organization Chart

Year Ended September 30, 2021





This Page Has Been Intentionally Left Blank

City of Kerrville, Texas
List of Principal Officials
Year Ended September 30, 2021

<u>Name</u>	<u>Position</u>	<u>Term Expiration</u>
<u>Elected Officials</u>		
Bill Blackburn	Mayor	May 2022
Roman Garcia	Place 1	May 2023
Kim Clarkson	Place 2; Mayor Pro Tem	May 2023
Judy Eychner	Place 3	May 2022
Brenda Hughes	Place 4	May 2022
<u>Appointed Officials</u>		
E.A. Hoppe	City Manager	
Mike Hayes	City Attorney	
Kim Meisner	Executive Director for General Operations	
Stuart Barron	Executive Director of Public Works & Engineering	
Julie Behrens	Director of Finance	
Chris McCall	Chief of Police	
Eric Maloney	Fire Chief	
Shelley McElhannon	City Secretary	



This Page Has Been Intentionally Left Blank



Financial Section



This Page Has Been Intentionally Left Blank

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, 2021, 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 \$16,511,828 of which 50 percent (\$8,255,914) is recorded in the statement of net position and represents 6.0 percent 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 95 percent, 94 percent and 91 percent, 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, 2021, 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 section, 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 and statistical sections 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 March 2, 2022, 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
March 2, 2022



This Page Has Been Intentionally Left Blank

City of Kerrville, Texas

Management's Discussion and Analysis

September 30, 2021

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, 2021. 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 – 6 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 2021 fiscal year by \$150,371,188. Of this amount, \$32,262,716 (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 2021, the City's total net position increased by \$3,484,017 or 2.4 percent. The net position of business-type activities increased by \$1,803,626 or 3.5 percent. The net position of governmental activities increased by \$1,680,392 or 1.8 percent.
- Total expenses of all the City's programs were \$47,308,974 in 2021 as compared to \$48,011,053 in 2020.

Fund Statements

- As of September 30, 2021, the City's governmental funds reported combined ending fund balances of \$35,175,693. Of this total amount, \$11,536,691 or approximately 32.8 percent, 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 \$11,536,691 or 38.7 percent 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.

City of Kerrville, Texas

Management's Discussion and Analysis

September 30, 2021

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 22 – 24 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.

City of Kerrville, Texas

Management's Discussion and Analysis

September 30, 2021

The City maintains 12 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, Governmental IP Fund, Grant Fund, and Debt Service Fund which are considered to be major funds. Data from the other 8 funds are combined into a single, aggregated presentation. Individual fund 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 25 – 28 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 Fund. The Water Fund is considered to be a major fund of the City while the Golf 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 29 – 32 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 35 – 69 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 \$150,371,188 at the close of the most recent fiscal year.

City of Kerrville, Texas

Management's Discussion and Analysis

September 30, 2021

By far, the largest portion of the City's net position (76.5 percent) 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 liquidated to pay these liabilities.

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 49,946,972	\$ 48,464,104	\$ 14,590,986	\$ 15,574,947	\$ 64,537,958	\$ 64,039,051
Capital assets	86,772,856	86,982,469	87,828,185	88,738,978	174,601,041	175,721,447
Total assets	136,719,828	135,446,573	102,419,171	104,313,925	239,138,999	239,760,498
Deferred outflows of resources	2,016,476	2,018,914	576,194	556,388	2,592,670	2,575,302
Long-term liabilities	33,949,977	36,327,575	47,360,803	50,517,336	81,310,780	86,844,911
Other liabilities	5,562,881	3,336,547	1,977,398	2,499,439	7,540,279	5,835,986
Total liabilities	39,512,858	39,664,122	49,338,201	53,016,775	88,851,059	92,680,897
Deferred inflows of resources	2,038,909	2,297,218	470,513	470,513	2,509,422	2,767,731
Net position						
Net investment in capital assets	66,024,851	67,069,890	49,035,048	46,865,902	115,059,899	113,935,792
Restricted for debt service	1,267,808	1,176,035	1,780,765	1,780,765	3,048,573	2,956,800
Unrestricted	29,891,878	27,258,222	2,370,838	2,736,358	32,262,716	29,994,580
Total net position	\$ 97,184,537	\$ 95,504,147	\$ 53,186,651	\$ 51,383,025	\$ 150,371,188	\$ 146,887,172

During 2021, long-term liabilities for both governmental and business-type activities decreased due primarily due to the issuance of general obligation refunding bonds that paid off two outstanding issuances in both governmental and business-type activities. In addition, in governmental activities, the City's landfill liability related to post closure costs increased due to increases in the expected life of the landfill due to expanded capacity.

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 increased during the current fiscal year. The increase is attributed to funding received from the issuance of refunded debt, as well as decreased expenditures for the government as a whole.

City of Kerrville, Texas
Management's Discussion and Analysis
September 30, 2021

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenue						
Program revenue						
Charges for services	\$ 5,713,114	\$ 7,011,875	\$ 14,339,767	\$ 13,859,625	\$ 20,052,881	\$ 20,871,500
Operating grants and contributions	4,087,711	2,627,054	-	-	4,087,711	2,627,054
Capital grants and contributions	1,407,215	4,527,469	-	1,000,000	1,407,215	5,527,469
General revenue	-	-	-	-	-	-
Property tax	12,075,060	11,587,087	-	-	12,075,060	11,587,087
Sales tax	8,920,163	7,825,534	-	-	8,920,163	7,825,534
Hotel occupancy tax	1,598,504	1,173,973	-	-	1,598,504	1,173,973
Franchise tax	1,884,304	1,851,256	-	-	1,884,304	1,851,256
Alcoholic beverage tax	103,891	98,861	-	-	103,891	98,861
Investment earnings	206,025	567,470	17,338	176,974	223,363	744,444
Miscellaneous revenue	420,164	264,625	19,736	6,338	439,900	270,963
Total revenue	36,416,151	37,535,204	14,376,841	15,042,937	50,792,992	52,578,141
Expenses						
General government	6,138,573	7,854,943	-	-	6,138,573	7,854,943
Public safety	15,873,740	14,995,589	-	-	15,873,740	14,995,589
Cultural and recreation	5,735,032	5,743,205	-	-	5,735,032	5,743,205
Public works	8,380,412	7,119,537	-	-	8,380,412	7,119,537
Interest on long-term debt	542,627	738,863	-	-	542,627	738,863
Water and sewer operations	-	-	9,679,313	10,514,155	9,679,313	10,514,155
Golf course	-	-	959,277	1,044,761	959,277	1,044,761
Total expenses	36,670,384	36,452,137	10,638,590	11,558,916	47,308,974	48,011,053
Excess (deficiencies) before transfers	(254,233)	1,083,067	3,738,251	3,484,021	3,484,018	4,567,088
Transfers	1,934,625	2,083,960	(1,934,625)	(2,083,960)	-	-
Changes in Net Position	1,680,392	3,167,027	1,803,626	1,400,061	3,484,018	4,567,088
Net Position, Beginning of Year	95,504,147	92,337,120	51,383,025	49,982,964	146,887,172	142,320,084
Net Position, End of Year	\$ 97,184,539	\$ 95,504,147	\$ 53,186,651	\$ 51,383,025	\$ 150,371,190	\$ 146,887,172

Overall Financial Position and Results of Operations

Governmental Activities

The City's net position from governmental activities increased by \$1,680,392. In fiscal year 2021, most revenues remained comparable with prior year with increases in sales tax, property tax, and other individual revenue sources. The City received \$2,942,954 in State and Local Fiscal Recovery Funds as part of the American Rescue Plan Act (ARPA) that was deposited into the City's Grant Fund. The annual landfill liability accrual was increased following a substantial increase in the expected life of the landfill. Depreciation expense decreased following the transfer of a number of construction in progress assets being placed into service at the end of 2021.

Business-type Activities

The City's net position from business-type activities increased by \$1,803,626 due to a combination of increased revenues and decreased expenses in both the Water Fund and the Golf Fund. Depreciation expense decreased following the transfer of a number of construction in progress assets being placed into service at the end of 2021.

City of Kerrville, Texas
Management's Discussion and Analysis
September 30, 2021

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 \$35,175,693, a decrease of \$545,687 in comparison with the prior year. Approximately 32.8 percent of total fund balance or \$11,536,691 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 \$11,536,691. 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 38.7 percent or over three months of total General Fund expenditures.

The fund balance of the City's General Fund increased by \$1,545,588 during the current fiscal year. Key factors are as follows:

- Increases in the City's two largest revenue sources, property tax and sales tax.
- Decreases related to capital outlay

The Governmental IP Fund's fund balance decreased by \$3,568,589 in fiscal year 2021 primarily due to expenses related to projects funded in the prior year.

The Grant Fund's fund balance increased by \$3,219 in fiscal year 2021. Activity in this fund in 2021 decreased grant expenditures.

The Debt Service Fund's fund balance increased by \$91,773 in fiscal year 2021. Activity in this fund in 2021 included increased proceeds from issuance of new debt, as well as increased property tax revenue.

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 \$2,370,838 with unrestricted net position of the Water Fund at the end of the year amounting to \$2,390,036.

City of Kerrville, Texas

Management's Discussion and Analysis

September 30, 2021

Overall, the Water Fund's net position increased from operations by \$4,640,949. The increase is due to a combination of increased revenues and decreased expenses. Revenues increased due to better than budget service revenues. Expenses were better than budget primarily due to decreased depreciation, as more assets were placed into service at the end of year, and decreased maintenance and supplies due to a heavy rainfall year.

General Fund Budgetary Analysis

In fiscal year 2021, the fund balance increased by \$1,545,588, which is \$6,515,977 better than budgeted. This is due to higher than anticipated revenues combined with lower than anticipated expenditures.

Actual revenues exceeded budget by \$2,974,166, primarily due to favorable performance on property and sales tax, as well as more grant revenue recognized.

Actual expenditures were \$4,321,534 less than budget due less capital outlay as a result of a significant amount of construction in progress assets being placed into service during the year. Additionally, less expenditures were incurred under grant funding, as the bulk of the funding received in prior year was utilized during that year.

Capital Asset and Long-term Debt Administration

Major Capital Additions

In 2021, construction in progress increased due to ongoing projects related to Olympic Drive extension, ongoing construction of lift station, extension of the River Trail to Schreiner University, and water main replacements. The City also completed the enclosure of the clock tower elevator, multiple sidewalk extensions, and renovation of the Kerrville Tennis Center.

Capital Assets

As of September 30, 2021, total capital assets of the City's governmental and business-type amount to \$174,601,041 (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.

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 7,535,757	\$ 7,535,757	\$ 488,831	\$ 488,831	\$ 8,024,588	\$ 8,024,588
Construction	3,999,193	3,295,236	5,830,602	11,334,900	9,829,795	14,630,136
Streets	25,090,118	25,446,610	-	24,696	25,090,118	25,471,306
Buildings	11,776,249	12,191,849	2,600,056	2,725,286	14,376,305	14,917,135
Improvements other than buildings	33,390,782	33,439,576	77,491,335	72,935,409	110,882,117	106,374,985
Vehicles	3,182,166	3,186,166	532,556	258,482	3,714,722	3,444,648
Machinery and equipment	1,271,064	1,469,060	843,513	925,343	2,114,577	2,394,403
Office equipment	527,527	418,215	41,292	46,031	568,819	464,246
Total	\$ 86,772,856	\$ 86,982,469	\$ 87,828,185	\$ 88,738,978	\$ 174,601,041	\$ 175,721,447

Additional information on the City's capital assets can be found in Note 4 on pages 48-51 of this report.

City of Kerrville, Texas

Management's Discussion and Analysis

September 30, 2021

Long-term Debt

At the end of the current fiscal year, the City has total governmental activities net bonded debt outstanding of \$24,977,200, which the City expects to retire through the Debt Service Fund. The City also has business activity net bonded debt outstanding of \$38,524,794 at September 30, 2021. The City's net bonded debt decreased by \$5,222,224. The decrease was due to scheduled principal payments as well as a refunding of debt issued in 2021.

The City's financial policies limit Water Fund debt service to no more than 35 percent of total water and sewer fund revenues. The City's debt service remained below that level in fiscal year 2021 and the City intends to comply with that policy with any future debt issuances.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
General Bonded Debt						
General obligation	\$ 7,565,000	\$ 6,730,000	\$ 15,575,000	\$ 8,285,000	\$ 23,140,000	\$ 15,015,000
Certificates of obligation	15,915,000	19,005,000	20,530,000	32,460,000	36,445,000	51,465,000
Total bonded debt	23,480,000	25,735,000	36,105,000	40,745,000	59,585,000	66,480,000
Bond premium discount	1,497,200	1,351,251	2,419,794	892,967	3,916,994	2,244,218
Net bonded debt	24,977,200	27,086,251	38,524,794	41,637,967	63,501,994	68,724,218
Other Long-term Debt						
Cailloux Foundation promissory note	-	-	-	-	-	-
Kerrville Public Utility Board note	-	1,000,000	7,500,000	7,500,000	7,500,000	8,500,000
State infrastructure bank loan	-	-	-	-	-	-
Compensated absences	1,154,041	1,121,930	217,618	222,253	1,371,659	1,344,183
Net pension liability	4,124,376	4,532,986	844,759	928,447	4,969,135	5,461,433
Total OPEB liability	1,335,962	1,116,437	273,632	228,669	1,609,594	1,345,106
Landfill closure and post-closure costs	1,493,398	1,469,971	-	-	1,493,398	1,469,971
Total	\$ 8,107,777	\$ 9,241,324	\$ 8,836,009	\$ 8,879,369	\$ 80,445,780	\$ 86,844,911

Additional information on the City's long-term debt can be found in Note 6 on pages 52– 56 of this report.

The City's ten-year Community Investment Plan identified potential capital improvements over the next 10 years. The City plans to use a combination of debt, cash and grant/donation funding to pay for the projects. In July 2021, 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 \$0.5093 per \$100 of assessed value for fiscal year 2022, which is a decrease from \$0.5116 in fiscal year 2021. Due to growth and increased valuations, property tax revenue is expected to increase approximately 4.7 percent compared to fiscal year 2021.

City of Kerrville, Texas
Management's Discussion and Analysis
September 30, 2021

Despite the global pandemic, sales tax revenue in fiscal year 2021 was 14 percent higher than in fiscal year 2020. Sales tax revenues, fiscal year 2022 to-date, continue to exceed fiscal year 2021 by an average of 15 percent each month. Sales tax revenue increases are led by strong regional retail, food service, manufacturing, and construction industries.

While no increases were made to either water or sewer rates in fiscal year 2021, the City did impose modest water and sewer rate increases in fiscal year 2022. Heavier than normal rainfalls in the late summer of 2021 have impacted water revenues, which, year-to-date, are behind fiscal year 2021. Current dry conditions are expected to begin driving an increase in irrigation revenues, however, due to the weather-dependent nature of water consumption, revenues are difficult to predict.

Hotel occupancy tax (HOT) revenue saw a 36 percent (\$424,531) increase in fiscal year 2021 compared to fiscal year 2020. Given the unknown effects of the pandemic on tourism, fiscal year 2022 was budgeted flat with fiscal year 2021. Fortunately, HOT continues to show a strong 12 percent increase in fiscal year 2022 to-date when compared to the same period in fiscal year 2021.

In February 2022, City Council approved a fiscal year 2022 budget amendment in response to a modified forecast of sales tax revenue, a compensation study completed in 2021, and inflationary issues. The budget amendment increased the sales tax revenue budget by \$725,000. The amendment also authorized a 5 percent cost of living adjustment to all employees as well as market adjustments for the positions recommended by the compensation study. In addition, the amendment authorized the transfer of revenues received from State and Local Fiscal Recovery funds as part of the *American Rescue Plan Act* (ARPA) from the grant fund to the Community Investment Plan (CIP) fund. These funds were authorized by Council, in accordance with the U.S. Treasury Department's Final Rule, to be used for a citywide Public Safety Radio Communication project that will upgrade infrastructure and replace aging radios to improve communications for the City's Public Safety divisions.

This financial report is designed to provide a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, City of Kerrville, 701 Main Street, Kerrville, Texas 78028, or you may call (830) 258-1120.



