

**CITY OF KERRVILLE, TEXAS**  
**ANNUAL COMPREHENSIVE**  
**FINANCIAL REPORT**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2024**



**LOOKING UP**





# **City of Kerrville, Texas**

## **Annual Comprehensive Financial Report**

**Year Ended September 30, 2024**

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

**Julie Behrens, Director of Finance  
Trina Rodriguez, Assistant Director of Finance**



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**City of Kerrville, Texas**  
**Annual Comprehensive Financial Report**  
**Year Ended September 30, 2024**

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## **Introductory Section**



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## City of Kerrville

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### ***Letter of Transmittal***

March 18, 2025

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

We are pleased to present the Annual Comprehensive Financial Report (ACFR) for the City of Kerrville, Texas, for the fiscal year ending September 30, 2024. Prepared by the City's Finance Department this report complies with Texas Local Government Code Section 103.001 and Article VIII, Section 8.07 of the City Charter. The ACFR provides City Council, staff, citizens, bondholders, and other stakeholders a detailed view of 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 the City. We believe the data is accurate, fairly represents the City's financial position and operations, and includes all necessary disclosures to portray a clear understanding of financial affairs. To the best of our knowledge, this report is complete and reliable in all material respects.

### ***Internal Controls***

The City of Kerrville has established and maintains a system of internal accounting controls designed in part to provide reasonable assurance that assets are safeguarded against loss, theft, or unauthorized use and that financial records can be relied upon to produce financial statements in accordance with accounting principles generally accepted in the United States (GAAP). The concept of reasonable assurance recognizes that the cost of maintaining the system of internal accounting controls should not exceed the benefits likely to be derived from such controls. As a recipient of federal and state financial assistance, in the form of grants or other funding, the City is also responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to such funding. In our opinion, the City utilizes a system of controls and procedures appropriate to ensure such compliance.

### ***Independent Audit***

Independent audits are vital for financial control and accountability. As required by the City Charter, the City engaged Forvis Mazars, LLP, to audit its financial records for the year ending September 30, 2024. The audit included testing financial data, assessing accounting principles and internal controls, reviewing significant estimates, and evaluating overall financial statement presentation. Government entities spending over \$750,000 in federal awards annually must undergo a single audit under the Single Audit Act. This includes preparing a Schedule of Expenditures of Federal Awards (SEFA), which details federal fund expenditures. Auditors test expenses of selected programs for compliance.

Forvis Mazars, LLP issued unmodified opinions on the City's financial statements for the fiscal year ending September 30, 2024, confirming fair presentation in accordance with GAAP. The independent auditor's report is included in the financial section.

Also included is Management's Discussion and Analysis (MD&A), which provides an overview of the financial statements. These statements along with accompanying notes, outline the City's financial condition and cover governmental and business-type activities as well as component unit funds. This transmittal letter complements the MD&A and should be read in conjunction with it.

### ***Profile of the Government***

Kerrville, the county seat and commercial hub of Kerr County, Texas, is located about 65 miles northwest of San Antonio along U.S. Interstate 10. Key industries include health care, retail, manufacturing, and tourism. The City's population continues to grow, with an estimated 24,768 residents as of September 30, 2024— a 2% increase since the 2020 census. The annual compounded growth rate is under 1%.

In accordance with its charter, the City of Kerrville operates as a council-manager type government. The City's governing body (City Council) is elected by the citizens of Kerrville and appoints the City Manager. City Council enacts all ordinances, resolutions and regulations and appoints members of various boards and commissions that make recommendations to City Council. The City Manager enforces ordinances, resolutions and regulations and guides City staff in all operational responsibilities of the City.

The City offers a full range of municipal services, including general government, public safety (police, fire, EMS, and emergency management), streets, parks and recreation, planning and zoning, code enforcement, and a public library. Water and wastewater services are provided to citizens and accounted for in a business-type fund. Residential solid waste collection is handled by a private contractor for which customers pay through their municipal utility bill. Non-residential customers choose their own provider.

### ***Overview of Financial Reporting***

In addition to the City's operational and special funds, this report includes all organizations under the City Council's financial control. These funds include the Kerrville Economic Improvement Corporation (EIC) and the Kerrville Public Utility Board, which are reported separately in the government-wide financial statements. The City also jointly owns the Kerrville-Kerr County Airport and includes an "equity in joint venture" in the accompanying financial statements. These inclusions meet GASB standards for completeness and accuracy.

## **Budget**

The City's annual budget is the foundation for financial planning and control. Proposed by the City Manager and staff, it is adopted by the City Council in accordance with State Law, the City Charter, and City policies. The budget is organized by fund, department, function, and category, with the fund level being the legal level of control. All budgeted funds are included in this report. The Community Investment Plan (capital budget) is part of the Citywide budget, using estimated figures where necessary for capital projects, which are controlled by individual project appropriations. City policies including Financial Management, Investment, and Purchasing, are adopted annually with the budget to maintain transparency and allow for continuous review and feedback from the City Council and citizens. Policy amendments may be made via resolution by the Council.

Creating and managing the budget is a year-round process that involves ongoing review of priorities outlined in the Kerrville 2050 Comprehensive Plan and City Council's prioritization. City staff tracks asset and maintenance needs, maintaining long-range plans based on priority. The Finance Department prepares revenue estimates and budget instructions, while other departments prepare expenditure estimates and requests, including those supporting Kerrville 2050. These requests are reviewed by the Finance Department and budget committee, which includes the City Manager. The City Manager makes final decisions on budget recommendations to City Council. The City Charter requires the proposed budget to be filed by July 31st of each year. Public hearings are held before adoption, which must occur by September 30th.

Budgetary reporting is provided at the department level within each fund. Transfers within funds may occur without increasing overall expenditures, but transfers between funds or any increase in appropriations require City Council approval. Budget-to-actual comparisons for governmental funds with adopted budgets are included in either the supplementary information or additional supplementary sections of this report.

## **Local Economy and Current Trends**

Several manufacturing firms and various commercial establishments (restaurants, building supply stores, big box retailers, banks, supermarkets, etc.) are located in the Kerrville area. The City of Kerrville continues to grow as a retail hub because it serves a large geographical area, especially to the west of Kerrville. In addition, the manufacturing industry continues to grow and thrive.

In October 2023, the U.S. inflation rate was 3.2%, a decrease from the 7.2% rate in October 2022. The inflation rate declined throughout fiscal year 2024 in response to Federal Reserve interest rate hikes aimed at slowing the economy. By the end of fiscal year 2024, the inflation rate dropped to 2.4%. However, inflationary pressures continue to affect businesses with higher salaries and higher cost of goods. These increases are believed to have contributed to reduced spending which has impacted the City's sales tax revenues. Despite these pressures, sales tax revenues remained strong throughout fiscal year 2024, with consistent trends across all categories. Increases were smaller compared to the significant growth experienced during the COVID-19 pandemic. However, sales tax revenue for fiscal year 2024 ended 34% higher than fiscal year 2019, which is considered the last "normal" year before the pandemic. Sales tax continues to strongly support both the General Fund and the Economic Improvement Corporation (EIC).

The fiscal year 2024 budget reflected the ongoing compounded effects of personnel increases that began in fiscal year 2022 during the highest inflation experienced by the U.S. in four decades. In fiscal year 2024, the General Fund saw an increase of \$2.4 million in personnel expenses compared to fiscal year 2023. Personnel costs accounted for 70% or \$27.3 million of the fund's \$39.2 million expenditures. The largest increases included salary adjustments for public safety, cost-of-living adjustments approved by City Council, and higher group insurance costs. Unlike fiscal year 2023, which saw large inflation-driven increases, fiscal year 2024 experienced more stability in areas outside of personnel.

Additionally, City Council approved transfers from the General Fund to funds to enhance the sustainability of City assets.

Tiered water rates encourage conservation by charging higher rates to high-volume users. However, the prolonged drought conditions of the past two years have necessitated increased conservation efforts. These prolonged restrictions on water use greatly reduced irrigation in the City, which caused a significant decline in revenues. The cost of the water and wastewater systems do not decrease with reduced consumption. In fiscal year 2024, the Water Fund experienced a revenue shortfall of \$820,000. The fiscal year 2025 budget adopted a new water model that reduces dependence on irrigation by raising base rates to help cover the ongoing costs of operating the water and wastewater systems. These efforts will further encourage conservation.

The City of Kerrville is home to nine employers with over 300 employees each. The largest employers are in health care, including Peterson Regional Medical Center (1,315 employees), Kerrville State Hospital (710 employees), and the Kerrville Veteran's Hospital (475 employees). Other major employers include James Avery Artisan Jewelry (775 employees), Kerrville Independent School District, Schreiner University, and HEB (each with over 650 employees). The City of Kerrville and Kerr County employee 339 and 327 people, respectively. As of September 2024, Kerr County's unemployment rate, including Kerrville, was 3.4%, which is lower than the state rate of 4.2%. Due to the low unemployment rate, Kerrville employers report a workforce shortage, which could impact sales tax revenue.

To address workforce shortages, community leaders have focused on efforts to improve the availability of housing in Kerrville. In 2019, the City partnered with Lennar Homes to build over 100 homes in the Ridgeland subdivision, located off Loop 534 near schools, a park, and the City's pool. By September 2024, 67 homes had been constructed. Per the City's agreement with Lennar Homes, sales prices for these new homes are in alignment with maximum sales prices set by the Texas Department of Housing to ensure affordability for the local workforce. In 2024, the City established a new Tax Increment Reinvestment Zone (TIRZ) for a second housing subdivision, which will add approximately 500 homes designated for workforce housing. Additionally, the City entered into a development agreement for a multi-family apartment complex that will add 273 units to the City's housing inventory. These developments will increase property value, provide much-needed housing for residents and encourage continued economic growth.

City representatives and community leaders continue to promote development to attract light, clean industries, as well as retail and hospitality. State and local leaders collaborate to recruit new companies and expand existing ones, supporting Kerrville's growth while preserving its small-town charm. Killdeer Mountain Manufacturing (KMM), who produces aerospace electronic components for large companies such as Boeing opened a manufacturing plant, in late 2023. KMM expects to employ 400 people in their facility within the next 10 years. Megaaccrete, an autoclaved aerated concrete manufacturer, plans to open a facility in Kerrville that will significantly impact the City's sales tax revenue.

Kerrville's recreational offerings are growing, enhancing its quality of life. The City's 27 parks cover over 1,000 acres, with Kerrville-Schreiner Park drawing tourists to its RV sites, cabins, and River Trail. The Kathleen C. Cailloux Center for Performing Arts and Arcadia Live host a variety of performances.

Other cultural attractions include the Museum of Western Art and local art studios. Sports facilities like the Kerrville Tennis Center and Scott Schreiner Golf Course are fee-based amenities hosting daily play and large tournaments, while the Kerrville Sports Complex boosts tourism with its multi-sport events. Kerrville's appealing quality of life attracts retirees and families. With ongoing efforts to strengthen the economy, steady growth is expected to continue in the coming years.

### ***Kerrville Economic Improvement Corporation***

The Kerrville Economic Improvement Corporation (EIC) receives a half-cent sales tax allocation to support economic growth, with goals of increasing primary jobs, improving affordable housing, and enhancing quality of life. Governed by its own board, the EIC proposes a separate budget, approved by City Council, and follows Texas Local Government Code for allowable 4B expenditures, including infrastructure projects, economic incentives, quality of life components, and more. Since its inception, the EIC has invested \$90 million into the City. Notable projects funded by the EIC include the Kerrville River Trail, Arcadia Theatre renovations, infrastructure for Killdeer Mountain Manufacturing, Megaacrete, and Peterson Regional Medical Center's expansion. Additionally, the EIC issued \$20M in Sales Tax Revenue Bonds for projects such as Cailloux Theatre roof and HVAC replacement, renovations at the Scott Schreiner Golf Course, Olympic Pool renovations, construction of a new park to add accessibility to Nimitz Lake, assistance with construction of the Heart of the Hills Heritage Center, and other park improvements.

### ***Long-term Financial Planning***

The City's financial management policy requires the General Fund to maintain an unassigned balance between 15% and 25% of annual operating expenditures, which exceeds GFOA's recommended best practice. The Water Fund is required to maintain a balance between 15% and 25% of cash and receivables. Excess fund balance may be reallocated for one-time expenditures with City Council approval but cannot be used for recurring expenses. These policies help the City navigate economic downturns and handle unforeseen emergencies. Additionally, the City uses a five-year forecast in its budgeting process to guide decision-making and plan for the long-term impact of current choices.

The City Council has adopted formal long-range plans, developed with input from third-party consultants and City staff, to guide future planning. These include the Long-Range Water and Wastewater Master Plans as well as Streets and Parks and Recreation Master Plans. The City is also working on master planning for facilities and asset replacement to meet future needs. Excess revenues are typically earmarked for future capital needs, including capital projects and asset replacement. Resources from the General Fund and the Water & Sewer Fund are transferred to these funds as part of the budget process and approved budget amendments.

The City maintains a strong Community Investment Plan (CIP), with all capital projects reviewed annually by City staff and the City Council. This review allows for adjustments based on changing growth patterns, economic conditions, mandates and council priorities. The Community Investment Plan (CIP) is a planning tool, not a commitment to specific projects or funding. Its purpose is to help City staff identify necessary capital improvements, estimate costs, and highlight high-priority projects approved by City Council. The CIP outlines recommended projects and financing methods, with improvements aligned with the Kerrville 2050 plan. Each project is approved individually by the City Council.

### ***Debt Issuances***

The City uses excess revenues and budgeted transfers to support capital projects, asset replacement and other future needs. However, current capital needs exceed the City's ability to generate enough internal funds to cover project costs. Details about outstanding debt issuances can be found in the Notes on Long-Term Obligations and the Schedules of Outstanding Debt in the Supplemental Schedules. The MD&A also provides information on recent debt issuances.

### **Awards and Acknowledgements**

In 2024, the City of Kerrville was awarded the Triple Crown Award from the Government Finance Officers Association (GFOA), marking a significant achievement. The City also received the GFOA Certificate of Achievement for Excellence in Financial Reporting for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ending September 30, 2023. This certificate is reproduced in the report. The City has earned the Certificate of Achievement and the Distinguished Budget Presentation Award for thirty-nine consecutive fiscal years (FY1984 through FY2023).

To receive the Certificate of Achievement, the City must publish an ACFR that is readable, well-organized, and conforms to GFOA standards, as well as generally accepted accounting principles and legal requirements. We believe this report continues to meet these criteria and will be submitted to GFOA for eligibility for another certificate.

The preparation of this report could not be accomplished without the dedication of all Finance Department staff who work diligently to maintain transparency, strong internal controls, and accountability. Appreciation is expressed to the City employees who are responsible for the activities upon which this report is based. Acknowledgment and appreciation is also given to representatives of Forvis Mazars, LLP, for their dedicated assistance and input into the preparation of this report. Finally, our appreciation is extended to the City Council for their support and responsible decisions impacting the financial operations of the City.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read 'Dalton', with a long horizontal flourish extending to the right.

Dalton Rice  
City Manager

A handwritten signature in blue ink, appearing to read 'Julie', with a large loop and a horizontal flourish extending to the right.

Julie Behrens  
Director of Finance





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Government Finance Officers Association

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Presented to

**City of Kerrville  
Texas**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

September 30, 2023

*Christopher P. Morill*

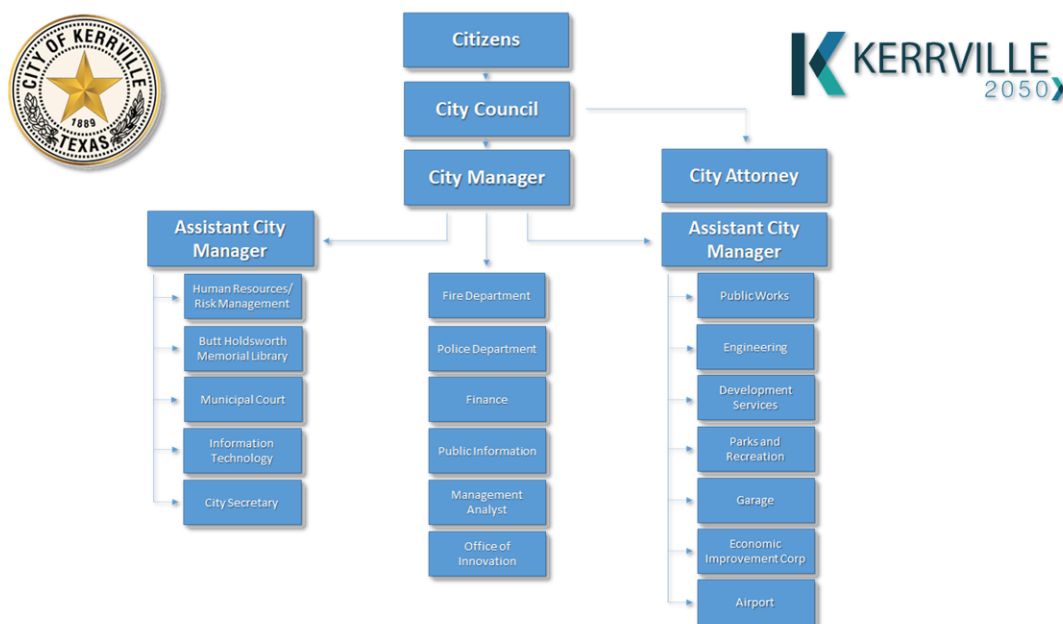
Executive Director/CEO



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**City of Kerrville, Texas**  
**Organization Chart**  
**Year Ended September 30, 2024**

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The City uses a matrix type organization chart to better represent the collaborative approach utilized to meet the goals of the Kerrville 2050 Comprehensive Plan.



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**City of Kerrville, Texas**  
**List of Principal Officials**  
**Year Ended September 30, 2024**

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<b><u>Name</u></b>	<b><u>Position</u></b>	<b><u>Term Expiration</u></b>
<b><u>Elected Officials</u></b>		
Joe Herring, Jr.	Mayor	May 2026
Delayne Sigerman	Place 1	May 2025
Jeff Harris	Place 2	May 2025
Kent McKinney	Place 3	May 2026
Brenda Hughes	Place 4, Mayor Pro Tem	May 2026
<b><u>Appointed Officials</u></b>		
Dalton Rice	City Manager	
Mike Hayes	City Attorney	
<b><u>Senior Executive Team</u></b>		
Michael Hornes	Assistant City Manager	
Kimberly Meisner	Assistant City Manager	
Julie Behrens	Director of Finance	
Chris McCall	Chief of Police	
Eric Maloney	Fire Chief	
Stuart Barron	Executive Director of Public Works & Engineering	
Kyle Burrow	Director of Engineering	
David Barrera	Director of Public Works	
Charvy Tork	Executive Director of Innovation	
Ashlea Boyle	Director of Parks & Recreation	
Drew Paxton	Director of Development Services	
Diane Miller	Library Director	
Yesenia Luna	Court Administrator	
Shelley McElhannon	City Secretary	
Stuart Cunyus	Public Information Officer	
Kelly Hagemeier	Executive Office Coordinator	



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## **Financial Section**





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## **Independent Auditor's Report**

The Honorable Mayor and City Council  
City of Kerrville, Texas  
Kerrville, Texas

### ***Opinions***

We have audited the 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, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our report and the report of other auditors, the accompanying 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, 2024, 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.

We did not audit the financial statements of Kerrville Public Utility Board (KPUB), a discretely presented component unit, which represents 80%, 89%, and 88% of the assets and deferred outflows of resources, net position, and revenues, respectively, of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for KPUB is based solely on the reports of the other auditors.

### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, pension, and other postemployment benefit information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

### ***Supplementary 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 combining and individual fund financial statements and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 and individual fund financial statements and budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

***Forvis Mazars, LLP***

**Dallas, Texas  
March 18, 2025**



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**City of Kerrville, Texas**  
**Management's Discussion and Analysis (Unaudited)**  
**Year Ended September 30, 2024**

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## **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, 2024. 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 2024 fiscal year by \$172,609,190. Of this amount, \$34,364,631 (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 2024, the City's total net position increased by \$6,382,354 or 3.8%. The net position of business-type activities increased by \$1,183,770 or 2.1%. The net position of governmental activities increased by \$5,198,584 or 4.7%.
- Total expenses of all the City's programs were \$60,057,811 in 2024 as compared to \$56,035,351 in 2023 .

### **Fund Statements**

- As of September 30, 2024, the City's governmental funds reported combined ending fund balances of \$65,483,432. Of this total amount, \$13,736,403 or approximately 21.0%, 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 \$13,736,403 or 35.0% 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.

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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's financials, 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. Additionally, the government-wide financial statements report the City's equity in the Kerrville-Kerr County Airport.

*The government-wide financial statements can be found on pages 34 – 36 of this report.*

### **Fund Financial Statements**

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

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus on governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 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 37 – 40 of this report.*

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*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 one enterprise fund at year end. The City uses enterprise fund to account for its water and wastewater services.

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 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 41 – 45 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 53 – 87 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 \$172,609,190 at the close of the most recent fiscal year.

By far, the largest portion of the City's net position (71.0%) 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.



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	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 84,772,723	\$ 91,945,673	\$ 21,564,830	\$ 24,166,508	\$ 106,337,553	\$ 116,112,181
Capital, lease and subscription assets	118,106,271	101,335,178	86,280,229	86,234,597	204,386,500	187,569,775
Total assets	202,878,994	193,280,851	107,845,059	110,401,105	310,724,053	303,681,956
Deferred outflows of resources	4,277,828	7,396,751	755,056	1,276,926	5,032,884	8,673,677
Long-term liabilities	80,823,478	83,762,992	50,863,312	54,464,115	131,686,790	138,227,107
Other liabilities	9,350,140	5,238,932	1,077,682	1,767,552	10,427,822	7,006,484
Total liabilities	90,173,618	89,001,924	51,940,994	56,231,667	142,114,612	145,233,591
Deferred inflows of resources	923,529	790,192	109,606	80,619	1,033,135	870,811
Net position						
Net investment in capital assets	76,509,144	73,975,800	46,118,454	48,363,281	122,627,598	122,339,081
Restricted	13,832,129	13,318,567	1,784,832	1,784,832	15,616,961	15,103,399
Unrestricted	25,718,402	23,566,724	8,646,229	5,217,632	34,364,631	28,784,356
Total net position	\$ 116,059,675	\$ 110,861,091	\$ 56,549,515	\$ 55,365,745	\$ 172,609,190	\$ 166,226,836

During FY2024, capital, lease and subscription assets increased by \$16.8 million in governmental activities due to increased work performed in connection with the Public Safety Facility project. Long-term liabilities decreased \$2.9 million due primarily to scheduled debt service payments and a reduction in the net pension liability.

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 primarily attributed to increasing property tax revenue due to increase in valuations despite a decrease in the overall tax rate, increases in service revenues and strong investment earnings related to higher interest rates being paid. Additionally, revenue was recognized from the *American Rescue Plan Act* and other grant funding.

