

**City of Kerrville, Texas
POPULAR ANNUAL FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2022



The Popular Annual Financial Report (PAFR) is intended to summarize and simplify the statistical, economic, and financial information contained in the City of Kerrville's 2022 Annual Comprehensive Financial Report (ACFR). The ACFR was prepared in conformance with generally accepted accounting principles (GAAP) and the City's financial information was independently audited by FORVIS, LLP. For fiscal year ended September 30, 2022 (FY2022), the City of Kerrville received an unmodified opinion from FORVIS regarding the audit, which means the City's financials were free of any material accounting errors requiring adjustment by the auditors.

The PAFR, while unaudited, provides a brief analysis of where the City's revenues came from and where dollars were spent. The PAFR also provides information about the local economy as well as the City's accomplishments and goals that may be of interest to citizens and other readers. This report is presented as a means of increasing public awareness and transparency about the City's financial condition in a more user-friendly format. The PAFR does not contain detailed information from all of the City's funds. However, all funds are included in the citywide information and at the basic level in order to disclose fund balances as well as revenues and expenses. For a more detailed, GAAP based, full disclosure review of the individual funds and citywide financial statements, please refer to the City's ACFR on the City's website: <https://www.kerrvilletx.gov/2028/ACFR-Annual-Comprehensive-Financial-Repo>

Questions regarding the City of Kerrville's financial condition or details related to the City's audit or budget should be directed to the Finance Department.

Director of Finance – Julie Behrens
Assistant Director of Finance – Trina Rodriguez

The Community Vision

As part of the Kerrville 2050 Comprehensive Plan process, community leaders converged around key ideas and common themes expressed by citizens during numerous public outreach opportunities. These ideas and themes were transformed into a shared vision of the future. The Vision Statement below, developed based on input from the Community Retreat and the work of the Comprehensive Plan Steering Committee, was approved in December 2017 and guided the course of the remainder of the effort:

Kerrville will be a vibrant, welcoming and inclusive community that:

Respects and protects the natural environment that surrounds it;

Seeks to attract economic growth and development;

Provides opportunities for prosperity, personal enrichment and intellectual growth for people of all ages; and

Does so while preserving the small-town charm, heritage, arts and culture of the community.

This statement is a direct reflection of the values and priorities of residents, workers, business owners, students, and community leaders. It encapsulates the City's energy and its willingness to embrace growth so long as it occurs with an understanding, an appreciation, and a goal of preserving Kerrville's history and small-town character.

Vision Statement

"A vibrant and prosperous community that is fostered by an excellent quality of life."

Mission Statement

"We will ensure an excellent quality of life through the engagement with citizens, economic opportunity, and empowerment of employees."



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About the City of Kerrville

The City of Kerrville is located in the heart of the Texas Hill Country 65 miles northwest of San Antonio and 102 miles southwest of Austin. The Guadalupe River runs through Kerrville, providing the City not only with drinking water, but with ample recreational opportunities, beautiful views and tourist appeal. Kerrville boasts a 6 mile long River Trail and a beautiful downtown waterfront park, Louise Hays Park.

In 1856, Joshua Brown donated four acres of land located on the Guadalupe River to Kerr County. The tract of land became known as Kerrsville and was established as the new county seat of Kerr County. Eventually, no one knows why or when, the "s" in Kerrsville was dropped and the settlement became known as Kerrville.

Early settlers were typically merchants or ranchers of German origin. The opening of the cattle trails to Kansas in the 1870's contributed to the early growth of Kerrville, drawing new settlers to the area and fostering business expansion. As a result of this growth, the citizens voted to establish Kerrville as an incorporated city in 1889.

After incorporation, Captain Joseph A. Tivy was elected to be the first mayor of Kerrville. The early city administrators oversaw city development and were responsible for establishing the public schools. To honor the Captain's crucial role in this process, Kerrville's high school is named Tivy High School.

The Kerrville Water Works Company began to provide water service in 1894. Telephone service was started shortly after, in 1896. The City began to pave the streets in 1912. Kerrville adopted a new City Charter and became a home rule city in 1942. Today, Kerrville is the principal commercial center for the area and has grown to a population of over 24,000 residents.