This Page Has Been Intentionally Left Blank



Basic Financial Statements



This Page Has Been Intentionally Left Blank

City of Kerrville, Texas
Statement of Net Position
September 30, 2021

Exhibit A-1

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 5,741,155	\$ 2,598,716	\$ 8,339,871	\$ 22,096,432
Investments	3,149,227	1,268,732	4,417,959	6,089,430
Receivables (net of allowances for uncollectibles)				
Taxes	424,632	-	424,632	-
Accounts	568,581	1,611,883	2,180,464	4,622,531
Due from other governments	1,591,468	-	1,591,468	784,948
Inventories	29,053	523,086	552,139	955,314
Restricted assets				
Cash and cash equivalents	20,790,619	5,612,630	26,403,249	1,865,908
Investments	9,147,038	2,975,939	12,122,977	2,603,290
Equity in joint venture	8,255,914	-	8,255,914	-
Advance to the City of Kerrville	-	-	-	7,500,000
Capital assets (net of accumulated depreciation, where applicable)				
Depreciable	75,237,906	81,508,752	156,746,658	3,334,498
Non-depreciable	11,534,950	6,319,433	17,854,383	45,780,750
Total assets	136,719,828	102,419,171	239,138,999	95,633,101
Deferred Outflows of Resources				
Deferred outflows – pensions	1,580,252	377,570	1,957,822	1,450,165
Deferred outflows – OPEB	311,605	63,461	375,066	68,159
Deferred outflows – loss on refunding	124,619	135,163	259,782	-
Total deferred outflows of resources	2,016,476	576,194	2,592,670	1,518,324
Liabilities				
Accounts payable and accrued liabilities	2,495,487	633,677	3,129,164	13,194,280
Customer deposits	14,625	133,841	148,466	496,959
Unearned revenue	3,052,769	1,209,880	4,262,649	-
Noncurrent liabilities				
Due within one year				
Bonds payable	2,175,504	3,152,210	5,327,714	411,000
Loan from direct borrowing	190,000	-	190,000	-
Compensated absences	655,254	118,143	773,397	-
Due in more than one year				
Bonds payable	22,801,696	42,872,584	65,674,280	3,269,000
Loan from direct borrowing	675,000	-	675,000	-
Net pension liability	4,124,376	844,759	4,969,135	779,535
Total OPEB liability	1,335,962	273,632	1,609,594	353,400
Compensated absences	498,787	99,475	598,262	-
Landfill closure and post-closure costs	1,493,398	-	1,493,398	-
Total liabilities	39,512,858	49,338,201	88,851,059	18,504,174
Deferred Inflows of Resources				
Deferred inflows – pensions	1,945,062	452,038	2,397,100	1,864,903
Deferred inflows – OPEB	93,847	18,475	112,322	8,929
Total deferred inflows of resources	2,038,909	470,513	2,509,422	1,873,832
Net Position				
Net investment in capital assets	66,024,851	49,035,048	115,059,899	45,435,248
Restricted for				
Debt service	1,267,808	1,780,765	3,048,573	376,696
Unrestricted	29,891,878	2,370,838	32,262,716	30,961,475
Total net position	\$ 97,184,537	\$ 53,186,651	\$ 150,371,188	\$ 76,773,419

City of Kerrville, Texas
Statement of Activities
Year Ended September 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 6,138,573	\$ 1,816,612	\$ 369,220	\$ -
Public safety	15,873,740	3,029,027	1,509,598	-
Culture and recreation	5,735,032	867,475	2,208,893	1,345,987
Public works	8,380,412	-	-	61,228
Interest on long-term debt	542,627	-	-	-
Total expenses	36,670,384	5,713,114	4,087,711	1,407,215
Business-type Activities				
Water	9,679,313	13,298,030	-	-
Golf course	959,277	1,041,737	-	-
Total business-type activities	10,638,590	14,339,767	-	-
Total primary government	\$ 47,308,974	\$ 20,052,881	\$ 4,087,711	\$ 1,407,215
Component Units				
Economic Improvement Corporation	\$ 4,023,305	\$ -	\$ -	\$ -
Kerrville Public Utility Board	40,793,847	42,702,332	-	215,638
Total component units	\$ 44,817,152	\$ 42,702,332	\$ -	\$ 215,638

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			Component Units
Governmental Activities	Business-type Activities	Total	
\$ (3,952,741)	\$ -	\$ (3,952,741)	
(11,335,115)	-	(11,335,115)	
(1,312,677)	-	(1,312,677)	
(8,319,184)	-	(8,319,184)	
(542,627)	-	(542,627)	
(25,462,344)	-	(25,462,344)	
-	3,618,717	3,618,717	
-	82,460	82,460	
-	3,701,177	3,701,177	
(25,462,344)	3,701,177	(21,761,167)	
			\$ (4,023,305)
			2,124,123
			(1,899,182)
12,075,060	-	12,075,060	-
8,920,163	-	8,920,163	4,459,694
1,598,504	-	1,598,504	-
1,884,304	-	1,884,304	-
103,891	-	103,891	-
206,025	17,338	223,363	145,738
420,164	19,736	439,900	-
1,934,625	(1,934,625)	-	-
27,142,736	(1,897,551)	25,245,185	4,605,432
1,680,392	1,803,626	3,484,018	2,706,250
95,504,145	51,383,025	146,887,170	74,067,169
\$ 97,184,537	\$ 53,186,651	\$ 150,371,188	\$ 76,773,419

City of Kerrville, Texas
Balance Sheet – Governmental Funds
September 30, 2021

Exhibit A-3

	General Fund	Governmental IP Fund	Grant Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 11,579,596	\$ 6,769,267	\$ 2,951,540	\$ 825,922	\$ 4,130,158	\$ 26,256,483
Investments	6,084,453	3,589,213	-	437,922	2,038,712	12,150,300
Receivables, net						
Taxes	353,093	-	-	55,736	15,803	424,632
Accounts	564,310	-	-	-	-	564,310
Other	249,285	-	-	-	-	249,285
Due from other governments	1,590,369	-	-	1,099	-	1,591,468
Inventories	11,651	-	-	-	-	11,651
Total assets	<u>\$ 20,432,757</u>	<u>\$ 10,358,480</u>	<u>\$ 2,951,540</u>	<u>\$ 1,320,679</u>	<u>\$ 6,184,673</u>	<u>\$ 41,248,129</u>
Liabilities						
Accounts payable and accrued liabilities	\$ 1,598,049	\$ 727,077	\$ 2,250	\$ -	\$ 57,257	\$ 2,384,633
Unearned revenue	109,815	-	2,942,954	-	-	3,052,769
Due to other funds	-	-	-	-	-	-
Customer deposits	14,625	-	-	-	-	14,625
Total liabilities	<u>1,722,489</u>	<u>727,077</u>	<u>2,945,204</u>	<u>-</u>	<u>57,257</u>	<u>5,452,027</u>
Deferred Inflows of Resources						
Unavailable revenue	<u>567,538</u>	<u>-</u>	<u>-</u>	<u>52,871</u>	<u>-</u>	<u>620,409</u>
Fund Balances						
Nonspendable	11,651	-	-	-	-	11,651
Restricted						
Landfill	3,186,584	-	-	-	-	3,186,584
Debt service	-	-	-	1,267,808	-	1,267,808
Tourism	-	-	-	-	1,710,936	1,710,936
Grants	-	-	6,336	-	-	6,336
Library endowment	1,411,778	-	-	-	-	1,411,778
Cailloux Theater	674,145	-	-	-	-	674,145
Police	-	-	-	-	127,526	127,526
PEG	-	-	-	-	73,791	73,791
Municipal court	-	-	-	-	99,527	99,527
TIRZ	-	-	-	-	58,605	58,605
Committed						
Park improvements	-	-	-	-	128,717	128,717
History center	-	-	-	-	226,296	226,296
Library memorial	-	-	-	-	3,702,018	3,702,018
Insurance reserve	231,695	-	-	-	-	231,695
Capital improvements	1,090,186	9,631,403	-	-	-	10,721,589
Unassigned	11,536,691	-	-	-	-	11,536,691
Total fund balances	<u>18,142,730</u>	<u>9,631,403</u>	<u>6,336</u>	<u>1,267,808</u>	<u>6,127,416</u>	<u>35,175,693</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 20,432,757</u>	<u>\$ 10,358,480</u>	<u>\$ 2,951,540</u>	<u>\$ 1,320,679</u>	<u>\$ 6,184,673</u>	<u>\$ 41,248,129</u>

City of Kerrville, Texas
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
September 30, 2021

Exhibit A-4

Total fund balances – governmental funds balance sheet		\$ 35,175,693
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	395,019	
Ambulance fees	219,007	
Court fines	<u>6,383</u>	620,409
Capital assets used in governmental activities, excluding the internal service funds, are not reported in the funds.		86,758,902
The assets and liabilities of internal service funds are included in governmental activities in the statement of net position.		359,935
The equity in a joint venture is not reported in the funds.		8,255,914
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	1,558,044	
Deferred outflows – OPEB	307,874	
Deferred outflows – loss on refunding	124,619	
Deferred inflows – pensions	(1,918,472)	
Deferred inflows – OPEB	<u>(92,760)</u>	(20,695)
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	(23,480,000)	
Loan from direct financing	(865,000)	
Bond premiums	(1,497,200)	
Land closure/post-closure costs	(1,493,398)	
Net pension liability	(4,074,689)	
Total OPEB liability	(1,319,867)	
Compensated absences	<u>(1,137,191)</u>	(33,867,345)
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.		<u>(98,276)</u>
Net position of governmental activities		<u>\$ 97,184,537</u>

City of Kerrville, Texas
Statement of Revenues, Expenditures and
Changes in Fund Balances – Governmental Funds
Year Ended September 30, 2021

Exhibit A-5

	General Fund	Governmental IP Fund	Grant Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes and penalties	\$ 21,196,924	\$ -	\$ -	\$ 1,726,825	\$ 1,694,308	\$ 24,618,057
Licenses and permits	512,347	-	-	-	18,850	531,197
Intergovernmental	1,426,514	311,228	426,414	2,107,831	1,127,939	5,399,926
Charges for services	4,698,009	-	-	-	15	4,698,024
Grants	95,000	-	-	-	-	95,000
Fines and forfeitures	377,348	-	-	-	76,028	453,376
Investment income	166,957	24,553	-	3,081	11,434	206,025
Miscellaneous	611,961	-	-	-	20,522	632,483
Total revenues	<u>29,085,060</u>	<u>335,781</u>	<u>426,414</u>	<u>3,837,737</u>	<u>2,949,096</u>	<u>36,634,088</u>
Expenditures						
Current						
General government	5,262,526	210,020	-	-	52,894	5,525,440
Public safety	14,960,965	2,329	32,105	-	88,728	15,084,127
Culture and recreation	3,733,917	-	-	-	1,227,159	4,961,076
Public works	4,844,506	5,489	-	-	-	4,849,995
Capital outlay	1,034,680	4,529,112	112,826	-	157,993	5,834,611
Debt service	-	-	-	-	-	-
Principal	-	-	-	2,855,000	-	2,855,000
Bond issuance costs	-	22,420	-	29,887	-	52,307
Interest	-	-	-	858,297	-	858,297
Total expenditures	<u>29,836,594</u>	<u>4,769,370</u>	<u>144,931</u>	<u>3,743,184</u>	<u>1,526,774</u>	<u>40,020,853</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(751,534)</u>	<u>(4,433,589)</u>	<u>281,483</u>	<u>94,553</u>	<u>1,422,322</u>	<u>(3,386,765)</u>
Other Financing Sources (Uses)						
Proceeds from issuance of long-term debt	-	865,000	-	1,970,000	-	2,835,000
Premium on issuance of debt	-	-	-	441,453	-	441,453
Payment to the refunded bond escrow agent	-	-	-	(2,370,000)	-	(2,370,000)
Transfers in	2,715,371	-	-	-	-	2,715,371
Transfers out	(418,249)	-	(278,264)	(44,233)	(40,000)	(780,746)
Net other financing sources (uses)	<u>2,297,122</u>	<u>865,000</u>	<u>(278,264)</u>	<u>(2,780)</u>	<u>(40,000)</u>	<u>2,841,078</u>
Net Change in Fund Balances	<u>1,545,588</u>	<u>(3,568,589)</u>	<u>3,219</u>	<u>91,773</u>	<u>1,382,322</u>	<u>(545,687)</u>
Fund Balances, Beginning of Year	<u>16,597,142</u>	<u>13,199,992</u>	<u>3,117</u>	<u>1,176,035</u>	<u>4,745,094</u>	<u>35,721,380</u>
Fund Balances, End of Year	<u>\$ 18,142,730</u>	<u>\$ 9,631,403</u>	<u>\$ 6,336</u>	<u>\$ 1,267,808</u>	<u>\$ 6,127,416</u>	<u>\$ 35,175,693</u>

City of Kerrville, Texas
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
September 30, 2021

Exhibit A-6

Net change in fund balances – total governmental funds	\$ (545,687)
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.	5,596,447
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.	(5,713,146)
The issuance of long-term debt (bonds and related premium and loans payable) provides current financial resources to governmental funds, but has no effect on net position.	(3,276,453)
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.	5,225,000
Current year changes in joint venture equity are not reported in the governmental fund statements.	(212,319)
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.	295,504
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.	(30,332)
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.	20,166
Current year pension and 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.	392,702
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.	23,427
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 gain for the year.	30,517
In the governmental fund financial statements 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.	(89,299)
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.	(36,135)
Change in net position of governmental activities	<u>\$ 1,680,392</u>

City of Kerrville, Texas
Statement of Net Position – Proprietary Funds
September 30, 2021

	Business-type Activities – Enterprise Funds			Governmental Activities Internal Service Funds
	Water Fund	Nonmajor Golf Course Fund	Total Enterprise Funds	
Assets				
Current Assets				
Cash and cash equivalents	\$ 2,392,833	\$ 205,883	\$ 2,598,716	\$ 275,291
Investments	1,268,732	-	1,268,732	145,965
Receivables (net of allowances for uncollectibles)	1,611,883	-	1,611,883	4,271
Inventories	470,828	52,258	523,086	17,402
Total current assets	5,744,276	258,141	6,002,417	442,929
Noncurrent Assets				
Restricted assets				
Cash and cash equivalents	5,612,630	-	5,612,630	-
Investments	2,975,939	-	2,975,939	-
Total restricted assets	8,588,569	-	8,588,569	-
Capital Assets				
Land	488,831	-	488,831	-
Buildings	3,803,928	374,668	4,178,596	159,000
Improvements other than buildings	118,924,184	2,542,155	121,466,339	-
Vehicles	1,850,402	15,120	1,865,522	18,056
Machinery and equipment	3,552,499	266,986	3,819,485	56,664
Office equipment	173,109	-	173,109	-
Construction in progress	5,830,602	-	5,830,602	-
Accumulated depreciation	(47,820,090)	(2,174,209)	(49,994,299)	(219,766)
Net capital assets	86,803,465	1,024,720	87,828,185	13,954
Total noncurrent assets	95,392,034	1,024,720	96,416,754	13,954
Total assets	101,136,310	1,282,861	102,419,171	456,883
Deferred Outflows of Resources				
Deferred outflows – pension	310,940	66,630	377,570	22,208
Deferred outflows – OPEB	52,261	11,200	63,461	3,731
Deferred charges for refunding	135,163	-	135,163	-
Total deferred outflows of resources	\$ 498,364	\$ 77,830	\$ 576,194	\$ 25,939

Exhibit A-7

	Business-type Activities – Enterprise Funds			Governmental Activities Internal Service Funds
	Water Fund	Nonmajor Golf Course Fund	Total Enterprise Funds	
Liabilities				
Current Liabilities				
Accounts payable and accrued liabilities	\$ 613,205	\$ 20,472	\$ 633,677	\$ 12,578
Unearned revenue	1,175,952	33,928	1,209,880	-
Compensated absences – current	97,770	20,373	118,143	-
Due to other funds	-	-	-	-
Customer deposits	133,841	-	133,841	-
Bonds and notes – current	3,152,210	-	3,152,210	-
Total current liabilities	5,172,978	74,773	5,247,751	12,578
Noncurrent Liabilities				
Net pension liability	695,683	149,076	844,759	49,687
Total OPEB liability	225,343	48,289	273,632	16,095
Bonds and notes – noncurrent	42,872,584	-	42,872,584	-
Compensated absences – noncurrent	99,475	-	99,475	16,850
Total noncurrent liabilities	43,893,085	197,365	44,090,450	82,632
Total liabilities	49,066,063	272,138	49,338,201	95,210
Deferred Inflows of Resources				
Deferred inflows – pension	372,267	79,771	452,038	26,590
Deferred inflows – OPEB	15,215	3,260	18,475	1,087
Total deferred inflows of resources	387,482	83,031	470,513	27,677
Net Position				
Net investment in capital assets	48,010,328	1,024,720	49,035,048	13,954
Restricted for debt service	1,780,765	-	1,780,765	-
Unrestricted (deficit)	2,390,036	(19,198)	2,370,838	345,981
Total net position	\$ 52,181,129	\$ 1,005,522	\$ 53,186,651	\$ 359,935

City of Kerrville, Texas
Statement of Revenues, Expenses, and Changes
in Net Position – Proprietary Funds
Year Ended September 30, 2021

Exhibit A-8

	Business-type Activities – Enterprise Funds			Governmental Activities Internal Service Funds
	Water Fund	Nonmajor Golf Course Fund	Total Enterprise Funds	
Operating Revenues				
Charges for services	\$ 12,837,905	\$ 1,041,737	\$ 13,879,642	\$ 3,852,404
Other charges	460,125	-	460,125	-
Total operating revenues	13,298,030	1,041,737	14,339,767	3,852,404
Operating Expenses				
Personnel services	3,395,374	358,734	3,754,108	353,497
Repairs and maintenance	291,072	118,138	409,210	6,550
Supplies and materials	695,191	193,522	888,713	18,619
Utilities	609,025	66,617	675,642	4,916
Depreciation	3,029,687	70,762	3,100,449	3,614
General administration	636,732	151,504	788,236	10,169
Premiums and other charges	-	-	-	3,424,522
Total operating expenses	8,657,081	959,277	9,616,358	3,821,887
Operating income	4,640,949	82,460	4,723,409	30,517
Nonoperating Revenues (Expenses)				
Investment income	17,171	167	17,338	-
Miscellaneous revenue	-	19,736	19,736	-
Bond issuance cost	(145,032)	-	(145,032)	-
Interest expense	(877,200)	-	(877,200)	-
Net nonoperating revenues (expenses)	(1,005,061)	19,903	(985,158)	-
Net income before transfers	3,635,888	102,363	3,738,251	30,517
Transfers				
Transfers in	31,581	126,500	158,081	-
Transfers out	(2,092,706)	-	(2,092,706)	-
Net transfers	(2,061,125)	126,500	(1,934,625)	-
Change in Net Position	1,574,763	228,863	1,803,626	30,517
Net Position, Beginning of Year	50,606,366	776,659	51,383,025	329,418
Net Position, End of Year	\$ 52,181,129	\$ 1,005,522	\$ 53,186,651	\$ 359,935

City of Kerrville, Texas
Statement of Cash Flows – Proprietary Funds
Year Ended September 30, 2021

Exhibit A-9

	Business-Type Activities – Enterprise Funds			Governmental Activities Internal Service Funds
	Water Fund	Nonmajor Golf Course Fund	Total Enterprise Funds	
Operating Activities				
Cash received from customers	\$ 12,854,335	\$ 1,035,515	\$ 13,889,850	\$ 3,848,133
Cash payments to employees	(3,460,413)	(390,095)	(3,850,508)	(357,118)
Cash payments to other suppliers for goods and services	(2,667,052)	(579,388)	(3,246,440)	(3,465,439)
Other operating activities	320,496	-	320,496	-
Net cash provided by (used in) operating activities	7,047,366	66,032	7,113,398	25,576
Noncapital Financing Activities				
Transfers from other funds	31,581	126,500	158,081	-
Transfers to other funds	(2,092,706)	-	(2,092,706)	-
Proceeds from other nonoperating revenues	-	19,736	19,736	-
Net cash provided by (used in) noncapital financing activities	(2,061,125)	146,236	(1,914,889)	-
Capital and Related Financing Activities				
Capital contributions	(145,032)	-	(145,032)	-
Proceeds from issuance of debt	-	-	-	-
Principal and interest paid	(13,232,139)	-	(13,232,139)	-
Acquisition or construction of capital assets	(2,110,484)	(79,172)	(2,189,656)	-
Net cash provided by capital and related financing activities	(15,487,655)	(79,172)	(15,566,827)	-
Investing Activities				
Investment income	17,171	167	17,338	9,080
Sale of investments	1,424,861	-	1,424,861	31,637
Purchase of investments	-	-	-	-
Net cash provided by investing activities	1,442,032	167	1,442,199	40,717
Net Increase (Decrease) in Cash and Cash Equivalents	(9,059,382)	133,263	(8,926,119)	66,293
Cash and Cash Equivalents, Beginning of Year	7,789,845	72,620	7,862,465	208,998
Cash and Cash Equivalents, End of Year	<u>\$ (1,269,537)</u>	<u>\$ 205,883</u>	<u>\$ (1,063,654)</u>	<u>\$ 275,291</u>
Reconciliation to the Statement of Net Position				
Cash and cash equivalents	\$ 2,392,833	\$ 205,883	\$ 2,598,716	\$ 275,291
Restricted cash and cash equivalents	5,612,630	-	5,612,630	-
	<u>\$ 8,005,463</u>	<u>\$ 205,883</u>	<u>\$ 8,211,346</u>	<u>\$ 275,291</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities				
Operating income (loss)	\$ 4,640,949	\$ 82,460	\$ 4,723,409	\$ 30,517
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	3,029,687	70,762	3,100,449	3,614
Change in assets and deferred outflows				
(Increase) decrease in receivables	16,430	-	16,430	-
(Increase) decrease in inventories	(34,339)	(16,531)	(50,870)	4,137
(Increase) decrease in deferred receivables	-	-	-	(4,271)
(Increase) decrease in deferred pension outflows	(27,011)	(5,788)	(32,799)	(1,930)
(Increase) decrease in deferred OPEB outflows	(16,669)	(3,572)	(20,241)	(1,190)
Change in liabilities and deferred inflows				
Increase (decrease) in accounts payable	(394,283)	(24,642)	(418,925)	(42)
Increase (decrease) in accrued compensated absences	(86,362)	(21,389)	(107,751)	1,779
Increase (decrease) in due to other funds	(49,145)	(8,434)	(57,579)	(4,758)
Increase (decrease) in net pension liability	(68,919)	(14,769)	(83,688)	(4,925)
Increase (decrease) in total OPEB liability	37,028	7,935	44,963	2,645
Increase (decrease) in deferred pension inflows	-	-	-	-
Increase (decrease) in deferred OPEB inflows	-	-	-	-
Total adjustments	2,406,417	(16,428)	2,389,989	(4,941)
Net cash provided by (used in) operating activities	<u>\$ 7,047,366</u>	<u>\$ 66,032</u>	<u>\$ 7,113,398</u>	<u>\$ 25,576</u>