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	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
<b>Revenue</b>						
Program revenue						
Charges for services	\$ 9,100,676	\$ 8,576,078	\$ 14,389,073	\$ 14,511,234	\$ 23,489,749	\$ 23,087,312
Operating grants and contributions	4,455,552	5,346,027	-	-	4,455,552	5,346,027
Capital grants and contributions	17,089	-	-	299,769	17,089	299,769
General revenue						
Property tax	16,913,607	15,472,012	-	-	16,913,607	15,472,012
Sales tax	9,905,590	10,056,927	-	-	9,905,590	10,056,927
Hotel occupancy tax	1,671,379	1,665,271	-	-	1,671,379	1,665,271
Franchise tax	1,983,557	1,942,433	-	-	1,983,557	1,942,433
Alcoholic beverage taxes	119,118	121,051	-	-	119,118	121,051
Grants and contributions not restricted to specific programs	920,845	1,503,916	-	-	920,845	1,503,916
Investment earnings	4,160,637	3,972,243	1,331,250	692,677	5,491,887	4,664,920
Miscellaneous revenue	1,471,792	1,060,026	-	382,066	1,471,792	1,442,092
<b>Total revenue</b>	<b>50,719,842</b>	<b>49,715,984</b>	<b>15,720,323</b>	<b>15,885,746</b>	<b>66,440,165</b>	<b>65,601,730</b>
<b>Expenses</b>						
General government	9,342,514	8,925,351	-	-	9,342,514	8,925,351
Public safety	20,863,019	19,304,814	-	-	20,863,019	19,304,814
Cultural and recreation	8,720,827	8,276,451	-	-	8,720,827	8,276,451
Public works	5,579,527	4,922,242	-	-	5,579,527	4,922,242
Interest on long-term debt	3,391,825	2,353,063	-	-	3,391,825	2,353,063
Water and sewer operations	-	-	12,160,099	12,253,430	12,160,099	12,253,430
<b>Total expenses</b>	<b>47,897,712</b>	<b>43,781,921</b>	<b>12,160,099</b>	<b>12,253,430</b>	<b>60,057,811</b>	<b>56,035,351</b>
Excess before transfers	2,822,130	5,934,063	3,560,224	3,632,316	6,382,354	9,566,379
Transfers	2,376,454	3,925,936	(2,376,454)	(3,925,936)	-	-
<b>Changes in Net Position</b>	<b>5,198,584</b>	<b>9,859,999</b>	<b>1,183,770</b>	<b>(293,620)</b>	<b>6,382,354</b>	<b>9,566,379</b>
<b>Net Position, Beginning of Year</b>	<b>110,861,091</b>	<b>101,001,092</b>	<b>55,365,745</b>	<b>55,659,365</b>	<b>166,226,836</b>	<b>156,660,457</b>
<b>Net Position, End of Year</b>	<b>\$ 116,059,675</b>	<b>\$ 110,861,091</b>	<b>\$ 56,549,515</b>	<b>\$ 55,365,745</b>	<b>\$ 172,609,190</b>	<b>\$ 166,226,836</b>

**Overall Financial Position and Results of Operations**

**Governmental Activities**

The City's net position from governmental activities increased by \$5,198,584. In fiscal year 2024, there were increases in charges for services which includes an increase in EMS services. Investment earnings increased due to higher interest rates. Property tax revenue also increased in 2024 due to an overall growth in valuations offset somewhat by a decrease in the levy. Expenses in total increased from prior year primarily due to personnel related expenses,

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***Business-type Activities***

The City's net position from business-type activities increased by \$1,183,770 due to increased investment earnings due to higher interest rates and a reduction in transfers to governmental activities. More information will be given in the "Proprietary Funds" section.

***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 \$65,483,432, a decrease of \$10,947,756 in comparison with the prior year. Approximately 21.0% of total fund balance or \$13,736,403 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, etc.).

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 \$13,736,403. 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 35.0 percent or over four months of total General Fund expenditures.

The fund balance of the City's General Fund increased by \$1,490,549 during the current fiscal year. This increase was driven by increases in the City's largest revenue source, property tax due to a approximate 5% increase in taxable value, a significant increase in service revenues, and better than budget interest revenue. Expenditures were better than budget due to the timing of paving projects which also contributed to the growth in fund balance. City Council will be asked to reallocate funds in fiscal year 2025 to account for items budgeted but not received in fiscal year 2024.

The Governmental IP Fund's fund balance decreased by \$13,325,783 in fiscal year 2024 primarily due to increased capital expenditures, primarily for the start of construction on the new public safety facility.

The Grant Fund's fund balance increased by \$81,812 in fiscal year 2024.

The Debt Service Fund's fund balance increased by \$550,348 in fiscal year 2024, due to an increase in tax revenues, including collection of delinquent balances.

***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 Water Fund amounted to \$8,646,229 in fiscal year 2024.

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Overall, the Water Fund's net position increased by \$1,183,770 compared to \$809,763 in the prior year. The increase in the change in net position as compared to prior year is due primarily to improved returns on investments held by the City. Fiscal year 2024 expenses were higher than expenses recorded in fiscal year 2023 with the largest inflationary issues experienced in personnel and supplies. Supplies in the water fund are primarily petroleum based, which includes fuel, chemicals and infrastructure elements such as pipe. Personnel increases included the impact of a mid-year cost of living increase and rising costs of health insurance. Transfers out also increased with specific focus on sustainability (saving for future needs). Water Sales, the largest revenue source for the Water Fund, missed budget by \$1 million which is attributed to the City's imposition of water conservation measures in response to ongoing extreme drought conditions. The City has updated its water revenue model to further reduce dependency on irrigation while maintaining revenues necessary to sustain the water and wastewater systems. Expenses related to these systems are heavily fixed and do not reduce with a reduction in consumption.

***General Fund Budgetary Analysis***

In fiscal year 2024, the fund balance increased by \$1,490,549, which is \$1,357,092 better than the amended budget. This is due to higher than anticipated revenues combined with lower than anticipated expenditures.

Actual revenues exceeded budget by \$849,350, primarily due to favorable performance on property taxes as well as an increase to certain charges for service and better than budget investment revenue due to higher interest rates being earned.

Actual expenditures were in line with the fiscal year 2024 budget but exceeded fiscal year 2023 by \$2,465,937. This change is attributed to increases in personnel (particularly Public Safety), increases in asset replacement costs and other inflationary conditions. It is also important to note that the City does not budget for long-term debt liabilities related to right-to-use assets as defined by GASB 87 and GASB 96 requirements for leases and subscription based information technology arrangements (SBITAs). More information regarding the City's budget can be found in the Letter of Transmittal and throughout the document

***Capital Asset and Long-term Debt Administration***

***Major Capital Additions***

In 2024, construction in progress increased due to ongoing projects such as the Public Safety Facility, multiple water and wastewater projects that align with the City's master plan, and several quality of life projects supported by the EIC.

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**Capital and Lease Assets**

As of September 30, 2024, total capital and lease assets of the City's governmental and business-type amount to \$204,386,500 (net of accumulated depreciation). This investment in capital and lease 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	
	2024	2023	2024	2023	2024	2023
Land	\$ 8,226,256	\$ 8,245,704	\$ 488,831	\$ 488,831	\$ 8,715,087	\$ 8,734,535
Construction	26,840,937	11,331,955	4,478,966	2,941,847	31,319,903	14,273,802
Streets	29,602,267	27,473,224	-	-	29,602,267	27,473,224
Buildings	10,166,818	10,712,030	2,287,898	2,362,759	12,454,716	13,074,789
Improvements other than buildings	34,526,967	35,094,964	77,856,402	79,150,862	112,383,369	114,245,826
Vehicles	3,388,025	3,428,985	133,624	217,011	3,521,649	3,645,996
Machinery and equipment	2,855,712	2,558,017	838,462	876,601	3,694,174	3,434,618
Office equipment	597,759	489,438	17,878	29,585	615,637	519,023
Right-to-use leased assets	1,103,505	936,163	127,588	86,649	1,231,093	1,022,812
SBITA assets	798,025	1,064,698	50,580	80,452	848,605	1,145,150
Total	<u>\$ 118,106,271</u>	<u>\$ 101,335,178</u>	<u>\$ 86,280,229</u>	<u>\$ 86,234,597</u>	<u>\$ 204,386,500</u>	<u>\$ 187,569,775</u>

*Additional information on the City's capital assets can be found in Note 4 on pages 65-68 of this report.*

**Long-term Debt**

At the end of the current fiscal year, the City has total governmental activity net bonded debt outstanding of \$62,330,000, which the City expects to retire through the Debt Service Fund. The City also has business activity net bonded debt outstanding of \$41,290,000 at September 30, 2024. The City's net bonded debt decreased by \$4,225,000. The decrease was due to scheduled bond payments in fiscal year 2024.

The City's financial policy limits the General Fund debt service to no more than 25% of the total tax rate and Water Fund debt service to no more than 35% of total Water Fund revenues. The City's debt service remained below that level in fiscal year 2024 and the City intends to comply with its policy with any future debt issuances.

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	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
<b>General Bonded Debt</b>						
General obligation	\$ 48,705,000	\$ 50,095,000	\$ 11,520,000	\$ 12,745,000	\$ 60,225,000	\$ 62,840,000
Revenue bonds	-	-	12,090,000	12,090,000	12,090,000	12,090,000
Certificates of obligation	13,625,000	14,415,000	17,680,000	18,500,000	31,305,000	32,915,000
Total bonded debt	62,330,000	64,510,000	41,290,000	43,335,000	103,620,000	107,845,000
Bond premium discount	1,864,103	2,094,040	1,947,599	2,286,071	3,811,702	4,380,111
Net bonded debt	64,194,103	66,604,040	43,237,599	45,621,071	107,431,702	112,225,111
<b>Other Long-Term Debt</b>						
Kerrville Public Utility Board note	-	-	5,357,143	6,428,571	5,357,143	6,428,571
Tax notes	2,000,000	-	-	-	2,000,000	-
Compensated absences	1,743,698	1,506,810	284,567	276,912	2,028,265	1,783,722
Net pension liability	7,380,041	11,026,947	1,201,402	1,795,084	8,581,443	12,822,031
Total OPEB liability	1,147,922	1,038,002	186,870	168,976	1,334,792	1,206,978
Arbitrage liability	818,852	-	409,184	-	1,228,036	-
SBITA liability	735,129	1,021,162	50,353	81,460	785,482	1,102,622
Lease liability	1,111,644	930,472	136,194	92,041	1,247,838	1,022,513
Landfill closure and post-closure costs	1,692,089	1,635,559	-	-	1,692,089	1,635,559
Total	\$ 80,823,478	\$ 83,762,992	\$ 50,863,312	\$ 54,464,115	\$ 131,686,790	\$ 138,227,107

*Additional information on the City's long-term debt can be found in Note 6 on pages 69 – 73 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 2023, 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***

In fiscal year 2025, the overall property tax rate will remain the same as fiscal year 2024 at \$0.5595 which includes a Maintenance & Operations (M&O) rate of \$0.4189 compared to the FY2024 rate of \$0.4185 and an Interest & Sinking (I&S) rate of \$0.1406 compared to \$0.1410 in FY2024. The I&S rate is the rate for which collections are dedicated to paying the City's debt service for the General Fund.

Sales tax revenue in fiscal year 2024 was \$9,905,590 which is 1.5% (\$151,337) lower than fiscal year 2023 and less than the budgeted amount of \$10,056,927. This shortfall is attributed to inflationary pressures experienced nationwide, as discussed in the letter of transmittal. Because of the decline in percent increase and current trends, the fiscal year 2025 sales tax budget is 3% lower than the budget for fiscal year 2024.

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Service revenues are budgeted 9% higher in fiscal year 2025 than in 2024 due to the higher volume of calls received by EMS. Intergovernmental revenue increased by 6% because of higher contractual costs of ambulance services provided to Kerr County and higher reimbursement for actual expenses incurred by the City for the School Resource Officer partnership with Kerrville Independent School District (KISD). Recreation revenues were budgeted significantly lower (40%) than FY2024 due to the partial year closure of the Scott-Schreiner Golf Course for renovations. The course is budgeted to be closed from December of 2024 until July 2025. Once completed, the renovations are expected to greatly increase quality and volume of play for users which will have a positive impact on revenues in the future.

Budgeted expenses for the General Fund increased moderately (4.7% or \$1.8 million) in fiscal year 2025 compared to the increases seen in the previous two budget years. Departments maintained expense budgets essentially flat with FY2024. The primary increase was in personnel driven by compounded salary increases and rising cost of health insurance.

Personnel is the largest expenditure, representing 42% of the City's total fiscal year 2025 budget (excluding Capital Projects). General government employees are budgeted to receive an average 3% merit increase. Public Safety employees are scheduled to receive regular STEP increases. Council approved changes to the STEP plan to provide an annual 3% increase compared to the previous 4% every other year. This change had a heavy impact on the personnel budget and was made to improve recruitment and retention. Employee group insurance increased by an additional 5% in fiscal year 2025 which is compounded by double digit increase in the previous 2 years. The actuarial calculated retirement contribution rate increased from 10.84% in fiscal year 2024 to 11.39% in fiscal year 2025.

Insurance such as liability, property and workers compensation saw an increase of \$100,000 in fiscal year 2025 on top of large increases in the previous two years. Increases in insurance premiums are impacting the entire nation.

The Capital Projects category is unusually large in fiscal year 2025 due to the projected completion of the new Public Safety Facility, which has a total project cost of \$45 million. There are several Water and Wastewater projects currently underway as well and EIC supported quality of life projects. Details about these and other projects can be found in the Community Investment Plan (CIP) section the City's budget book.

The City continued water conservation measures which included strict limits on irrigation because of ongoing drought conditions. These measures greatly reduced consumption in fiscal year 2023 and 2024 which impacted overall revenues in the Water Fund. Because of the fixed costs associated with the operation of the water and wastewater systems, the City made changes to the water revenue model used to estimate and budget water revenues. The new model reduced dependency on irrigation to generate revenue and increased the base rate for water and wastewater users in order to create more stable revenue for the fund. No increases were imposed on average users but larger increases were imposed on the tiers with higher consumption that are indicative of irrigation in order to further encourage water conservation. The City's Reuse Water System is instrumental in the City's conservation efforts as it provides water to local golf courses, the Kerrville Sports Complex and Tennis Center, Schreiner University and Kerrville ISD sports fields. The City sold over 300 million gallons of reuse water in fiscal year 2024, which greatly reduced the demand on the potable water system.

The City of Kerrville saw significant growth in Hotel Occupancy Tax (HOT) Revenue throughout the pandemic because of the outdoor tourist opportunities the City has to offer. These activities were especially attractive during the COVID-19 pandemic restrictions. Fiscal years 2023 and 2024 experienced slowing in HOT revenues due to inflationary impacts on expendable income. Kerrville has increased the number of free community events offered that attract tourists with the hope of regaining momentum in HOT.

**City of Kerrville, Texas**  
**Management's Discussion and Analysis (Unaudited)**  
**Year Ended September 30, 2024**

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The City received revenues from State and Local Fiscal Recovery Funds as part of *the American Rescue Plan Act* (ARPA) in the amount of \$5.9 million. This funding was allocated to Public Safety Assets including a new communication system, body cameras, vehicles and equipment. In FY2024, Council approved the unspent portion of these funds to be used for repairs to the Central Fire Station and the creation of a disc golf course in a public park near new housing additions and school. All funding was committed, as required, by December of 2024 and will be fully expended in FY2025.

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.





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## **Basic Financial Statements**

**City of Kerrville, Texas**  
**Statement of Net Position**  
**September 30, 2024**

**Exhibit A-1**

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>Assets and Deferred Outflows of Resources</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 25,304,417	\$ 10,138,112	\$ 35,442,529	\$ 54,086,632
Investments	6,961,885	-	6,961,885	-
Receivables (net of allowances for uncollectibles)				
Taxes	429,165	-	429,165	-
Accounts	953,867	1,800,739	2,754,606	4,507,728
Other	676,872	108,223	785,095	-
Leases	286,473	-	286,473	-
Due from other governments	1,682,375	-	1,682,375	785,337
Internal balances	96,426	(96,426)	-	-
Inventories	110,522	582,970	693,492	1,203,624
Prepaid expenses	3,150	-	3,150	-
Other assets	-	-	-	1,416,739
Current portion of advance to City of Kerrville	-	-	-	1,071,428
Restricted assets				
Cash and cash equivalents	29,922,742	4,976,692	34,899,434	20,076,490
Investments	9,572,997	4,054,520	13,627,517	4,950,622
Equity in joint venture	8,771,832	-	8,771,832	-
Advance to the City of Kerrville	-	-	-	4,285,715
Capital, lease and subscription assets, net of accumulated depreciation and amortization				
Depreciable	83,039,078	81,312,432	164,351,510	53,717,238
Non-depreciable	35,067,193	4,967,797	40,034,990	252,885
<b>Total assets</b>	<b>202,878,994</b>	<b>107,845,059</b>	<b>310,724,053</b>	<b>146,354,438</b>
<b>Deferred Outflows of Resources</b>				
Deferred outflows – pensions	4,046,102	658,783	4,704,885	1,800,792
Deferred outflows – OPEB	176,337	32,773	209,110	21,383
Deferred outflows – loss on refunding	55,389	63,500	118,889	-
<b>Total deferred outflows of resources</b>	<b>4,277,828</b>	<b>755,056</b>	<b>5,032,884</b>	<b>1,822,175</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 207,156,822</b>	<b>\$ 108,600,115</b>	<b>\$ 315,756,937</b>	<b>\$ 148,176,613</b>

**City of Kerrville, Texas**  
**Statement of Net Position**  
**September 30, 2024**

**Exhibit A-1**

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>				
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ 8,577,738	\$ 826,722	\$ 9,404,460	\$ 30,494,929
Customer deposits	19,981	143,180	163,161	537,816
Unearned revenue	752,421	107,780	860,201	-
Noncurrent Liabilities				
Due within one year				
Bonds payable	2,477,410	2,432,574	4,909,984	1,557,206
Tax notes	220,000	-	220,000	-
KPUB note	-	1,071,428	1,071,428	-
Compensated absences	953,500	128,055	1,081,555	-
SBITAs	427,132	33,918	461,050	-
Leases	461,962	40,579	502,541	-
Due in more than one year				
Bonds payable	61,716,693	40,805,025	102,521,718	20,365,047
Tax notes	1,780,000	-	1,780,000	-
KPUB note	-	4,285,715	4,285,715	-
Arbitrage liability	818,852	409,184	1,228,036	302,084
Net pension liability	7,380,041	1,201,402	8,581,443	2,715,291
Total OPEB liability	1,147,922	186,870	1,334,792	281,043
Compensated absences	790,198	156,512	946,710	-
Landfill closure and post-closure costs	1,692,089	-	1,692,089	-
SBITAs	307,997	16,435	324,432	733,880
Leases	649,682	95,615	745,297	48,042
Total liabilities	90,173,618	51,940,994	142,114,612	57,035,338
<b>Deferred Inflows of Resources</b>				
Deferred inflows – pensions	323,792	52,709	376,501	161,508
Deferred inflows – OPEB	326,391	56,897	383,288	64,917
Deferred inflows – leases	273,346	-	273,346	-
Total deferred inflows of resources	923,529	109,606	1,033,135	226,425
<b>Net Position</b>				
Net investment in capital assets	76,509,144	46,118,454	122,627,598	50,453,138
Restricted for				
Donor				
Expendable	858,075	-	858,075	-
Nonexpendable	628,965	-	628,965	-
Debt service	2,005,638	1,784,832	3,790,470	397,833
Economic development	-	-	-	10,322,129
Other purposes	1,876,458	-	1,876,458	-
Landfill	3,674,038	-	3,674,038	-
Tourism	2,203,652	-	2,203,652	-
Library	2,585,303	-	2,585,303	-
Unrestricted	25,718,402	8,646,229	34,364,631	29,741,750
Total net position	116,059,675	56,549,515	172,609,190	90,914,850
Total liabilities, deferred inflows of resources and net position	\$ 207,156,822	\$ 108,600,115	\$ 315,756,937	\$ 148,176,613

**City of Kerrville, Texas**  
**Statement of Activities**  
**Year Ended September 30, 2024**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental Activities				
General government	\$ 9,342,514	\$ 445,967	\$ 3,075,397	\$ -
Public safety	20,863,019	4,743,564	852,491	-
Culture and recreation	8,720,827	1,070,323	527,664	17,089
Public works	5,579,527	2,840,822	-	-
Interest and fiscal charges	3,391,825	-	-	-
Total governmental activities	47,897,712	9,100,676	4,455,552	17,089
Business-type Activities				
Water	12,160,099	14,389,073	-	-
Total business-type activities	12,160,099	14,389,073	-	-
Total primary government	\$ 60,057,811	\$ 23,489,749	\$ 4,455,552	\$ 17,089
<b>Component Units</b>				
Economic Improvement Corporation	5,816,688	-	-	-
Kerrville Public Utility Board	44,891,945	43,244,283	-	1,252,821
Total component units	\$ 50,708,633	\$ 43,244,283	\$ -	\$ 1,252,821
<b>General Revenues</b>				
Property taxes				
Sales and use taxes				
Hotel occupancy taxes				
Franchise taxes				
Alcoholic beverage taxes				
Grants and contributions not restricted to specific programs				
Investment earnings				
Miscellaneous income				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, beginning of year				
Net position, end of year				

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (5,821,150)	\$ -	\$ (5,821,150)	\$ -
(15,266,964)	-	(15,266,964)	-
(7,105,751)	-	(7,105,751)	-
(2,738,705)	-	(2,738,705)	-
(3,391,825)	-	(3,391,825)	-
(34,324,395)	-	(34,324,395)	-
-	2,228,974	2,228,974	-
-	2,228,974	2,228,974	-
\$ (34,324,395)	\$ 2,228,974	\$ (32,095,421)	\$ -
			(5,816,688)
			(394,841)
			(6,211,529)
16,913,607	-	16,913,607	-
9,905,590	-	9,905,590	4,953,056
1,671,379	-	1,671,379	-
1,983,557	-	1,983,557	-
119,118	-	119,118	-
920,845	-	920,845	-
4,160,637	1,331,250	5,491,887	4,034,472
1,471,792	-	1,471,792	5,000
2,376,454	(2,376,454)	-	-
39,522,979	(1,045,204)	38,477,775	8,992,528
5,198,584	1,183,770	6,382,354	2,780,999
110,861,091	55,365,745	166,226,836	88,133,851
\$ 116,059,675	\$ 56,549,515	\$ 172,609,190	\$ 90,914,850

**City of Kerrville, Texas**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2024**

**Exhibit A-3**

	General Fund	Governmental IP Fund	Grant Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and cash equivalents	\$ 13,394,651	\$ 33,309,121	\$ 639,355	\$ 1,992,765	\$ 5,301,953	\$ 54,637,845
Investments	7,459,959	7,926,402	-	-	1,148,521	16,534,882
Receivables, net						
Taxes	337,545	-	-	91,620	-	429,165
Accounts	953,867	-	-	-	-	953,867
Interest receivable	53,974	130,278	-	3,206	7,798	195,256
Leases	286,473	-	-	-	-	286,473
Other receivable	466,833	-	-	-	12,506	479,339
Due from other funds	103,014	-	-	-	-	103,014
Due from other governments	1,596,819	-	67,716	5,792	12,048	1,682,375
Inventories	97,273	-	-	-	-	97,273
Prepays	3,150	-	-	-	-	3,150
<b>Total assets</b>	<b>\$ 24,753,558</b>	<b>\$ 41,365,801</b>	<b>\$ 707,071</b>	<b>\$ 2,093,383</b>	<b>\$ 6,482,826</b>	<b>\$ 75,402,639</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable and accrued liabilities	\$ 2,050,197	\$ 6,052,822	\$ 186	\$ -	\$ 99,641	\$ 8,202,846
Unearned revenue	128,472	-	623,949	-	-	752,421
Customer deposits	19,981	-	-	-	-	19,981
<b>Total liabilities</b>	<b>2,198,650</b>	<b>6,052,822</b>	<b>624,135</b>	<b>-</b>	<b>99,641</b>	<b>8,975,248</b>
<b>Deferred Inflows of Resources</b>						
Leases	273,346	-	-	-	-	273,346
Unavailable revenue	582,868	-	-	87,745	-	670,613
<b>Total deferred inflows of resources</b>	<b>856,214</b>	<b>-</b>	<b>-</b>	<b>87,745</b>	<b>-</b>	<b>943,959</b>
<b>Fund Balances</b>						
Nonspendable						
Endowment	628,965	-	-	-	-	628,965
Inventories	97,273	-	-	-	-	97,273
Prepaid items	3,150	-	-	-	-	3,150
Restricted						
Landfill	3,674,038	-	-	-	-	3,674,038
Debt service	-	-	-	2,005,638	-	2,005,638
Tourism	-	-	-	-	2,203,652	2,203,652
Grants	-	-	82,936	-	-	82,936
Library	858,075	-	-	-	2,585,303	3,443,378
Cailloux Theater	629,585	-	-	-	-	629,585
Police	-	-	-	-	188,788	188,788
PEG	-	-	-	-	108,794	108,794
Municipal court	-	-	-	-	157,447	157,447
TIRZ	-	-	-	-	641,192	641,192
Capital improvements	-	31,781,681	-	-	-	31,781,681
Committed						
Park improvements	-	-	-	-	256,572	256,572
History center	-	-	-	-	241,437	241,437
Insurance reserve	271,782	-	-	-	-	271,782
Capital improvements	1,799,423	3,531,298	-	-	-	5,330,721
Unassigned	13,736,403	-	-	-	-	13,736,403
<b>Total fund balances</b>	<b>21,698,694</b>	<b>35,312,979</b>	<b>82,936</b>	<b>2,005,638</b>	<b>6,383,185</b>	<b>65,483,432</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 24,753,558</b>	<b>\$ 41,365,801</b>	<b>\$ 707,071</b>	<b>\$ 2,093,383</b>	<b>\$ 6,482,826</b>	<b>\$ 75,402,639</b>

**City of Kerrville, Texas**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**September 30, 2024**

**Exhibit A-4**

Total fund balances – governmental funds balance sheet \$ 65,483,432

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	408,292	
Ambulance fees	258,009	
Court fines	<u>4,312</u>	670,613

Capital assets used in governmental activities, excluding the internal service funds, are not reported in the funds.	118,031,962
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The assets and liabilities of internal service funds are included in governmental activities in the statement of net position.	550,892
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The equity in a joint venture is not reported in the funds.	8,771,832
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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	3,974,025	
Deferred outflows – OPEB	175,286	
Deferred outflows – loss on refunding	55,389	
Deferred inflows – pensions	(294,968)	
Deferred inflows – OPEB	<u>(322,327)</u>	3,587,405

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	(64,330,000)	
Bond premiums	(1,864,103)	
Arbitrage liability	(818,852)	
Landfill closure/post-closure costs	(1,692,089)	
Net pension liability	(7,294,227)	
Lease liability	(1,068,661)	
SBITA liability	(735,129)	
Total OPEB liability	(1,134,575)	
Compensated absences	<u>(1,733,637)</u>	(80,671,273)

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.