**Established in
1889**

**Total Number of
City Employees
315**

**Total Number of City
Public Safety Employees
150**

27 Parks

**2022
Population
24,527**

**23 Free
Events**

**22.35
Square Miles**

**Median Household
Income \$56,583**

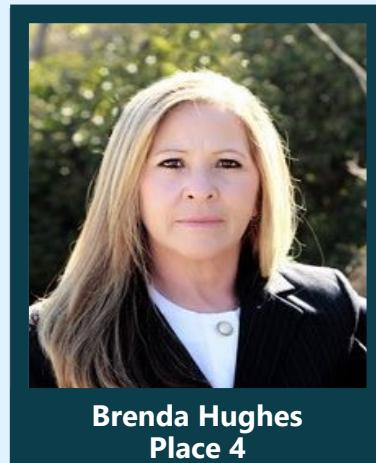
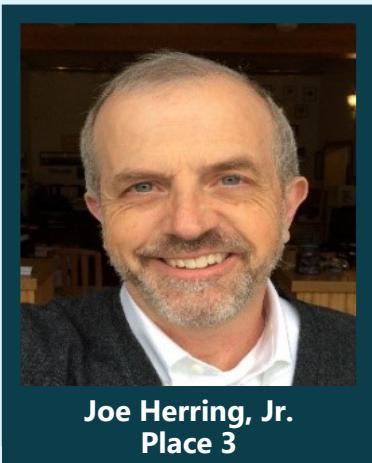
**Unemployment Rate
3.4% September 2022**

**6
Miles of
River Trail**



Kerrville City Officials

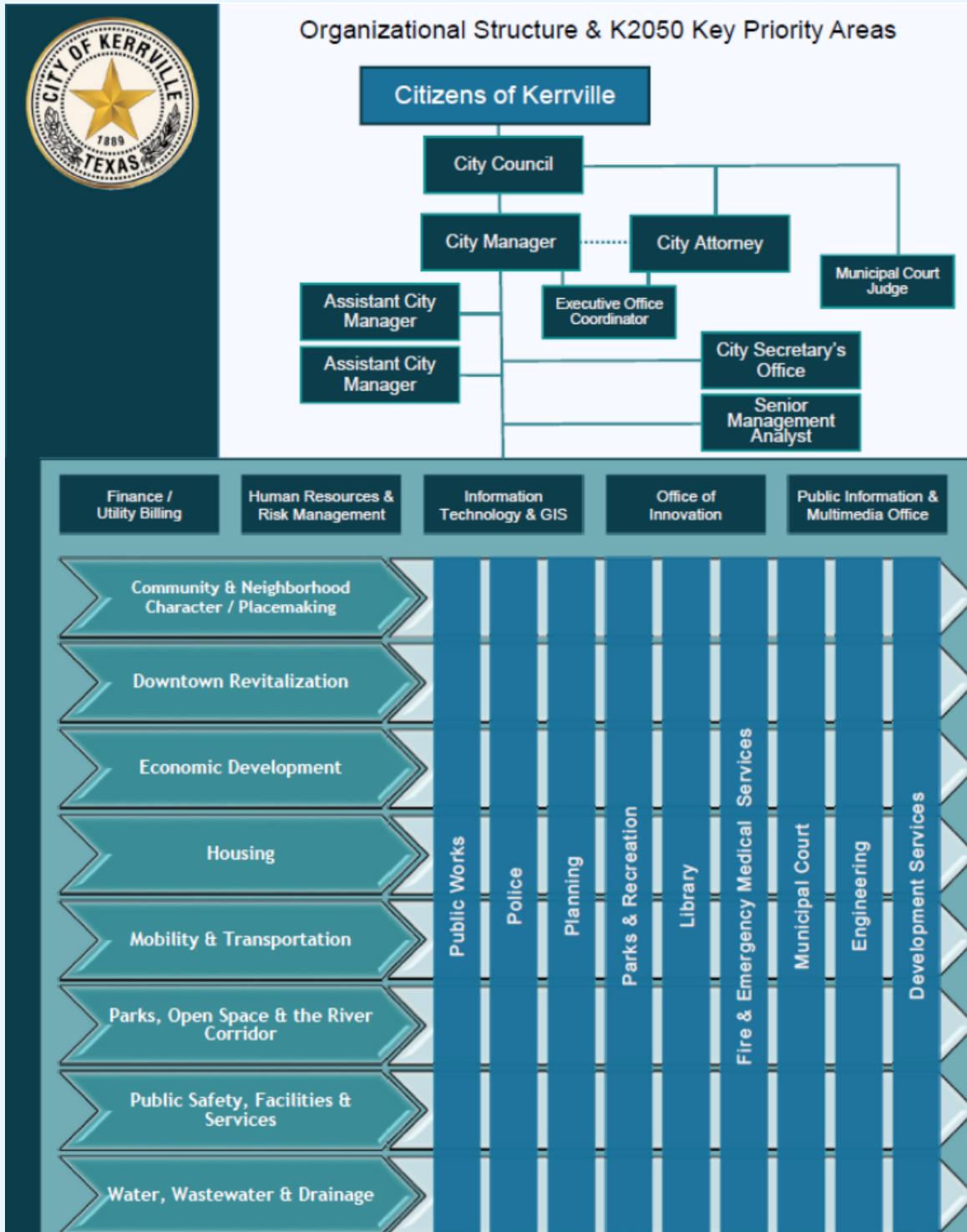
The City of Kerrville operates as a Council-Manager system of government. The Kerrville City Council (comprised of a mayor and four council members) serve as the policy-making body for the City. All members of City Council are elected by the citizens of Kerrville. City Council determines the overall goals and objectives for the City, provides direction for City services, and adopts the annual operating budget. This body also appoints the City Manager, City Attorney, the Municipal Judge, and members of boards and commissions. The City Manager is directly responsible for the overall operations of the City.