City of Kerrville, Texas
Statements of Net Position – Component Units
September 30, 2021

Exhibit A-10

	Kerrville Economic Improvement Corporation (EIC)	Kerrville Public Utility Board (KPUB)	Total
Assets			
Cash and cash equivalents	\$ 2,738,631	\$ 19,357,801	\$ 22,096,432
Investments	-	6,089,430	6,089,430
Receivables (net of allowances for uncollectible)	1,069	4,621,462	4,622,531
Due from other governments	784,948	-	784,948
Inventories	-	955,314	955,314
Restricted assets			
Investments	-	2,603,290	2,603,290
Cash and Cash Equivalents		1,865,908	1,865,908
Advance to City of Kerrville	-	7,500,000	7,500,000
Capital assets nondepreciable			
Land	1,138,436	252,885	1,391,321
Construction in progress	-	1,943,177	1,943,177
Depreciable (net of accumulated depreciation)			
Buildings	-	2,749,303	2,749,303
Improvements other than buildings	-	39,304,013	39,304,013
Vehicles	-	2,004,825	2,004,825
Machinery and equipment	-	1,722,609	1,722,609
Total assets	<u>4,663,084</u>	<u>90,970,017</u>	<u>95,633,101</u>
Deferred Outflows of Resources			
Deferred outflows – pensions	-	1,450,165	1,450,165
Deferred outflows – OPEB	-	68,159	68,159
Total deferred outflows of resources	<u>-</u>	<u>1,518,324</u>	<u>1,518,324</u>
Liabilities			
Current Liabilities			
Accounts payable and accrued liabilities	-	13,194,280	13,194,280
Bonds payable, current	-	411,000	411,000
Total current liabilities	<u>-</u>	<u>13,605,280</u>	<u>13,605,280</u>
Noncurrent Liabilities			
Net pension liability	-	779,535	779,535
Total OPEB liability	-	353,400	353,400
Customer deposits	-	496,959	496,959
Bonds payable, net of current portion	-	3,269,000	3,269,000
Total noncurrent liabilities	<u>-</u>	<u>4,898,894</u>	<u>4,898,894</u>
Total liabilities	<u>-</u>	<u>18,504,174</u>	<u>18,504,174</u>
Deferred Inflows of Resources			
Deferred inflows – pensions	-	1,864,903	1,864,903
Deferred inflows – OPEB	-	8,929	8,929
Total deferred inflows of resources	<u>-</u>	<u>1,873,832</u>	<u>1,873,832</u>
Net Position			
Net investment in capital assets	1,138,436	44,296,812	45,435,248
Restricted for			
Debt service	-	376,696	376,696
Unrestricted	<u>3,524,648</u>	<u>27,436,827</u>	<u>30,961,475</u>
Total net position	<u>\$ 4,663,084</u>	<u>\$ 72,110,335</u>	<u>\$ 76,773,419</u>

City of Kerrville, Texas
Statements of Activities – Component Units
Year Ended September 30, 2021

Exhibit A-11

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Capital Grants and Contributions	EIC	KPUB	Total
Kerrville Economic Improvement Corporation (EIC)						
General government	\$ 4,023,305	\$ -	\$ -	\$ (4,023,305)	\$ -	\$ (4,023,305)
Total Kerrville EIC	4,023,305	-	-	(4,023,305)	-	(4,023,305)
Kerrville Public Utility Board (KPUB)						
Purchased power	28,344,931	42,702,332	215,638	-	14,573,039	14,573,039
Distribution	3,034,839	-	-	-	(3,034,839)	(3,034,839)
Administration and other	5,867,684	-	-	-	(5,867,684)	(5,867,684)
Depreciation and amortization	3,546,393	-	-	-	(3,546,393)	(3,546,393)
Total KPUB	40,793,847	42,702,332	215,638	-	2,124,123	2,124,123
Total Component Units	\$ 44,817,152	\$ 42,702,332	\$ 215,638	(4,023,305)	2,124,123	(1,899,182)
General Revenues						
Sales taxes				4,459,694	-	4,459,694
Investment earnings				2,620	143,118	145,738
Total general revenues				4,462,314	143,118	4,605,432
Change in Net Position				439,009	2,267,241	2,706,250
Net Position, Beginning of Year				4,224,075	69,843,094	74,067,169
Net Position, End of Year				\$ 4,663,084	\$ 72,110,335	\$ 76,773,419



This Page Has Been Intentionally Left Blank



Notes to Basic Financial Statements



This Page Has Been Intentionally Left Blank

City of Kerrville, Texas

Notes to Basic Financial Statements

September 30, 2021

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, fire, and EMS), streets, culture and recreation, 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, and GASB Statement No. 80, 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 percent interest in net position. The City reports its interest as "Equity in Joint Venture."

City of Kerrville, Texas
Notes to Basic Financial Statements
September 30, 2021

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.

City of Kerrville, Texas

Notes to Basic Financial Statements

September 30, 2021

The City reports the following major governmental funds:

- **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.
- **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.
- **Grant Fund** – used to account for all grant revenues and expenditures

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.
- **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.

City of Kerrville, Texas

Notes to Basic Financial Statements

September 30, 2021

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 percent 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.

City of Kerrville, Texas
Notes to Basic Financial Statements
September 30, 2021

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 “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.

City of Kerrville, Texas

Notes to Basic Financial Statements

September 30, 2021

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	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 4.3 percent for the year ended September 30, 2021.

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.

City of Kerrville, Texas
Notes to Basic Financial Statements
September 30, 2021

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.

City of Kerrville, Texas

Notes to Basic Financial Statements

September 30, 2021

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.

City of Kerrville, Texas
Notes to Basic Financial Statements
September 30, 2021

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 the 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.

Excess of Expenditures over Appropriations

For the year ended September 30, 2021, Debt Service Fund expenditures exceeded appropriations by \$46,960, mainly due to the issuance of general obligation refunding debt. Also, the Municipal Court Fund expenditures exceeded appropriations mainly due to number of court cases during the year. Encumbrance accounting is employed in governmental funds, but all operating encumbrances are liquidated at year-end. Only encumbrances for capital project contracts roll forward to the next fiscal year to increase following year capital budgets.

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, 2021.

<u>Statement No.</u>	<u>Title</u>	<u>Adoption Required</u>
87	Leases	September 30, 2022
94	Public-Private and Public-Public Partnerships	September 30, 2023
96	Subscription Based IT Arrangements	September 30, 2023

City of Kerrville, Texas
Notes to Basic Financial Statements
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 \$16,702,950 (excluding certificates of deposits of \$1,230,000.) At September 30, 2021, 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 percent of market value of those securities over the total amount of time and demand deposits daily. The 2 percent 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, 2021, are as follows:

Investment Type	Carrying Amount	Days to Maturity	Rating as of Year-End
U.S. agency securities	\$ 4,992,363	880	AA+
Municipal bonds	\$ 5,154,612		
Commercial paper	3,999,560	270	A-1
Equity securities	1,029,780	N/A	N/A
TexPool Prime local government pool	9,054,055	53	AAAm
Texas CLASS local government pool	6,494,148	41	AAAm
LOGIC local government pool	5,365,219	55	AAA
Certificates of deposit	<u>1,230,000</u>	438	N/A
Total fair value – primary government	<u>\$ 37,319,737</u>		
Portfolio weighted-average maturity		311	

City of Kerrville, Texas

Notes to Basic Financial Statements

September 30, 2021

Deposits and investments as of September 30, 2021, are classified in the accompanying financial statements as follows:

Statement of Net Position

Cash and cash equivalents – primary government	\$ 8,339,871
Restricted cash and cash equivalents – primary government	26,403,249
Investments – primary government	4,417,959
Restricted investments – primary government	12,122,977
Cash and cash equivalents – EIC	<u>2,738,631</u>
Total cash, cash equivalents, and investments	<u>\$ 54,022,687</u>

Deposits and investments as of September 30, 2021, consist of the following:

Deposits (excluding certificates of deposits)	\$ 16,702,950
Investments	<u>37,319,737</u>
Total deposits and investments	<u>\$ 54,022,687</u>

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.

City of Kerrville, Texas
Notes to Basic Financial Statements
September 30, 2021

The City is the trustee of an endowment trust fund for the library. The investment strategy for trust funds with restricted corpus is primarily income growth and allows for investments in high-credit quality, intermediate term securities which will protect the corpus and generate a reasonable income stream on an annual basis.

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 objective of the investment program. The City uses guidelines 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	30%
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 three 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.

City of Kerrville, Texas
Notes to Basic Financial Statements
September 30, 2021

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	Component Units		
	General	Debt Service Fund	Other Governmental Funds	Total Governmental	Water	KPUB	EIC
Taxes receivable	\$ 538,764	\$ 82,203	\$ 42,270	\$ 663,237	\$ -	\$ -	\$ -
Allowance for uncollectible taxes	(185,671)	(26,467)	(26,467)	(238,605)	-	-	-
	<u>353,093</u>	<u>55,736</u>	<u>15,803</u>	<u>424,632</u>	<u>-</u>	<u>-</u>	<u>-</u>
Accounts receivable	2,674,235	-	-	2,674,235	1,912,614	4,671,213	-
Allowance for uncollectible accounts	(2,109,925)	-	-	(2,109,925)	(300,731)	(49,751)	-
	<u>564,310</u>	<u>-</u>	<u>-</u>	<u>564,310</u>	<u>1,611,883</u>	<u>4,621,462</u>	<u>-</u>
Other receivables	249,285	-	-	249,285	-	-	1,069
Allowance for uncollectible accounts	-	-	-	-	-	-	-
	<u>249,285</u>	<u>-</u>	<u>-</u>	<u>249,285</u>	<u>-</u>	<u>-</u>	<u>1,069</u>
Due from other governments	1,590,369	1,099	-	1,591,468	-	-	784,948
Total	<u>\$ 2,757,057</u>	<u>\$ 56,835</u>	<u>\$ 15,803</u>	<u>\$ 2,829,695</u>	<u>\$ 1,611,883</u>	<u>\$ 4,621,462</u>	<u>\$ 786,017</u>

City of Kerrville, Texas
Notes to Basic Financial Statements
September 30, 2021

Note 4: Capital Assets

Capital asset activity for the year ended September 30, 2021, was as follows:

	Balance October 1, 2020	Additions	Sales or Other Dispositions	Adjustments/ Transfers	Balance September 30, 2021
Governmental Activities					
Capital assets not being depreciated					
Land and land improvements	\$ 7,535,757	\$ -	\$ -	\$ -	\$ 7,535,757
Construction in progress	3,295,236	4,101,244	-	(3,397,287)	3,999,193
Total capital assets not being depreciated	10,830,993	4,101,244	-	(3,397,287)	11,534,950
Capital assets being depreciated					
Buildings	19,664,347	125,651	-	-	19,789,998
Improvements other than buildings	40,263,198	851,524	-	-	41,114,722
Streets	36,052,448	2,804,922	-	-	38,857,370
Vehicles	8,154,459	801,845	(585,585)	(15,120)	8,355,599
Machinery and equipment	4,654,708	86,240	-	-	4,740,948
Office equipment	786,473	222,307	-	-	1,008,780
Total capital assets being depreciated	109,575,633	4,892,489	(585,585)	(15,120)	113,867,417
Less: accumulated depreciation for					
Buildings	(7,472,498)	(541,251)	-	-	(8,013,749)
Improvements other than buildings	(6,823,622)	(900,318)	-	-	(7,723,940)
Streets	(10,605,838)	(3,161,414)	-	-	(13,767,252)
Vehicles	(4,968,293)	(716,546)	496,286	15,120	(5,173,433)
Machinery and equipment	(3,185,648)	(284,236)	-	-	(3,469,884)
Office equipment	(368,258)	(112,995)	-	-	(481,253)
Total accumulated depreciation	(33,424,157)	(5,716,760)	496,286	15,120	(38,629,511)
Capital assets being depreciated, net	76,151,476	(824,271)	(89,299)	-	75,237,906
Governmental activities capital assets, net	\$ 86,982,469	\$ 3,276,973	\$ (89,299)	\$ (3,397,287)	\$ 86,772,856

City of Kerrville, Texas
Notes to Basic Financial Statements
September 30, 2021

	Balance October 1, 2020	Additions	Sales or Other Dispositions	Adjustments/ Transfers	Balance September 30, 2021
Business-type Activities					
Capital assets not being depreciated					
Land	\$ 488,831	\$ -	\$ -	\$ -	\$ 488,831
Construction in progress	11,334,900	1,502,306	-	(7,006,604)	5,830,602
Total capital assets not being depreciated	11,823,731	1,502,306	-	(7,006,604)	6,319,433
Capital assets being depreciated					
Building	4,178,596	-	-	-	4,178,596
Improvements other than buildings	114,229,077	7,237,262	-	-	121,466,339
Streets	25,329	-	-	(25,329)	-
Vehicles	1,532,468	377,736	(59,802)	15,120	1,865,522
Machinery and equipment	3,792,665	100,291	(73,471)	-	3,819,485
Office equipment	167,302	5,807	-	-	173,109
Total capital assets being depreciated	123,925,437	7,721,096	(133,273)	(10,209)	131,503,051
Less: accumulated depreciation for					
Building	(1,453,310)	(125,230)	-	-	(1,578,540)
Improvements other than buildings	(41,293,668)	(2,682,450)	-	1,114	(43,975,004)
Streets	(633)	-	-	633	-
Vehicles	(1,273,986)	(102,367)	58,507	(15,120)	(1,332,966)
Machinery and equipment	(2,867,322)	(179,856)	72,319	(1,113)	(2,975,972)
Office equipment	(121,271)	(10,546)	-	-	(131,817)
Total accumulated depreciation	(47,010,190)	(3,100,449)	130,826	(14,486)	(49,994,299)
Capital assets being depreciated, net	76,915,247	4,620,647	(2,447)	(24,695)	81,508,752
Business-type activities capital assets, net	\$ 88,738,978	\$ 6,122,953	\$ (2,447)	\$ (7,031,299)	\$ 87,828,185

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

General government	\$ 735,500
Public safety	789,613
Culture and recreation	684,657
Public works	3,506,990
Total depreciation expense – governmental activities	<u>\$ 5,716,760</u>
Business-type Activities	
Water Fund	\$ 3,029,687
Golf course	70,762
Total depreciation expense – business-type activities	<u>\$ 3,100,449</u>

City of Kerrville, Texas
Notes to Basic Financial Statements
September 30, 2021

	Balance October 1, 2020	Additions	Transfers	Retirements	Balance September 30, 2021
EIC					
Land	\$ 1,138,436	\$ -	\$ -	\$ -	\$ 1,138,436
Total capital assets	<u>\$ 1,138,436</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,138,436</u>
KPUB					
Capital assets, not being depreciated					
Land	\$ 252,885	\$ -	\$ -	\$ -	\$ 252,885
Construction in progress	4,386,814	4,010,826	(6,454,463)	-	1,943,177
Total capital assets not being depreciated	<u>4,639,699</u>	<u>4,010,826</u>	<u>(6,454,463)</u>	<u>-</u>	<u>2,196,062</u>
Capital assets, being depreciated					
Buildings	7,369,670	-	673,671	(37,596)	8,005,745
Improvements other than buildings	71,906,695	-	5,082,280	(797,873)	76,191,102
Vehicles	3,076,630	-	472,023	(246,432)	3,302,221
Machinery and equipment	2,151,200	-	226,489	(10,945)	2,366,744
Total capital assets being depreciated	<u>84,504,195</u>	<u>-</u>	<u>6,454,463</u>	<u>(1,092,846)</u>	<u>89,865,812</u>
Less accumulated depreciation for					
Buildings	(4,900,897)	(393,141)	-	37,596	(5,256,442)
Improvements other than buildings	(34,711,109)	(3,150,257)	-	974,277	(36,887,089)
Vehicles	(1,343,046)	(134,520)	-	180,170	(1,297,396)
Machinery and equipment	(556,599)	(98,481)	-	10,945	(644,135)
Total accumulated depreciation	<u>(41,511,651)</u>	<u>(3,776,399)</u>	<u>-</u>	<u>1,202,988</u>	<u>(44,085,062)</u>
Total capital assets being depreciated, net	<u>42,992,544</u>	<u>(3,776,399)</u>	<u>6,454,463</u>	<u>110,142</u>	<u>45,780,750</u>
Business-type activities capital assets, net	<u>\$ 47,632,243</u>	<u>\$ 234,427</u>	<u>\$ -</u>	<u>\$ 110,142</u>	<u>\$ 47,976,812</u>

KPUB uses a composite rate to depreciate its investment in the electric plant. The composite rate was 4.3 percent for the year ended September 30, 2021.

City of Kerrville, Texas
Notes to Basic Financial Statements
September 30, 2021

Construction Commitments

The City has numerous active construction projects as of September 30, 2021. The projects include street reconstruction and Kerrville sports complex 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			
Street Reconstruction – Phase 2	\$ 1,049,211	\$ 3,180,467	\$ 4,229,678
Kerrville Sports Complex Improvements	120,471	5,011	125,482
	<u>\$ 1,169,682</u>	<u>\$ 3,185,478</u>	<u>\$ 4,355,160</u>
Water Fund			
TTHM Mitigation	\$ 4,115,108	\$ 27,509	\$ 4,142,617
Guadalupe River Utility Crossing	-	1,033,455	1,033,455
	<u>\$ 4,115,108</u>	<u>\$ 1,060,964</u>	<u>\$ 5,176,072</u>

Note 5: Interfund Transfers

Interfund transfers for the year ended September 30, 2021, were as follows:

Transfer Fund	Transfer In	Transfer Out	Purpose of Transfer
General	\$ 2,715,371	\$ 418,249	Budgetary
Hotel/Motel	-	40,000	Budgetary
Grant	-	278,264	Operating
Debt Service	-	44,233	Budgetary and Debt Proceeds
Golf Course	126,500	-	Budgetary
Water	31,581	2,092,706	Budgetary
	<u>\$ 2,873,452</u>	<u>\$ 2,873,452</u>	

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.