(365,188)

Net position of governmental activities	<u>\$ 116,059,675</u>
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**City of Kerrville, Texas**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended September 30, 2024**

**Exhibit A-5**

	<b>General Fund</b>	<b>Governmental IP Fund</b>	<b>Grant Fund</b>	<b>Debt Service Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>						
Taxes and penalties	\$ 24,410,223	\$ -	\$ -	\$ 4,088,817	\$ 2,051,200	\$ 30,550,240
Licenses and permits	775,242	-	-	-	87,400	862,642
Intergovernmental	1,891,567	873,428	1,302,226	1,090,706	72,639	5,230,566
Charges for services	7,602,564	-	-	-	4	7,602,568
Grants	113,285	-	-	-	500	113,785
Fines and forfeitures	349,173	-	-	-	104,973	454,146
Investment income	1,459,550	2,145,444	-	160,624	395,019	4,160,637
Lease interest revenue	4,180	-	-	-	-	4,180
Miscellaneous	1,350,631	-	-	-	469,300	1,819,931
<b>Total revenues</b>	<b>37,956,415</b>	<b>3,018,872</b>	<b>1,302,226</b>	<b>5,340,147</b>	<b>3,181,035</b>	<b>50,798,695</b>
<b>Expenditures</b>						
Current						
General government	7,403,888	603,542	-	-	7,827	8,015,257
Public safety	19,501,335	-	136,983	-	149,555	19,787,873
Culture and recreation	5,214,067	-	-	-	2,509,303	7,723,370
Public works	3,804,255	-	-	-	-	3,804,255
Capital outlay	2,361,916	18,207,712	1,083,431	-	88,848	21,741,907
Debt service						
Principal	829,045	-	-	2,180,000	33,919	3,042,964
Interest	112,740	38,088	-	2,609,799	1,265	2,761,892
<b>Total expenditures</b>	<b>39,227,246</b>	<b>18,849,342</b>	<b>1,220,414</b>	<b>4,789,799</b>	<b>2,790,717</b>	<b>66,877,518</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(1,270,831)</b>	<b>(15,830,470)</b>	<b>81,812</b>	<b>550,348</b>	<b>390,318</b>	<b>(16,078,823)</b>
<b>Other Financing Sources (Uses)</b>						
Issuance of leases	535,805	-	-	-	-	535,805
Issuance of SBITAs	218,808	-	-	-	-	218,808
Proceeds from issuance of debt	-	2,000,000	-	-	-	2,000,000
Transfers in	2,206,767	504,687	-	-	-	2,711,454
Transfers out	(200,000)	-	-	-	(135,000)	(335,000)
<b>Total other financing sources (uses)</b>	<b>2,761,380</b>	<b>2,504,687</b>	<b>-</b>	<b>-</b>	<b>(135,000)</b>	<b>5,131,067</b>
<b>Net Change in Fund Balances</b>	<b>1,490,549</b>	<b>(13,325,783)</b>	<b>81,812</b>	<b>550,348</b>	<b>255,318</b>	<b>(10,947,756)</b>
<b>Fund Balances, Beginning of Year</b>	<b>20,208,145</b>	<b>48,638,762</b>	<b>1,124</b>	<b>1,455,290</b>	<b>6,127,867</b>	<b>76,431,188</b>
<b>Fund Balances, End of Year</b>	<b>\$ 21,698,694</b>	<b>\$ 35,312,979</b>	<b>\$ 82,936</b>	<b>\$ 2,005,638</b>	<b>\$ 6,383,185</b>	<b>\$ 65,483,432</b>

**City of Kerrville, Texas**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances of Governmental Funds to the Statement of Activities**  
**Year Ended September 30, 2024**

**Exhibit A-6**

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Net change in fund balances – total governmental funds	\$ (10,947,756)
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, excluding internal service funds.	21,741,907
The net effect of the various miscellaneous transactions involving capital assets (i.e., sales, transfers in from business-type activities and donations) is to decrease net position.	(126,145)
Depreciation/amortization expense on capital, lease and SBITA assets is reported in the statement of activities but does not require the use of current financial resources. Therefore, depreciation/amortization expense is not reported as expenditures in the governmental funds. This amount excludes \$10,102 of depreciation/amortization expense in the internal service funds.	(4,882,270)
The issuance of long-term obligations (bonds and related premium), leases and SBITAs provides current financial resources to governmental funds, but has no effect on net position.	(2,754,613)
Current-year payments on long-term obligations are reported as debt service in the governmental funds but are a reduction of the associated liability on the statement of net position.	3,042,964
Current-year changes in joint venture equity are not reported in the governmental fund statements.	(249,408)
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.	216,091
Current-year changes in long-term liability for compensated absences do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds, excluding internal service funds.	(242,266)
Current-year changes in arbitrage liability do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.	(818,852)
Current-year changes in accrued interest payable do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.	(267,592)
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.	279,230
Current-year changes in landfill post-closure costs do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.	(56,530)
Internal service funds are used by management to share the costs of certain activities including employee insurance and fleet maintenance to individual funds. This is a net gain for the year.	165,015
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.	98,809
Change in net position of governmental activities	<u>\$ 5,198,584</u>

**City of Kerrville, Texas**  
**Statement of Net Position**  
**Proprietary Funds**  
**September 30, 2024**

	<b>Business-type Activities - Enterprise Funds</b>	<b>Governmental Activities - Internal Service Funds</b>
	<b>Water Fund</b>	
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 10,138,112	\$ 589,314
Receivables (net of allowances for uncollectibles)	1,908,962	2,277
Inventories	582,970	13,249
Total current assets	12,630,044	604,840
<b>Noncurrent Assets</b>		
Restricted assets		
Cash and cash equivalents	4,976,692	-
Investments	4,054,520	-
Total restricted assets	9,031,212	-
Capital Assets		
Land	488,831	-
Buildings	3,866,178	159,000
Improvements other than buildings	128,867,367	-
Vehicles	1,756,929	17,655
Machinery and equipment	3,785,693	85,760
Office equipment	173,109	-
Lease assets	201,056	47,703
SBITAs	107,269	-
Construction in progress	4,478,966	-
Accumulated depreciation and amortization	(57,445,169)	(235,809)
Net capital assets	86,280,229	74,309
Total noncurrent assets	95,311,441	74,309
Total assets	107,941,485	679,149
<b>Deferred Outflows of Resources</b>		
Deferred outflows – pension	658,783	72,077
Deferred outflows – OPEB	32,773	1,051
Deferred outflows – loss on refunding	63,500	-
Total deferred outflows of resources	755,056	73,128

**City of Kerrville, Texas**  
**Statement of Net Position**  
**Proprietary Funds**  
**September 30, 2024**

**Exhibit A-7**

	<b>Business-type Activities - Enterprise Funds</b>	<b>Governmental Activities - Internal Service Funds</b>
	<b>Water Fund</b>	
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	826,722	9,704
Unearned revenue	107,780	-
Compensated absences – current	128,055	-
Leases	40,579	-
SBITAs	33,918	-
Due to other funds	96,426	6,588
Customer deposits	143,180	-
Bonds and notes – current	3,504,002	-
Total current liabilities	4,880,662	16,292
<b>Noncurrent Liabilities</b>		
Net pension liability	1,201,402	85,814
Total OPEB liability	186,870	13,347
Bonds and notes – noncurrent	45,090,740	-
Arbitrage liability	409,184	-
Leases	95,615	42,983
SBITAs	16,435	-
Compensated absences - noncurrent	156,512	10,061
Total noncurrent liabilities	47,156,758	152,205
Total liabilities	52,037,420	168,497
<b>Deferred Inflows of Resources</b>		
Deferred inflows – pension	52,709	28,824
Deferred inflows – OPEB	56,897	4,064
Total deferred inflows of resources	109,606	32,888
<b>Net Position</b>		
Net investment in capital assets	46,118,454	31,326
Restricted		
Debt service	1,784,832	-
Unrestricted	8,646,229	519,566
Total net position	\$ 56,549,515	\$ 550,892

**City of Kerrville, Texas**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**Year Ended September 30, 2024**

**Exhibit A-8**

	<b>Business-type Activities - Enterprise Funds</b>	<b>Governmental Activities - Internal Service Funds</b>
	<b>Water Fund</b>	
<b>Operating Revenues</b>		
Charges for services	\$ 14,133,319	\$ 4,928,216
Other charges	235,659	-
Total operating revenues	14,368,978	4,928,216
<b>Operating Expenses</b>		
Personnel services	4,178,367	368,475
Repairs and maintenance	781,074	15,550
Supplies and materials	871,479	11,387
Utilities	698,941	6,315
Depreciation and amortization	3,388,352	10,102
General administration	658,901	14,944
Premiums and other charges	-	4,346,458
Total operating expenses	10,577,114	4,773,231
<b>Operating Income</b>	3,791,864	154,985
<b>Nonoperating Revenues (Expenses)</b>		
Investment income	1,331,250	7,437
Miscellaneous revenue	20,095	4,500
Interest expense	(1,582,985)	(1,907)
Total nonoperating revenues (expenses)	(231,640)	10,030
<b>Net Income Before Transfers</b>	3,560,224	165,015
Transfers out	(2,376,454)	-
<b>Change in Net Position</b>	1,183,770	165,015
<b>Net Position, Beginning of Year</b>	55,365,745	385,877
<b>Net Position, End of Year</b>	\$ 56,549,515	\$ 550,892

**City of Kerrville, Texas**  
**Statement of Cash Flows - Proprietary Funds**  
**Year Ended September 30, 2024**

**Exhibit A-9**

	Business-type Activities Enterprise Funds	Governmental Activities Internal Service Funds
	Water Fund	
<b>Operating Activities</b>		
Cash received from customers	\$ 13,991,966	\$ 4,928,488
Cash payments to employees	(4,216,807)	(377,717)
Cash payments to other suppliers for goods and services	(2,928,303)	(4,393,795)
Other operating activities	259,151	-
Net cash provided by operating activities	7,106,007	156,976
<b>Noncapital Financing Activities</b>		
Transfers to other funds	(2,376,454)	-
Net cash used in noncapital financing activities	(2,376,454)	-
<b>Capital and Related Financing Activities</b>		
Principal paid	(3,116,428)	(4,720)
Interest paid	(1,900,293)	(1,907)
Proceeds from sale of capital assets	20,095	4,500
Other	13,046	-
Acquisition or construction of capital assets	(3,774,004)	-
Net cash used in capital and related financing activities	(8,757,584)	(2,127)
<b>Investing Activities</b>		
Investment income	1,331,250	7,437
Sale of investments	190,151	106,758
Net cash provided by investing activities	1,521,401	114,195
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(2,506,630)	269,044
<b>Cash and Cash Equivalents, Beginning of Year</b>	17,621,434	320,270
<b>Cash and Cash Equivalents, End of Year</b>	\$ 15,114,804	\$ 589,314
<b>Reconciliation to the Statement of Net Position</b>		
Cash and cash equivalents	\$ 10,138,112	\$ 589,314
Restricted cash and cash equivalents	4,976,692	-
	\$ 15,114,804	\$ 589,314

**City of Kerrville, Texas**  
**Statement of Cash Flows - Proprietary Funds**  
**Year Ended September 30, 2024**

**Exhibit A-9**

**Reconciliation of Operating Income to Net Cash**

**Provided by Operating Activities**

Operating income	\$	3,791,864	\$	154,985
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation and amortization		3,388,352		10,102
Change in assets and deferred outflows				
(Increase) decrease in receivables		(141,353)		272
(Increase) decrease in inventories		22,513		3,384
(Increase) decrease in deferred pension outflows		502,603		10,879
(Increase) decrease in deferred OPEB outflows		(1,893)		60
Change in liabilities and deferred inflows				
Increase (decrease) in accounts payable		77,491		(2,070)
Increase (decrease) in other liabilities		(10,506)		(5,378)
Increase (decrease) in due to other funds		23,737		(455)
Increase (decrease) in net pension liability		(593,682)		(42,406)
Increase (decrease) in total OPEB liability		17,894		1,278
Increase (decrease) in deferred pension inflows		46,230		28,331
Increase (decrease) in deferred OPEB inflows		(17,243)		(2,006)
		<u>3,314,143</u>		<u>1,991</u>
Total adjustments				
		<u>3,314,143</u>		<u>1,991</u>
Net cash provided by operating activities	\$	<u>7,106,007</u>	\$	<u>156,976</u>

**Noncash Transactions**

Capital assets in accounts/retainage payable	\$	332,018	\$	-
Capital assets obtained through issuance of a lease		75,619		47,703



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**City of Kerrville, Texas**  
**Statement of Net Position - Component Units**  
**September 30, 2024**

**Exhibit A-10**

	<b>Kerrville Economic Improvement Corporation (EIC)</b>	<b>Kerrville Public Utility Board (KPUB)</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 9,198,821	\$ 44,887,811	\$ 54,086,632
Receivables (net of allowances for uncollectible)	30,126	2,232,727	2,262,853
Unbilled revenues	-	2,244,875	2,244,875
Due from other governments	785,337	-	785,337
Inventories	-	1,203,624	1,203,624
Other assets	-	1,416,739	1,416,739
Current portion of advance to City of Kerrville	-	1,071,428	1,071,428
Restricted assets			
Investments	4,950,622	-	4,950,622
Cash and cash equivalents	15,134,956	4,941,534	20,076,490
Advance to City of Kerrville	-	4,285,715	4,285,715
Capital assets nondepreciable			
Land	-	252,885	252,885
Construction in progress	-	1,467,567	1,467,567
Depreciable (net of accumulated depreciation/amortization)			
Buildings	-	3,609,037	3,609,037
Improvements other than buildings	-	42,776,824	42,776,824
Vehicles	-	2,292,098	2,292,098
Right-to-use vehicles	-	61,318	61,318
Machinery and equipment	-	2,288,506	2,288,506
Subscription assets	-	1,221,888	1,221,888
<b>Total assets</b>	<b>30,099,862</b>	<b>116,254,576</b>	<b>146,354,438</b>
<b>Deferred Outflows of Resources</b>			
Deferred outflows - pensions	-	1,800,792	1,800,792
Deferred outflows - OPEB	-	21,383	21,383
<b>Total deferred outflows of resources</b>	<b>-</b>	<b>1,822,175</b>	<b>1,822,175</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 30,099,862</b>	<b>\$ 118,076,751</b>	<b>\$ 148,176,613</b>

**City of Kerrville, Texas**  
**Statement of Net Position - Component Units**  
**September 30, 2024**

**Exhibit A-10**

	<b>Kerrville Economic Improvement Corporation (EIC)</b>	<b>Kerrville Public Utility Board (KPUB)</b>	<b>Total</b>
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities	288,459	30,206,470	30,494,929
Current maturities of long-term debt	787,143	770,063	1,557,206
Total current liabilities	1,075,602	30,976,533	32,052,135
Noncurrent liabilities			
Net pension liability	-	2,715,291	2,715,291
Total OPEB liability	-	281,043	281,043
Customer deposits	-	537,816	537,816
Bonds payable, net of current portion	18,400,047	1,965,000	20,365,047
Arbitrage liability	302,084	-	302,084
Subscriptions payable	-	733,880	733,880
Leases payable	-	48,042	48,042
Total noncurrent liabilities	18,702,131	6,281,072	24,983,203
Total liabilities	19,777,733	37,257,605	57,035,338
<b>Deferred Inflows of Resources</b>			
Deferred inflows - pensions	-	161,508	161,508
Deferred inflows - OPEB	-	64,917	64,917
Total deferred inflows of resources	-	226,425	226,425
<b>Net Position</b>			
Net investment in capital assets	-	50,453,138	50,453,138
Restricted for			
Debt service	-	397,833	397,833
Economic development	10,322,129	-	10,322,129
Unrestricted	-	29,741,750	29,741,750
Total net position	10,322,129	80,592,721	90,914,850
Total liabilities, deferred inflows of resources, and net position	\$ 30,099,862	\$ 118,076,751	\$ 148,176,613

**City of Kerrville, Texas**  
**Statement of Activities - Component Units**  
**Year Ended September 30, 2024**

**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	\$ 5,816,688	\$ -	\$ -	\$ (5,816,688)	\$ -	\$ (5,816,688)
Total Kerrville EIC	5,816,688	-	-	(5,816,688)	-	(5,816,688)
Kerrville Public Utility Board (KPUB)						
Purchased power	27,822,463	43,244,283	570,465	-	15,992,285	15,992,285
Distribution	4,478,445	-	-	-	(4,478,445)	(4,478,445)
Payments in lieu of taxes	1,433,103	-	-	-	(1,433,103)	(1,433,103)
Administration and other	6,714,641	682,356	-	-	(6,032,285)	(6,032,285)
Depreciation and amortization	4,443,293	-	-	-	(4,443,293)	(4,443,293)
Total KPUB	44,891,945	43,926,639	570,465	-	(394,841)	(394,841)
Total Component Units	\$ 50,708,633	\$ 43,926,639	\$ 570,465	(5,816,688)	(394,841)	(6,211,529)
General Revenues						
Sales taxes				4,953,056	-	4,953,056
Investment earnings				1,381,051	2,653,421	4,034,472
Miscellaneous income				5,000	-	5,000
Total general revenues				6,339,107	2,653,421	8,992,528
Change in Net Position				522,419	2,258,580	2,780,999
Net Position, Beginning of Year				9,799,710	78,334,141	88,133,851
Net Position, End of Year				\$ 10,322,129	\$ 80,592,721	\$ 90,914,850



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## **Notes to Basic Financial Statements**



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## **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 Facility Corporation (KPFC).* An entity legally separate from the City, is governed by a board of directors that is comprised of the Mayor and Councilmembers. KPFC is organized exclusively for the purpose of assisting the City in financing, refinancing, or providing public facilities. KPFC is a blended component unit of the City, but has no financial activity as of September 30, 2024.

*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-Kerr County Airport.* The City and Kerr County operate a municipal airport under a joint venture agreement. Participants provide financial support and are entitled to an undivided 50% interest in net position. The City reports its interest as "Equity in Joint Venture." Financial statements may be obtained from the Kerrville-Kerr County Airport, 1877 Airport Loop, Kerrville, TX 78028.

### ***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 services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items properly not included among program revenues are reported instead as general revenues.

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

### ***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

The City reports the following major governmental funds:

- **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. This fund is designated as major by the City.
- **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** – is used to account for monies received from other governmental agencies that have restricted legal requirements. This fund is designated as major by the City.



**City of Kerrville, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2024**

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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.
- **Internal Service Funds** – accounts for automotive maintenance and employee benefit services provided to other departments or agencies of the City.

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

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

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

### ***Deposits and Investments***

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

State law and the City's investment policy restrict both time and demand deposits to those depositories doing business in the State of Texas and further require full insurance and/or pledging of collateral. CDs are limited to a stated maturity not exceeding 18 months. Pledged collateral, equal to 188% 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.

**City of Kerrville, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2024**

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

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

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

***Receivables and Payables***

Activity between the City and component unit(s) that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "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.

The City makes certain payments to vendors in the current year for expenses/expenditures applicable to future accounting periods. A reserve for inventories and prepayments in governmental funds is recognized at the fund level to indicate that a portion of the fund balance is not appropriable for expenditure. Prepaid items are recorded as expenditures or expenses when consumed.

***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, Lease and Subscription Assets***

Capital, lease and subscription assets, which include property, plant, equipment, the right to use leased equipment and vehicles, 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 and in the proprietary funds statement of net position. Capital, lease and subscription assets are defined by the City as assets with an initial, individual cost of more than \$5,000 (\$25,000 for lease and subscription assets).

**City of Kerrville, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2024**

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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 (capital contribution), where applicable.

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

Buildings	20–50 years
Improvements other than buildings	10–25 years
System infrastructure	15–50 years
Streets	20 years
Machinery and equipment	10 years
Office equipment	10 years
Vehicles	8 years
Drainage	25 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.