City of Kerrville Organizational Chart

The City of Kerrville operates under a matrix organizational structure rather than a top-down hierarchy to emphasize the City staff as one team. This chart also illustrates how departments support Kerrville 2050 Key Priority Areas.





FY2022 Accomplishments



The action items from the Kerrville 2050 Comprehensive Plan remain the main focus of all City operations. A complete list of accomplishments would be too exhaustive to list in this report. Please see pages 45-52 of the [City's FY2023 Budget Book](#) for more details or visit the [Kerrville 2050 Comprehensive Plan](#).

Improve Community & Neighborhood Character and Placemaking <ul style="list-style-type: none">Initiated design build process for Heart of the Hill Heritage CenterBegan utilizing the mobile library vehiclePartnered with local non-profit organizations to provide community support	Downtown Revitalization <ul style="list-style-type: none">Investment in Downtown Utility and thoroughfare infrastructureContinued implementation of the Kerrville Urban TrailCompletion of Library Ramp
Economic Development <ul style="list-style-type: none">Continued focus on regional retail recruitmentSupported Kerr Economic Development Corporation (KEDC) in local workforce development	Mobility / Transportation <ul style="list-style-type: none">Completed extension of Olympic DriveFulfilled maintenance projects outlined in the multiyear Pavement Master PlanExpanded the Bulk Waste voucher programCompleted over \$2M in streets maintenance
Housing <ul style="list-style-type: none">Continued to facilitate the expansion of workforce housing developments in the communityGroundbreaking for new single-family workforce housing neighborhood in partnership with Lennar Homes	Open Space & the River Corridor <ul style="list-style-type: none">Adopted new Parks and Recreation Master PlanBegan the Singing Wind Park Master PlanCompleted Phase 1 of "Light the Island"Improved the Kerrville Sports ComplexCompleted improvements at Carver Park
Public Facilities & Services <ul style="list-style-type: none">Successful bond election for new Public Safety FacilityCompleted formal market Compensation study and implemented a cost-of-living adjustments for all City employees	Water, Wastewater & Drainage <ul style="list-style-type: none">Updated the City's Water / Wastewater Master PlanCompleted Loop 534 Ellenberger WellImplemented the City's Long Range Water Supply Plan



Statement of Net Position from FY2022 ACFR

The financial information for the City of Kerrville's Statement of Net Position is derived from the audited 2022 Annual Comprehensive Financial Report (ACFR) as shown below. To view the City of Kerrville's ACFR please visit, <https://www.kerrilletx.gov/2028/ACFR-Annual-Comprehensive-Financial-Repo>

When reviewing the ACFR, it is important to know that the funds are grouped by type and function in order to create the citywide financials. For this reason, the ACFR will not align with the budget. The ACFR and budget serve two different purposes.