City of Kerrville, Texas
Notes to Basic Financial Statements
September 30, 2021

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 October 2020, the City refunded the remaining principal balance of Combination Tax and Revenue Certificate of Obligation, Series 2012 and 2013 and issued \$11,245,000 of General Obligation Refunding Bonds Series 2020, interest rate ranging from 1.35 percent to 1.47 percent, at a premium of \$2,522,158. As a result of the refunding transaction, the City achieved cash flow savings of \$854,832 and an economic gain of \$121,847.

In September 2020, City's EIC Component Unit borrowed \$1,000,000 from KPUB, with an interest rate of 2.0 percent payable with a balloon payment in 2023. This obligation was paid off early during fiscal year 2021.

Debt currently outstanding for the year ended September 30, 2021, was as follows:

	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	\$ -	\$ 445,000	\$ -
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	6,725,000	-	-
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	-	7,230,000	-
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.	-	7,995,000	-
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.	-	4,860,000	-
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	9,190,000	-	-
	<u>\$ 15,915,000</u>	<u>\$ 20,530,000</u>	<u>\$ -</u>

City of Kerrville, Texas
Notes to Basic Financial Statements
September 30, 2021

	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	\$ 3,660,000	\$ 6,975,000	\$ -
General Obligation Refunding Bonds, Series 2019, 2.00% to 5.00%, maturing in annual installments of \$175,000 to \$245,000 through 2031	2,100,000		
General Obligation Refunding Bonds Series 2020; interest rate of 1.35% to 1.47% maturing in installments of \$655,000 to \$1,155,000 through 2033	1,805,000	8,600,000	-
	<u>\$ 7,565,000</u>	<u>\$ 15,575,000</u>	<u>\$ -</u>
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	\$ -	\$ -	\$ 3,680,000
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,680,000</u>
Loan From Direct Borrowing			
City of Kerrville, Texas Tax note Series 2021, 1.3%, Maturing in annual installments of \$190,000 to \$675,000 Maturing 2023	865,000	-	-
	<u>\$ 865,000</u>	<u>\$ -</u>	<u>\$ -</u>
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	\$ -

City of Kerrville, Texas
Notes to Basic Financial Statements
September 30, 2021

During the year ended September 30, 2021, 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	\$ 6,730,000	\$ 1,970,000	\$ 1,135,000	\$ 7,565,000	\$ 1,140,000
Certificates of obligation	19,005,000	-	3,090,000	15,915,000	740,000
Kerrville Public Utility Board note	1,000,000	-	1,000,000	-	-
Loan from Direct Borrowing	-	865,000	-	865,000	190,000
Unamortized bond premium	1,351,251	441,453	295,504	1,497,200	295,504
Net bonds and notes payable	28,086,251	3,276,453	5,520,504	25,842,200	2,365,504
Compensated absences	1,121,930	655,254	623,143	1,154,041	655,254
Landfill closure and post-closure costs	1,469,971	23,427	-	1,493,398	-
Governmental activity long-term liabilities	<u>\$ 30,678,152</u>	<u>\$ 3,955,134</u>	<u>\$ 6,143,647</u>	<u>\$ 28,489,639</u>	<u>\$ 3,020,758</u>
Business-type Activities					
General obligation bonds	\$ 8,285,000	\$ 9,275,000	\$ 1,985,000	\$ 15,575,000	\$ 1,985,000
Certificates of obligation	32,460,000	-	11,930,000	20,530,000	1,005,000
KPUB note	7,500,000	-	-	7,500,000	-
Unamortized bond premium	892,967	2,080,705	553,878	2,419,794	162,210
Net bonds and notes payable	49,137,967	11,355,705	14,468,878	46,024,794	3,152,210
Compensated absences	222,253	118,143	122,778	217,618	118,143
Business-type activity long-term liabilities	<u>\$ 49,360,220</u>	<u>\$ 11,473,848</u>	<u>\$ 14,591,656</u>	<u>\$ 46,242,412</u>	<u>\$ 3,270,353</u>
Discrete Component Unit – KPUB					
Revenue refunding bonds	<u>\$ 4,081,000</u>	<u>\$ -</u>	<u>\$ 401,000</u>	<u>\$ 3,680,000</u>	<u>\$ 411,000</u>

City of Kerrville, Texas
Notes to Basic Financial Statements
September 30, 2021

For the governmental activities, compensated absences, 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:

Fiscal Years Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2022	\$ 2,070,000	\$ 804,542	\$ 2,874,542
2023	2,165,000	747,678	2,912,678
2024	1,545,000	692,456	2,237,456
2025	1,600,000	639,450	2,239,450
2026	1,665,000	580,225	2,245,225
2027-2031	7,955,000	1,923,588	9,878,588
2032-2036	4,900,000	717,844	5,617,844
2037-2040	2,445,000	124,188	2,569,188
Total	<u>\$ 24,345,000</u>	<u>\$ 6,229,970</u>	<u>\$ 30,574,970</u>

Fiscal Years Ending September 30,	Business-type Activities		
	Principal	Interest	Total
2022	\$ 2,990,000	\$ 1,323,060	\$ 4,313,060
2023	2,941,429	1,232,552	4,173,981
2024	3,116,429	1,144,950	4,261,379
2025	3,191,429	1,050,775	4,242,203
2026	3,266,429	946,290	4,212,718
2027-2031	15,044,286	3,043,663	18,087,949
2032-2036	6,020,000	1,204,282	7,224,282
2037-2041	2,340,000	708,685	3,048,685
2042-2046	2,615,000	430,861	3,045,861
2047-2050	2,080,000	116,256	2,196,256
Total	<u>\$ 43,605,000</u>	<u>\$ 11,201,373</u>	<u>\$ 54,806,373</u>

Fiscal Years Ending September 30,	KPUB		
	Principal	Interest	Total
2022	\$ 411,000	\$ 120,325	\$ 531,325
2023	422,000	109,197	531,197
2024	434,000	96,584	530,584
2025	448,000	82,531	530,531
2026	464,000	67,041	531,041
2027-2031	1,501,000	92,013	1,593,013
Total	<u>\$ 3,680,000</u>	<u>\$ 567,691</u>	<u>\$ 4,247,691</u>

City of Kerrville, Texas
Notes to Basic Financial Statements
September 30, 2021

Loan from Direct Borrowing

The City has a Series 2021 Tax note with TIB national association for \$865,000. The loan is due in two annual installments of \$190,000 and \$675,000 in 2022 and 2023 respectively, plus interest of 1.3 percent.

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 percent of the premium for employee coverage and approximately 60 percent 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 \$1,493,398 as of September 30, 2021, is based on 11.9 percent usage (filled) of the landfill. It is estimated that an additional \$10,986,254 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. The City received approval from the Texas Commission on Environmental Quality in fiscal year 2020 to greatly expand permitted capacity. The City expects the new capacity to be sufficient for 100 years. The City's estimated total cost of the landfill post-closure care of \$12,479,652 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, 2021. 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.

City of Kerrville, Texas

Notes to Basic Financial Statements

September 30, 2021

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.

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.

City of Kerrville, Texas
Notes to Basic Financial Statements
September 30, 2021

For the year ended September 30, 2021, the City and KPUB reported the following:

	City	KPUB	Entity
Pension liability	\$ 4,969,135	\$ 779,535	\$ 5,748,670
Deferred outflows of resources	1,957,822	1,450,165	3,407,987
Deferred inflows of resources	2,397,100	1,864,903	4,262,003
Pension expense	1,286,591	49,175	1,335,766

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 percent 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 percent
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

City of Kerrville, Texas

Notes to Basic Financial Statements

September 30, 2021

Employees Covered by Benefit Terms

At the December 31, 2020, valuation and measurement date, the following employees were covered by the benefit terms:

	City	KPUB
Retirees or beneficiaries currently receiving benefits	262	44
Inactive employees entitled to but not yet receiving benefits	28	30
Active employees	313	53
	603	127

Contributions

Employees for the City and KPUB were required to contribute 7 percent of their annual gross earnings during the fiscal year. Employer contributions are actuarially determined. For the fiscal year ended September 30, 2021, contributions of \$1,847,610 and \$581,151, 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, 2021, were measured as of December 31, 2020, 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, 2020, 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 2020 Municipal Retirees of Texas mortality tables. The rates are projected on a fully generational basis by scale UMP to account for future mortality improvements. For disabled annuitants, the mortality tables for healthy retirees is used with a four-year set-forward for males and a three-year set-forward for females.

City of Kerrville, Texas
Notes to Basic Financial Statements
September 30, 2021

Actuarial assumptions used in the December 31, 2020, valuations were based on the results of actuarial experience studies. This experience study was for the period December 31, 2014 through December 31, 2018. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2014 through 2018, and dated December 31, 2019. 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)
Global equity	30.0%	5.30%
Core fixed income	10.0%	1.25%
Non-core fixed income	20.0%	4.14%
Real return	10.0%	3.85%
Real estate	10.0%	4.00%
Absolute return	10.0%	3.48%
Private equity	10.0%	7.75%
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will remain at the current 7.00 percent 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.

City of Kerrville, Texas
Notes to Basic Financial Statements
September 30, 2021

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, 2020	\$ 87,495,332	\$ 82,033,899	\$ 5,461,433
Changes for the year:			
Service cost	2,847,985	-	2,847,985
Interest on total pension liability	5,872,106	-	5,872,106
Effect of difference in expected and actual experience	266,335	-	266,335
Effect of assumptions changes or inputs	-	-	-
Employer contributions	-	1,950,647	(1,950,647)
Member contributions	-	1,348,516	(1,348,516)
Benefit payments, including refunds of employee contributions	(3,850,329)	(3,850,329)	-
Net investment income	-	6,221,427	(6,221,427)
Administrative expenses	-	(40,293)	40,293
Other	-	(1,573)	1,573
Balances as of September 30, 2020	<u>\$ 92,631,429</u>	<u>\$ 87,662,294</u>	<u>\$ 4,969,135</u>

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 December 31, 2019	\$ 29,662,322	\$ 28,512,066	\$ 1,150,256
Changes for the year:			
Service cost	662,672	-	662,672
Interest on total pension liability	1,986,779	-	1,986,779
Effect of difference in expected and actual experience	4,905	-	4,905
Changes of assumptions	-	-	-
Employer contributions	-	581,151	(581,151)
Member contributions	-	294,147	(294,147)
Net investment income	-	2,164,329	(2,164,329)
Benefit payments, including refunds of employee contributions	(1,119,784)	(1,119,784)	-
Administrative expenses	-	(14,004)	14,004
Other	-	(546)	546
Balances as of December 31, 2020	<u>\$ 31,196,894</u>	<u>\$ 30,417,359</u>	<u>\$ 779,535</u>

City of Kerrville, Texas
Notes to Basic Financial Statements
September 30, 2021

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 percent, 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 percent) or 1-percentage-point higher (7.75 percent) 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)	\$ 17,725,991	\$ 4,969,134	\$ (5,557,580)
KPUB's net pension liability (asset)	\$ 5,224,017	\$ 779,535	\$ (2,872,940)

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.tmr.com.

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended September 30, 2021, the City and KPUB recognized pension expense of \$1,286,591 and \$49,175, respectively.

At September 30, 2021, 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	\$ 379,070	\$ 81,276	\$ 3,542	\$ 47,384
Changes of assumptions	145,768	-	-	1,347
Differences between projected and actual investment earnings	-	2,315,824	1,008,980	1,816,172
Contributions subsequent to the measurement date through year-end	1,432,984	-	437,643	-
Total	\$ 1,957,822	\$ 2,397,100	\$ 1,450,165	\$ 1,864,903

City of Kerrville, Texas
Notes to Basic Financial Statements
September 30, 2021

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$1,432,984 and \$437,643 made by the City and KPUB, respectively, will be recognized as a reduction of the net pension liability for the year ending September 30, 2021.

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
2021	\$ (707,259)	\$ (344,630)
2022	292,785	20,809
2023	(1,320,961)	(480,607)
2024	<u>(136,827)</u>	<u>(47,953)</u>
Total	<u>\$ (1,872,262)</u>	<u>\$ (852,381)</u>

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.

City of Kerrville, Texas
Notes to Basic Financial Statements
September 30, 2021

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 GASB 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 GASB 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, 2020, valuation and measurement date, the following employees were covered by the benefit terms:

	<u>City</u>	<u>KPUB</u>
Inactive employees or beneficiaries currently receiving benefits	205	39
Inactive employees entitled to but not yet receiving benefits	56	19
Active employees	<u>313</u>	<u>53</u>
Total employees	<u>574</u>	<u>111</u>

Total OPEB Liability

The City's total OPEB liability and KPUB's total OPEB liability at September 30, 2021, were measured as of December 31, 2020, and was determined by an actuarial valuation as of that date.

City of Kerrville, Texas
Notes to Basic Financial Statements
September 30, 2021

Actuarial Assumptions

	<u>December 31, 2020</u>
Actuarial Cost Method	Individual Entry-Age
Discount Rate	2.00% as of December 31, 2020 (2.75% as of December 31, 2019)
Inflation	2.50%
Overall Payroll Growth	3.50% to 11.50%, including inflation
Administrative Expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements of GASB Statement No. 68.
Mortality Rates – Service Retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality Rates – Disabled Retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the 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 GASB 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 2.75 percent based on the 20 Year Bond GO Index published by bondbuyer.com is used as of the measurement date of December 31, 2020. At transition, GASB 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

	<u>Total OPEB Liability</u>
Balance as of October 1, 2019	\$ 1,345,106
Changes for the year:	
Service cost	65,471
Interest on total OPEB liability	37,732
Effect of differences between expected and actual experience	(38,578)
Effect of assumption changes and inputs	211,417
Benefit payments	<u>(11,554)</u>
Balance as of September 30, 2020	<u><u>\$ 1,609,594</u></u>

City of Kerrville, Texas
Notes to Basic Financial Statements
September 30, 2021

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 December 31, 2018	\$ 295,219
Changes for the year:	
Service cost	8,824
Interest on total OPEB liability	8,217
Effect of differences between expected and actual experience	(2,968)
Effect of assumption changes and inputs	45,789
Benefit payments	(1,681)
Balance as of December 31, 2019	\$ 353,400

Sensitivity Analysis

The following presents the Total OPEB Liability of the employer, calculated using the discount rate of 2.75 percent, as well as what the Total OPEB Liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.75 percent) or 1 percentage point higher (3.75 percent) 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 (1.75%)	Current Discount Rate (2.75%)	1% Increase in Discount Rate (3.75%)
City's total OPEB liability	\$ 1,963,663	\$ 1,609,594	\$ 1,335,957
KPUB's total OPEB liability	\$ 429,227	\$ 353,400	\$ 294,141

City of Kerrville, Texas
Notes to Basic Financial Statements
September 30, 2021

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

For the year ended September 30, 2021, the City and KPUB recognized OPEB expense of \$113,152 and \$39,251, respectively.

At September 30, 2021, 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 of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,837	\$ 76,632	\$ 656	\$ -
Changes of assumptions	330,614	35,690	63,371	8,929
Contributions subsequent to the measurement date through year-end	35,615	-	4,132	-
Total	<u>\$ 375,066</u>	<u>\$ 112,322</u>	<u>\$ 68,159</u>	<u>\$ 8,929</u>

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, 2021.

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
2021	\$ 64,760	\$ 20,608
2022	56,984	19,397
2023	54,134	14,460
2024	43,966	633
2025	7,285	-
Total	<u>\$ 227,129</u>	<u>\$ 55,098</u>

City of Kerrville, Texas
Notes to Basic Financial Statements
September 30, 2021

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 percent interest in net position. The following is condensed financial information for the airport as of and for the year ended September 30, 2021:

Assets		Revenues	
Cash	\$ 838,112	Operating grants and contributions	\$ 92,000
Accounts receivable, net	621	Capital grants and contributions	169,104
Prepaid items	11,627	Charges for services	<u>484,602</u>
Nondepreciable property			
Land	2,872,627	Total revenues	745,706
CIP	<u>265,815</u>		
Depreciable property, net			
Buildings	3,143,205	Expenses	
Improvements	9,605,415	Airport operations	<u>1,158,014</u>
Furniture and equipment	13,887		
Vehicle	<u>24,341</u>	Operating loss	(412,308)
Total assets	<u>16,775,650</u>		
		General Revenues	
		Extraordinary item, net	(12,365)
		Investment earnings	<u>33</u>
			(12,332)
		Change in Net Position	(424,640)
Liabilities and Net Position		Net Position, Beginning of Year	<u>16,936,468</u>
Liabilities		Net Position, End of Year	<u>\$ 16,511,828</u>
Accounts payable	\$ 107,556		
Wages and salaries payable	10,295		
Unearned revenue	103,779		
Other current liabilities	<u>42,192</u>		
Total liabilities	<u>263,822</u>		
Net Position			
Net investment in capital assets	15,925,290		
Restricted for capital projects	352,133		
Unrestricted	<u>234,405</u>		
Total net position	<u>\$ 16,511,828</u>		

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

City of Kerrville, Texas
Notes to Basic Financial Statements
September 30, 2021

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, 2021:

	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	\$ 4,992,363	\$ -	\$ 4,992,363	\$ -
Municipal bonds	5,154,612	-	5,154,612	-
Equity securities	1,029,780	1,029,780		-
Commercial paper	3,999,560	-	\$ 3,999,560	-
Total investments by fair value level	<u>15,176,315</u>	<u>\$ 1,029,780</u>	<u>\$ 14,146,535</u>	<u>\$ -</u>
Investments Measured at Net Asset Value				
LOGIC	5,365,219			
Texas CLASS	<u>6,494,148</u>			
Total investments measured at net asset value	11,859,367			
Investments Measured at Amortized Cost				
TexPool Prime	6,178,278			
TexPool Prime (EIC)	2,738,631			
TexPool Prime - Library	137,146			
Certificate of deposits	<u>1,230,000</u>			
	<u>10,284,055</u>			
Total investments	<u>\$ 37,319,737</u>			

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, 2021, no investments were classified within Level 3 of the fair value hierarchy.