***Lease Receivable***

The City is a lessor for noncancellable leases. The City recognizes a lease receivable and a deferred inflow of resources. At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue of the life of the lease term.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

***Lease Liability***

The City is a lessee for noncancellable leases. The City recognizes a lease liability and an intangible right-to-use asset (lease asset) in the government-wide and proprietary fund financial statements. The City recognizes lease liabilities, with an initial, individual value of \$25,000 or more. At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is

**City of Kerrville, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2024**

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initially measured at the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of its useful life or lease term.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

***Subscription Liability***

The City recognized a subscription liability and an intangible right-to-use IT asset (subscription asset) in the financial statements. The City recognizes subscription liability with an initial, individual value of \$25,000 or more. Subscription assets are initially recorded at the initial measurement of the subscription liability, plus subscription payments made at or before the commencement of the subscription-based information technology arrangement (SBITA) term, less any SBITA vendor incentives received from the SBITA vendor and certain payments made before the commencement of the SBITA term, plus capitalizable initial implementation costs. Subscription assets are amortized on a straight-line basis over the shorter of the SBITA term or the useful life of the underlying IT asset.

The City monitors changes in circumstances that would require a remeasurement of its SBITAs and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

***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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

***Compensated Absences***

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

***Unearned Revenue***

The General Fund, Grant Fund and Enterprise Funds report unearned revenue in connection with grant funding that has been received, but not yet earned. The Grant Fund received funding from the *American Rescue Plan Act* and will recognize revenue as allowable expenditures are received. 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 constructs related capital projects for which these funds were provided. Additionally, prepaid golf course fees within the General 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.

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In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

***Defined Benefit Pension Plan***

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

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

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

***Defined Benefit Other Postemployment Benefit Plan***

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

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

***Deferred Inflows of Resources***

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets 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***

The City's financial management policy instructs the general fund to maintain an unassigned fund balance between 15% and 25% of annual operating expenditures, which exceeds the Government Finance Officers Association (GFOA) recommended best practice. The policy instructs the Water Fund to maintain a net position between 15% and 25% of cash and receivables.

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.

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

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

The City designates restricted amounts to be spent first if both restricted and unassigned fund balances are available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed, followed by assigned, and lastly, unassigned amounts when expenditures are incurred for 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, lease and subscription debt and obligations. 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. The City designates restricted net position to be spent first if both restricted and unrestricted balances are available.

### ***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, 2024 the City had the following excess expenditures over appropriations.

- The Police Fund exceeded appropriations by \$86,284. The Police Fund is a special revenue fund that has unanticipated, unbudgeted activity due the nature of the fund type. Budget for this fund is based on the amount of available fund balance during the budget process.
- The TIRZ fund exceeded appropriations by \$50,000 due to transfers to other funds that were not included in the original budget. This fund does not generally have budget amendments during the year.
- The Debt Service Fund exceeded appropriations by \$299 due to higher interest expense than originally estimated.

***Future Financial Reporting Requirements***

GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The requirements of this Statement will take effect for the City's fiscal year 2025. Management has not determined the impact of this Statement on its financial statements.

GASB Statement No. 102, *Certain Risk Disclosures*. The objective of this statement is to provide users of governmental financial statements with essential information about risks related to a government's vulnerabilities due to certain concentration or constraints. The requirements of this Statement will take effect for the City's fiscal year 2025. Management has not yet determined the impact of this Statement on its financial statements.

GASB Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve the financial reporting model by standardizing the presentation for various matters within governmental financial statements. The purpose is to eliminate diversity practice and improve comparability. The requirements of this Standard will take effect for the City's fiscal year 2026. Management has not yet determined the impact of this Statement on its financial statements.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to improve disclosures related to certain types of capital assets. The purpose is to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this Statement will take effect for the City's fiscal year 2026. Management has not yet determined the impact of this Statement on its financial statements.

## Note 2. Deposits and Investments

At year-end, the carrying amount of the City and EIC's cash on hand and deposits with financial institutions was \$9,547,352. At September 30, 2024, the City had sufficient collateral pledged to insure deposits.

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

Investments as of September 30, 2024, are as follows:

Investment Type	Carrying Amount	Weighted-Average Days to Maturity	Rating as of Year-End
U.S. agency securities	\$ 14,019,140	296	AA+
Money market accounts	5,312,115	N/A	N/A
Municipal bonds	1,975,293	118	N/A
Commercial paper	8,397,070	105	A-1
Equity securities	1,148,521	N/A	N/A
TexPool Prime local government pool	34,398,385	32	AAAm
Texas CLASS local government pool	38,929,312	31	AAAm
LOGIC local government pool	<u>6,488,576</u>	14	AAA
Total fair value – primary government and EIC	<u>\$ 110,668,412</u>		

Deposits and investments as of September 30, 2024, are classified in the accompanying financial statements as follows:

### Statement of Net Position

Cash and cash equivalents – primary government	\$ 35,442,529
Investments – primary government	6,961,885
Restricted cash and cash equivalents – primary government	34,899,434
Restricted investments – primary government	13,627,517
Cash and cash equivalents – EIC	9,198,821
Restricted cash and cash equivalents – EIC	15,134,956
Restricted investments – EIC	<u>4,950,622</u>
Total cash, cash equivalents, and investments	<u>\$ 120,215,764</u>



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Deposits and investments as of September 30, 2024, consist of the following:

Deposits	\$ 9,547,352
Investments	<u>110,668,412</u>
Total deposits and investments	<u>\$ 120,215,764</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. Texas CLASS is rated AAAM and seeks to maintain a constant net asset value of \$1.00. Investments in the pools are considered to be cash equivalents when preparing these financial statements.

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 net asset value 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.

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%

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*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 requires that all securities purchased be delivered delivery versus payment to the custodian. Investments are then held in the City's name. Failure of the custodian would not affect ownership or access to the investments. These guarantees and requirements prevent any custodial credit risk for the City.

### **Note 3. Receivables**

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

	Governmental					Business-type			
						Activities	Component Units		
	General	Governmental IP Fund	Grant Fund	Debt Service Fund	Other Governmental Funds/ Internal Service Funds	Total Governmental	Water	KPUB	EIC
Taxes receivable	\$ 568,548	\$ -	\$ -	\$ 129,768	\$ -	\$ 698,316	\$ -	\$ -	\$ -
Allowance for uncollectible taxes	(231,003)	-	-	(38,148)	-	(269,151)	-	-	-
	337,545	-	-	91,620	-	429,165	-	-	-
Accounts receivable	2,798,633	-	-	-	-	2,798,633	2,128,018	4,499,767	-
Allowance for uncollectible accounts	(1,844,766)	-	-	-	-	(1,844,766)	(327,279)	(22,165)	-
	953,867	-	-	-	-	953,867	1,800,739	4,477,602	-
Other receivables	807,280	130,278	-	3,206	22,581	963,345	108,223	-	30,126
Allowance for uncollectible accounts	-	-	-	-	-	-	-	-	-
	807,280	130,278	-	3,206	22,581	963,345	108,223	-	30,126
Due from other governments	1,596,819	-	67,716	5,792	12,048	1,682,375	-	-	785,337
Total	\$ 3,695,511	\$ 130,278	\$ 67,716	\$ 100,618	\$ 34,629	\$ 4,028,752	\$ 1,908,962	\$ 4,477,602	\$ 815,463

### **Leases Receivable**

The City leases ground space to various third parties, the terms which expire in various years through 2041. The City recognized approximately \$102,000 in lease revenue and \$4,700 in interest revenue during the current fiscal year related to the lease. As of September 30, 2024, the City's receivable for lease payments was \$286,473. Also, the City has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease term. As of September 30, 2024, the balance of the deferred inflow of resources was \$273,346.

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**Note 4. Capital, Lease and Subscription Assets**

Capital, lease and subscription asset activity for the year ended September 30, 2024, was as follows:

	Balance October 1, 2023	Additions	Sales or Other Dispositions	Transfers In/ Transfers Out	Balance September 30, 2024
<b>Governmental Activities</b>					
Capital assets not being depreciated					
Land and land improvements	\$ 8,245,704	\$ -	\$ (19,448)	\$ -	\$ 8,226,256
Construction in progress	11,331,955	18,105,918	(18,056)	(2,578,880)	26,840,937
Total capital assets not being depreciated	19,577,659	18,105,918	(37,504)	(2,578,880)	35,067,193
Capital, lease and subscription assets being depreciated or amortized					
Buildings	20,195,137	-	-	-	20,195,137
Improvements other than buildings	46,505,042	117,282	-	413,039	47,035,363
Streets	45,262,963	1,073,370	-	1,914,869	48,251,202
Vehicles	9,571,926	960,022	(476,955)	-	10,054,993
Machinery and equipment	6,245,802	450,759	(186,672)	250,972	6,760,861
Office equipment	1,250,997	279,943	-	-	1,530,940
Right-to-use lease assets	1,451,802	583,508	-	-	2,035,310
SBITA assets	1,432,887	218,808	(121,758)	-	1,529,937
Total capital, lease and subscription assets being depreciated or amortized	131,916,556	3,683,692	(785,385)	2,578,880	137,393,743
Less: accumulated depreciation or amortization for					
Buildings	(9,483,107)	(545,212)	-	-	(10,028,319)
Improvements other than buildings	(11,410,078)	(1,098,318)	-	-	(12,508,396)
Streets	(17,789,739)	(859,196)	-	-	(18,648,935)
Vehicles	(6,142,941)	(902,736)	378,709	-	(6,666,968)
Machinery and equipment	(3,687,785)	(418,587)	201,223	-	(3,905,149)
Office equipment	(761,559)	(171,622)	-	-	(933,181)
Right-to-use lease assets	(515,639)	(416,166)	-	-	(931,805)
SBITA assets	(368,189)	(480,535)	116,812	-	(731,912)
Total accumulated depreciation and amortization	(50,159,037)	(4,892,372)	696,744	-	(54,354,665)
Capital, lease and subscription assets being depreciated or amortized, net	81,757,519	(1,208,680)	(88,641)	2,578,880	83,039,078
Governmental activities capital and lease assets, net	\$ 101,335,178	\$ 16,897,238	\$ (126,145)	\$ -	\$ 118,106,271

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	Balance October 1, 2023	Additions	Sales or Other Dispositions	Transfers In/ Transfers Out	Balance September 30, 2024
<b>Business-Type Activities</b>					
Capital assets not being depreciated					
Land	\$ 488,831	\$ -	\$ -	\$ -	\$ 488,831
Construction in progress	2,941,847	2,621,249	-	(1,084,130)	4,478,966
Total capital assets not being depreciated	3,430,678	2,621,249	-	(1,084,130)	4,967,797
Capital, lease and subscription assets being depreciated or amortized					
Building	3,817,428	48,750	-	-	3,866,178
Improvements other than buildings	127,170,703	612,534	-	1,084,130	128,867,367
Vehicles	1,816,549	-	(59,620)	-	1,756,929
Machinery and equipment	3,757,007	92,923	(64,237)	-	3,785,693
Office equipment	173,109	-	-	-	173,109
Right-to-use lease assets	125,437	75,619	-	-	201,056
SBITA assets	107,269	-	-	-	107,269
Total capital, lease and subscription assets being depreciated or amortized	136,967,502	829,826	(123,857)	1,084,130	138,757,601
Less: accumulated depreciation or amortization for					
Building	(1,454,669)	(123,611)	-	-	(1,578,280)
Improvements other than buildings	(48,019,841)	(2,991,124)	-	-	(51,010,965)
Vehicles	(1,599,538)	(81,401)	57,634	-	(1,623,305)
Machinery and equipment	(2,880,406)	(115,957)	49,132	-	(2,947,231)
Office equipment	(143,524)	(11,707)	-	-	(155,231)
Right-to-use lease assets	(38,788)	(34,680)	-	-	(73,468)
SBITA assets	(26,817)	(29,872)	-	-	(56,689)
Total accumulated depreciation and amortization	(54,163,583)	(3,388,352)	106,766	-	(57,445,169)
Capital, lease and subscription assets being depreciated or amortized, net	82,803,919	(2,558,526)	(17,091)	1,084,130	81,312,432
Business-type activities capital and lease assets, net	\$ 86,234,597	\$ 62,723	\$ (17,091)	\$ -	\$ 86,280,229

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

**Governmental Activities**

General government	\$ 1,162,774
Public safety	1,040,611
Public works	1,722,027
Culture and recreation	966,960

Total depreciation and amortization expense – governmental activities \$ 4,892,372

**Business-Type Activities**

Water Fund	<u>\$ 3,388,352</u>
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	Balance October 1, 2023	Additions	Transfers	Retirements	Balance September 30, 2024
<b>EIC</b>					
Land	\$ 1,138,436	\$ -	\$ -	\$ (1,138,436)	\$ -
Total capital assets	<u>\$ 1,138,436</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,138,436)</u>	<u>\$ -</u>
<b>KPUB</b>					
Capital assets, not being depreciated					
Land	\$ 252,885	\$ -	\$ -	\$ -	\$ 252,885
Construction in progress	1,574,033	5,912,214	(6,018,680)	-	1,467,567
Total capital assets not being depreciated	<u>1,826,918</u>	<u>5,912,214</u>	<u>(6,018,680)</u>	<u>-</u>	<u>1,720,452</u>
Capital and lease assets being depreciated or amortized					
Buildings	9,126,091	-	384,685	(133,384)	9,377,392
Distribution system	83,095,269	-	4,122,332	(200,359)	87,017,242
Right to use-equipment	73,651	-	-	(73,651)	-
Subscription assets	1,238,755	603,007	-	(57,556)	1,784,206
Right to use - vehicles	83,120	-	-	-	83,120
Vehicles	3,693,780	-	309,830	(169,158)	3,834,452
Machinery and equipment	2,613,247	-	775,567	(274,498)	3,114,316
Total capital and lease assets being depreciated or amortized	<u>99,923,913</u>	<u>603,007</u>	<u>5,592,414</u>	<u>(908,606)</u>	<u>105,210,728</u>
Less: accumulated depreciation or amortization for					
Buildings	(5,438,200)	(450,969)	-	120,814	(5,768,355)
Distribution system	(41,170,021)	(3,496,663)	426,266	-	(44,240,418)
Right to use - equipment	(42,274)	(9,380)	-	51,654	-
Subscription assets	(285,213)	(334,661)	-	57,556	(562,318)
Right to use - vehicles	(5,450)	(16,352)	-	-	(21,802)
Vehicles	(1,386,284)	(308,741)	-	152,671	(1,542,354)
Machinery and equipment	(790,112)	(135,269)	-	99,571	(825,810)
Total accumulated depreciation and amortization	<u>(49,117,554)</u>	<u>(4,752,035)</u>	<u>426,266</u>	<u>482,266</u>	<u>(52,961,057)</u>
Total capital and lease assets being depreciated or amortized, net	<u>50,806,359</u>	<u>(4,149,028)</u>	<u>6,018,680</u>	<u>(426,340)</u>	<u>52,249,671</u>
KPUB capital assets, net	<u>\$ 52,633,277</u>	<u>\$ 1,763,186</u>	<u>\$ -</u>	<u>\$ (426,340)</u>	<u>\$ 53,970,123</u>

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**Construction Commitments**

The City has numerous active construction projects as of September 30, 2024. The projects include street reconstruction and various water and wastewater projects. These improvements are being paid with bond proceeds and internally generated sources.

	<b>Spent to Date</b>	<b>Remaining Commitments</b>	<b>Total Commitments</b>
<b>Governmental IP Fund</b>			
Public Safety Facility	\$ 16,242,938	\$ 23,976,760	\$ 39,565,360
<b>Water Fund</b>			
Knapp Wastewater Collection Projects	\$ 2,835,104	\$ 2,208,286	\$ 4,901,635

**Note 5. Interfund Payables and Transfers**

The composition of interfund balances as of September 30, 2024, is as follows:

<b>Interfund Payable</b>	<b>Interfund Receivable General Fund</b>
Water Fund	\$ 96,426
Internal Service Funds	6,588
	<u>\$ 103,014</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

<b>Transfer Fund</b>	<b>Transfer In</b>	<b>Transfer Out</b>	<b>Purpose of Transfer</b>
General	\$ 2,206,767	\$ 200,000	Budgetary
Governmental IP	504,687	-	Capital Projects
Hotel/Motel	-	85,000	Budgetary
TIRZ #1	-	50,000	Budgetary
Water	-	2,376,454	Budgetary
	<u>\$ 2,711,454</u>	<u>\$ 2,711,454</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.

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*Purpose of Transfers.* Interfund transfers between the General Fund, Grants Fund and TIRZ Fund to the Governmental IP Fund relate to the funding of capital projects. The Water Fund provides transfers to the General Fund for budgeted allocation amounts. The Hotel/Motel Fund transfer relates to funding for tourism events paid by the General Fund.

**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 fiscal year 2024, the EIC issued \$18,625,000 of the City of Kerrville, Texas Economic Improvement Corporation (Kerr County, Texas), Sales Tax Revenue Bonds, Series 2023, for the purpose of financing projects within the City, including in particular, but not limited to, Cailloux Theatre roof and HVAC replacement and improvements, Olympic Pool facility renovations and improvements, golf course facility renovations and improvements, Granger MacDonald Park upgrades and improvements, and Heart of the Hills Heritage Center renovation, upgrades and improvements, and paying professional services related to the construction and financing of the aforementioned projects. The bond was issued at a premium of \$1,639,360 and matures over a 20-year period and has an interest rate of 5%.

Debt currently outstanding for the year ended September 30, 2024, was as follows:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>EIC</b>
<b>Certificates of Obligations</b>			
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	\$ 5,500,000	\$ -	\$ -
Combination Tax and Revenue Certificates of Obligation, Series 2016, 2% to 3.625%, maturing in annual installments of \$370,000 to \$610,000 through 2035	-	5,890,000	-
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	-	7,345,000	-
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	-	4,445,000	-
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	8,125,000	-	-
	<u>\$ 13,625,000</u>	<u>\$ 17,680,000</u>	<u>\$ -</u>

**City of Kerrville, Texas**  
**Notes to Basic Financial Statements**  
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	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>EIC</b>
<b>General Obligations Bonds</b>			
General Obligation Refunding Bonds, Series 2017, 2.00% to 5.00%, maturing in annual installments of \$190,000 to \$1,755,000 through 2030	\$ 2,045,000	\$ 4,580,000	\$ -
General Obligation Refunding Bonds, Series 2019, 2.00% to 5.00%, maturing in annual installments of \$175,000 to \$245,000 through 2031	1,545,000	-	-
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	1,350,000	6,940,000	-
General Obligation Refunding Bonds Series 2022; interest rate of 4% to 4.31% maturing in installments of \$605,000 to \$1,770,000 through 2052	43,765,000	-	-
	<u>\$ 48,705,000</u>	<u>\$ 11,520,000</u>	<u>\$ -</u>
<b>Revenue Bonds</b>			
City of Kerrville, Texas Economic Improvement Corporation Sales Tax Revenue Bonds, Series 2023, 5.00%; maturing in annual installments of \$580,000 to \$1,400,000 through 2043	\$ -	\$ -	\$ 17,765,000
Waterworks and Sewer System Revenue Improvement Bonds, Series 2023, 4.00% to 5.00% maturing in annual installments of \$70,000 to \$445,000 through 2053	-	12,090,000	-
	<u>\$ -</u>	<u>\$ 12,090,000</u>	<u>\$ 17,765,000</u>
<b>Loan from Direct Borrowing</b>			
City of Kerrville, Texas Tax note Series 2024, 4.05%, Maturing in annual installments of \$220,000 to \$325,000 through 2031	2,000,000	-	-
	<u>\$ 2,000,000</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Kerrville Public Utility Board Loan</b>			
Kerrville Public Utility Board Loan, 2.4%, maturing in annual installments of \$1,071,429 beginning 2023 through 2029	\$ -	\$ 5,357,143	\$ -



**City of Kerrville, Texas**  
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During the year ended September 30, 2024, the following changes occurred in business-type, governmental activities, and discretely presented component units long-term debt:

	<b>Beginning of Year</b>	<b>Additions</b>	<b>Deletions</b>	<b>End of Year</b>	<b>Due Within One Year</b>
<b>Governmental Activities</b>					
General obligation bonds	\$ 50,095,000	\$ -	\$ 1,390,000	\$ 48,705,000	\$ 1,455,000
Certificates of obligation	14,415,000	-	790,000	13,625,000	810,000
Tax note	-	2,000,000	-	2,000,000	220,000
Unamortized bond premium	2,094,040	-	229,937	1,864,103	212,410
Net bonds and notes payable	66,604,040	2,000,000	2,409,937	66,194,103	2,697,410
Compensated absences	1,506,810	803,291	566,403	1,743,698	953,500
Arbitrage	-	818,852	-	818,852	-
SBITAs	1,021,162	218,808	504,841	735,129	427,132
Leases	930,472	583,508	402,336	1,111,644	461,962
Landfill closure and post-closure costs	1,635,559	56,530	-	1,692,089	-
Governmental activity long-term liabilities	<u>\$ 71,698,043</u>	<u>\$ 4,480,989</u>	<u>\$ 3,883,517</u>	<u>\$ 72,295,515</u>	<u>\$ 4,540,004</u>
<b>Business-Type Activities</b>					
General obligation bonds	\$ 12,745,000	\$ -	\$ 1,225,000	\$ 11,520,000	\$ 1,285,000
Certificates of obligation	18,500,000	-	820,000	17,680,000	835,000
Revenue bonds	12,090,000	-	-	12,090,000	-
KPUB note	6,428,571	-	1,071,428	5,357,143	1,071,428
Unamortized bond premium	2,286,071	-	338,472	1,947,599	312,574
Net bonds and notes payable	52,049,642	-	3,454,900	48,594,742	3,504,002
Compensated absences	276,912	122,904	115,249	284,567	128,055
Arbitrage	-	409,184	-	409,184	-
SBITAs	81,460	-	31,107	50,353	33,918
Leases	92,043	75,619	31,468	136,194	40,579
Business-Type activity long-term liabilities	<u>\$ 52,500,057</u>	<u>\$ 607,707</u>	<u>\$ 3,632,724</u>	<u>\$ 49,475,040</u>	<u>\$ 3,706,554</u>
<b>Component Unit (EIC)</b>					
Revenue bonds	\$ -	\$ 18,625,000	\$ 860,000	\$ 17,765,000	\$ 580,000
Unamortized bond premium	-	1,639,360	217,170	1,422,190	207,143
Arbitrage	-	302,084	-	302,084	-
Component Unit long-term liabilities	<u>\$ -</u>	<u>\$ 20,566,444</u>	<u>\$ 1,077,170</u>	<u>\$ 19,489,274</u>	<u>\$ 787,143</u>

**City of Kerrville, Texas**  
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For the governmental activities, compensated absences, landfill closure, and post-closure costs are generally liquidated by the General Fund. The arbitrage liability will be liquidated by the Debt Service 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
2025	\$ 2,485,000	\$ 2,637,639	\$ 5,122,639
2026	2,625,000	2,495,466	5,120,466
2027	2,615,000	2,384,366	4,999,366
2028	2,725,000	2,270,211	4,995,211
2029	2,835,000	2,152,939	4,987,939
2030-2034	12,325,000	9,080,354	21,405,354
2035-2039	10,720,000	6,653,275	17,373,275
2040-2044	9,505,000	4,699,131	14,204,131
2045-2049	10,845,000	2,720,797	13,565,797
2050-2052	7,650,000	482,006	8,132,006
Total	<u>\$ 64,330,000</u>	<u>\$ 35,576,185</u>	<u>\$ 99,906,185</u>

Fiscal Years Ending September 30,	Business-Type Activities		
	Principal	Interest	Total
2025	\$ 3,191,429	\$ 1,584,925	\$ 4,776,354
2026	3,266,429	1,480,440	4,746,869
2027	3,561,429	1,372,444	4,933,873
2028	3,891,429	1,249,704	5,141,133
2029	4,001,426	1,116,608	5,118,034
2030-2034	10,480,000	4,064,783	14,544,783
2035-2039	4,690,000	2,734,333	7,424,333
2040-2044	4,830,000	1,963,102	6,793,102
2045-2049	5,650,000	1,139,387	6,789,387
2050-2053	3,085,000	286,087	3,371,087
Total	<u>\$ 46,647,142</u>	<u>\$ 16,991,811</u>	<u>\$ 63,638,953</u>

Fiscal Years Ending September 30,	EIC		
	Principal	Interest	Total
2025	\$ 580,000	\$ 888,250	\$ 1,468,250
2026	610,000	859,250	1,469,250
2027	640,000	828,750	1,468,750
2028	675,000	796,750	1,471,750
2029	705,000	763,000	1,468,000
2030-2034	4,105,000	3,247,750	7,352,750
2035-2039	5,235,000	2,114,000	7,349,000
2040-2043	5,215,000	667,750	5,882,750
Total	<u>\$ 17,765,000</u>	<u>\$ 10,165,500</u>	<u>\$ 27,930,500</u>

**City of Kerrville, Texas**  
**Notes to Basic Financial Statements**  
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***Loan from Direct Borrowing***

The City has a Series 2024 Tax Note with Webster Bank, National Association for \$2,000,000. The loan is due in annual installments through 2031, plus interest of 4.05%.