City of Kerrville, Texas Statement of Net Position September 30, 2022 (Accrual Basis of Accounting)

Primary Government					
	Governmental Activities	Business-type Activities	Total	Component Units	
Current Assets	\$ 92,402,821	\$ 13,497,439	\$ 105,900,260	\$ 52,879,510	
Capital Assets	92,613,229	87,508,221	180,121,450	50,127,975	
Total Assets	185,016,050	101,005,660	286,021,710	103,007,485	
 Deferred Outflows of Resources	 1,890,641	 497,490	 2,388,131	 901,771	
Current Liabilities	6,655,743	1,084,116	7,739,859	16,546,999	
Long Term Liabilities	73,917,738	43,716,814	117,634,552	3,774,727	
Total Liabilities	80,573,481	44,800,930	125,374,411	20,321,726	
 Deferred Inflows of Resources	 5,332,118	 1,042,855	 6,374,973	 2,044,144	
 Net Position	 	 	 	 	
Net Investment in Capital Assets	68,392,325	49,413,126	117,805,451	46,735,867	
Restricted	7,463,010	1,781,064	9,244,074	7,495,023	
Unrestricted	25,145,757	4,465,175	29,610,932	27,312,496	
Total Net Position	\$ 101,001,092	\$ 55,659,365	\$ 156,660,457	\$ 81,543,386	



Balance Sheet—Governmental Funds from FY2022 ACFR

The financial information for the City of Kerrville's Balance Sheet for governmental funds is derived from the audited 2022 Annual Comprehensive Financial Report (ACFR). To view the ACFR please visit, <https://www.kerrvilletx.gov/2028/ACFR-Annual-Comprehensive-Financial-Repo>

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City of Kerrville, Texas
Balance Sheet
September 30, 2022
(Accrual Basis of Accounting)

	General Fund	Governmental IP Fund	Grant Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	13,337,036	37,412,618	4,148,504	987,148	4,391,199	60,276,505
Investments	4,445,679	12,470,873	-	329,050	1,352,024	18,597,626
Accounts Receivable	1,775,672	2,862	-	58,019	17,891	1,854,444
Due from other funds	81,607	-	-	-	-	81,607
Due from other Governments	1,741,746	-	-	1,328	9,664	1,752,738
Inventory	11,268	-	-	-	-	11,268
Prepaid expenses	14,858	-	-	-	-	14,858
Total Assets	21,407,866	49,886,352	4,148,504	1,375,545	5,770,778	82,589,045
Liabilities						
Accounts Payable	1,674,005	494,779	-	-	102,121	2,270,905
Unearned Revenue	115,307	-	4,141,703	-	-	4,257,010
Customer Deposits	33,225	-	-	-	-	33,225
Total Liabilities	1,822,537	494,779	4,141,703	-	102,121	6,561,140
Deferred Inflows of Resources	925,730	-	-	57,123	-	982,853
Fund Balances						
Nonspendable	655,091	-	-	-	-	655,091
Restricted	4,471,507	44,221,765	6,801	1,318,422	5,358,682	55,377,177
Committed	1,869,333	5,169,808	-	-	309,975	7,039,141
Unassigned	11,663,668	-	-	-	-	11,663,668
Total Fund Balances	18,659,599	49,391,573	6,801	1,318,422	5,668,657	75,045,052
Total liabilities, deferred inflows of resources, and fund balances	\$ 21,407,866	\$ 49,886,352	\$ 4,148,504	\$ 1,375,545	\$ 5,770,778	\$ 82,589,045