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	2015	2016	2017	2018	2019	2020
Total Pension Liability							
Service cost	\$ 1,951,508	\$ 2,199,722	\$ 2,302,945	\$ 2,369,887	\$ 2,516,755	\$ 2,639,179	\$ 2,847,985
Interest	4,299,140	4,537,125	4,749,013	5,033,587	5,299,675	5,537,157	5,872,106
Difference between expected and actual experience	224,385	833,034	752,018	413,315	(297,054)	324,153	266,335
Change of assumptions	-	1,401,697	-	-	-	287,290	-
Benefit payments, including refunds of employee contributions	(2,893,459)	(3,505,260)	(3,461,755)	(3,781,320)	(4,115,045)	(4,009,623)	(3,850,329)
Net Change in Total Pension Liability	3,581,574	5,466,318	4,342,221	4,035,469	3,404,331	4,778,156	5,136,097
Total Pension Liability – Beginning	61,887,263	65,468,837	70,935,155	75,277,376	79,312,845	82,717,176	87,495,332
Total Pension Liability – Ending (a)	65,468,837	70,935,155	75,277,376	79,312,845	82,717,176	87,495,332	92,631,429
Plan Fiduciary Net Position:							
Contributions – employer	1,285,810	1,333,494	1,326,321	1,572,311	1,713,463	1,815,452	1,950,647
Contributions – employee	1,033,371	1,087,221	1,103,361	1,141,721	1,206,664	1,264,794	1,348,516
Net investment income	3,552,041	95,956	4,323,251	9,313,809	(2,257,846)	11,108,975	6,221,427
Benefit payments, including refunds of employee contributions	(2,893,459)	(3,505,260)	(3,461,755)	(3,781,320)	(4,115,045)	(4,009,623)	(3,850,329)
Administrative expense	(37,086)	(58,447)	(48,835)	(48,283)	(43,661)	(62,825)	(40,293)
Other	(3,049)	(2,887)	(2,631)	(2,445)	(2,284)	(1,887)	(1,573)
Net Change in Plan Fiduciary Net Position	2,937,628	(1,049,923)	3,239,712	8,195,793	(3,498,709)	10,114,886	5,628,395
Plan Fiduciary Net Position – Beginning	62,094,512	65,032,140	63,982,217	67,221,929	75,417,722	71,919,013	82,033,899
Plan Fiduciary Net Position – Ending (b)	65,032,140	63,982,217	67,221,929	75,417,722	71,919,013	82,033,899	87,662,294
City's Net Pension Liability – Ending (a) - (b)	\$ 436,697	\$ 6,952,938	\$ 8,055,447	\$ 3,895,123	\$ 10,798,163	\$ 5,461,433	\$ 4,969,135
Plan fiduciary net position as a percentage of total pension liability	99.3%	90.2%	89.3%	95.1%	86.9%	93.8%	94.6%
Covered payroll	\$ 14,762,442	\$ 15,523,799	\$ 15,752,020	\$ 16,310,305	\$ 17,238,051	\$ 18,064,196	\$ 19,256,155
City's net pension liability as a percentage of covered payroll	3.0%	44.8%	51.1%	23.9%	62.6%	30.2%	25.8%

Other Information:

Changes in Assumptions: In 2020, the payroll growth assumption was lowered from 3.0 percent to 2.75 percent. In 2016, the discount rate was lowered from 7.0 percent to 6.75 percent; the inflation rate was lowered from 3.0 percent to 2.5 percent; the experience study for retirement age was updated.

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	2016	2017	2018	2019	2020	2021
Actuarially determined contribution	\$ 1,325,004	\$ 1,376,486	\$ 1,539,845	\$ 1,677,349	\$ 1,795,272	\$ 1,847,610	\$ 1,970,604
Contribution in relation of the actuarially determined contribution	<u>1,325,004</u>	<u>1,376,486</u>	<u>1,539,845</u>	<u>1,677,349</u>	<u>1,795,272</u>	<u>1,847,610</u>	<u>1,970,604</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	15,367,386	15,968,863	16,148,368	16,993,172	17,909,038	18,273,148	18,993,777
Contributions as a percentage of covered payroll	8.6%	8.6%	9.5%	9.9%	10.0%	10.1%	10.4%

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	25 years
Asset Valuation Method	10 Year smoothed market; 12 percent soft corridor
Inflation	2.5 percent
Salary Increases	3.50 percent to 11.5 percent including inflation
Investment Rate of Return	6.75 percent
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

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	2018	2019	2020
Total OPEB Liability				
Service cost	\$ 32,621	\$ 39,648	\$ 36,128	65,471
Interest	37,409	37,753	42,542	37,732
Difference between expected and actual experience	-	19,397	(72,096)	(38,578)
Change in assumptions	87,451	(78,350)	215,336	211,417
Benefit payments	<u>(9,786)</u>	<u>(10,343)</u>	<u>(10,839)</u>	<u>(11,554)</u>
Net Change in Total OPEB Liability	147,695	8,105	211,071	264,488
Total OPEB Liability – Beginning	<u>978,235</u>	<u>1,125,930</u>	<u>1,134,035</u>	<u>1,345,106</u>
Total OPEB Liability – Ending	<u>\$ 1,125,930</u>	<u>\$ 1,134,035</u>	<u>\$ 1,345,106</u>	<u>\$ 1,609,594</u>
Covered Payroll	16,310,305	17,238,051	18,064,196	18,064,196
Total OPEB Liability as a Percentage of Covered Payroll	6.90%	6.58%	7.45%	8.91%

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 Net Pension Liability and Related Ratios – KPUB

Last Seven Fiscal Years

Exhibit B-4

	Measurement Year						
	2014	2015	2016	2017	2018	2019	2020
Total Pension Liability:							
Service cost	\$ 553,679	\$ 673,011	\$ 647,310	\$ 638,277	\$ 615,347	\$ 635,605	\$ 662,672
Interest	1,474,035	1,588,966	1,643,216	1,711,786	1,805,527	1,888,697	1,986,779
Difference between expected and actual experience	190,503	119,729	(365,600)	(22,320)	(169,108)	(6,158)	4,905
Change of assumptions	-	139,038	-	-	-	(2,821)	-
Benefit payments, including refunds of employee contributions	(526,824)	(745,186)	(981,761)	(827,347)	(1,027,706)	(1,031,788)	(1,119,784)
Net Change in Total Pension Liability	1,691,393	1,775,558	943,165	1,500,396	1,224,060	1,483,535	1,534,572
Total Pension Liability – Beginning	21,044,215	22,735,608	24,511,166	25,454,331	26,954,727	28,178,787	29,662,322
Total Pension Liability – Ending (a)	22,735,608	24,511,166	25,454,331	26,954,727	28,178,787	29,662,322	31,196,894
Plan Fiduciary Net Position:							
Contributions – employer	437,344	513,580	473,838	512,666	542,527	558,073	581,151
Contributions – employee	270,204	304,924	281,090	279,946	272,968	282,671	294,147
Net investment income	1,153,226	31,695	1,457,035	3,157,178	(775,398)	3,846,678	2,164,329
Benefit payments, including refunds of employee contributions	(526,824)	(745,186)	(981,761)	(827,347)	(1,027,706)	(1,031,788)	(1,119,784)
Administrative expense	(12,040)	(19,305)	(16,459)	(16,360)	(14,984)	(21,733)	(14,004)
Other	(990)	(953)	(887)	(829)	(783)	(653)	(546)
Net Change in Plan Fiduciary Net Position	1,320,920	84,755	1,212,856	3,105,254	(1,003,376)	3,633,248	1,905,293
Plan Fiduciary Net Position – Beginning	20,158,409	21,479,329	21,564,084	22,776,940	25,882,194	24,878,818	28,512,066
Plan Fiduciary Net Position – Ending (b)	21,479,329	21,564,084	22,776,940	25,882,194	24,878,818	28,512,066	30,417,359
KPUB's Net Pension Liability – Ending (a) - (b)	\$ 1,256,279	\$ 2,947,082	\$ 2,677,391	\$ 1,072,533	\$ 3,299,969	\$ 1,150,256	\$ 779,535
Plan fiduciary net position as a percentage of total pension liability	94.5%	88.0%	89.5%	96.0%	88.3%	96.1%	97.5%
Covered payroll	\$ 3,860,050	\$ 4,356,061	\$ 4,015,570	\$ 3,999,227	\$ 3,899,540	\$ 4,038,153	\$ 4,202,103
KPUB's net pension liability as a percentage of covered payroll	32.5%	67.7%	66.7%	26.8%	84.6%	28.5%	18.6%

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.

The discount rate changed from 7.00 percent to 6.75 percent 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.

City of Kerrville, Texas
Schedule of Contributions – KPUB
Texas Municipal Retirement System
Last Seven Fiscal Years

Exhibit B-5

	Fiscal Year						
	2015	2016	2017	2018	2019	2020	2021
Actuarially determined contribution	\$ 486,427	\$ 478,030	\$ 496,124	\$ 537,357	\$ 558,424	\$ 509,068	\$ 515,755
Contribution in relation of the actuarially determined contribution	<u>486,427</u>	<u>478,030</u>	<u>496,124</u>	<u>537,357</u>	<u>558,424</u>	<u>583,931</u>	<u>593,188</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (74,863)</u>	<u>\$ (77,433)</u>
Covered payroll	4,165,019	4,052,120	4,020,268	3,919,181	4,012,557	4,223,025	4,223,025
Contributions as a percentage of covered payroll	11.7%	11.8%	12.3%	13.7%	13.9%	13.8%	14.0%

Notes to Schedule:

Valuation Date:

Actuarial determined contribution rates are calculated as of December 31 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	25 years
Asset Valuation Method	10 Year smoothed market; 12 percent soft corridor
Inflation	2.5 percent
Salary Increases	3.50 percent to 11.5 percent including inflation
Investment Rate of Return	6.75 percent
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

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.

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	2018	2019	2020
Total OPEB Liability				
Service cost	\$ 5,999	\$ 6,629	\$ 6,057	\$ 8,824
Interest	7,837	7,918	8,786	8,217
Difference between expected and actual experience	-	1,880	(1,294)	(2,968)
Change in assumptions	18,923	(17,158)	48,695	45,789
Benefit payments	<u>(1,200)</u>	<u>(1,170)</u>	<u>(1,615)</u>	<u>(1,681)</u>
Net Change in Total OPEB Liability	31,559	(1,901)	60,629	58,181
Total OPEB Liability – Beginning	<u>204,932</u>	<u>236,491</u>	<u>234,590</u>	<u>295,219</u>
Total OPEB Liability – Ending	<u>\$ 236,491</u>	<u>\$ 234,590</u>	<u>\$ 295,219</u>	<u>\$ 353,400</u>
Covered Payroll	3,999,227	3,899,540	4,038,153	4,038,153
Total OPEB Liability as a Percentage of Covered Payroll	5.91%	6.02%	7.31%	8.75%

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.



This Page Has Been Intentionally Left Blank

City of Kerrville, Texas
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual (General Fund)
Year Ended September 30, 2021

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes, penalties, and interest	\$ 19,290,535	\$ 19,621,203	\$ 21,196,924	\$ 1,575,721
Intergovernmental	24,195	24,195	1,426,514	1,402,319
Licenses and permits	1,461,057	1,461,057	512,347	(948,710)
Charges for services	3,743,970	3,569,038	4,698,009	1,128,971
Fines and forfeitures	674,430	674,430	377,348	(297,082)
Grants	485,500	485,500	95,000	(390,500)
Investment income	29,500	29,500	166,957	137,457
Miscellaneous	245,970	245,970	611,961	365,991
Total revenues	25,955,158	26,110,894	29,085,060	2,974,166
Expenditures				
General government				
City council	23,139	23,307	24,959	(1,652)
City secretary	241,910	246,331	248,562	(2,231)
City attorney	328,714	348,075	362,714	(14,639)
Municipal court	400,227	406,524	372,276	34,248
City administration	794,596	806,407	745,101	61,306
Human resources	411,615	417,893	419,342	(1,449)
Finance	719,629	735,481	718,782	16,699
Information technology	1,174,850	1,183,840	1,130,011	53,829
General operations	1,226,985	1,220,061	1,240,779	(20,718)
Total general government	5,321,665	5,387,919	5,262,526	125,393
Public safety				
Police	6,237,695	6,447,022	6,265,602	181,420
Fire	5,835,552	5,581,038	5,642,568	(61,530)
Emergency management and training	259,180	262,867	164,498	98,369
Fire prevention	-	-	268,135	(268,135)
Emergency medical services	2,709,869	2,778,783	2,620,162	158,621
Total public safety	15,042,296	15,069,710	14,960,965	108,745
Public works				
Planning	287,338	292,023	290,840	1,183
Building services	524,941	532,891	508,057	24,834
Engineering	517,663	525,383	540,106	(14,723)
Streets	3,552,891	3,580,168	3,264,651	315,517
Solid waste	76,593	77,398	66,334	11,064
Code compliance	191,368	193,833	174,518	19,315
Total public works	\$ 5,150,794	\$ 5,201,696	\$ 4,844,506	\$ 357,190

Exhibit B-7

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Culture and Recreation				
Kerrville-Schreiner Park	\$ 532,374	\$ 557,113	582,621	\$ (25,508)
Tennis center	20,694	20,694	12,861	7,833
Aquatics	174,808	331,808	323,224	8,584
Parks maintenance	1,380,146	1,396,683	1,307,167	89,516
Sports complex	401,328	404,085	285,875	118,210
Library	704,116	711,874	667,203	44,671
Sports complex	590,988	596,300	554,966	41,334
Total culture and recreation	3,804,454	4,018,557	3,733,917	284,640
Capital outlay	1,436,224	1,506,080	1,034,680	471,400
Total expenditures	30,755,433	31,183,962	29,836,594	1,347,368
Excess (deficiency) of revenues over expenditures	(4,800,275)	(5,073,068)	(751,534)	4,321,534
Other Financing Sources (Uses)				
Transfers in	2,278,192	2,275,504	2,715,371	439,867
Transfers out	(170,000)	(2,172,825)	(418,249)	1,754,576
Total other financing sources	2,108,192	102,679	2,297,122	2,194,443
Net Changes in Fund Balance	(2,692,083)	(4,970,389)	1,545,588	6,515,977
Fund Balance, Beginning of Year	16,597,142	16,597,142	16,597,142	-
Fund Balance, End of Year	\$ 13,905,059	\$ 11,626,753	\$ 18,142,730	\$ 6,515,977

City of Kerrville, Texas
Grant Fund
Special Revenue Fund
Budgetary Comparison Schedule
Year Ended September 30, 2021

Exhibit B-8

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ 426,414	\$ 426,414	\$ -
Total revenues	-	426,414	426,414	-
Expenditures				
Public safety	-	59,727	32,105	27,622
Public works	-	-	-	-
Capital outlay	-	115,308	112,826	2,482
Total expenditures	-	175,035	144,931	30,104
Other Financing Uses				
Transfer out	-	(278,264)	(278,264)	-
Total expenditures	-	(278,264)	(278,264)	-
Net Change in Fund Balance	-	(26,885)	3,219	30,104
Fund Balance, Beginning of Year	3,117	3,117	3,117	-
Fund Balance, End of Year	\$ 3,117	\$ (23,768)	\$ 6,336	\$ 30,104

City of Kerrville, Texas
Notes to Required Supplementary Information
September 30, 2021

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 all City funds, including the Economic Improvement Corporation Component Unit fund.

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, 2021, the General Fund had no expenditures in excess of appropriations of the final adopted budget to actual.



This Page Has Been Intentionally Left Blank



Supplementary Information

City of Kerrville, Texas
Combining Balance Sheet – Nonmajor Governmental Funds
September 30, 2021

	Special Revenue Funds			
	Library Memorial	Hotel/Motel Tax	History Center	Police
Assets				
Cash and cash equivalents	\$ 2,421,953	\$ 1,150,572	226,536	\$ 84,845
Investments	1,284,173	610,059	-	44,987
Due from other governments	-	-	-	-
Taxes receivable	-	336	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	3,706,126	1,760,967	226,536	129,832
	<hr/>	<hr/>	<hr/>	<hr/>
Liabilities				
Accounts payable and accrued expenses	4,108	50,031	240	2,306
Unearned revenue	-	-	-	-
Due to other funds	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	4,108	50,031	240	2,306
	<hr/>	<hr/>	<hr/>	<hr/>
Deferred Inflows of Resources				
Unavailable revenue	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balances				
Restricted	-	1,710,936	-	127,526
Committed	3,702,018	-	226,296	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	3,702,018	1,710,936	226,296	127,526
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,706,126</u>	<u>\$ 1,760,967</u>	<u>\$ 226,536</u>	<u>\$ 129,832</u>

Exhibit C-1

Special Revenue Funds				Capital Projects Fund	Total Nonmajor Funds
Police	PEG	Municipal Court	TIRZ	Parkland Dedication	
\$ 84,845	\$ 38,115	\$ 65,415	\$ 58,605	\$ 84,117	\$ 4,130,158
44,987	20,209	34,684	-	44,600	2,038,712
-	-	-	-	-	-
-	15,467	-	-	-	15,803
<u>129,832</u>	<u>73,791</u>	<u>100,099</u>	<u>58,605</u>	<u>128,717</u>	<u>6,184,673</u>
2,306	-	572	-	-	57,257
-	-	-	-	-	-
-	-	-	-	-	-
<u>2,306</u>	<u>-</u>	<u>572</u>	<u>-</u>	<u>-</u>	<u>57,257</u>
-	-	-	-	-	-
127,526	73,791	99,527	58,605	-	2,070,385
-	-	-	-	128,717	4,057,031
<u>127,526</u>	<u>73,791</u>	<u>99,527</u>	<u>58,605</u>	<u>128,717</u>	<u>6,127,416</u>
<u>\$ 129,832</u>	<u>\$ 73,791</u>	<u>\$ 100,099</u>	<u>\$ 58,605</u>	<u>\$ 128,717</u>	<u>\$ 6,184,673</u>

City of Kerrville, Texas
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances – Nonmajor Governmental Funds
Year Ended September 30, 2021

	Special Revenue Funds		
	Library Memorial	Hotel/Motel Tax	History Center
Revenues			
Taxes and penalties	\$ -	\$ 1,598,504	\$ -
License and permits	-	-	-
Charges for services	-	-	15
Fines and forfeitures	-	-	-
Intergovernmental	1,095,987	-	-
Investment income	6,937	3,124	485
Miscellaneous	3,584	-	14,705
Total revenues	<u>1,106,508</u>	<u>1,601,628</u>	<u>15,205</u>
Expenditures			
Current			
Culture and recreation	20,766	1,197,738	8,655
Public safety	-	-	-
General government	-	-	-
Capital outlay	124,033	-	159
Debt Service			
Principal	-	-	-
Bond issuance cost	-	-	-
Interest	-	-	-
Total expenditures	<u>144,799</u>	<u>1,197,738</u>	<u>8,814</u>
Excess (deficiency) of revenues over expenditures	<u>961,709</u>	<u>403,890</u>	<u>6,391</u>
Other Financing Uses			
Issuance of long-term debt	-	-	-
Premium on issuance of debt	-	-	-
Payment to the refunded bond escrow agent	-	-	-
Transfers out	-	(40,000)	-
Total other financing uses	<u>-</u>	<u>(40,000)</u>	<u>-</u>
Net Change in Fund Balances	<u>961,709</u>	<u>363,890</u>	<u>6,391</u>
Fund Balances, Beginning of Year	<u>2,740,309</u>	<u>1,347,046</u>	<u>219,905</u>
Fund Balances, End of Year	<u>\$ 3,702,018</u>	<u>\$ 1,710,936</u>	<u>\$ 226,296</u>