***Loan from Kerrville Public Utility Board***

The City has a promissory note with KPUB with an initial balance of \$7,500,000. The loan matures in 2031 and has an interest rate of 2.4%. The outstanding balance at September 30, 2024 was \$5,357,143.

***Lease Liability***

The City has agreements as lessee for vehicles and equipment, the terms which expire in various years through 2029.

The following is a schedule by year of payments under the leases as of September 30, 2024:

Year Ending September 30	Primary Government					
	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 461,962	\$ 69,688	\$ 531,650	\$ 40,579	\$ 12,555	\$ 53,134
2026	301,654	41,352	343,006	34,279	8,273	42,552
2027	218,677	18,690	237,367	29,235	4,747	33,982
2028	99,493	4,939	104,432	23,204	1,490	24,694
2029	29,858	283	30,141	8,897	200	9,097
	<u>\$ 1,111,644</u>	<u>\$ 134,952</u>	<u>\$ 1,246,596</u>	<u>\$ 136,194</u>	<u>\$ 27,265</u>	<u>\$ 163,459</u>

**City of Kerrville, Texas**  
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**Subscription Liability**

The measurement of the subscriptions payable is based on the present value of subscription payments expected to be made during the subscription term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any incentives payable.

The following is a schedule by year of payments under the subscriptions as of September 30, 2024:

Year Ending September 30	Primary Government					
	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 427,132	\$ 2,038	\$ 429,170	\$ 33,918	\$ 2,770	\$ 36,688
2026	262,050	4,468	266,518	16,435	-	16,435
2027	45,947	59	46,006	-	-	-
	<u>\$ 735,129</u>	<u>\$ 6,565</u>	<u>\$ 741,694</u>	<u>\$ 50,353</u>	<u>\$ 2,770</u>	<u>\$ 53,123</u>

**Note 7. Other Information**

**Risk Management**

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

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

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

### ***Closure and Post-closure Care Costs***

State and federal laws and regulations require that the City place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future post-closure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of the landfill post-closure care cost is based on the amount of the landfill used during the year. The estimated liability for landfill post-closure care costs of \$1,692,089 as of September 30, 2024, is based on 12.22% usage (filled) of the landfill. It is estimated that an additional \$11,581,176 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 \$13,273,265 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, 2024. However, the actual cost of closure and post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

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

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

### ***Contingent Liabilities and Commitments***

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

The City contracts for garbage disposal with a third-party. Under the terms of the agreement the City bills and collects the residential billing and remits that amount to the contracting party.

The City of Kerrville has entered into an economic incentive agreement with an entity who plans to build and operate a multifamily residential development. The agreement calls for the City to forego \$480,000 in various fees and rebate property tax up to a maximum of \$520,000 over a 10 year period.

The City of Kerrville Economic Improvement Corporation (EIC) has entered into various economic incentive agreements to promote economic development and to support attainable housing. Agreements between EIC and Schreiner University are designed to support the opening of a workforce development center and expand the athletic program which will increase enrollment and the number of primary jobs. EIC also entered into agreements with Lennar Homes and other private entities to promote economic development and provide additional attainable housing in the City. Incentives are based primarily on construction activities and will total \$8 million if all milestones are achieved.

Neither the City nor EIC has recorded a liability as of September 30, 2024 related to the above projects since they are in the early phase of development and no milestones have been met.

**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 over 930 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 annual comprehensive 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](http://www.TMRS.com).

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

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

***Benefits Provided***

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

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

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

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

**City of Kerrville, Texas**  
**Notes to Basic Financial Statements**  
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***Employees Covered by Benefit Terms***

At the December 31, 2023, valuation and measurement date, the following employees were covered by the benefit terms:

	<b>City</b>	<b>KPUB</b>
Inactive employees or beneficiaries currently receiving benefits	290	51
Inactive employees entitled to but not yet receiving benefits	239	29
Active employees	326	60
Total	855	140

***Contributions***

Employees for the City and KPUB were required to contribute 7% of their annual gross earnings during the fiscal year. Employer contributions are actuarially determined. For the fiscal year ended September 30, 2024, contributions of \$2,476,183 and \$710,221, 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, 2024, were measured as of December 31, 2023, 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, 2023, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year for the City and KPUB
Overall Payroll Growth	2.75% 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 are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with 110% the Public Safety table used for males and 100% of the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees for Texas mortality tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set-forward for males a 3-year set-forward for females. In addition a 3.5% and 3.0% minimum mortality rate is applied, for males and females, respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements subject to the 3% floor.

**City of Kerrville, Texas**  
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The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 to December 31, 2022. The assumptions were adopted in 2023 and first used in the December 31, 2023, actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income 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 by best estimate ranges of expected returns for each major asset class. The long-term expected rate of return is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage.

The target allocation and best estimates of the expected return for each major asset class in fiscal year 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35%	6.70%
Core Fixed Income	6%	4.70%
Non-Core Fixed Income	20%	8.00%
Other Public and Private Markets	12%	8.00%
Real Estate	12%	7.60%
Hedge Funds	5%	6.40%
Private Equity	10%	11.60%
	<u>100%</u>	

**Discount Rate**

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that Member 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 active and inactive 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**  
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Changes in the City's Net Pension Liability/(Asset):

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
<b>Balances as of December 31, 2022</b>	\$ 103,116,023	\$ 90,293,992	\$ 12,822,031
Changes for the year:			
Service cost	3,342,109	-	3,342,109
Interest on total pension liability	6,906,066	-	6,906,066
Effect of difference in expected and actual experience	243,607	-	243,607
Changes of assumptions	(492,829)	-	(492,829)
Employer contributions	-	2,287,537	(2,287,537)
Member contributions	-	1,580,727	(1,580,727)
Net investment income	-	10,438,227	(10,438,227)
Benefit payments, including refunds of employee contributions	(4,949,985)	(4,949,985)	-
Administrative expenses	-	(66,484)	66,484
Other	-	(466)	466
<b>Balances as of December 31, 2023</b>	<u>\$ 108,164,991</u>	<u>\$ 99,583,548</u>	<u>\$ 8,581,443</u>

Changes in KPUB's Net Pension Liability/(Asset):

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
<b>Balances as of December 31, 2022</b>	\$ 35,145,214	\$ 31,267,907	\$ 3,877,307
Changes for the year:			
Service cost	797,947	-	797,947
Interest on total pension liability	2,359,839	-	2,359,839
Effect of difference in expected and actual experience	441,784	-	441,784
Changes of assumptions	(201,589)	-	(201,589)
Employer contributions	-	615,194	(615,194)
Member contributions	-	349,758	(349,758)
Net investment income	-	3,618,230	(3,618,230)
Benefit payments, including refunds of employee contributions	(1,167,210)	(1,167,210)	-
Administrative expenses	-	(23,023)	23,023
Other	-	(162)	162
<b>Balances as of December 31, 2023</b>	<u>\$ 37,375,985</u>	<u>\$ 34,660,694</u>	<u>\$ 2,715,291</u>

**City of Kerrville, Texas**  
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***Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate***

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

	1% Decrease (5.75%)	Current Single Discount Rate Assumption (6.75%)	1% Increase (7.75%)
City's net pension liability	\$ 22,902,230	\$ 8,581,443	\$ (3,285,480)
KPUB's net pension liability	\$ 7,868,212	\$ 2,715,291	\$ (1,547,027)

***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](http://www.tmr.com).

***Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions***

For the year ended September 30, 2024, the City and KPUB recognized pension expense of \$2,156,551, and \$744,451, respectively.

At September 30, 2024, the City and KPUB reported deferred outflows and inflows 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	408,076	20,569	412,245	18,864
Change of assumptions		355,932		142,644
Differences between projected and actual investment earnings	2,466,330		851,911	
Contributions subsequent to the measurement date through year-end	1,830,479		536,636	
	<u>\$ 4,704,885</u>	<u>\$ 376,501</u>	<u>\$ 1,800,792</u>	<u>\$ 161,508</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$1,830,479 and \$536,636 made by the City and KPUB, respectively, will be recognized as a decrease of the net pension liability for the year ending September 30, 2025.

**City of Kerrville, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2024**

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

<b>Year Ended September 30</b>	<b>City</b>	<b>KPUB</b>
2025	\$ 706,280	\$ 381,306
2026	810,986	337,903
2027	1,849,313	684,966
2028	(868,674)	(301,527)
<b>Total</b>	<b>\$ 2,497,905</b>	<b>\$ 1,102,648</b>

**Note 9. Other Postemployment Benefit Plan**

***Plan Description***

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

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

***Benefits Provided***

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

The SDBF fund does not meet the requirements of a trust under Paragraph 4b of 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.

**City of Kerrville, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2024**

**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, 2023, valuation and measurement date, the following employees were covered by the benefit terms:

	City	KPUB
Inactive employees or beneficiaries currently receiving benefits	230	44
Inactive employees entitled to but not yet receiving benefits	61	17
Active employees	326	60
Total employees	617	121

The City’s total OPEB liability and KPUB’s total OPEB liability at September 30, 2024, were measured as of December 31, 2023, and was determined by an actuarial valuation as of that date.

**Actuarial Assumptions**

Actuarial Cost Method	Entry-age normal
Discount Rate	3.77% as of December 31, 2023 (4.05% as of December 31, 2022)
Inflation	2.50%
Overall Payroll Growth	3.60% to 11.85% 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. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
Mortality rates – disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year setforward 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 the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.

**City of Kerrville, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2024**

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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 of 3.77% based on the 20 Year Bond GO Index published by bondbuyer.com is used as of the measurement date of December 31, 2023. 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><b>Total OPEB Liability</b></u>
<b>Balance as of December 31, 2022</b>	\$ 1,206,978
Changes for the year	
Service Cost	51,938
Interest on Total OPEB Liability	49,111
Changes of benefit terms including TMRS plan participation	-
Differences between expected and actual experience	4,076
Changes in assumptions or other inputs	63,336
Benefit payments **	(40,647)
Net changes	<u>127,814</u>
<b>Balance as of December 31, 2023</b>	<u><u>\$ 1,334,792</u></u>

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

***Changes in the KPUB's Total OPEB Liability***

	<u><b>Total OPEB Liability</b></u>
<b>Balance as of December 31, 2022</b>	\$ 260,808
Changes for the year:	
Service cost	5,496
Interest on total OPEB liability	10,502
Effect of differences between expected and actual experience	3,993
Effect of assumption changes and inputs	8,738
Benefit payments	<u>(8,494)</u>
<b>Balance as of December 31, 2023</b>	<u><u>\$ 281,043</u></u>

**City of Kerrville, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2024**

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***Sensitivity Analysis***

The following presents the Total OPEB Liability of the employer, calculated using the discount rate of 3.77%, as well as what the Total OPEB Liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.77%) or 1 percentage point higher (4.77%) 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.

	<b>1% Decrease in Discount Rate 2.77%</b>	<b>Current Discount Rate 3.77%</b>	<b>1% Increase in Discount Rate 4.77%</b>
City's total OPEB liability	\$ 1,575,774	\$ 1,334,792	\$ 1,143,868
KPUB's total OPEB liability	\$ 328,280	\$ 281,043	\$ 242,650

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

For the year ended September 30, 2024, the City and KPUB recognized OPEB expense of \$55,882 and \$3,170, respectively.

At September 30, 2024, the City and KPUB reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>City</b>		<b>KPUB</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 6,934	\$ 33,688	\$ 4,343	\$ 5,816
Changes of assumptions	137,550	349,600	10,204	59,101
Contributions subsequent to the measurement date through year-end	64,626	-	6,836	
Total	\$ 209,110	\$ 383,288	\$ 21,383	\$ 64,917

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, 2025.

**City of Kerrville, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2024**

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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:

<b>Year Ended</b>	<b>City</b>	<b>KPUB</b>
2025	\$ (55,336)	\$ (26,655)
2026	(92,018)	(26,846)
2027	(100,048)	3,131
2028	8,598	-
<b>Total</b>	<u>\$ (238,804)</u>	<u>\$ (50,370)</u>

**Note 10. Investment in Joint Venture**

The City and Kerr County operate a municipal airport under a joint venture agreement. Participants provide financial support and are entitled to an undivided 50% interest in net position, which amounted to \$8,771,832 as of September 30, 2024.

**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, 2024**

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***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, 2024:

	<b>Fair Value</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
<b>Investments by Fair Value Level</b>				
U.S. agency securities	\$ 14,019,140	\$ 5,009,095	\$ 9,010,045	\$ -
Municipal bonds	1,975,293	-	1,975,293	-
Equity securities	1,148,521	1,148,521	-	-
Commercial paper	8,397,070	-	8,397,070	-
	<u>25,540,024</u>	<u>\$ 6,157,616</u>	<u>\$ 19,382,408</u>	<u>\$ -</u>
Total investments by fair value level				
<b>Investments Measured at Net Asset Value</b>				
Money market funds	5,312,115			
LOGIC	6,488,576			
Texas CLASS	<u>38,929,312</u>			
Total investments measured at net asset value	50,730,003			
<b>Investments Measured at Amortized Cost</b>				
TexPool Prime	9,983,070			
TexPool Prime (EIC)	24,319,466			
TexPool Prime - Library	<u>95,849</u>			
	<u>34,398,385</u>			
Total investments	<u>\$ 110,668,412</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, 2024, no investments were classified within Level 3 of the fair value hierarchy.



## **Required Supplementary Information**

**City of Kerrville, Texas**  
**Required Supplementary Information**  
**Schedule of Changes in Net Pension Liability/(Asset) and Related Ratios - City**  
**Texas Municipal Retirement System (Unaudited)**

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

**Other Information:**

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

# Exhibit B-1

Measurement Year					
2018	2019	2020	2021	2022	2023
\$ 2,516,755	\$ 2,639,179	\$ 2,847,985	\$ 2,795,824	\$ 3,149,164	\$ 3,342,109
5,299,675	5,537,157	5,872,106	6,208,670	6,530,904	6,906,066
(297,054)	324,153	266,335	(97,708)	516,970	243,607
-	287,290	-	-	-	(492,829)
(4,115,045)	(4,009,623)	(3,850,329)	(4,098,101)	(4,521,129)	(4,949,985)
3,404,331	4,778,156	5,136,097	4,808,685	5,675,909	5,048,968
79,312,845	82,717,176	87,495,332	92,631,429	97,440,114	103,116,023
82,717,176	87,495,332	92,631,429	97,440,114	103,116,023	108,164,991
1,713,463	1,815,452	1,950,647	1,991,292	2,219,797	2,287,537
1,206,664	1,264,794	1,348,516	1,331,345	1,495,532	1,580,727
(2,257,846)	11,108,975	6,221,427	11,419,026	(7,165,547)	10,438,227
(4,115,045)	(4,009,623)	(3,850,329)	(4,098,101)	(4,521,129)	(4,949,985)
(43,661)	(62,825)	(40,293)	(52,877)	(62,063)	(66,484)
(2,284)	(1,887)	(1,573)	363	74,060	(466)
(3,498,709)	10,114,886	5,628,395	10,591,048	(7,959,350)	9,289,556
75,417,722	71,919,013	82,033,899	87,662,294	98,253,342	90,293,992
71,919,013	82,033,899	87,662,294	98,253,342	90,293,992	99,583,548
\$ 10,798,163	\$ 5,461,433	\$ 4,969,135	\$ (813,228)	\$ 12,822,031	\$ 8,581,443
86.9%	93.8%	94.6%	100.8%	87.6%	92.1%
\$ 17,238,051	\$ 18,064,196	\$ 19,256,155	\$ 19,019,209	\$ 21,364,746	\$ 22,581,821
62.6%	30.2%	25.8%	-4.3%	60.0%	38.0%

**City of Kerrville, Texas**  
**Required Supplementary Information**  
**Schedule of Contributions - City**  
**Texas Municipal Retirement System (Unaudited)**

**Exhibit B-2**

<b>Fiscal Year Ended September 30,</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Actuarially determined contribution	\$ 1,325,004	\$ 1,376,486	\$ 1,539,845	\$ 1,677,349
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>
<b>Contribution Deficiency (Excess)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	15,367,386	15,968,863	16,148,368	16,993,172
Contributions as a percentage of covered payroll	8.6%	8.6%	9.5%	9.9%

**Notes to Schedule:**

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31 each year and become effective in January, 13 months 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	22 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.60% to 11.85 percent including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	<p>Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).</p> <p>Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).</p>

**City of Kerrville, Texas**  
**Required Supplementary Information**  
**Schedule of Contributions - City**  
**Texas Municipal Retirement System (Unaudited)**

**Exhibit B-2**

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<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
\$ 1,795,272	\$ 1,847,610	\$ 1,970,604	\$ 2,148,645	\$ 2,270,829	\$ 2,476,183
<u>1,795,272</u>	<u>1,847,610</u>	<u>1,970,604</u>	<u>2,148,645</u>	<u>2,270,829</u>	<u>2,476,183</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
17,909,038	18,273,148	18,993,777	20,638,908	22,261,490	23,840,578
10.0%	10.1%	10.4%	10.4%	10.2%	10.4%

**City of Kerrville, Texas**  
**Required Supplementary Information**  
**Schedule of changes in Total OPEB Liability and Related Ratios - City**  
**Texas Municipal Retirement System (Unaudited)**

**Exhibit B-3**

Measurement Date December 31,	2017	2018	2019	2020	2021	2022	2023
<b>Total OPEB Liability</b>							
Service cost	\$ 32,621	\$ 39,648	\$ 36,128	\$ 65,471	\$ 72,273	\$ 96,141	\$ 51,938
Interest	37,409	37,753	42,542	37,732	32,591	31,609	49,111
Difference between expected and actual experience	-	19,397	(72,096)	(38,578)	(45,514)	6,101	4,076
Change in assumptions	87,451	(78,350)	215,336	211,417	50,300	(579,600)	63,336
Benefit payments	(9,786)	(10,343)	(10,839)	(11,554)	(32,333)	(34,184)	(40,647)
<b>Net Change in Total OPEB Liability</b>	147,695	8,105	211,071	264,488	77,317	(479,933)	127,814
<b>Total OPEB Liability – Beginning</b>	978,235	1,125,930	1,134,035	1,345,106	1,609,594	1,686,911	1,206,978
<b>Total OPEB Liability – Ending</b>	<u>\$ 1,125,930</u>	<u>\$ 1,134,035</u>	<u>\$ 1,345,106</u>	<u>\$ 1,609,594</u>	<u>\$ 1,686,911</u>	<u>\$ 1,206,978</u>	<u>\$ 1,334,792</u>
<b>Covered-Employee Payroll</b>	16,310,305	17,238,051	18,064,196	18,064,196	19,019,209	21,364,746	22,581,821
<b>Total OPEB Liability as a Percentage of Covered Payroll</b>	6.90%	6.58%	7.45%	8.91%	8.87%	5.65%	5.91%

**Notes to Schedule:**

Changes of benefit terms: None

Changes of assumptions:

Changes of assumption and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period

2017	3.31%
2018	3.71%
2019	2.75%
2020	2.00%
2021	1.84%
2022	4.05%
2023	3.77%

**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. No assets are maintained in a trust that meets the criteria in paragraph 4 of GASB 75 to pay related benefits.



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**City of Kerrville, Texas**  
**Required Supplementary Information**  
**Schedule of Changes in Net Pension Liability Related Ratios - KPUB**  
**Last Ten Fiscal Years (Unaudited)**

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

**Other Information:**

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

# Exhibit B-4

Measurement Year					
2018	2019	2020	2021	2022	2023
\$ 615,347	\$ 635,605	\$ 662,672	\$ 688,378	\$ 724,512	\$ 797,947
1,805,527	1,888,697	1,986,779	2,088,014	2,238,796	2,359,839
(169,108)	(6,158)	4,905	624,065	(46,010)	441,784
-	(2,821)	-	-	-	(201,589)
(1,027,706)	(1,031,788)	(1,119,784)	(1,215,094)	(1,154,341)	(1,167,210)
1,224,060	1,483,535	1,534,572	2,185,363	1,762,957	2,230,771
26,954,727	28,178,787	29,662,322	31,196,894	33,382,257	35,145,214
28,178,787	29,662,322	31,196,894	33,382,257	35,145,214	37,375,985
542,527	558,073	581,151	602,987	527,043	615,194
272,968	282,671	294,147	306,530	317,769	349,758
(775,398)	3,846,678	2,164,329	3,965,717	(2,486,000)	3,618,230
(1,027,706)	(1,031,788)	(1,119,784)	(1,215,094)	(1,154,341)	(1,167,210)
(14,984)	(21,733)	(14,004)	(18,347)	(21,514)	(23,023)
(783)	(653)	(546)	125	25,673	(162)
(1,003,376)	3,633,248	1,905,293	3,641,918	(2,791,370)	3,392,787
25,882,194	24,878,818	28,512,066	30,417,359	34,059,277	31,267,907
24,878,818	28,512,066	30,417,359	34,059,277	31,267,907	34,660,694
\$ 3,299,969	\$ 1,150,256	\$ 779,535	\$ (677,020)	\$ 3,877,307	\$ 2,715,291
88.3%	96.1%	97.5%	102.0%	89.0%	92.7%
\$ 3,899,540	\$ 4,038,153	\$ 4,202,103	\$ 4,378,995	\$ 4,539,552	\$ 4,996,539
84.6%	28.5%	18.6%	-15.5%	85.4%	54.3%

**City of Kerrville, Texas**  
**Required Supplementary Information**  
**Schedule of Contributions - KPUB**  
**Texas Municipal Retirement System**  
**Last Ten Fiscal Years (Unaudited)**

**Exhibit B-5**

<b>Fiscal Year Ended September 30,</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Actuarially determined contribution	\$ 486,427	\$ 478,030	\$ 496,124	\$ 537,357
Contribution in relation of the actuarially determined contribution	<u>486,427</u>	<u>478,030</u>	<u>496,124</u>	<u>537,357</u>
<b>Contribution Deficiency (Excess)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	4,165,019	4,052,120	4,020,268	3,919,181
Contributions as a percentage of covered payroll	11.7%	11.8%	12.3%	13.7%

**Notes to Schedule:**

Valuation Date:

Actuarial determined contribution rates are calculated as of December 31 each year and become effective in January, 13 months 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	22 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.60% to 11.85% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality Post-retirement:	2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
Pre-retirement:	PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

**Other Information:**

Benefits Changes: There were no benefit changes during the year.

**City of Kerrville, Texas**  
**Required Supplementary Information**  
**Schedule of Contributions - KPUB**  
**Texas Municipal Retirement System**  
**Last Ten Fiscal Years (Unaudited)**

**Exhibit B-5**

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<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
\$ 558,424	\$ 509,068	\$ 515,755	\$ 538,098	\$ 593,440	\$ 710,221
<u>558,424</u>	<u>583,931</u>	<u>593,188</u>	<u>559,832</u>	<u>593,440</u>	<u>710,221</u>
<u>\$ -</u>	<u>\$ (74,863)</u>	<u>\$ (77,433)</u>	<u>\$ (21,734)</u>	<u>\$ -</u>	<u>\$ -</u>
4,012,557	4,223,025	4,302,930	4,598,586	4,891,795	5,518,715
13.9%	13.8%	13.8%	12.2%	12.1%	12.9%

**City of Kerrville, Texas**  
**Required Supplementary Information**  
**Schedule of Changes in Total OPEB Liability and Related Ratios - KPUB**  
**Texas Municipal Retirement System (Unaudited)**

**Exhibit B-6**

	Measurement Year						
	2017	2018	2019	2020	2021	2022	2023
<b>Total OPEB Liability</b>							
Service cost	\$ 5,999	\$ 6,629	\$ 6,057	\$ 8,824	\$ 11,385	\$ 11,349	\$ 5,496
Interest	7,837	7,918	8,786	8,217	7,125	7,086	10,502
Difference between expected and actual experience	-	1,880	(1,294)	(2,968)	5,122	(11,916)	3,993
Change in assumptions	18,923	(17,158)	48,695	45,789	11,280	(121,975)	8,738
Benefit payments	(1,200)	(1,170)	(1,615)	(1,681)	(5,693)	(6,355)	(8,494)
<b>Net Change in Total OPEB Liability</b>	31,559	(1,901)	60,629	58,181	29,219	(121,811)	20,235
<b>Total OPEB Liability – Beginning</b>	204,932	236,491	234,590	295,219	353,400	382,619	260,808
<b>Total OPEB Liability – Ending</b>	<u>\$ 236,491</u>	<u>\$ 234,590</u>	<u>\$ 295,219</u>	<u>\$ 353,400</u>	<u>\$ 382,619</u>	<u>\$ 260,808</u>	<u>\$ 281,043</u>
<b>Covered-Employee Payroll</b>	\$ 3,999,227	\$ 3,899,540	\$ 4,038,153	\$ 4,202,103	\$ 4,378,995	\$ 4,539,552	\$ 4,996,539
<b>Total OPEB Liability as a Percentage of Covered Payroll</b>	5.91%	6.02%	7.31%	8.41%	8.74%	5.75%	5.62%

**Notes to Schedule:**

Changes of benefit terms: None

Changes of assumptions:

Changes of assumption and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period

2017	3.31%
2018	3.71%
2019	2.75%
2020	2.00%
2021	1.84%
2022	4.05%
2023	3.77%

**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.



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**City of Kerrville, Texas**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual (General Fund)**  
**Year Ended September 30, 2024**

**Exhibit B-7**

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes, penalties, and interest	\$ 24,714,134	\$ 24,714,134	\$ 24,410,223	\$ (303,911)
Intergovernmental	1,872,507	1,872,507	1,891,567	19,060
Licenses and permits	1,162,258	1,162,258	775,242	(387,016)
Charges for services	7,535,843	7,535,843	7,602,564	66,721
Fines and forfeitures	429,500	429,500	349,173	(80,327)
Grants	44,902	44,902	113,285	68,383
Investment income	458,522	727,877	1,459,550	731,673
Miscellaneous	389,399	620,044	1,350,631	730,587
Lease interest revenue	-	-	4,180	4,180
Total revenues	36,607,065	37,107,065	37,956,415	849,350
Expenditures				
General government				
City council	26,084	32,299	31,834	465
City secretary	252,800	248,510	242,278	6,232
City attorney	466,231	496,191	481,726	14,465
Municipal court	456,491	451,965	446,828	5,137
City administration	661,360	641,505	640,947	558
Human resources	344,834	366,274	333,242	33,032
Finance	1,003,095	1,111,011	754,081	356,930
Information technology	1,652,272	1,590,150	1,567,588	22,562
Office of Innovation	80,892	77,138	63,567	13,571
Public information	208,209	223,548	219,380	4,168
Economic development	335,844	343,081	314,262	28,819
General operations	1,889,716	1,866,264	2,308,155	(441,891)
Total general government	7,377,828	7,447,936	7,403,888	44,048
Public safety				
Police	8,830,150	8,826,150	8,759,197	66,953
Fire	9,771,306	10,219,988	10,208,826	11,162
Emergency management and training	234,487	220,410	219,584	826
Fire prevention	320,682	316,000	313,728	2,272
Total public safety	19,156,625	19,582,548	19,501,335	81,213
Public works				
Planning	350,046	353,491	364,566	(11,075)
Building services	601,918	608,036	550,833	57,203
Engineering	710,263	737,990	699,253	38,737
Streets	4,151,990	3,016,579	1,904,039	1,112,540
Solid waste	89,564	87,900	87,005	895
Code compliance	191,074	193,287	198,559	(5,272)
Total public works	6,094,855	4,997,283	3,804,255	1,193,028

**City of Kerrville, Texas**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual (General Fund)**  
**Year Ended September 30, 2024**

**Exhibit B-7**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Culture and Recreation				
Kerrville-Schreiner Park	\$ 679,749	\$ 664,113	\$ 615,663	\$ 48,450
Cailloux Theatre	25,000	25,000	2,007	22,993
Tennis center	13,178	13,178	8,590	4,588
Aquatics	212,045	213,972	210,659	3,313
Parks maintenance	1,874,874	1,705,882	1,650,463	55,419
Recreation	236,892	244,843	244,578	265
Library	808,031	803,381	787,433	15,948
Scott Schreiner Golf Course	1,102,499	1,105,086	926,855	178,231
Community events	211,419	183,181	176,942	6,239
Sports complex	636,422	614,289	590,877	23,412
Total culture and recreation	5,800,109	5,572,925	5,214,067	358,858
Other				
Capital outlay	561,000	1,634,370	2,361,916	(727,546)
Debt service	-	-	941,785	(941,785)
Total other	561,000	1,634,370	3,303,701	(1,669,331)
Total expenditures	38,990,417	39,235,062	39,227,246	7,816
Excess (deficiency) of revenues over expenditures	(2,383,352)	(2,127,997)	(1,270,831)	857,166
<b>Other Financing Sources (Uses)</b>				
Issuance of leases	-	-	535,805	535,805
Issuance of SBITAs	-	-	218,808	218,808
Transfers in	3,309,838	4,071,614	2,206,767	(1,864,847)
Transfers out	(1,048,384)	(1,810,160)	(200,000)	1,610,160
Total other financing sources (uses)	2,261,454	2,261,454	2,761,380	499,926
<b>Net Changes in Fund Balance</b>	(121,898)	133,457	1,490,549	1,357,092
<b>Fund Balance, Beginning of Year</b>	20,208,145	20,208,145	20,208,145	-
<b>Fund Balance, End of Year</b>	<u>\$ 20,086,247</u>	<u>\$ 20,341,602</u>	<u>\$ 21,698,694</u>	<u>\$ 1,357,092</u>



***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, except for the Governmental IP Fund and Grant Fund. A budget is also approved for 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.



## **Supplementary Information**

**City of Kerrville, Texas**  
**Combining Balance Sheet**  
**Governmental Funds - Nonmajor**  
**September 30, 2024**

	Special Revenue Funds			
	Library Memorial	Hotel/Motel Tax	History Center	Police
<b>Assets</b>				
Cash and cash equivalents	\$ 1,457,820	\$ 2,222,978	\$ 241,642	\$ 205,806
Investments	1,148,521	-	-	-
Interest receivable	4,209	3,589	-	-
Other receivable	-	-	-	-
Due from other governments	-	2,776	-	-
Total assets	<u>\$ 2,610,550</u>	<u>\$ 2,229,343</u>	<u>\$ 241,642</u>	<u>\$ 205,806</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ 25,247	\$ 25,691	\$ 205	\$ 17,018
Total liabilities	<u>25,247</u>	<u>25,691</u>	<u>205</u>	<u>17,018</u>
<b>Fund Balances</b>				
Restricted				
Tourism	-	2,203,652	-	-
Library	2,585,303	-	-	-
Police	-	-	-	188,788
PEG	-	-	-	-
Municipal court	-	-	-	-
TIRZ	-	-	-	-
Committed				
Park improvements	-	-	-	-
History center	-	-	241,437	-
Total fund balances	<u>2,585,303</u>	<u>2,203,652</u>	<u>241,437</u>	<u>188,788</u>
Total liabilities and fund balances	<u>\$ 2,610,550</u>	<u>\$ 2,229,343</u>	<u>\$ 241,642</u>	<u>\$ 205,806</u>

Exhibit C-1

Special Revenue Funds			Capital Projects Fund		Total Nonmajor Funds
PEG	Municipal Court	TIRZ	Parkland Dedication		
\$ 97,088	\$ 153,198	\$ 641,192	\$ 282,229	\$	5,301,953
-	-	-	-		1,148,521
-	-	-	-		7,798
12,506	-	-	-		12,506
-	9,272	-	-		12,048
<u>\$ 109,594</u>	<u>\$ 162,470</u>	<u>\$ 641,192</u>	<u>\$ 282,229</u>	<u>\$</u>	<u>6,482,826</u>
\$ 800	\$ 5,023	\$ -	\$ 25,657	\$	99,641
<u>800</u>	<u>5,023</u>	<u>-</u>	<u>25,657</u>		<u>99,641</u>
-	-	-	-		2,203,652
-	-	-	-		2,585,303
-	-	-	-		188,788
108,794	-	-	-		108,794
-	157,447	-	-		157,447
-	-	641,192	-		641,192
-	-	-	256,572		256,572
-	-	-	-		241,437
<u>108,794</u>	<u>157,447</u>	<u>641,192</u>	<u>256,572</u>		<u>6,383,185</u>
<u>\$ 109,594</u>	<u>\$ 162,470</u>	<u>\$ 641,192</u>	<u>\$ 282,229</u>	<u>\$</u>	<u>6,482,826</u>

**City of Kerrville, Texas**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds - Nonmajor**  
**Year Ended September 30, 2024**

	<b>Special Revenue Funds</b>			
	<b>Library Memorial</b>	<b>Hotel/Motel Tax</b>	<b>History Center</b>	<b>Police</b>
<b>Revenues</b>				
Taxes and penalties	\$ -	\$ 1,671,379	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	38,374	-	-	34,265
Charges for services	-	-	4	-
Grants	-	-	-	500
Fines and forfeitures	-	-	-	38,800
Investment income	168,596	130,809	15,363	12,986
Miscellaneous	1,066	448,662	19,002	570
Total revenues	208,036	2,250,850	34,369	87,121
<b>Expenditures</b>				
Current				
General government	-	-	-	-
Public safety	-	-	-	97,084
Culture and recreation	399,645	2,096,397	13,261	-
Capital outlay	50,691	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	450,336	2,096,397	13,261	97,084
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(242,300)	154,453	21,108	(9,963)
<b>Other Financing Sources (Uses)</b>				
Transfers out	-	(85,000)	-	-
Total other financing sources (uses)	-	(85,000)	-	-
<b>Net Change in Fund Balances</b>	(242,300)	69,453	21,108	(9,963)
<b>Fund Balances, Beginning of Year</b>	2,827,603	2,134,199	220,329	198,751
<b>Fund Balances, End of Year</b>	\$ 2,585,303	\$ 2,203,652	\$ 241,437	\$ 188,788

Exhibit C-2

Special Revenue Funds			Capital Projects Funds		Total Nonmajor Funds
PEG	Municipal Court	TIRZ	Parkland Dedication		
\$ 52,257	\$ -	\$ 327,564	\$ -	\$ 2,051,200	
-	-	-	87,400	87,400	
-	-	-	-	72,639	
-	-	-	-	4	
-	-	-	-	500	
-	66,173	-	-	104,973	
6,264	9,450	35,641	15,910	395,019	
-	-	-	-	469,300	
58,521	75,623	363,205	103,310	3,181,035	
7,827	-	-	-	7,827	
-	52,471	-	-	149,555	
-	-	-	-	2,509,303	
-	-	-	38,157	88,848	
33,919	-	-	-	33,919	
1,265	-	-	-	1,265	
43,011	52,471	-	38,157	2,790,717	
15,510	23,152	363,205	65,153	390,318	
-	-	(50,000)	-	(135,000)	
-	-	(50,000)	-	(135,000)	
15,510	23,152	313,205	65,153	255,318	
93,284	134,295	327,987	191,419	6,127,867	
\$ 108,794	\$ 157,447	\$ 641,192	\$ 256,572	\$ 6,383,185	

**City of Kerrville, Texas**  
**Library Memorial**  
**Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year Ended September 30, 2024**

**Exhibit C-3**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget -</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Intergovernmental	\$ 25,000	\$ 25,000	\$ 38,374	\$ 13,374
Investment income	45,814	45,814	168,596	122,782
Miscellaneous	-	-	1,066	1,066
Total revenues	70,814	70,814	208,036	137,222
<b>Expenditures</b>				
Culture and recreation	95,362	95,362	399,645	(304,283)
Capital outlay	59,500	2,059,500	50,691	2,008,809
Total expenditures	154,862	2,154,862	450,336	1,704,526
<b>Excess (Deficiency) of Revenues</b>				
<b>Over (Under) Expenditures</b>	(84,048)	(2,084,048)	(242,300)	1,841,748
<b>Other Financing Sources (Uses)</b>				
Transfer from other funds	-	1,000,000	-	(1,000,000)
<b>Net Change in Fund Balances</b>	(84,048)	(1,084,048)	(242,300)	841,748
<b>Fund Balances, Beginning</b>	2,827,603	2,827,603	2,827,603	-
<b>Fund Balances, Ending</b>	<u>\$ 2,743,555</u>	<u>\$ 1,743,555</u>	<u>\$ 2,585,303</u>	<u>\$ 841,748</u>

**City of Kerrville, Texas**  
**Hotel/Motel Tax**  
**Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year Ended September 30, 2024**

**Exhibit C-4**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget -</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Taxes and penalties	\$ 1,719,032	\$ 1,719,032	\$ 1,671,379	\$ (47,653)
Investment income	200,086	262,212	130,809	(131,403)
Miscellaneous	-	-	448,662	448,662
Total revenues	1,919,118	1,981,244	2,250,850	269,606
<b>Expenditures</b>				
Culture and recreation	1,887,102	2,447,102	2,096,397	350,705
Total expenditures	1,887,102	2,447,102	2,096,397	350,705
<b>Excess (Deficiency) of Revenues</b>				
<b>Over (Under) Expenditures</b>	32,016	(465,858)	154,453	620,311
<b>Other Financing Uses</b>				
Transfer to other funds	(85,000)	(1,085,000)	(85,000)	1,000,000
<b>Net Change in Fund Balances</b>	(52,984)	(1,550,858)	69,453	1,620,311
<b>Fund Balances, Beginning</b>	2,134,199	2,134,199	2,134,199	-
<b>Fund Balances, Ending</b>	<u>\$ 2,081,215</u>	<u>\$ 583,341</u>	<u>\$ 2,203,652</u>	<u>\$ 1,620,311</u>



**City of Kerrville, Texas**  
**History Center**  
**Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year Ended September 30, 2024**

**Exhibit C-5**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget -</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Charges for services	\$ -	\$ -	\$ 4	\$ 4
Investment income	3,771	3,771	15,363	11,592
Miscellaneous	14,000	14,000	19,002	5,002
Total revenues	17,771	17,771	34,369	16,598
<b>Expenditures</b>				
Culture and recreation	18,161	18,161	13,261	4,900
Capital outlay	1,500	1,500	-	1,500
Total expenditures	19,661	19,661	13,261	6,400
<b>Net Change in Fund Balances</b>	(1,890)	(1,890)	21,108	22,998
<b>Fund Balances, Beginning</b>	220,329	220,329	220,329	-
<b>Fund Balances, Ending</b>	<u>\$ 218,439</u>	<u>\$ 218,439</u>	<u>\$ 241,437</u>	<u>\$ 22,998</u>

**City of Kerrville, Texas**  
**Police Fund**  
**Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year Ended September 30, 2024**

**Exhibit C-6**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget -</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Fines and forfeitures	\$ 2,200	\$ 2,200	\$ 38,800	\$ 36,600
Intergovernmental	13,000	13,000	34,265	21,265
Investment income	3,679	3,679	12,986	9,307
Grants	-	-	500	500
Miscellaneous	-	-	570	570
Total revenues	18,879	18,879	87,121	68,242
<b>Expenditures</b>				
Public safety	10,800	10,800	97,084	(86,284)
Total expenditures	10,800	10,800	97,084	(86,284)
<b>Net Change in Fund Balances</b>	8,079	8,079	(9,963)	(18,042)
<b>Fund Balances, Beginning</b>	198,751	198,751	198,751	-
<b>Fund Balances, Ending</b>	<u>\$ 206,830</u>	<u>\$ 206,830</u>	<u>\$ 188,788</u>	<u>\$ (18,042)</u>

**City of Kerrville, Texas**  
**PEG Fund**  
**Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year Ended September 30, 2024**

**Exhibit C-7**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget -</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Taxes and penalties	\$ 61,305	\$ 61,305	\$ 52,257	\$ (9,048)
Investment income	1,123	1,123	6,264	5,141
Total revenues	62,428	62,428	58,521	(3,907)
<b>Expenditures</b>				
Current				
General government	14,950	14,950	7,827	7,123
Debt service				
Principal	45,000	45,000	33,919	11,081
Interest	-	-	1,265	(1,265)
Total expenditures	59,950	59,950	43,011	16,939
<b>Net Change in Fund Balances</b>	2,478	2,478	15,510	13,032
<b>Fund Balances, Beginning</b>	93,284	93,284	93,284	-
<b>Fund Balances, Ending</b>	\$ 95,762	\$ 95,762	\$ 108,794	\$ 13,032

**City of Kerrville, Texas**  
**Municipal Court**  
**Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year Ended September 30, 2024**

**Exhibit C-8**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget -</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Fines and forfeitures	\$ 75,600	\$ 75,600	\$ 66,173	\$ (9,427)
Investment income	1,952	1,952	9,450	7,498
Total revenues	77,552	77,552	75,623	(1,929)
<b>Expenditures</b>				
Public Safety	56,444	56,444	52,471	3,973
Total expenditures	56,444	56,444	52,471	3,973
<b>Net Change in Fund Balances</b>	21,108	21,108	23,152	2,044
<b>Fund Balances, Beginning</b>	134,295	134,295	134,295	-
<b>Fund Balances, Ending</b>	<u>\$ 155,403</u>	<u>\$ 155,403</u>	<u>\$ 157,447</u>	<u>\$ 2,044</u>

City of Kerrville, Texas  
TIRZ Fund  
Special Revenue Fund  
Budgetary Comparison Schedule  
Year Ended September 30, 2024

Exhibit C-9

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget - Positive (Negative)
<b>Revenues</b>				
Taxes and penalties	\$ 338,411	\$ 338,411	\$ 327,564	\$ (10,847)
Investment income	4,210	4,210	35,641	31,431
Total revenues	342,621	342,621	363,205	20,584
<b>Other Financing Uses</b>				
Transfer to other funds	-	-	(50,000)	(50,000)
<b>Net Change in Fund Balances</b>	342,621	342,621	313,205	(29,416)
<b>Fund Balances, Beginning</b>	327,987	327,987	327,987	-
<b>Fund Balances, Ending</b>	\$ 670,608	\$ 670,608	\$ 641,192	\$ (29,416)

City of Kerrville, Texas  
Parkland Dedication  
Capital Projects Fund  
Budgetary Comparison Shcedule  
Year Ended September 30, 2024

Exhibit C-10

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget - Positive (Negative)
<b>Revenues</b>				
License and permits	\$ 110,000	\$ 110,000	\$ 87,400	\$ (22,600)
Investment income	2,432	2,432	15,910	13,478
Total revenues	112,432	112,432	103,310	(9,122)
<b>Expenditures</b>				
Capital outlay	45,000	45,000	38,157	6,843
Total expenditures	45,000	45,000	38,157	6,843
<b>Net Change in Fund Balances</b>	67,432	67,432	65,153	(2,279)
<b>Fund Balances, Beginning</b>	191,419	191,419	191,419	-
<b>Fund Balances, Ending</b>	<u>\$ 258,851</u>	<u>\$ 258,851</u>	<u>\$ 256,572</u>	<u>\$ (2,279)</u>

City of Kerrville, Texas  
Debt Service  
Budgetary Comparison Schedule  
Year Ended September 30, 2024

Exhibit C-11

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget - Positive (Negative)
<b>Revenues</b>				
Taxes and penalties	\$ 3,961,254	\$ 3,961,254	\$ 4,088,817	\$ 127,563
Intergovernmental	1,090,706	1,090,706	1,090,706	-
Investment income	44,751	44,751	160,624	115,873
Total revenues	5,096,711	5,096,711	5,340,147	243,436
<b>Expenditures</b>				
Current				
Professional services	2,050	2,050	-	2,050
Debt service				
Principal	2,180,000	2,180,000	2,180,000	-
Interest	2,607,450	2,607,450	2,609,799	(2,349)
Total expenditures	4,789,500	4,789,500	4,789,799	(299)
<b>Net Change in Fund Balances</b>	307,211	307,211	550,348	243,137
<b>Fund Balances, Beginning</b>	1,455,290	1,455,290	1,455,290	-
<b>Fund Balances, Ending</b>	\$ 1,762,501	\$ 1,762,501	\$ 2,005,638	\$ 243,137

**City of Kerrville, Texas**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**September 30, 2024**

**Exhibit C-12**

	Garage	Employee Benefit Fund	Total
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 152,405	\$ 436,909	\$ 589,314
Receivables	-	2,277	2,277
Inventories	13,249	-	13,249
Total current assets	165,654	439,186	604,840
<b>Capital Assets</b>			
Buildings	159,000	-	159,000
Vehicles	17,655	-	17,655
Machinery and equipment	85,760	-	85,760
Lease assets	47,703	-	47,703
Accumulated depreciation/amortization	(235,809)	-	(235,809)
Net capital assets	74,309	-	74,309
Total assets	239,963	439,186	679,149
<b>Deferred Outflows of Resources</b>			
Deferred outflows – pension	72,077	-	72,077
Deferred outflows – OPEB	1,051	-	1,051
Total deferred outflows of resources	73,128	-	73,128
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities	7,204	2,500	9,704
Due to other funds	6,588	-	6,588
Total current liabilities	13,792	2,500	16,292
<b>Noncurrent Liabilities</b>			
Net pension liability	85,814	-	85,814
Total OPEB liability	13,347	-	13,347
Leases payable	42,983	-	42,983
Compensated absences	10,061	-	10,061
Total noncurrent liabilities	152,205	-	152,205
Total liabilities	165,997	2,500	168,497
<b>Deferred Inflows of Resources</b>			
Deferred inflows – pension	28,824	-	28,824
Deferred inflows – OPEB	4,064	-	4,064
Total deferred inflows of resources	32,888	-	32,888
<b>Net Position</b>			
Net investment in capital assets	31,326	-	31,326
Unrestricted	82,880	436,686	519,566
Total net position	\$ 114,206	\$ 436,686	\$ 550,892