Exhibit C-2

Special Revenue Funds				Capital Projects Fund	Total
Police	PEG	Municipal Court	TIRZ	Parkland Dedication	Nonmajor Funds
\$ -	\$ 60,163	\$ -	\$ 35,641	\$ -	\$ 1,694,308
-	-	-	-	18,850	18,850
-	-	-	-	-	15
13,401	-	62,627	-	-	76,028
31,952	-	-	-	-	1,127,939
243	96	224	50	275	11,434
2,233	-	-	-	-	20,522
47,829	60,259	62,851	35,691	19,125	2,949,096
-	-	-	-	-	1,227,159
32,445	-	56,283	-	-	88,728
-	52,894	-	-	-	52,894
-	-	14,175	-	19,626	157,993
-	-	-	-	-	-
-	-	-	-	-	-
32,445	52,894	70,458	-	19,626	1,526,774
15,384	7,365	(7,607)	35,691	(501)	1,422,322
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	(40,000)
-	-	-	-	-	(40,000)
15,384	7,365	(7,607)	35,691	(501)	1,382,322
112,142	66,426	107,134	22,914	129,218	4,745,094
\$ 127,526	\$ 73,791	\$ 99,527	\$ 58,605	\$ 128,717	\$ 6,127,416

City of Kerrville, Texas
Library Memorial
Special Revenue Fund
Budgetary Comparison Schedule
Year Ended September 30, 2021

Exhibit C-3

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 35,000	\$ 35,000	\$ 1,095,987	\$ 1,060,987
Investment income	7,500	7,500	6,937	(563)
Miscellaneous	720	720	3,584	2,864
	<u>43,220</u>	<u>43,220</u>	<u>1,106,508</u>	<u>1,063,288</u>
Total revenues				
Expenditures				
Culture and recreation	17,950	17,950	20,766	(2,816)
Capital outlay	438,674	438,674	124,033	314,641
	<u>456,624</u>	<u>456,624</u>	<u>144,799</u>	<u>311,825</u>
Total expenditures				
Net Change in Fund Balance	(413,404)	(413,404)	961,709	1,375,113
Fund Balance, Beginning of Year	<u>2,740,309</u>	<u>2,740,309</u>	<u>2,740,309</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 2,326,905</u>	<u>\$ 2,326,905</u>	<u>\$ 3,702,018</u>	<u>\$ 1,375,113</u>

City of Kerrville, Texas
Hotel/Motel Tax
Special Revenue Fund
Budgetary Comparison Schedule
Year Ended September 30, 2021

Exhibit C-4

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes and penalties	\$ 1,274,185	\$ 1,274,185	\$ 1,598,504	\$ 324,319
Investment income	7,500	7,500	3,124	(4,376)
Total revenues	<u>1,281,685</u>	<u>1,281,685</u>	<u>1,601,628</u>	<u>319,943</u>
Expenditures				
Culture and recreation	<u>1,241,685</u>	<u>1,241,685</u>	<u>1,197,738</u>	<u>43,947</u>
Total expenditures	<u>1,241,685</u>	<u>1,241,685</u>	<u>1,197,738</u>	<u>43,947</u>
Other Financing Uses				
Transfer to other funds	<u>(40,000)</u>	<u>(40,000)</u>	<u>(40,000)</u>	<u>-</u>
Net Change in Fund Balance	-	-	363,890	363,890
Fund Balance, Beginning of Year	<u>1,347,046</u>	<u>1,347,046</u>	<u>1,347,046</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1,347,046</u>	<u>\$ 1,347,046</u>	<u>\$ 1,710,936</u>	<u>\$ 363,890</u>

City of Kerrville, Texas
History Center
Special Revenue Fund
Budgetary Comparison Schedule
Year Ended September 30, 2021

Exhibit C-5

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ 75	\$ 75	\$ 15	\$ (60)
Investment income	1,575	1,575	485	(1,090)
Miscellaneous	<u>13,200</u>	<u>13,200</u>	<u>14,705</u>	<u>1,505</u>
Total revenues	<u>14,850</u>	<u>14,850</u>	<u>15,205</u>	<u>355</u>
Expenditures				
Cultural and recreation	16,557	16,557	8,655	7,902
Capital outlay	<u>1,500</u>	<u>1,500</u>	<u>159</u>	<u>1,341</u>
Total expenditures	<u>18,057</u>	<u>18,057</u>	<u>8,814</u>	<u>9,243</u>
Net Change in Fund Balance	(3,207)	(3,207)	6,391	9,598
Fund Balance, Beginning of Year	<u>219,905</u>	<u>219,905</u>	<u>219,905</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 216,698</u>	<u>\$ 216,698</u>	<u>\$ 226,296</u>	<u>\$ 9,598</u>

City of Kerrville, Texas
Police Fund
Special Revenue Fund
Budgetary Comparison Schedule
Year Ended September 30, 2021

Exhibit C-6

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and forfeitures	\$ 24,000	\$ 24,000	\$ 13,401	\$ (10,599)
Intergovernmental	4,940	4,940	31,952	27,012
Investment income	563	563	243	(320)
Miscellaneous	1,450	1,450	2,233	783
Total revenues	30,953	30,953	47,829	16,876
Expenditures				
Public safety	51,760	51,760	32,445	19,315
Total expenditures	51,760	51,760	32,445	19,315
Net Change in Fund Balance	(20,807)	(20,807)	15,384	36,191
Fund Balance, Beginning of Year	112,142	112,142	112,142	-
Fund Balance, End of Year	\$ 91,335	\$ 91,335	\$ 127,526	\$ 36,191

City of Kerrville, Texas
PEG Fund
Special Revenue Fund
Budgetary Comparison Schedule
Year Ended September 30, 2021

Exhibit C-7

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes and penalties	\$ 60,000	\$ 60,000	\$ 60,163	\$ 163
Investment income	225	225	96	(129)
Total revenues	60,225	60,225	60,259	34
Expenditures				
General government	60,225	60,225	52,894	7,331
Total expenditures	60,225	60,225	52,894	7,331
Net Change in Fund Balance	-	-	7,365	7,365
Fund Balance, Beginning of Year	66,426	66,426	66,426	-
Fund Balance, End of Year	\$ 66,426	\$ 66,426	\$ 73,791	\$ 7,365

City of Kerrville, Texas
Municipal Court
Special Revenue Fund
Budgetary Comparison Schedule
Year Ended September 30, 2021

Exhibit C-8

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and forfeitures	\$ 38,000	\$ 38,000	\$ 62,627	\$ 24,627
Investment income	600	600	224	(376)
Total revenues	<u>38,600</u>	<u>38,600</u>	<u>62,851</u>	<u>24,251</u>
Expenditures				
Public Safety	67,175	55,291	56,283	(992)
General government	<u>-</u>	<u>11,884</u>	<u>14,175</u>	<u>(2,291)</u>
Total expenditures	<u>67,175</u>	<u>67,175</u>	<u>70,458</u>	<u>(3,283)</u>
Net Change in Fund Balance	(28,575)	(28,575)	(7,607)	20,968
Fund Balance, Beginning of Year	<u>107,134</u>	<u>107,134</u>	<u>107,134</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 78,559</u>	<u>\$ 78,559</u>	<u>\$ 99,527</u>	<u>\$ 20,968</u>

City of Kerrville, Texas
TIRZ Fund
Special Revenue Fund
Budgetary Comparison Schedule
Year Ended September 30, 2021

Exhibit C-9

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes and penalties	\$ 49,461	\$ 49,461	\$ 35,641	\$ (13,820)
Investment income	150	150	50	(100)
Total revenues	49,611	49,611	35,691	(13,920)
Expenditures				
General government	-	-	-	-
Total expenditures	-	-	-	-
Net Change in Fund Balance	49,611	49,611	35,691	(13,920)
Fund Balance, Beginning of Year	22,914	22,914	22,914	-
Fund Balance, End of Year	\$ 72,525	\$ 72,525	\$ 58,605	\$ (13,920)

City of Kerrville, Texas
Parkland Dedication
Special Revenue Fund
Budgetary Comparison Schedule
Year Ended September 30, 2021

Exhibit C-10

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
License and permits	\$ 24,500	\$ 24,500	\$ 18,850	\$ (5,650)
Investment income	563	563	275	(288)
Total revenues	25,063	25,063	19,125	(5,938)
Expenditures				
Capital outlay	25,063	25,063	19,626	5,437
Total expenditures	25,063	25,063	19,626	5,437
Net Change in Fund Balance	-	-	(501)	(501)
Fund Balance, Beginning of Year	129,218	129,218	129,218	-
Fund Balance, End of Year	\$ 129,218	\$ 129,218	\$ 128,717	\$ (501)

City of Kerrville, Texas
Debt Service
Budgetary Comparison Schedule
Year Ended September 30, 2021

Exhibit C-11

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes and penalties	\$ 1,714,854	\$ 1,714,854	\$ 1,726,825	\$ 11,971
Intergovernmental	1,102,324	2,102,324	2,107,831	5,507
Investment income	11,250	11,250	3,081	(8,169)
Total revenues	2,828,428	3,828,428	3,837,737	9,309
Expenditures				
Debt service				
Principal	1,880,000	2,880,000	2,855,000	25,000
Bond issuance cost	-	-	29,887	(29,887)
Interest	816,224	816,224	858,297	(42,073)
Total expenditures	2,696,224	3,696,224	3,743,184	(46,960)
Other Financing Uses				
Issuance of long-term debt	-	-	1,970,000	1,970,000
Premium on issuance of debt	-	-	441,453	441,453
Payment to the refunded bond escrow agent	-	-	(2,370,000)	(2,370,000)
Transfers to other funds	(44,233)	(44,233)	(44,233)	-
Net Change in Fund Balance	87,971	87,971	91,773	3,802
Fund Balance, Beginning of Year	1,176,035	1,176,035	1,176,035	-
Fund Balance, End of Year	\$ 1,264,006	\$ 1,264,006	\$ 1,267,808	\$ 3,802

City of Kerrville, Texas
Combining Statement of Net Position
Internal Service Funds
September 30, 2021

Exhibit C-12

	Garage	Employee Benefit Trust	Total Internal Service Funds
Assets			
Current Assets			
Cash and cash equivalents	\$ 47,546	\$ 227,745	\$ 275,291
Investments	25,210	120,755	145,965
Misc receivable		4,271	4,271
Inventories	17,402	-	17,402
	<u>90,158</u>	<u>352,771</u>	<u>442,929</u>
Total current assets			
	<u>90,158</u>	<u>352,771</u>	<u>442,929</u>
Capital Assets			
Buildings	159,000	-	159,000
Vehicles	18,056	-	18,056
Machinery and equipment	56,664	-	56,664
Accumulated depreciation	(219,766)	-	(219,766)
	<u>13,954</u>	<u>-</u>	<u>13,954</u>
Net capital assets			
	<u>13,954</u>	<u>-</u>	<u>13,954</u>
Total assets	<u>104,112</u>	<u>352,771</u>	<u>456,883</u>
Deferred Outflows of Resources			
Deferred outflows – pension	22,208	-	22,208
Deferred outflows – OPEB	3,731	-	3,731
	<u>25,939</u>	<u>-</u>	<u>25,939</u>
Total deferred outflows of resources			
	<u>25,939</u>	<u>-</u>	<u>25,939</u>
Liabilities			
Current Liabilities			
Accounts payable and accrued liabilities	9,897	2,681	12,578
Due to other funds	-	-	-
	<u>9,897</u>	<u>2,681</u>	<u>12,578</u>
Total current liabilities			
	<u>9,897</u>	<u>2,681</u>	<u>12,578</u>
Noncurrent Liabilities			
Compensated absences	16,850	-	16,850
Net pension liability	49,687	-	49,687
Total OPEB liability	16,095	-	16,095
	<u>82,632</u>	<u>-</u>	<u>82,632</u>
Total noncurrent liabilities			
	<u>82,632</u>	<u>-</u>	<u>82,632</u>
Total liabilities	<u>92,529</u>	<u>2,681</u>	<u>95,210</u>
Deferred Inflows of Resources			
Deferred inflows – pensions	26,590	-	26,590
Deferred inflows – OPEB	1,087	-	1,087
	<u>27,677</u>	<u>-</u>	<u>27,677</u>
Total deferred outflows of resources			
	<u>27,677</u>	<u>-</u>	<u>27,677</u>
Net Position			
Net investment in capital assets	13,954	-	13,954
Unrestricted	(4,109)	350,090	345,981
	<u>\$ 9,845</u>	<u>\$ 350,090</u>	<u>\$ 359,935</u>
Total net position			
	<u>\$ 9,845</u>	<u>\$ 350,090</u>	<u>\$ 359,935</u>

City of Kerrville, Texas
Combining Statement of Revenues, Expenses, and
Changes in Net Position
Internal Service Funds
Year Ended September 30, 2021

Exhibit C-13

	<u>Garage</u>	<u>Employee Benefit Trust</u>	<u>Total Internal Service</u>
Revenues			
Charges for services	\$ 398,112	\$ 3,454,292	\$ 3,852,404
Total revenues	<u>398,112</u>	<u>3,454,292</u>	<u>3,852,404</u>
Operating Expenses			
Personnel services	353,497	-	353,497
Repairs and maintenance	6,550	-	6,550
Supplies and materials	18,619	-	18,619
Utilities	4,916	-	4,916
Depreciation	3,614	-	3,614
Services	10,169	-	10,169
Premiums and other charges	<u>-</u>	<u>3,424,522</u>	<u>3,424,522</u>
Total operating expenses	<u>397,365</u>	<u>3,424,522</u>	<u>3,821,887</u>
Change in Net Position	747	29,770	30,517
Net Position, Beginning of Year	<u>9,098</u>	<u>320,320</u>	<u>329,418</u>
Net Position, End of Year	<u>\$ 9,845</u>	<u>\$ 350,090</u>	<u>\$ 359,935</u>

City of Kerrville, Texas
Combining Statement of Cash Flows
Internal Service Funds
Year Ended September 30, 2021

Exhibit C-14

	Garage	Employee Benefit Trust	Total Internal Service Funds
Operating Activities			
Cash received from customers	\$ 398,112	\$ 3,450,021	\$ 3,848,133
Cash payments to employees	(357,118)	-	(357,118)
Cash payments to suppliers for goods and services	(40,917)	(3,424,522)	(3,465,439)
Net cash provided by operating activities	77	25,499	25,576
Investing Activities			
Sales of investments	-	31,637	31,637
Investment income	9,080	-	9,080
Net cash provided by investing activities	9,080	31,637	40,717
Net Increase in Cash and Cash Equivalents	9,157	57,136	66,293
Cash and Cash Equivalents, Beginning of Year	38,389	170,609	208,998
Cash and Cash Equivalents, End of Year	\$ 47,546	\$ 227,745	\$ 275,291
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities			
Operating income	\$ 747	\$ 29,770	\$ 30,517
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation	3,614	-	3,614
Changes in assets and deferred outflows			
(Increase) decrease in inventories	4,137	-	4,137
(Increase) decrease in deferred receivables	-	(4,271)	(4,271)
(Increase) decrease in deferred pension outflows	(1,930)	-	(1,930)
(Increase) decrease in deferred OPEB outflows	(1,190)	-	(1,190)
Changes in liabilities and deferred inflows			
Increase (decrease) in accounts payable	(42)	-	(42)
Increase (decrease) in compensated absences	1,779	-	1,779
Increase (decrease) in net pension liability	(4,925)	-	(4,925)
Increase (decrease) in total OPEB liability	2,645	-	2,645
Increase (decrease) in deferred pension inflows	-	-	-
Increase (decrease) in due to other funds	(4,758)	-	(4,758)
Total adjustments	(670)	(4,271)	(4,941)
Net cash provided by operating activities	\$ 77	\$ 25,499	\$ 25,576

City of Kerrville, Texas
Balance Sheet
Economic Improvement Corporation
September 30, 2021

Exhibit C-15

Assets

Cash and cash equivalents	\$ 2,738,631
Other receivable	1,069
Due from other governments	<u>784,948</u>
Total assets	<u><u>\$ 3,524,648</u></u>

Liabilities

Accounts payable and accrued liabilities	<u>\$ -</u>
Total liabilities	<u><u>\$ -</u></u>

Fund Balances

Restricted for capital projects	\$ -
Unassigned	<u>3,524,648</u>
Total fund balance	<u>3,524,648</u>
Total liabilities and fund balance	<u><u>\$ 3,524,648</u></u>

**Reconciliation of EIC Fund Balance Sheet to Discretely Presented
Component Unit Statement of Net Position**

Total fund balances – EIC balance sheet	\$ 3,524,648
---	--------------

**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	<u>1,138,436</u>
EIC net position	<u><u>\$ 4,663,084</u></u>

City of Kerrville, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balance
Economic Improvement Corporation
Year Ended September 30, 2021

Exhibit C-16

Revenues	
Sales and other taxes	\$ 4,459,694
Investment income	<u>2,620</u>
Total revenues	<u>4,462,314</u>
Expenditures	
General government	<u>4,023,305</u>
Total expenditures	<u>4,023,305</u>
Deficiency of revenues over expenditures	<u>439,009</u>
Net Change in Fund Balance	439,009
Fund Balance, Beginning of Year	<u>3,085,639</u>
Fund Balance, End of Year	<u><u>\$ 3,524,648</u></u>
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	<u>\$ 439,009</u>
Amounts Reported for Governmental Activities in the Discretely Presented	
EIC change in net position	<u><u>\$ 439,009</u></u>



This Page Has Been Intentionally Left Blank



Statistical Section



This Page Has Been Intentionally Left Blank

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.

Table of Contents

Page

Financial Trends..... 98

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 107

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 114

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 120

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..... 125

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.