**City of Kerrville, Texas**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Internal Service Funds**  
**For the Year Ended September 30, 2024**

**Exhibit C-13**

	<b>Garage</b>	<b>Employee Benefit Fund</b>	<b>Total</b>
<b>Operating Revenues</b>			
Charges for services	\$ 459,787	\$ 4,468,429	\$ 4,928,216
Total operating revenues	459,787	4,468,429	4,928,216
<b>Operating Expenses</b>			
Personnel services	368,475	-	368,475
Repairs and maintenance	15,550	-	15,550
Supplies and materials	11,387	-	11,387
Utilities	6,315	-	6,315
Depreciation and amortization	10,102	-	10,102
General administration	14,944	-	14,944
Premiums and other charges	-	4,346,458	4,346,458
Total operating expenses	426,773	4,346,458	4,773,231
<b>Operating Income</b>	33,014	121,971	154,985
<b>Nonoperating Revenues (Expenses)</b>			
Investment income	7,437	-	7,437
Miscellaneous revenue	4,500	-	4,500
Interest expense	(1,907)	-	(1,907)
Total nonoperating revenues (expenses)	10,030	-	10,030
<b>Change in Net Position</b>	43,044	121,971	165,015
<b>Net Position, Beginning of Year</b>	71,162	314,715	385,877
<b>Net Position, End of Year</b>	\$ 114,206	\$ 436,686	\$ 550,892

**City of Kerrville, Texas**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended September 30, 2024**

**Exhibit C-14**

	<b>Garage</b>	<b>Employee Benefit Trust</b>	<b>Total Internal Service Funds</b>
<b>Operating Activities</b>			
Cash received from customers and employees	\$ 459,787	\$ 4,468,701	\$ 4,928,488
Cash payments to employees	(377,717)	-	(377,717)
Cash payments to suppliers for goods and services	(47,337)	(4,346,458)	(4,393,795)
Net cash provided by operating activities	34,733	122,243	156,976
<b>Cash Flows from Capital and Related Financing Activities</b>			
Interest paid	(1,907)	-	(1,907)
Proceeds from sale of capital assets	4,500	-	4,500
Principal paid	(4,720)	-	(4,720)
Net cash used in capital and related financing activities	(2,127)	-	(2,127)
<b>Investing Activities</b>			
Sale of investments	28,091	78,667	106,758
Investment income	7,437	-	7,437
Net cash provided by investing activities	35,528	78,667	114,195
<b>Net Increase in Cash and Cash Equivalents</b>	68,134	200,910	269,044
<b>Cash and Cash Equivalents, Beginning of Year</b>	84,271	235,999	320,270
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 152,405</u>	<u>\$ 436,909</u>	<u>\$ 589,314</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>			
Operating income	\$ 33,014	\$ 121,971	\$ 154,985
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation and amortization	10,102	-	10,102
Changes in assets and deferred outflows			
(Increase) decrease in inventories	3,384	-	3,384
(Increase) decrease in receivables	-	272	272
(Increase) decrease in deferred pension outflows	10,879	-	10,879
(Increase) decrease in deferred OPEB outflows	60	-	60
Changes in liabilities and deferred inflows			
Increase (decrease) in accounts payable	(2,070)	-	(2,070)
Increase (decrease) in compensated absences	(5,378)	-	(5,378)
Increase (decrease) in net pension liability/(asset)	(42,406)	-	(42,406)
Increase (decrease) in total OPEB liability	1,278	-	1,278
Increase (decrease) in deferred pension inflows	28,331	-	28,331
Increase (decrease) in deferred OPEB inflows	(2,006)	-	(2,006)
Increase (decrease) in due to other funds	(455)	-	(455)
Total adjustments	1,719	272	1,991
Net cash provided by operating activities	<u>\$ 34,733</u>	<u>\$ 122,243</u>	<u>\$ 156,976</u>
Capital assets obtained through issuance of a lease	\$ 47,703	\$ -	\$ 47,703

**City of Kerrville, Texas**  
**Balance Sheet**  
**Economic Improvement Corporation**  
**September 30, 2024**

**Exhibit C-15**

**Assets**

Cash and cash equivalents	\$ 9,198,821
Cash and cash equivalents - restricted	15,134,956
Investments - restricted	4,950,622
Other receivables	30,126
Due from other governments	<u>785,337</u>
Total assets	<u><u>30,099,862</u></u>

**Liabilities**

Accounts payable	<u>177,428</u>
	<u>177,428</u>

**Fund Balances**

Restricted	<u>29,922,434</u>
Total fund balance	<u>29,922,434</u>
Total liabilities and fund balance	<u><u>\$ 30,099,862</u></u>

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

Total fund balances – EIC balance sheet	\$ 29,922,434
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 at year-end consist of:	
Bond principal outstanding	(17,765,000)
Bond premiums	(1,422,190)
Interest and arbitrage payables do not require current financial resources, therefore they are not reported as liabilities in the funds balance sheet	<u>(413,115)</u>
EIC net position	<u><u>\$ 10,322,129</u></u>

**City of Kerrville, Texas**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Economic Improvement Corporation**  
**Year Ended September 30, 2024**

**Exhibit C-16**

<b>Revenues</b>	
Sales tax	\$ 4,953,056
Investment income	1,381,051
Total revenues	<u>6,334,107</u>
<b>Expenditures</b>	
Current:	
General government	3,612,631
Debt service:	
Principal	860,000
Interest	610,486
Bond issuance costs	259,190
Total expenditures	<u>5,342,307</u>
Excess of revenue over expenditures	991,800
<b>Other Financing Sources</b>	
Proceeds from issuance of debt	18,625,000
Premiums on bonds issued	1,639,360
Proceeds from sale of assets	5,000
Total other financing sources	<u>20,269,360</u>
<b>Net Change in Fund Balance</b>	21,261,160
<b>Fund Balance, Beginning of Year</b>	8,661,274
<b>Fund Balance, End of Year</b>	<u><u>\$ 29,922,434</u></u>
<b>Reconciliation of EIC Statement of Revenues, Expenditures and Changes in Fund Balance to Discretely Presented Component Unit Statement of Activities</b>	
EIC change in fund balance	\$ 21,261,160
The net effect of contributing capital assets to a third party is a decrease to net position	(1,138,436)
The issuance of long-term obligations (bond and related premium) provides current financial resources to governmental funds, but has no effect on net position	(20,264,360)
Current-year payments on long-term obligations are reported as debt service in the fund financial statements but are a reduction of the associated liability on the statement of net position	860,000
Amortization of bond premiums are reported in the statement of activities but is not recognized in the fund financial statements	217,170
Current year change in accrued interest and arbitrage payable do not require the use of current financial resources, and therefore, are not reported as expenditures in the fund financial statements	<u>(413,115)</u>
Change in net position of EIC	<u><u>\$ 522,419</u></u>



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## **Statistical Section**



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**Statistical Section**

This part of the City of Kerrville’s annual comprehensive 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**

	<u>Page</u>
<b>Financial Trends . . . . .</b>	<b>129</b>
These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	
<b>Revenue Capacity . . . . .</b>	<b>139</b>
These schedules contain trend information to help the reader assess the factors affecting the City’s ability to generate its property and sales taxes.	
<b>Debt Capacity . . . . .</b>	<b>147</b>
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.	
<b>Demographic and Economic Information . . . . .</b>	<b>155</b>
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.	
<b>Operating Information . . . . .</b>	<b>160</b>
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 annual comprehensive financial reports for the relevant year.



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**City of Kerrville, Texas**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**  
**(Amounts Expressed in Thousands)**

	Fiscal Year				
	2015	2016	2017	2018	2019
<b>Governmental Activities</b>					
Net investment in capital assets	\$ 61,339	\$ 64,579	\$ 69,695	\$ 71,382	\$ 67,741
Restricted	1,324	1,165	1,139	1,144	1,243
Unrestricted	<u>22,953</u>	<u>25,343</u>	<u>27,133</u>	<u>24,490</u>	<u>23,353</u>
Total governmental activities net position	<u>\$ 85,616</u>	<u>\$ 91,087</u>	<u>\$ 97,967</u>	<u>\$ 97,016</u>	<u>\$ 92,337</u>
<b>Business-type Activities</b>					
Net investment in capital assets	\$ 39,106	\$ 41,630	\$ 37,218	\$ 45,057	\$ 45,521
Restricted	3,451	1,675	1,805	1,805	1,744
Unrestricted	<u>7,773</u>	<u>6,619</u>	<u>11,349</u>	<u>5,550</u>	<u>2,718</u>
Total business-type activities net position	<u>\$ 50,330</u>	<u>\$ 49,924</u>	<u>\$ 50,372</u>	<u>\$ 52,412</u>	<u>\$ 49,983</u>
<b>Primary Government</b>					
Net investment in capital assets	\$ 100,445	\$ 106,209	\$ 106,913	\$ 116,439	\$ 113,262
Restricted	4,775	2,840	2,944	2,949	2,987
Unrestricted	<u>30,726</u>	<u>31,962</u>	<u>38,482</u>	<u>30,040</u>	<u>26,071</u>
Total primary government net position	<u>\$ 135,946</u>	<u>\$ 141,011</u>	<u>\$ 148,339</u>	<u>\$ 149,428</u>	<u>\$ 142,320</u>

**Note:** 2018 net position has been adjusted due to implementation of GASB Statement No. 75.

Table D-1

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Fiscal Year				
2020	2021	2022	2023	2024
\$ 67,070	\$ 66,025	\$ 68,392	\$ 73,976	\$ 76,509
1,176	1,268	7,463	13,318	13,832
27,258	29,892	25,146	23,567	25,718
<u>\$ 95,504</u>	<u>\$ 97,185</u>	<u>\$ 101,001</u>	<u>\$ 110,861</u>	<u>\$ 116,060</u>
\$ 46,866	\$ 49,035	\$ 49,413	\$ 48,363	\$ 46,118
1,781	1,781	1,781	1,785	1,785
2,736	2,371	4,465	5,218	8,646
<u>\$ 51,383</u>	<u>\$ 53,187</u>	<u>\$ 55,659</u>	<u>\$ 55,366</u>	<u>\$ 56,550</u>
\$ 113,936	\$ 115,060	\$ 117,805	\$ 122,339	\$ 122,628
2,957	3,049	9,244	15,103	15,617
29,994	32,263	29,611	28,785	34,365
<u>\$ 146,887</u>	<u>\$ 150,372</u>	<u>\$ 156,660</u>	<u>\$ 166,227</u>	<u>\$ 172,609</u>

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

	<b>Fiscal Year</b>				
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Expenses</b>					
<b>Governmental Activities</b>					
General government	\$ 6,272	\$ 6,107	\$ 5,805	\$ 6,988	\$ 7,901
Public safety	13,169	12,933	14,240	14,243	14,984
Culture and recreation	3,405	3,701	4,543	5,112	5,242
Public works	3,490	3,404	4,002	5,617	11,661
Interest on long-term debt	519	818	722	606	633
Total governmental activities expenses	<u>26,855</u>	<u>26,963</u>	<u>29,312</u>	<u>32,566</u>	<u>40,421</u>
<b>Business-type Activities</b>					
Water and sewer services	8,241	9,753	8,997	9,579	13,402
Golf course	863	926	1,090	1,046	1,108
Total business-type activities expenses	<u>9,104</u>	<u>10,679</u>	<u>10,087</u>	<u>10,625</u>	<u>14,510</u>
Total primary government expenses	<u>\$ 35,959</u>	<u>\$ 37,642</u>	<u>\$ 39,399</u>	<u>\$ 43,191</u>	<u>\$ 54,931</u>
<b>Program Revenues</b>					
<b>Governmental Activities</b>					
Charges for services					
General government	\$ 24	\$ 1	\$ 1	\$ 1	\$ 1
Public safety	4,340	3,672	4,353	4,233	4,214
Cultural and recreation	465	520	599	613	650
Public works	1,169	1,241	1,537	1,528	1,818
Operating grants and contributions	141	759	348	273	863
Capital grants and contributions	772	2,626	2,595	1,314	3,463
Total governmental activities program revenues	<u>6,911</u>	<u>8,819</u>	<u>9,433</u>	<u>7,962</u>	<u>11,009</u>
<b>Business-type Activities</b>					
Charges for services					
Water and sewer services	11,118	11,329	11,885	11,885	11,798
Golf course	784	743	864	855	838
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	19	1,500	1,500	1,000
Total business-type activities program revenues	<u>11,902</u>	<u>12,091</u>	<u>14,249</u>	<u>14,240</u>	<u>13,636</u>
Total primary government program revenues	<u>\$ 18,813</u>	<u>\$ 20,910</u>	<u>\$ 23,682</u>	<u>\$ 22,202</u>	<u>\$ 24,645</u>
<b>Net (Expense)/Revenue</b>					
Governmental activities	\$ (19,944)	\$ (18,144)	\$ (19,879)	\$ (24,604)	\$ (29,412)
Business-type activities	2,798	1,412	4,162	3,615	(874)
Total primary government net expense	<u>\$ (17,146)</u>	<u>\$ (16,732)</u>	<u>\$ (15,717)</u>	<u>\$ (20,989)</u>	<u>\$ (30,286)</u>

Table D-2

Fiscal Year				
2020	2021	2022	2023	2024
\$ 7,855	\$ 6,139	\$ 5,324	\$ 8,925	\$ 9,343
14,996	15,874	17,317	19,305	20,863
5,743	5,735	8,894	8,276	8,721
7,120	8,380	4,601	4,922	5,580
738	543	1,068	2,353	3,392
36,452	36,671	37,204	43,781	47,898
10,514	9,679	10,378	12,253	12,160
1,045	959	1,090	-	-
11,559	10,638	11,468	12,253	12,160
\$ 48,011	\$ 47,309	\$ 48,672	\$ 56,034	\$ 60,058
\$ 207	\$ 1,817	\$ 295	\$ 429	\$ 446
4,125	3,029	3,624	4,538	4,744
678	867	2,044	2,575	1,070
2,002	-	819	1,034	2,841
2,627	4,088	3,242	5,346	4,456
4,527	1,407	-	-	17
14,166	11,208	10,024	13,922	13,573
12,997	13,298	14,131	14,511	14,389
862	1,042	1,073	-	-
-	-	-	-	-
1,000	-	813	300	-
14,859	14,340	16,017	14,811	14,389
\$ 29,025	\$ 25,548	\$ 26,041	\$ 28,733	\$ 27,962
\$ (22,286)	\$ (25,463)	\$ (27,180)	\$ (29,859)	\$ (34,324)
3,300	3,702	4,549	2,558	2,229
\$ (18,986)	\$ (21,761)	\$ (22,631)	\$ (27,301)	\$ (32,095)

**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			
	2015	2016	2017	2018
<b>Net (Expense)/Revenue</b>				
Governmental activities	\$ (19,944)	\$ (18,144)	\$ (19,879)	\$ (24,604)
Business-type activities	2,798	1,412	4,162	3,615
Total primary government net expense	(17,146)	(16,732)	(15,717)	(20,989)
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities				
Taxes				
Property taxes levied for general purposes	8,459	8,765	8,963	9,321
Property taxes levied for debt service	1,293	1,343	1,390	1,448
Sales and use taxes	5,787	6,201	6,427	6,722
Hotel occupancy taxes	1,046	1,081	1,107	1,219
Franchise taxes	1,776	1,742	1,580	1,734
Alcoholic beverage taxes	68	74	74	72
Grants and contributions not restricted to specific programs	-	-	-	-
Investment earnings	58	57	130	244
Miscellaneous income	1,509	2,789	2,033	2,064
Gain/(loss) on sale of assets	-	-	-	-
Transfers	1,125	1,802	1,910	3,934
Total governmental activities	21,121	23,854	23,614	26,758
Business-type Activities				
Unrestricted investment earnings	66	49	92	222
Miscellaneous income	197	-	-	-
Transfers	(1,125)	(1,802)	(1,910)	(3,934)
Total business-type activities	(862)	(1,753)	(1,818)	(3,712)
Total primary government	\$ 20,259	\$ 22,101	\$ 21,796	\$ 23,046
<b>Change in Net Position</b>				
Governmental activities	\$ 1,177	\$ 5,710	\$ 3,735	\$ 2,154
Business-type activities	1,936	(341)	2,344	(97)
Total primary government	\$ 3,113	\$ 5,369	\$ 6,079	\$ 2,057

Table D-3

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ (29,412) (874)	\$ (22,286) 3,300	\$ (25,463) 3,702	\$ (27,180) 4,549	\$ (29,859) 2,558	\$ (34,323) 2,229
(30,286)	(18,986)	(21,761)	(22,631)	(27,301)	(32,094)
9,531	10,008	12,075	12,761	15,472	16,914
1,459	1,579	-	-	-	-
6,900	7,826	8,920	9,761	10,057	9,906
1,334	1,174	1,599	1,760	1,665	1,671
1,950	1,852	1,884	2,040	1,942	1,984
87	100	104	114	121	119
-	-	-	1,756	1,504	920
391	567	206	(352)	3,972	4,161
1,153	264	420	932	1,060	1,472
-	-	-	-	-	-
1,641	2,084	1,935	2,224	3,926	2,376
24,446	25,454	27,143	30,996	39,719	39,522
229	177	17	43	693	1,331
-	7	20	105	382	-
(1,641)	(2,084)	(1,935)	(2,224)	(3,926)	(2,376)
(1,412)	(1,900)	(1,898)	(2,076)	(2,851)	(1,045)
\$ 23,034	\$ 23,554	\$ 25,245	\$ 28,920	\$ 36,868	\$ 38,477
\$ (4,966) (2,286)	\$ 3,168 1,400	\$ 1,680 1,804	\$ 3,816 2,473	\$ 9,860 (293)	\$ 5,199 1,184
\$ (7,252)	\$ 4,568	\$ 3,484	\$ 6,289	\$ 9,567	\$ 6,382



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

	Fiscal Year				
	2015	2016	2017	2018	2019
General fund					
Nonspendable	\$ 22	\$ 18	\$ 19	\$ 12	\$ 14
Restricted	3,079	3,912	3,361	3,501	3,682
Committed	311	428	1,633	3,117	2,082
Assigned	-	-	10	-	-
Unassigned	6,786	7,880	8,417	8,419	8,577
Total general fund	<u>\$ 10,198</u>	<u>\$ 12,238</u>	<u>\$ 13,440</u>	<u>\$ 15,049</u>	<u>\$ 14,355</u>
All other governmental funds					
Restricted	\$ 11,593	\$ 9,835	\$ 2,901	\$ 2,901	\$ 3,206
Committed	4,040	4,450	4,986	4,986	17,120
Unassigned	(3)	-	-	-	-
Total all other governmental funds	<u>\$ 15,630</u>	<u>\$ 14,285</u>	<u>\$ 7,887</u>	<u>\$ 7,887</u>	<u>\$ 20,326</u>

Table D-4

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Fiscal Year				
2020	2021	2022	2023	2024
\$ 12	\$ 12	\$ 655	\$ 767	\$ 729
5,088	5,272	4,471	3,633	5,162
2,216	1,322	1,869	1,801	2,071
-	-	-	-	-
9,281	11,537	11,664	14,007	13,736
<u>\$ 16,597</u>	<u>\$ 18,143</u>	<u>\$ 18,659</u>	<u>\$ 20,208</u>	<u>\$ 21,699</u>
\$ 2,835	\$ 3,345	\$ 50,906	\$ 51,394	\$ 39,755
16,289	13,688	5,480	4,829	4,029
-	-	-	-	-
<u>\$ 19,124</u>	<u>\$ 17,033</u>	<u>\$ 56,386</u>	<u>\$ 56,223</u>	<u>\$ 43,785</u>

**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			
	2015	2016	2017	2018
<b>Revenues</b>				
Taxes and penalties	\$ 19,113	\$ 19,500	\$ 20,430	\$ 21,152
Licenses and permits	551	480	549	627
Intergovernmental	1,523	1,348	3,827	2,651
Charges for services	3,488	3,425	4,044	4,214
Grants	552	781	321	259
Fines and forfeitures	351	549	631	612
Investment income	57	130	243	391
Lease interest revenue	-	-	-	-
Miscellaneous	1,838	1,923	2,338	1,453
Total revenues	27,473	28,136	32,383	31,359
<b>Expenditures</b>				
General government	5,656	4,367	5,186	5,985
Public safety	12,678	12,303	12,651	13,124
Culture and recreation	3,383	3,476	3,837	4,545
Public works	3,162	3,017	3,373	5,206
Capital outlay	4,939	3,645	11,969	1,955
Leases	-	-	-	-
Debt service				
Principal	1,393	1,736	1,833	2,018
Interest	520	818	722	618
Other charges	-	-	-	-
Total expenditures	31,731	29,362	39,571	33,451
Excess (deficiencies) of revenues over expenditures	(4,258)	(1,226)	(7,188)	(2,092)
<b>Other Financing Sources (Uses)</b>				
Proceeds from debt issuance	9,746	-	-	6,750
Bond premium	249	-	-	458
Issuance of leases	-	-	-	-
Issuance of SBITAs	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	(7,133)
Transfers in	2,897	3,349	7,170	3,444
Transfers out	(1,094)	(1,428)	(3,236)	(1,803)
Total other financing sources (uses)	11,798	1,921	3,934	1,716
Net change in fund balances	\$ 7,540	\$ 695	\$ (3,254)	\$ (376)
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	7.3%	9.9%	9.9%	8.4%

Table D-5

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ 21,831	\$ 22,537	\$ 24,618	\$ 26,440	\$ 29,259	\$ 30,550
694	961	531	940	1,203	863
2,220	7,277	5,400	4,945	6,751	5,231
4,276	4,347	4,698	5,307	6,366	7,603
3,466	1,309	95	52	99	114
518	307	453	484	1,013	454
619	567	206	(352)	3,972	4,161
-	-	-	5	5	4
497	459	632	487	729	1,820
34,121	37,764	36,633	38,308	49,397	50,799
6,179	6,542	5,525	5,995	7,132	8,015
13,762	14,004	15,084	16,608	18,255	19,788
4,676	4,993	4,961	5,180	6,615	7,723
4,992	3,997	4,850	3,759	3,593	3,804
2,817	7,534	5,835	11,084	10,218	21,742
-	-	-	407	-	-
1,907	1,915	2,855	2,044	2,872	3,043
703	851	858	444	2,565	2,762
-	-	52	995	-	-
35,036	39,836	40,020	46,516	51,250	66,878
(915)	(2,072)	(3,387)	(8,208)	(1,853)	(16,079)
9,895	3,285	2,835	44,400	-	2,000
759	179	441	1,047	-	-
-	-	-	407	247	536
-	-	-	-	473	219
-	(2,435)	(2,370)	-	-	-
3,531	4,527	2,715	3,394	3,130	2,711
(1,525)	(2,444)	(781)	(1,170)	(611)	(335)
12,660	3,112	2,840	48,078	3,239	5,131
\$ 11,745	\$ 1,040	\$ (547)	\$ 39,870	\$ 1,386	\$ (10,948)
8.8%	8.8%	10.9%	9.8%	13.3%	12.9%

**City of Kerrville, Texas**  
**Tax Revenues by Sources, Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**  
**(Amounts Expressed in Thousands)**

**Table D-6**

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<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Sales and Use Tax</b>	<b>Occupancy Tax</b>	<b>Franchise Tax</b>	<b>Mixed Beverage Tax</b>	<b>Total</b>
2015	10,015	6,230	1,081	1,793	74	19,193
2016	10,303	6,427	1,107	1,632	74	19,543
2017	10,736	6,722	1,219	1,734	72	20,483
2018	10,882	6,899	1,334	1,951	87	21,153
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
2022	12,765	9,761	1,760	2,040	114	26,440
2023	15,473	10,057	1,665	1,942	121	29,258
2024	16,871	9,906	1,671	1,984	119	30,551

**City of Kerrville, Texas**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
**(Amounts Expressed in Thousands)**

**Table D-7**

<b>Fiscal Year</b>	<b>Assessed Value</b>	<b>Less: Tax Exempt Real Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value</b>	<b>Assessed Value as a Percentage of Actual Value</b>
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	2,555,285	906,015	1,649,269	0.5116	1,649,269	100%
2022	2,753,596	982,002	1,771,594	0.5093	1,771,594	100%
2023	3,139,063	1,119,847	2,019,216	0.5752	2,019,216	100%
2024	3,799,395	1,413,043	2,386,352	0.5595	2,386,352	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 & Overlapping Rates
	General Government	Debt Service	Total	School District	Kerr County	Guadalupe River Authority	
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
2022	0.4358	0.0735	0.5093	1.0520	0.4542	0.0262	2.0417
2023	0.4341	0.1411	0.5752	1.0340	0.4300	0.0229	2.0621
2024	0.4185	0.1410	0.5595	0.8492	0.4300	0.0192	1.8579

**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	2024			2015		
	Assessed Value	Rank	Percentage of Total City Assessed Value	Assessed Value	Rank	Percentage of Total City Assessed Value
James Avery Craftsman	\$ 52,172,565	1	1.37%	\$ 18,227,060	1	0.90%
Atmos Energy/Mid-Tex Distribution	22,760,674	2	0.60%	6,561,388	8	0.32%
Kerrville SPC LLC	12,800,000	3	0.34%			
H.E. Butt Grocery Company	9,748,560	4	0.26%			
Sendero Ridge Kerrville LP	9,435,000	5	0.25%			
Wal-Mart Stores Inc.	9,300,000	6	0.24%	8,561,493	4	0.42%
Comanche Trace Development Company	9,255,816	7	0.24%	6,757,609	7	0.33%
The Landing Apartments I, LLC	8,100,000	8	0.21%			
Lowe's	7,974,110	9	0.21%	6,270,099	10	0.31%
S-H Forty-Nine Properties LLC	7,725,000	10	0.20%	8,400,000	5	0.41%
Mooney Aviation Company				12,946,405	2	0.64%
Wal-Mart Stores Inc # 508				7,651,458	6	0.38%
Home Depot, USA Inc.				6,440,116	9	0.32%
Windstream				10,560,553	3	0.52%
<b>Total Top 10</b>	149,271,725		3.93%	92,376,181		4.55%
All Other	3,650,123,488		96.07%	1,932,175,522		95.45%
<b>Total</b>	<u><u>\$ 3,799,395,213</u></u>		<u><u>100.00%</u></u>	<u><u>\$ 2,024,551,703</u></u>		<u><u>100.00%</u></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

Fiscal Year	Taxes Levied for the FY		Collected Within Year of Levy		Collections in Subsequent Years	Total Collections to Date	
			Current Yr Amount	Percentage of Levy		Combined Amount	Percentage of Levy
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%
2022		12,619	12,455	98.70%	30	12,484	98.93%
2023		15,451	15,209	98.43%	97	15,306	99.06%
2024		16,847	16,582	98.43%	-	16,683	99.02%



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

Type	2015	2016	2017	2018
Accommodation/Food Services	\$ 90,808,253	\$ 99,768,744	\$ 103,430,428	\$ 105,526,744
Admin/Support/Waste Mgmt/Remediation Svcs	20,465,440	20,904,166	21,426,494	14,572,883
Agriculture/Forestry/Fishing/Hunting	899,054	843,386	1,026,297	845,740
Arts/Entertainment/Recreation	5,151,160	4,867,665	5,007,627	4,810,259
Construction	101,873,825	156,396,169	133,145,615	103,404,904
Educational Services	33,054,086	35,228,505	36,301,968	38,184,943
Finance/Insurance	83,638	97,335	217,055	388,912
Health Care/Social Assistance	4,313,333	4,022,867	3,713,659	4,195,709
Information	26,097,466	25,910,010	24,105,256	23,277,197
Manufacturing	61,045,814	62,392,882	58,198,653	72,164,556
Other Services (Except Public Administration)	53,106,519	46,838,152	40,228,943	39,856,344
Professional/Scientific/Technical Services	20,179,472	18,449,324	20,889,638	17,584,712
Public Administration	43,510,601	38,010,491	38,842,343	43,789,470
Real Estate/Rental/Leasing	7,666,292	3,873,704	11,637,480	12,379,884
Retail Trade	799,284,207	867,204,733	836,748,834	849,115,911
Transportation/Warehousing	2,386,422	2,346,229	1,717,323	1,723,837
Wholesale Trade	47,227,827	44,107,128	44,770,943	49,878,321
Total	<u>\$ 1,317,153,409</u>	<u>\$ 1,431,261,490</u>	<u>\$ 1,381,408,556</u>	<u>\$ 1,381,700,326</u>
Direct Sales Tax Rate	1.50%	1.50%	1.50%	1.50%

Table D-11

2019	2020	2021	2022	2023	2024
\$ 111,974,706	\$ 112,103,308	\$ 120,718,171	\$ 137,227,218	\$ 144,957,178	\$ 142,445,509
11,782,070	14,301,977	17,487,666	18,372,541	18,986,831	21,167,900
690,136	971,933	1,007,535	1,188,544	1,280,485	1,778,391
5,012,938	4,726,375	5,954,098	7,479,150	8,480,004	8,670,235
101,183,251	76,532,550	144,959,609	77,274,438	88,020,834	89,067,268
35,547,507	40,833,088	38,876,048	41,954,121	46,784,795	48,916,474
385,181	491,656	473,919	428,815	359,342	54,078
5,608,243	6,643,238	8,104,679	12,441,700	13,704,575	14,261,645
23,729,450	22,869,895	22,635,597	24,158,049	22,202,788	18,111,817
65,854,610	57,303,379	56,938,615	77,866,729	82,928,193	69,725,964
40,062,823	38,592,164	39,722,513	44,572,063	46,280,425	46,021,912
19,546,971	21,613,838	20,146,431	24,523,237	23,337,149	21,279,822
41,260,070	43,134,446	43,013,135	49,858,360	52,318,792	52,136,733
21,292,018	14,191,951	16,278,317	14,317,640	15,818,921	15,148,318
877,744,253	919,184,154	1,561,631,873	1,254,826,752	1,271,188,821	1,243,320,804
12,530,821	7,423,239	81,251,139	14,352,551	16,322,219	22,159,155
41,585,378	45,596,544	56,999,682	67,758,890	70,622,218	67,862,481
<u>\$ 1,415,790,426</u>	<u>\$ 1,426,513,735</u>	<u>\$ 2,236,199,027</u>	<u>\$ 1,868,600,798</u>	<u>\$ 1,923,593,570</u>	<u>\$ 1,882,128,506</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)**

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Fiscal Year	Governmental Activities			
	General Obligation Bonds	Certificates of Obligation	Bank/ Private Loans	Leases and SBITAs
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	-
2022	52,463	15,963	675	534
2023	51,557	15,033	-	1,952
2024	50,010	14,184	2,000	1,847

**Source:** Debt roll forward 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	Revenue Bonds	Bank/Private Loans	Leases and SBITAs			
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	-	67,320	11.64%	2,771
2018	11,239	23,290	-	7,535	-	62,531	9.96%	2,522
2019	10,460	34,271	-	7,500	-	81,339	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
2022	15,448	19,720	-	7,500	502	112,805	14.57%	4,557
2023	14,299	18,639	12,683	6,429	174	120,766	14.38%	4,850
2024	13,370	17,778	12,090	5,357	187	116,822	13.41%	4,634

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 Avail In Debt Service Funds	Total		
2015	\$ 7,909	\$ 4,770	\$ 3,139	0.23%	\$ 132
2016	6,945	2,513	4,432	0.33%	184
2017	5,852	2,536	3,316	0.24%	137
2018	17,682	2,074	15,608	1.05%	629
2019	15,987	2,580	13,407	0.89%	538
2020	15,984	2,543	13,441	0.84%	534
2021	26,072	2,629	23,443	1.42%	966
2022	67,911	2,690	65,221	3.68%	2,659
2023	65,856	2,889	62,967	3.12%	2,562
2024	63,380	2,820	60,560	2.51%	2,421

\*\*Note: All years include government and business-type activities\*\*

Source: GO bonds total from table D-12

**City of Kerrville, Texas  
Direct and Overlapping  
Governmental Activities Debt**

**Table D-14**

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable</b>	<b>Estimated share of Direct and Overlapping Debt</b>
Debt Repaid with Property Taxes			
Kerrville ISD	\$ 82,285,000	66.15%	\$ 54,431,528
Kerr County	32,475,000	41.70%	<u>13,542,075</u>
Subtotal, Overlapping Debt			67,973,603
City of Kerrville Direct Debt	68,040,876	100%	<u>68,040,876</u>
Total Direct and Overlapping Debt			<u><u>\$ 136,014,479</u></u>
Average Debt per capita			\$ 5,416.42

**Source:** Municipal Advisory Council of Texas



**City of Kerrville, Texas**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**  
**(Amounts Expressed in Thousands)**

	<b>Fiscal Year</b>				
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Total taxable assessed value	\$ 1,363,191	\$ 1,354,968	\$ 1,405,346	\$ 1,485,795	\$ 1,497,972
Annual payment	9,088	9,033	9,369	9,905	9,986
Debt limit	136,319	135,497	140,535	148,580	149,797
Total net debt applicable to limit	2,826	5,783	7,470	16,538	14,744
Legal debt margin	133,493	129,714	133,065	132,042	135,053

**Legal Debt Margin Calculation for the Current Fiscal Year**

Assessed value	\$ 3,799,395
Exempt real property	(1,413,043)
	<u>2,386,352</u>
Debt limit (10% of assessed value)	<u>238,635</u>
Debt applicable to limit	
General obligation bonds	60,225
Less: Amount set aside for repayment of general obligation debt	<u>2,820</u>
Total net debt applicable to limit	<u>57,405</u>
Legal debt margin	<u><u>\$ 181,230</u></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%.

**Table D-15**

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Fiscal Year				
2020	2021	2022	2023	2024
\$ 1,593,526	\$ 1,649,269	\$ 1,771,594	\$ 2,019,216	\$ 2,386,352
10,624	10,995	11,811	13,461	15,909
159,353	164,927	177,159	201,922	238,635
14,744	5,571	66,661	59,951	57,405
144,608	159,356	110,498	141,971	181,230

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

**Table D-16**

Fiscal Years	Water and Sewer Revenue Bonds					
	Utility Service Charges	Less Operating Expenses*	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2022	13,838	8,671	5,167	-	-	N/A
2023	14,258	7,769	6,489	-	315	20.6
2024	14,369	7,189	7,180	-	674	10.7

\* Total operating expense excluding depreciation

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



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

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	2015	2016	2017	2018	2019
Population	23,808	24,111	24,292	24,796	24,931
Personal Income (000's)	\$ 602,414	\$ 602,699	\$ 578,394	\$ 627,512	\$ 685,029
Per Capita Personal Income	\$ 25,303	\$ 24,997	\$ 23,810	\$ 25,307	\$ 27,477
Median Age	46.5	46.0	46.5	47.3	46.7
Education Level in Years of Schooling: % with high school diploma or greater	85.4%	88.6%	85.7%	86.1%	88.5%
School Enrollment	5,029	5,018	5,004	4,951	4,828
Unemployment rate	3.8%	3.9%	3.2%	3.3%	2.9%

**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 2020 census.

**Table D-17**

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<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
25,162	24,278	24,527	24,579	24,768
\$ 715,406	\$ 720,692	\$ 767,278	\$ 829,129	\$ 856,180
\$ 28,432	\$ 29,685	\$ 31,283	\$ 33,733	\$ 34,568
46.2	47.4	47.4	40.4	39.9
88.4%	88.5%	91.8%	91.0%	91.0%
4,800	4,808	4,838	4,696	4,601
5.6%	4.3%	3.4%	3.8%	3.4%

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

**Table D-18**

Employer	2024			2015		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Peterson Health	1,315	1	5.69%	894	1	4.42%
James Avery Craftsman	775	2	3.35%	346	6	1.71%
Kerrville State Hospital	710	3	3.07%	565	3	2.79%
Kerrville ISD	678	4	2.93%	705	2	3.48%
Schreiner University	660	5	2.85%			
HEB Grocery & Foundation	650	6	2.81%	353	5	1.74%
Kerrville Veterans Administration Hospital	475	7	2.05%	400	4	1.98%
City of Kerrville	339	8	1.47%	308	7	1.52%
Kerr County	327	9	1.41%	299	8	1.48%
Wal-Mart	288	10	1.25%	250	9	1.24%
Mooney Airplane Company				150	10	0.74%
Total Employed by Top 10	6,217		26.89%	4,270		21.10%
All others	<u>16,907</u>		<u>73.11%</u>	<u>15,970</u>		<u>78.90%</u>
Total employed	<u>23,124</u>		<u>100.00%</u>	<u>20,240</u>		<u>100.00%</u>

**Major Employer Source:** Kerr Economic Development Corporation

**City of Kerrville, Texas**  
**Budgeted Full-time Equivalent Employees by Function/Program**  
**Last Ten Fiscal Years**

**Table D-19**

	2015	2016	2017	2018
General Fund				
City Secretary	2.00	2.00	2.00	2.00
City Attorney	1.00	2.00	1.00	1.00
City Administration	6.00	6.00	6.00	5.50
Human Resources	4.00	4.00	4.00	4.00
Finance	5.00	5.00	5.00	5.00
Information Technology	5.00	5.00	5.00	6.00
Public Information Office	0.00	0.00	0.00	0.00
Municipal Court	5.00	5.00	6.00	6.00
Kerrville-Schreiner Park	6.00	6.00	7.00	7.00
Police	70.00	71.00	71.00	72.00
Fire	48.10	49.00	49.00	49.00
Emergency Mgmt & Training	0.00	0.00	0.00	0.00
Fire Marshal	2.00	2.00	2.00	2.00
Economic Development				
EMS	27.90	27.00	27.00	26.00
Office of Innovation				
Solid Waste	5.00	1.00	1.00	1.00
Parks Maintenance	18.00	19.00	19.00	20.00
Recreation	1.00	2.00	2.00	2.00
Community Events	0.00	0.00	0.00	0.00
Golf				
Sports Complex	0.00	0.00	2.00	4.00
Engineering	4.00	4.00	4.00	5.00
Streets	18.00	18.00	18.00	18.00
Library	9.00	9.00	9.00	9.00
General Operations	0.00	0.00	0.00	0.00
Total General Fund	237.00	237.00	240.00	244.50
Personnel Count				
Planning	0.00	0.00	0.00	0.00
Building Services	0.00	0.00	0.00	0.00
Code Compliance	0.00	0.00	0.00	0.00
Total Development Service Fund	0.00	0.00	0.00	0.00
Utility Fund				
Utility Billing	8.00	8.00	8.00	7.00
Utility Administration	3.00	3.00	0.00	0.00
Water Production	11.00	11.00	12.00	13.00
Water Distribution	9.00	9.00	9.00	9.00
Water Reclamation	14.00	14.00	15.00	15.00
Wastewater Collection	0.00	0.00	0.00	0.00
Utility Lab	4.00	4.00	4.00	4.00
Total Utility Fund	49.00	49.00	48.00	48.00
Golf Course Fund				
Golf Course Maintenance	7.00	7.00	7.00	7.00
Pro Shop	3.00	3.00	3.00	3.00
Total Golf Course Fund	10.00	10.00	10.00	10.00
Garage Fund	4.00	4.00	4.00	5.50
Grand Total	300.00	300.00	302.00	308.00

**Source:** Budget Book

**Note:**

A new fund was created for Development Services 2022.  
Golf Course Fund was moved to General Fund in fiscal year 2023.



**City of Kerrville, Texas**  
**Budgeted Full-time Equiavlent Employees by Function/Program**  
**Last Ten Fiscal Years**

**Table D-19**

2019	2020	2021	2022	2023	2024
2.00	3.00	3.00	3.00	2.00	2.00
1.00	1.00	1.50	2.00	2.00	2.00
5.00	5.00	4.30	4.25	4.00	4.00
4.00	4.00	4.00	4.00	3.00	4.00
5.00	5.00	4.00	4.00	5.00	5.00
6.00	7.00	5.30	6.00	6.00	6.00
0.00	0.00	2.00	2.00	2.00	2.00
6.00	6.00	5.00	5.00	5.00	5.00
8.00	8.00	8.00	8.00	8.00	8.00
72.00	72.00	72.00	72.00	77.00	78.00
48.00	48.00	48.00	48.00	78.00	78.00
1.00	1.00	1.00	1.00	1.00	1.00
2.00	2.00	2.00	2.00	2.00	2.00
				2.00	2.00
26.00	26.00	26.00	27.00	0.00	0.00
				0.25	0.25
1.00	1.00	1.00	1.00	1.00	1.00
20.00	21.00	19.30	21.00	21.50	22.00
2.00	2.00	2.00	2.00	2.00	2.00
1.00	1.00	1.00	1.00	1.00	1.00
				6.00	6.50
6.00	6.00	6.00	6.00	6.00	6.00
5.00	6.00	5.30	6.00	6.00	6.00
19.00	18.00	17.50	18.50	18.00	18.00
9.00	9.00	9.00	9.00	9.00	9.00
1.00	1.00	0.00	0.00	0.00	0.00
250.00	253.00	247.20	252.75	267.75	270.75
0.00	0.00	0.00	3.00	3.00	3.00
0.00	0.00	0.00	5.00	5.50	5.50
0.00	0.00	0.00	2.00	2.00	2.00
0.00	0.00	0.00	10.00	10.50	10.50
7.00	8.00	8.00	8.00	8.00	8.00
0.00	0.00	0.00	0.00	0.00	0.00
13.00	13.00	13.00	13.00	14.00	14.50
10.00	10.00	10.00	10.00	10.00	10.00
15.00	15.00	9.00	9.00	9.00	9.00
0.00	0.00	6.00	6.00	6.50	7.00
4.00	4.00	4.00	4.00	4.00	4.00
49.00	50.00	50.00	50.00	51.50	52.50
7.00	5.00	5.00	5.00	0.00	0.00
3.00	2.00	2.00	2.00	0.00	0.00
10.00	7.00	7.00	7.00	-	-
5.00	5.00	5.30	5.20	5.25	5.25
314.00	315.00	309.50	324.95	335.00	339.00

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

**Table D-20**

Function/Program	Fiscal Year								
	2015	2016	2017	2018	2019	2020	2021	2022	2024
Police									
Calls for service	17,040	17,164	14,534	14,247	13,404	14,225	14,543	15,652	14,979
Avg. response time per call (minutes)	7.4	6.2	6.5	6.4	5.2	5.6	5.8	5.1	5.0
Clearance rate	58%	52%	58%	70%	73%	80%	62%	51%	62%
Fire									
Fire response time (minutes)	4.6	4.7	5.0	4.8	4.9	5.2	2.4	3.3	3.6
First responder response time (min)	6.2	8.7	4.0	4.3	4.0	4.5	4.4	4.3	4.4
EMS response time - City (minutes)	4.9	5.2	5.4	5.1	5.0	5.4	5.3	5.3	5.3
Inspections	491	593	802	647	680	733	569	923	900
Streets									
Street maintenance - man hours	4,128	4,789	6,785	4,912	5,940	5,800	4,429	5,417	7,568
Pothole repairs	2,250	2,208	1,234	1,553	915	866	429	469	348
Traffic control (signs) - man hours	2,185	2,110	2,111	2,114	2,156	3,424	1,911	1,042	2,018
Solid Waste									
Annual tonnages at landfill	9,259	8,932	9,839	8,591	9,908	9,392	9,298	8,853	9,933
Annual tonnages at transfer station	66,162	72,773	68,460	72,510	81,694	74,491	80,062	78,193	81,801
Annual tonnages - recycling program	1,508	1,595	1,643	1,561	1,172	1,068	1,065	1,109	1,154
Culture and Recreation									
Park maintenance - man hours	29,450	29,198	33,781	34,291	30,703	34,768	31,272	31,163	36,268
Golf Course - rounds of golf played	26,252	25,979	23,468	21,744	24,111	25,732	25,582	23,737	25,198
Swimming Pool attendance	10,158	13,024	13,867	14,178	8,461	13,156	17,286	16,056	17,552
Kerrville Schreiner Park									
Reservations processed	14,333	15,749	16,783	15,291	14,574	7,551	19,119	14,055	14,413
Water									
Water meters read	120,053	120,836	121,081	120,998	122,160	122,587	125,028	127,296	127,906
Work orders processed	11,191	12,013	11,256	9,574	11,114	12,526	11,699	11,084	10,900
Water main breaks	19								
Calls for water main breaks*		100	62	107	84	114	90	62	57
Total Water Consumption (thousands of gallons)	1,206,145	1,347,170	1,281,620	1,128,810	1,365,368	1,053,572	1,141,459	1,410,885	980,057
Cost per thousand gallons	\$ 1.30	\$ 1.24	\$ 1.53	\$ 1.69	\$ 1.46	\$ 1.78	\$ 1.28	\$ 1.97	\$ 2.64
Wastewater									
Average Daily Sewage Treatment (thousands of gallons)	2,484	2,054	2,010	2,165	2,033	2,172	2,070	2,090	2,320

\*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**

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b><u>Function/Program</u></b>										
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)	284	282	282	282	282	285	285	285	297	298
Area in square miles	21.8	22.2	22.2	22.4	22.4	22.4	22.71	22.71	22.71	23.7
Culture and Recreation										
Parks acreage	937	937	1,041	1,041	1,046	1,048	1,048	1,048	1,048	1,064
Swimming pools	1	1	1	1	1	1	1	1	1	1
Picnic areas & playgrounds	23	23	23	23	23	23	24	24	24	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)	253	253	255	257	258	262	264	264	268	269
Average daily consumption (millions of gallons)	3.67	2.85	3.01	3.86	3.33	3.27	3.39	3.53	3.61	2.69
Sewer										
Sanitary sewers (miles)	227	227	227	227	227	227	198	198	201	201
Stormwater collection sewers (miles)	7	7	7	8	8	8	15	15	16	16
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



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