This Page Has Been Intentionally Left Blank

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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental Activities										
Net investment in capital assets	\$ 57,920	\$ 61,342	\$ 60,765	\$ 61,339	\$ 64,579	\$ 69,695	\$ 71,382	\$ 67,741	\$ 67,070	\$ 66,025
Restricted	1,509	1,434	1,386	1,324	1,165	1,139	1,144	1,243	1,176	1,268
Unrestricted	15,355	15,684	18,595	22,953	25,343	27,133	24,490	23,353	27,258	29,892
Total governmental activities net position	\$ 74,784	\$ 78,460	\$ 80,746	\$ 85,616	\$ 91,087	\$ 97,967	\$ 97,016	\$ 92,337	\$ 95,504	\$ 97,185
Business-type Activities										
Net investment in capital assets	\$ 38,404	\$ 38,699	\$ 37,157	\$ 39,106	\$ 41,630	\$ 37,218	\$ 45,057	\$ 45,521	\$ 46,866	\$ 49,035
Restricted	2,898	4,105	3,789	3,451	1,675	1,805	1,805	1,744	1,781	1,781
Unrestricted	4,739	5,064	8,143	7,773	6,619	11,349	5,550	2,718	2,736	2,371
Total business-type activities net position	\$ 46,041	\$ 47,868	\$ 49,089	\$ 50,330	\$ 49,924	\$ 50,372	\$ 52,412	\$ 49,983	\$ 51,383	\$ 53,187
Primary Government										
Net investment in capital assets	\$ 96,324	\$ 100,041	\$ 97,922	\$ 100,445	\$ 106,209	\$ 106,913	\$ 116,439	\$ 113,262	\$ 113,936	\$ 115,060
Restricted	4,407	5,539	5,175	4,775	2,840	2,944	2,949	2,987	2,957	3,049
Unrestricted	20,094	20,748	26,738	30,726	31,962	38,482	30,040	26,071	29,994	32,263
Total primary government net position	\$ 120,825	\$ 126,328	\$ 129,835	\$ 135,946	\$ 141,011	\$ 148,339	\$ 149,428	\$ 142,320	\$ 146,887	\$ 150,372

Note: 2013 net position has been adjusted due to implementation of GASB Statement No. 65.
2015 net position has been adjusted due to implementation of GASB Statement No. 68.
2018 net position has been adjusted due to implementation of GASB Statement No. 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			
	2012	2013	2014	2015
Expenses				
Governmental Activities				
General government	\$ 4,077	\$ 4,667	\$ 5,159	\$ 6,272
Public safety	11,312	11,631	12,365	13,169
Culture and recreation	3,082	3,371	3,066	3,405
Public works	3,004	3,327	3,159	3,490
Business programs	167	-	-	-
Interest on long-term debt	645	566	564	519
Total governmental activities expenses	22,287	23,562	24,313	26,855
Business-type Activities				
Water and sewer services	8,737	8,442	8,984	8,241
Kerrville-Schreiner Park	-	-	-	-
Golf course	1,041	934	908	863
Total business-type activities expenses	9,778	9,376	9,892	9,104
Total primary government expenses	\$ 32,065	\$ 32,938	\$ 34,205	\$ 35,959
Program Revenues				
Governmental Activities				
Charges for services				
General government	\$ 2,126	\$ 1,054	\$ 100	\$ 24
Public safety	1,327	2,442	3,391	4,340
Cultural and recreation	583	410	425	465
Public works	470	359	519	1,169
Operating grants and contributions	303	719	72	141
Capital grants and contributions	5,553	2,000	971	772
Total governmental activities program revenues	10,362	6,984	5,478	6,911
Business-type Activities				
Charges for services				
Water and sewer services	10,009	11,072	11,080	11,118
Kerrville-Schreiner Park	-	-	-	-
Golf course	1,031	877	884	784
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	508	10	-
Total business-type activities program revenues	11,040	12,457	11,974	11,902
Total primary government program revenues	\$ 21,402	\$ 19,441	\$ 17,452	\$ 18,813
Net (Expense)/Revenue				
Governmental activities	\$ (11,925)	\$ (16,578)	\$ (18,835)	\$ (19,944)
Business-type activities	1,262	3,081	2,082	2,798
Total primary government net expense	\$ (10,663)	\$ (13,497)	\$ (16,753)	\$ (17,146)

Table D-2

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 6,107	\$ 5,805	\$ 6,988	\$ 7,901	\$ 7,855	\$ 6,139
12,933	14,240	14,243	14,984	14,996	15,874
3,701	4,543	5,112	5,242	5,743	5,735
3,404	4,002	5,617	11,661	7,120	8,380
-	-	-	-	-	-
818	722	606	633	738	543
26,963	29,312	32,566	40,421	36,452	36,671
9,753	8,997	9,579	13,402	10,514	9,679
-	-	-	-	-	-
926	1,090	1,046	1,108	1,045	959
10,679	10,087	10,625	14,510	11,559	10,638
\$ 37,642	\$ 39,399	\$ 43,191	\$ 54,931	\$ 48,011	\$ 47,309
\$ 1	\$ 1	\$ 1	\$ 1	\$ 207	\$ 1,817
3,672	4,353	4,233	4,214	4,125	3,029
520	599	613	650	678	867
1,241	1,537	1,528	1,818	2,002	-
759	348	273	863	2,627	4,088
2,626	2,595	1,314	3,463	4,527	1,407
8,819	9,433	7,962	11,009	14,166	11,208
11,329	11,885	11,885	11,798	12,997	13,298
-	-	-	-	-	-
743	864	855	838	862	1,042
-	-	-	-	-	-
19	1,500	1,500	1,000	1,000	-
12,091	14,249	14,240	13,636	14,859	14,340
\$ 20,910	\$ 23,682	\$ 22,202	\$ 24,645	\$ 29,025	\$ 25,548
\$ (18,144)	\$ (19,879)	\$ (24,604)	\$ (29,412)	\$ (22,286)	\$ (25,463)
1,412	4,162	3,615	(874)	3,300	3,702
\$ (16,732)	\$ (15,717)	\$ (20,989)	\$ (30,286)	\$ (18,986)	\$ (21,761)

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			
	2012	2013	2014	2015
Net (Expense)/Revenue				
Governmental activities	\$ (11,925)	\$ (16,578)	\$ (18,835)	\$ (19,944)
Business-type activities	1,262	3,081	2,082	2,798
Total primary government net expense	(10,663)	(13,497)	(16,753)	(17,146)
General Revenues and Other Changes in Net Position				
Governmental activities				
Taxes				
Property taxes levied for general purposes	8,314	8,439	8,427	8,459
Property taxes levied for debt service	1,242	1,216	1,262	1,293
Sales and use taxes	4,773	5,120	5,554	5,787
Hotel occupancy taxes	846	854	958	1,046
Franchise taxes	1,836	1,826	1,716	1,776
Alcoholic beverage taxes	58	53	55	68
Investment earnings	52	56	44	58
Miscellaneous income	1,427	1,257	1,322	1,509
Gain/(loss) on sale of assets	-	(235)	-	-
Transfers	4,259	2,149	1,250	1,125
Total governmental activities	22,807	20,735	20,588	21,121
Business-type Activities				
Unrestricted investment earnings	9	23	50	66
Miscellaneous income	69	186	333	197
Transfers	(4,259)	(2,149)	(1,250)	(1,125)
Total business-type activities	(4,181)	(1,940)	(867)	(862)
Total primary government	\$ 18,626	\$ 18,795	\$ 19,721	\$ 20,259
Change in Net Position				
Governmental activities	\$ 10,882	\$ 4,157	\$ 1,753	\$ 1,177
Business-type activities	(2,919)	1,141	1,215	1,936
Total primary government	\$ 7,963	\$ 5,298	\$ 2,968	\$ 3,113

Table D-3

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ (18,144)	\$ (19,879)	\$ (24,604)	\$ (29,412)	\$ (22,286)	\$ (25,463)
1,412	4,162	3,615	(874)	3,300	3,702
(16,732)	(15,717)	(20,989)	(30,286)	(18,986)	(21,761)
8,765	8,963	9,321	9,531	10,008	12,075
1,343	1,390	1,448	1,459	1,579	
6,201	6,427	6,722	6,900	7,826	8,920
1,081	1,107	1,219	1,334	1,174	1,599
1,742	1,580	1,734	1,950	1,852	1,884
74	74	72	87	100	104
57	130	244	391	567	206
2,789	2,033	2,064	1,153	264	420
-	-	-	-	-	-
1,802	1,910	3,934	1,641	2,084	1,935
23,854	23,614	26,758	24,446	25,454	27,143
49	92	222	229	177	17
-	-	-	-	7	20
(1,802)	(1,910)	(3,934)	(1,641)	(2,084)	(1,935)
(1,753)	(1,818)	(3,712)	(1,412)	(1,900)	(1,898)
\$ 22,101	\$ 21,796	\$ 23,046	\$ 23,034	\$ 23,554	\$ 25,245
\$ 5,710	\$ 3,735	\$ 2,154	\$ (4,966)	\$ 3,168	\$ 1,680
(341)	2,344	(97)	(2,286)	1,400	1,804
\$ 5,369	\$ 6,079	\$ 2,057	\$ (7,252)	\$ 4,568	\$ 3,484

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

	Fiscal Year				
	2012	2013	2014	2015	2016
General fund					
Reserved					
Unreserved					
<i>Post—GASB 54</i>					
Nonspendable	\$ 33	\$ 35	\$ 17	\$ 22	\$ 18
Restricted	2,340	2,657	2,476	3,079	3,912
Committed	666	580	633	311	428
Unassigned	5,701	6,294	5,969	6,786	7,880
Total general fund	<u>\$ 8,740</u>	<u>\$ 9,566</u>	<u>\$ 9,095</u>	<u>\$ 10,239</u>	<u>\$ 12,280</u>
All other governmental funds					
Reserved					
Unreserved, reported in					
Special revenue funds					
Capital projects funds					
<i>Post—GASB 54</i>					
Restricted	\$ 9,266	\$ 8,923	\$ 5,946	\$ 11,593	\$ 9,835
Committed	762	1,638	3,289	4,040	4,450
	-	-	-	(3)	-
Total all other governmental funds	<u>\$ 10,028</u>	<u>\$ 10,561</u>	<u>\$ 9,235</u>	<u>\$ 15,630</u>	<u>\$ 14,285</u>

Table D-4

	Fiscal Year				
	2017	2018	2019	2020	2021
General fund					
Nonspendable	\$ 19	\$ 12	\$ 14	\$ 12	\$ 12
Restricted	3,361	3,501	3,682	5,088	5,272
Committed	1,633	3,117	2,082	2,216	1,322
Assigned	10	-	-	-	-
Unassigned	8,417	8,419	8,577	9,281	11,537
Total general fund	<u>\$ 13,440</u>	<u>\$ 15,049</u>	<u>\$ 14,355</u>	<u>\$ 16,597</u>	<u>\$ 18,143</u>
All other governmental funds					
Restricted	\$ 2,640	\$ 2,901	\$ 3,206	\$ 2,835	\$ 3,345
Committed	7,232	4,986	17,120	16,289	13,688
Unassigned	-	-	-	-	-
Total all other governmental funds	<u>\$ 9,872</u>	<u>\$ 7,887</u>	<u>\$ 20,326</u>	<u>\$ 19,124</u>	<u>\$ 17,033</u>

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			
	2012	2013	2014	2015
Revenues				
Taxes and penalties	\$ 17,558	\$ 17,981	\$ 18,526	\$ 19,113
Licenses and permits	328	359	519	551
Intergovernmental	1,535	1,120	1,004	1,523
Charges for services	2,549	2,564	2,261	3,488
Grants	786	719	1,005	552
Fines and forfeitures	467	433	355	351
Investment income	56	44	58	57
Miscellaneous	1,211	1,405	1,479	1,838
Total revenues	24,490	24,625	25,207	27,473
Expenditures				
General government	3,716	4,360	4,534	5,656
Public safety	10,666	11,138	12,001	12,678
Culture and recreation	2,815	3,163	3,155	3,383
Public works	2,806	2,992	3,007	3,162
Business programs	167	-	-	-
Capital outlay	6,536	1,519	4,497	4,939
Debt service				
Principal	725	754	779	1,393
Interest	619	590	565	520
Other charges	155	-	-	-
Total expenditures	28,205	24,516	28,538	31,731
Excess (deficiencies) of revenues over expenditures	(3,715)	109	(3,331)	(4,258)
Other Financing Sources (Uses)				
Proceeds from debt issuance	6,965	-	284	9,746
Bond premium	138	-	-	249
Payment to refunded bond escrow agent	-	-	-	-
Transfers in	2,856	2,523	3,582	2,897
Transfers out	(606)	(1,273)	(2,332)	(1,094)
Total other financing sources (uses)	9,353	1,250	1,534	11,798
Net change in fund balances	\$ 5,638	\$ 1,359	\$ (1,797)	\$ 7,540
Debt Service as a Percentage of Noncapital Expenditures	7.4%	5.9%	5.7%	7.3%

Table D-5

Fiscal Year						
2016	2017	2018	2019	2020	2021	
\$ 19,500	\$ 20,430	\$ 21,152	\$ 21,831	\$ 22,537	\$ 24,618	
480	549	627	694	961	531	
1,348	3,827	2,651	2,220	7,277	5,400	
3,425	4,044	4,214	4,276	4,347	4,698	
781	321	259	3,466	1,309	95	
549	631	612	518	307	453	
130	243	391	619	567	206	
1,923	2,338	1,453	497	459	632	
28,136	32,383	31,359	34,121	37,764	36,634	
4,367	5,186	5,985	6,179	6,542	5,525	
12,303	12,651	13,124	13,762	14,004	15,084	
3,476	3,837	4,545	4,676	4,993	4,961	
3,017	3,373	5,206	4,992	3,997	4,850	
-	-	-	-	-	-	
3,645	11,969	1,955	2,817	7,534	5,835	
1,736	1,833	2,018	1,907	1,915	2,855	
818	722	618	703	851	858	
-	-	-	-	-	52	
29,362	39,571	33,451	35,036	39,836	40,021	
(1,226)	(7,188)	(2,092)	(915)	(2,072)	(3,387)	
-	-	6,750	9,895	3,285	2,835	
-	-	458	759	179	441	
-	-	(7,133)	-	(2,435)	(2,370)	
3,349	7,170	3,444	3,531	4,527	2,715	
(1,428)	(3,236)	(1,803)	(1,525)	(2,444)	(781)	
1,921	3,934	1,716	12,660	3,112	2,841	
\$ 695	\$ (3,254)	\$ (376)	\$ 11,745	\$ 1,040	\$ (546)	
9.9%	9.9%	8.4%	8.8%	8.8%	10.9%	

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 Year	Property Tax	Sales and Use Tax	Occupancy Tax	Franchise Tax	Mixed Beverage Tax	Total
2012	\$ 9,703	\$ 5,120	\$ 854	\$ 1,829	\$ 53	\$ 17,559
2013	9,699	5,554	958	1,716	55	17,981
2014	9,849	5,855	1,046	1,776	69	18,594
2015	10,015	6,230	1,081	1,793	74	19,193
2016	10,303	6,427	1,107	1,632	74	19,542
2017	10,736	6,722	1,219	1,734	72	20,482
2018	10,882	6,899	1,334	1,951	87	21,152
2019	11,062	7,297	1,416	1,943	113	21,831
2020	11,587	7,826	1,174	1,851	99	22,537
2021	12,111	8,901	1,599	1,874	104	24,589

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 Year	Assessed Value	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
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%
2020	2,426,500	832,974	1,593,526	0.5400	1,593,526	100%
2021	2,753,596	982,002	1,771,594	0.5093	1,771,594	100%

Source: Kerr Central Appraisal District

Beginning in 2007, the City implemented a property tax freeze for residents 65 and older. The total taxable assessed value reported by the Kerr Central Appraisal District excludes this property.

City of Kerrville, Texas
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Amounts Expressed in Thousands)

Table D-8

Fiscal Year	City of Kerrville Direct Tax Rate			Overlapping Tax Rates			Total Direct and Overlapping Rates
	General Government	Debt Service	Total	School District	Kerr County	Guadalupe River Authority	
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
2020	0.4665	0.0735	0.5400	1.1700	0.5150	0.0288	2.2538
2021	0.4381	0.0735	0.5116	1.1150	0.4757	0.0268	2.1291

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

Taxpayer	2021			2012		
	Assessed Value	Rank	Percentage of Total City Assessed Value	Assessed Value	Rank	Percentage of Total City Assessed Value
James Avery Craftsman	\$ 48,789,678	1	2.01%	\$ 5,637,541	8	0.30%
Atmos Energy/Mid-Tex Distribution	13,996,153	2	0.58%	5,050,132	10	0.27%
Mooney International Corporation	9,899,828	3	0.41%			
H.E. Butt Grocery Company	9,569,127	4	0.39%			
Wal-Mart Stores Inc.	8,930,416	5	0.37%	7,784,640	3	0.41%
Sendero Ridge Kerrville LP	8,036,000	6	0.33%			
S-H Forty-Nine Properties LLC	7,475,250	7	0.31%			
Lowe's	6,674,102	8	0.28%	6,270,099	7	0.33%
Kerrville SPC LLC	6,507,024	9	0.27%			
Emerald Cottages of Kerrville, LLC	6,382,000	10	0.26%			
Wal-Mart Stores Inc # 508				7,018,452	5	0.37%
Home Depot, USA Inc.				6,694,883	6	0.36%
Comanche Trace Ranch & Golf				7,502,085	4	0.40%
Windstream				25,205,922	1	1.34%
Atek Plastics				5,179,341	9	0.28%
Emeritus				9,115,001	2	0.48%
Total top 10	126,259,578		5.20%	85,458,096		4.54%
All other	2,300,240,653		94.80%	1,797,750,399		95.46%
Total	<u>\$2,426,500,231</u>		<u>100.00%</u>	<u>\$1,883,208,495</u>		<u>100.00%</u>

Source: Kerr Central Appraisal District

City of Kerrville, Texas
Property Tax Levies and Collections
Last Ten Fiscal Years
(Amounts Expressed in Thousands)

Table D-10

<u>Fiscal Year</u>	<u>Taxes Levied for the Fiscal Year</u>		<u>Collected Within Year of Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
			<u>Current Year Amount</u>	<u>Percentage of Levy</u>		<u>Combined Amount</u>	<u>Percentage of Levy</u>
2012	\$	9,537	\$ 9,412	98.69%	101	\$ 9,513	99.75%
2013		9,679	9,443	97.56%	209	9,652	99.71%
2014		9,688	9,545	98.53%	109	9,655	99.66%
2015		10,024	9,840	98.16%	149	9,988	99.65%
2016		10,320	10,132	98.18%	142	10,274	99.55%
2017		10,653	10,491	98.48%	102	10,593	99.44%
2018		10,951	10,774	98.38%	110	10,884	99.39%
2019		11,108	10,939	98.48%	84	11,023	99.23%
2020		11,648	11,455	98.34%	32	11,487	98.62%
2021		12,048	11,856	98.41%	52	11,909	98.84%



This Page Has Been Intentionally Left Blank

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

Type	2012	2013	2014	2015
Accommodation/Food Services	\$ 77,902,407	\$ 80,993,418	\$ 86,829,574	\$ 90,808,253
Admin/Support/Waste Mgmt/Remediation Svcs	18,874,150	21,314,998	22,289,923	20,465,440
Agriculture/Forestry/Fishing/Hunting	352,751	714,641	563,751	899,054
Arts/Entertainment/Recreation	5,331,787	4,692,190	4,631,153	5,151,160
Construction	72,304,961	92,022,514	98,816,059	101,873,825
Educational Services	31,052,368	30,859,006	32,115,711	33,054,086
Finance/Insurance	12,973	58,606	89,760	83,638
Health Care/Social Assistance	3,540,104	13,049,140	4,821,994	4,313,333
Information	23,287,473	23,351,651	25,079,857	26,097,466
Manufacturing	45,929,975	45,808,283	52,060,982	61,045,814
Other Services (Except Public Administration)	45,168,666	44,899,714	51,180,278	53,106,519
Professional/Scientific/Technical Services	17,224,688	17,807,087	18,519,033	20,179,472
Public Administration	44,214,112	41,666,600	42,307,481	43,510,601
Real Estate/Rental/Leasing	8,313,596	4,201,799	12,231,231	7,666,292
Retail Trade	680,086,182	730,374,049	838,913,172	799,284,207
Transportation/Warehousing	3,122,381	3,269,255	3,835,865	2,386,422
Wholesale Trade	52,800,978	50,622,313	46,402,764	47,227,827
Total	<u>\$ 1,129,519,552</u>	<u>\$ 1,205,705,264</u>	<u>\$ 1,340,688,588</u>	<u>\$ 1,317,153,409</u>
Direct Sales Tax Rate	1.50%	1.50%	1.50%	1.50%

Source: Texas Comptroller of Public Accounts

** 3rd & 4th quarter not available

Table D-11

	2016	2017	2018	2019	2020	**2021
\$	99,768,744	\$ 103,430,428	\$ 105,526,744	\$ 111,974,706	\$ 112,103,308	\$ 55,102,039
	20,904,166	21,426,494	14,572,883	11,782,070	14,301,977	8,217,591
	843,386	1,026,297	845,740	690,136	971,933	492,206
	4,867,665	5,007,627	4,810,259	5,012,938	4,726,375	2,922,358
	156,396,169	133,145,615	103,404,904	101,183,251	76,532,550	105,541,619
	35,228,505	36,301,968	38,184,943	35,547,507	40,833,088	18,524,853
	97,335	217,055	388,912	385,181	491,656	225,991
	4,022,867	3,713,659	4,195,709	5,608,243	6,643,238	4,122,725
	25,910,010	24,105,256	23,277,197	23,729,450	22,869,895	10,971,161
	62,392,882	58,198,653	72,164,556	65,854,610	57,303,379	26,415,121
	46,838,152	40,228,943	39,856,344	40,062,823	38,592,164	19,391,310
	18,449,324	20,889,638	17,584,712	19,546,971	21,613,838	12,709,689
	38,010,491	38,842,343	43,789,470	41,260,070	43,134,446	20,608,536
	3,873,704	11,637,480	12,379,884	21,292,018	14,191,951	7,212,123
	867,204,733	836,748,834	849,115,911	877,744,253	919,184,154	958,330,745
	2,346,229	1,717,323	1,723,837	12,530,821	7,423,239	4,505,287
	44,107,128	44,770,943	49,878,321	41,585,378	45,596,544	26,950,089
	<u>\$ 1,431,261,490</u>	<u>\$ 1,381,408,556</u>	<u>\$ 1,381,700,326</u>	<u>\$ 1,415,790,426</u>	<u>\$ 1,426,513,735</u>	<u>\$ 1,282,243,443</u>
	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)

Fiscal Year	Governmental Activities			
	General Obligation Bonds	Certificates of Obligation	Bank/ Private Loans	Capital Leases
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	20,271	1,034	-
2017	2,557	19,189	680	-
2018	6,443	13,702	322	-
2019	5,527	23,581	-	-
2020	7,189	19,897	-	-
2021	8,300	16,677	865	-

Source: Debt rollforward spreadsheet in audit/debt folder

PREMIUMS ARE INCLUDED IN OUTSTANDING BOND NUMBERS

Table D-12

Fiscal Year	Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Obligation	Bank/Private Loans			
2012	5,661	22,195	516	46,772	8.70%	2,086
2013	5,192	31,060	444	54,341	9.40%	2,364
2014	4,911	29,933	368	52,637	8.88%	2,234
2015	4,390	28,287	290	59,130	9.82%	2,484
2016	3,853	36,119	7,708	72,077	11.96%	2,989
2017	3,295	33,976	7,623	67,321	11.64%	2,771
2018	11,239	23,290	7,535	62,530	9.96%	2,522
2019	10,460	34,271	7,500	81,338	11.87%	3,263
2020	8,795	32,843	7,500	76,224	10.65%	3,029
2021	17,772	20,753	7,500	71,867	9.97%	2,960

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

Table D-13

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Less: Amounts Available In Debt Service Funds	Total		
2012	10,200	4,144	6,056	0.48%	270
2013	9,355	5,443	3,912	0.31%	170
2014	8,844	5,162	3,682	0.29%	156
2015	7,909	4,770	3,140	0.23%	132
2016	6,945	2,513	4,432	0.33%	184
2017	5,852	2,536	3,317	0.24%	137
2018	17,682	2,074	15,607	1.05%	629
2019	15,987	2,580	13,406	0.89%	538
2020	15,984	2,543	13,441	0.84%	534
2021	26,072	2,629	23,443	1.32%	966

****NOTE: ALL YEARS INCLUDE GOVERNMENT AND BUSINESS-TYPE ACTIVITIES****

Source: GO bonds total from table D-12

Available Debt Service Funds = cash balance in funds 50 + 53

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	\$ 88,745,000	66.56%	\$ 59,068,672
Kerr County	30,540,000	42.84%	<u>13,083,336</u>
Subtotal, overlapping debt			72,152,008
City of Kerrville Direct Debt	25,842,199	100%	<u>25,842,199</u>
Total direct and overlapping debt			<u><u>\$ 97,994,207</u></u>
Average debt per capita			<u><u>\$ 3,930.62</u></u>

Source: 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				
	2012	2013	2014	2015	2016
Total Taxable Assessed Value	1,269,421	\$ 1,279,663	\$ 1,274,970	\$ 1,363,191	\$ 1,354,968
Annual payment	8,463	8,531	8,500	9,088	9,033
Debt limit	126,942	127,966	127,497	136,319	135,497
Total net debt applicable to limit	4,539	2,826	2,826	2,826	5,783
Legal debt margin	122,403	125,140	124,671	133,493	129,714

	Fiscal Year				
	2017	2018	2019	2020	2021
Total taxable assessed value	\$ 1,405,346	\$ 1,485,795	\$ 1,497,972	\$ 1,593,526	\$ 1,771,594
Annual payment	9,369	9,905	9,986	10,624	11,811
Debt limit	140,535	148,580	149,797	159,353	177,159
Total net debt applicable to limit	7,470	16,538	14,744	14,744	24,808
Legal debt margin	133,065	132,042	135,053	144,608	152,351

Legal Debt Margin Calculation for the Current Fiscal Year

Assessed value	\$ 2,753,596
Exempt real property	(982,002)
	<u>1,771,594</u>
Debt limit (10% of assessed value)	<u>177,159</u>
Debt applicable to limit	
General obligation bonds	26,072
Less: Amount set aside for repayment of general obligation debt	<u>1,264</u>
Total net debt applicable to limit	<u>24,808</u>
Legal debt margin	<u>\$ 152,351</u>

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 percent.

City of Kerrville, Texas
Pledged-Revenue Coverage
Last Ten Fiscal Years
(Amounts Expressed in Thousands)

Table D-16

Water and Sewer Revenue Bonds						
Fiscal Years	Utility Service Charges	Less Operating Expenses*	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2020	12,651	6,287	6,364	-	-	N/A
2021	12,838	5,627	7,211	-	-	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

	Fiscal Year				
	2012	2013	2014	2015	2016
Population	22,423	22,983	23,558	23,808	24,111
Personal income (000's)	\$ 537,367	\$ 578,275	\$ 592,968	\$ 602,414	\$ 602,699
Per capita personal income	\$ 23,965	\$ 25,161	\$ 25,171	\$ 25,303	\$ 24,997
Median age	46.0	45.7	45.7	46.5	46.0
Education level in years of schooling: % with high school diploma or greater	85.6%	87.5%	85.1%	85.4%	88.6%
School enrollment	4,923	5,031	5,038	5,029	5,018
Unemployment rate	6.9%	5.6%	4.8%	3.8%	3.9%

Source: U.S. Census, Texas Workforce Commission, Kerrville Independent School District, Kerr Economic Development Corporation, and City of Kerrville staff estimates based on growth in residential water accounts since the 2010 census. The 2020 population estimate may be revised pending 2020 census results.

Table D-17

	Fiscal Year				
	2017	2018	2019	2020	2021
Population	24,292	24,796	24,931 #	25,162	24,278
Personal income (000's)	\$ 578,394	\$ 627,512	\$ 685,029	\$ 715,392	\$ 720,692
Per capita personal income	\$ 23,810	\$ 25,307	\$ 27,477	\$ 28,432	\$ 29,685
Median age	46.5	47.3	46.7	46.2	47.4
Education level in years of schooling: % with high school diploma or greater	85.7%	86.1%	88.5%	88.4%	88.5%
School enrollment	5,004	4,951	4,828	4,800	4808
Unemployment rate	3.2%	3.3%	2.9%	5.6%	4.3%

City of Kerrville, Texas
Principal Employers – Kerr County
Current Year and Nine Years Ago

Table D-18

Employer	2021			2012		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Peterson Health	1,200	1	5.47%	976	1	4.04%
Kerrville ISD	679	2	3.10%	725	2	3.00%
HEB Grocery & Foundation	600	3	2.74%	350	8	1.45%
Kerrville State Hospital	600	4	2.74%	534	3	2.21%
James Avery Craftsman	600	5	2.74%	345	6	1.43%
Kerrville VA Hospital	400	6	1.82%	425	4	1.76%
Kerr County	350	7	1.82%	290	9	1.20%
City of Kerrville	323	8	1.60%	306	7	1.27%
Wal-Mart	310	9	1.47%	375	5	1.55%
Brookdale Senior Services	130	10	1.41%	-		0.00%
Sava Senior Center	-		0.00%	278	10	1.15%
	5,192		24.91%	4,604		19.06%
All others	16,736		75.09%	19,860		80.94%
Total employed	21,928		100.00%	24,151		100.00%

Major Employer Source: Kerr Economic Development Corporation



This Page Has Been Intentionally Left Blank

City of Kerrville, Texas

Budgeted Full-time Equivalent Employees by Function/Program

Last Ten Fiscal Years

	Fiscal Year			
	2012	2013	2014	2015
General Fund				
City Secretary	2.0	2.0	2.0	2.0
City Attorney	2.0	2.0	2.0	1.0
City Administration	4.0	4.0	5.0	6.0
Human Resources	4.0	4.0	4.0	4.0
Finance	5.0	5.0	5.0	5.0
Information Technology	5.0	5.0	5.0	5.0
Public Information Office	0.0	0.0	0.0	0.0
Municipal Court	5.0	5.0	5.0	5.0
Kerrville-Schreiner Park	6.0	6.0	6.0	6.0
Police	71.0	71.0	68.0	70.0
Fire	49.2	49.0	49.2	48.1
Emergency Management and Training	0.0	0.0	0.0	0.0
Fire Marshal	2.0	2.0	2.0	2.0
EMS	26.8	27.0	26.8	27.9
Solid Waste	5.0	5.0	5.0	5.0
Planning	2.0	2.0	2.0	2.0
Building Services	5.0	5.0	4.0	4.0
Code Compliance	2.0	2.0	2.0	2.0
Business Programs	2.0	2.0	0.0	0.0
Aquatics	0.0	0.0	0.0	0.0
Parks Maintenance	12.0	12.0	13.0	18.0
Recreation	1.0	1.0	2.0	1.0
Community Events	0.0	0.0	0.0	0.0
Sports Complex	0.0	0.0	0.0	0.0
Engineering	21.0	21.0	3.0	4.0
Streets	0.0	0.0	16.0	18.0
Library	10.0	10.0	11.0	9.0
General Operations	0.0	0.0	0.0	0.0
Total general fund	242.0	242.0	238.0	245.0
Utility Fund				
Utility Billing	8.0	8.0	8.5	8.0
Utility Administration	4.0	4.0	5.0	3.0
Water Production	11.0	11.0	11.0	11.0
Water Distribution	9.0	9.0	9.0	9.0
Water Reclamation	14.0	17.0	14.0	14.0
Wastewater Collection	0.0	0.0	0.0	0.0
Utility Lab	4.0	4.0	4.0	4.0
Total utility fund	50.0	53.0	51.5	49.0
Gold Course Fund				
Golf Course Maintenance	8.0	8.0	8.0	7.0
Pro Shop	3.0	3.0	3.0	3.0
Total gold course fund	11.0	11.0	11.0	10.0
Garage Fund	4.0	4.0	4.0	4.0
Grand total	307.0	310.0	304.5	308.0

Source: Budget Book

Note: Kerrville-Schreiner Park was moved to the General Fund in fiscal year 2011. Solid Waste was moved to the General Fund in fiscal year 2015.

Table D-19

2016	2017	2018	2019	2020	2021
2.0	2.0	2.0	2.0	3.0	3.0
2.0	1.0	1.0	1.0	1.0	1.5
6.0	6.0	5.5	5.0	5.0	4.3
4.0	4.0	4.0	4.0	4.0	4.0
5.0	5.0	5.0	5.0	5.0	4.0
5.0	5.0	6.0	6.0	7.0	5.3
0.0	0.0	0.0	0.0	0.0	2.0
5.0	6.0	6.0	6.0	6.0	5.0
6.0	7.0	7.0	8.0	8.0	8.0
71.0	71.0	72.0	72.0	72.0	72.0
49.0	49.0	49.0	48.0	48.0	48.0
0.0	0.0	0.0	1.0	1.0	1.0
2.0	2.0	2.0	2.0	2.0	2.0
27.0	27.0	26.0	26.0	26.0	26.0
1.0	1.0	1.0	1.0	1.0	1.0
2.0	3.0	2.0	2.0	2.0	3.0
5.0	5.0	5.0	6.0	6.0	5.0
1.0	2.0	2.0	2.0	2.0	2.0
0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0
19.0	19.0	20.0	20.0	21.0	19.3
2.0	2.0	2.0	2.0	2.0	2.0
0.0	0.0	0.0	1.0	1.0	1.0
0.0	2.0	4.0	6.0	6.0	6.0
4.0	4.0	5.0	5.0	6.0	5.3
18.0	18.0	18.0	19.0	18.0	17.5
9.0	9.0	9.0	9.0	9.0	9.0
0.0	0.0	0.0	1.0	1.0	0.0
245.0	250.0	253.5	260.0	263.0	257.0
8.0	8.0	7.0	7.0	8.0	8.0
3.0	0.0	0.0	0.0	0.0	0.0
11.0	12.0	13.0	13.0	13.0	13.0
9.0	9.0	9.0	10.0	10.0	10.0
14.0	15.0	15.0	15.0	15.0	9.0
0.0	0.0	0.0	0.0	0.0	6.0
4.0	4.0	4.0	4.0	4.0	4.0
49.0	48.0	48.0	49.0	50.0	50.0
7.0	7.0	7.0	7.0	5.0	5.0
3.0	3.0	3.0	3.0	2.0	2.0
10.0	10.0	10.0	10.0	7.0	7.0
4.0	4.0	5.5	5.0	5.0	5.3
308.0	312.0	317.0	324.0	325.0	319.3

City of Kerrville, Texas

Operating Indicators by Function/Program

Last Ten Fiscal Years

Table D-20

Function/Program	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police										
Calls for service	15,397	16,126	14,820	16,220	17,040	17,164	14,534	14,247	13,404	14,225
Avg. response time per call (minutes)	8.0	9.0	6.2	8.3	7.4	6.2	6.5	6.4	5.2	5.6
Clearance rate	62%	54%	55%	54%	58%	52%	58%	70%	73%	80%
Fire										
Fire response time (minutes)	4.4	N/A	4.2	4.3	4.6	4.7	5.0	4.8	4.9	5.2
First responder response time (min)	7.9	N/A	8.9	8.1	6.2	8.7	4.0	4.3	4.0	4.5
EMS response time – City (minutes)	5.1	N/A	5.3	5.0	4.9	5.2	5.4	5.1	5.0	5.4
Inspections	568	458	393	429	491	593	802	647	680	733
Streets										
Street maintenance – man hours	2,000	1,749	6,224	4,161	4,128	4,789	6,785	4,912	5,940	5,800
Pothole repairs	1,800	1,323	2,109	2,273	2,250	2,208	1,234	1,553	915	866
Traffic control (signs) – man hours	1,722	1,804	1,722	1,777	2,185	2,110	2,111	2,114	2,156	3,424
Solid Waste										
Annual tonnages at landfill	8,000	7,500	8,279	8,242	9,259	8,932	9,839	8,591	9,908	9,392
Annual tonnages at transfer station*	46,767	48,402	50,175	55,528	66,162	72,773	68,460	72,510	81,694	74,491
Annual tonnages – recycling program*	1,700	1,200	1,383	669	1,508	1,595	1,643	1,561	1,172	1,068
Culture and Recreation										
Park maintenance – man hours	20,785	17,675	25,033	27,622	29,450	29,198	33,781	34,291	30,703	34,768
Golf Course – rounds of golf played	36,262	32,509	29,489	27,111	26,252	25,979	23,468	21,744	24,111	25,732
Swimming pool attendance	7,613	9,719	15,290	17,118	10,158	13,024	13,867	14,178	8,461	13,156
Kerrville Schreiner Park										
Reservations processed	5,407	7,263	12,507	13,369	14,333	15,749	16,783	15,291	14,574	7,551
Water										
Water meters read	115,777	116,563	117,459	119,126	120,053	120,836	121,081	120,998	122,160	122,587
Work orders processed	10,221	10,672	10,737	10,748	11,191	12,013	11,256	9,574	11,114	12,526
Water main breaks	53	42	21	28	19					
Calls for water main breaks**						100	62	107	84	114
Total Water Consumption	1,289,982	1,302,333	1,243,039	1,072,229	1,206,145	1,347,170	1,281,620	1,128,810	1,365,368	1,053,572
(thousands of gallons)										
Cost per thousand gallons	\$1.10	\$1.07	\$1.22	\$1.55	\$1.30	\$1.24	\$1.53	\$1.69	\$1.46	\$1.78
Wastewater										
Average daily sewage treatment	2,148	2,199	2,132	2,044	2,484	2,054	2,010	2,165	2,033	2,172
(thousands of gallons)										

*Transfer station began operation in 2010. Revised recycling program began in 2015.

**Metrics were revised in 2017 to show number of main break calls resolved by Public Works department.

City of Kerrville, Texas

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

Table D-21

Function/Program	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public Safety										
Police and Fire:										
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	285	285
Area in square miles	21.1	21.1	21.3	21.8	22.2	22.2	22.4	22.4	22.4	22.71
Culture and Recreation										
Parks acreage	937	937	937	937	937	1,041	1,041	1,046	1,048	1048
Swimming pools	1	1	1	1	1	1	1	1	1	
Picnic areas & playgrounds	23	23	23	23	23	23	23	23	23	24
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)	241	246	249	253	253	255	257	258	262	264
Average daily consumption (millions of gallons)	3.82	3.88	3.17	3.67	2.85	3.01	3.86	3.33	3.27	3.39
Sewer										
Sanitary sewers (miles)	194	214	209	227	227	227	227	227	227	198
Storm sewers (miles)	7	7	7	7	7	7	8	8	8	15
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

Source: Various city departments



End of Document