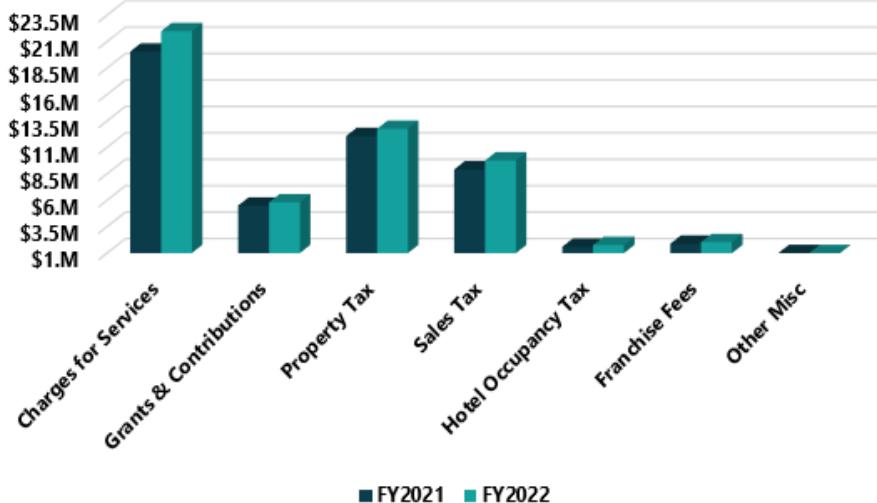


Citywide Financials

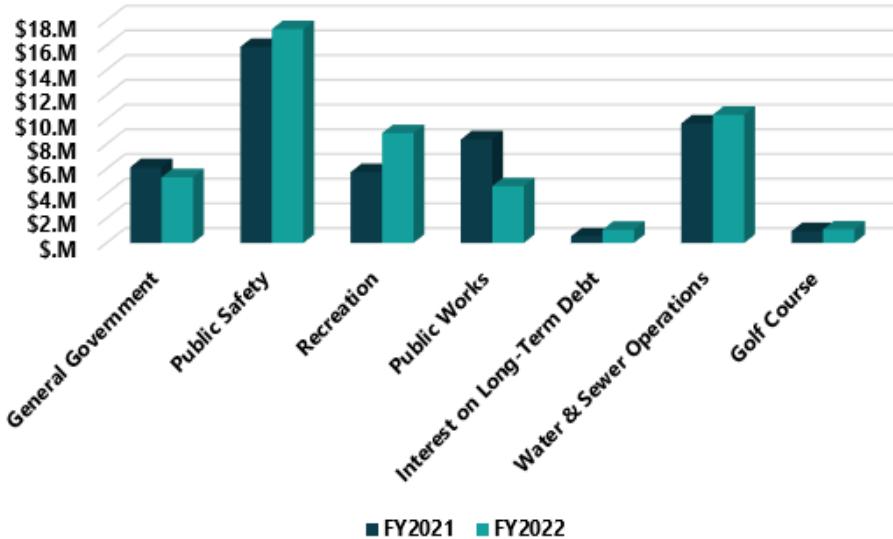
The ACFR reports revenues by type on a citywide basis. This graph illustrates comparisons between overall revenues from FY2021 and FY2022. Revenues of all funds, governmental, special funds, and business-type are included.

The City's overall net position for FY2022 was a positive \$101 million compared to \$97.2 million in FY2021.

Citywide Revenues by Source



Citywide Expenses by Function



The ACFR reports expenses by function on a citywide basis. This chart illustrates comparisons between citywide expenses by function from FY2021 and FY2022. Expenses of all funds, governmental, special funds, and business-type are included.

The City of Kerrville adopted **Kerrville 2050** in 2019, establishing priorities for thirty years. This plan places the highest priority on Public Safety. This priority is embedded in the City's budgeting, as can be seen in this graph.

*More detailed information can be found on page 19 of the ACFR.



General Fund

Intergovernmental - Kerr County Contracted EMS Services, KISD Reimbursement for School Resource Officers, Emergency Management Contracts

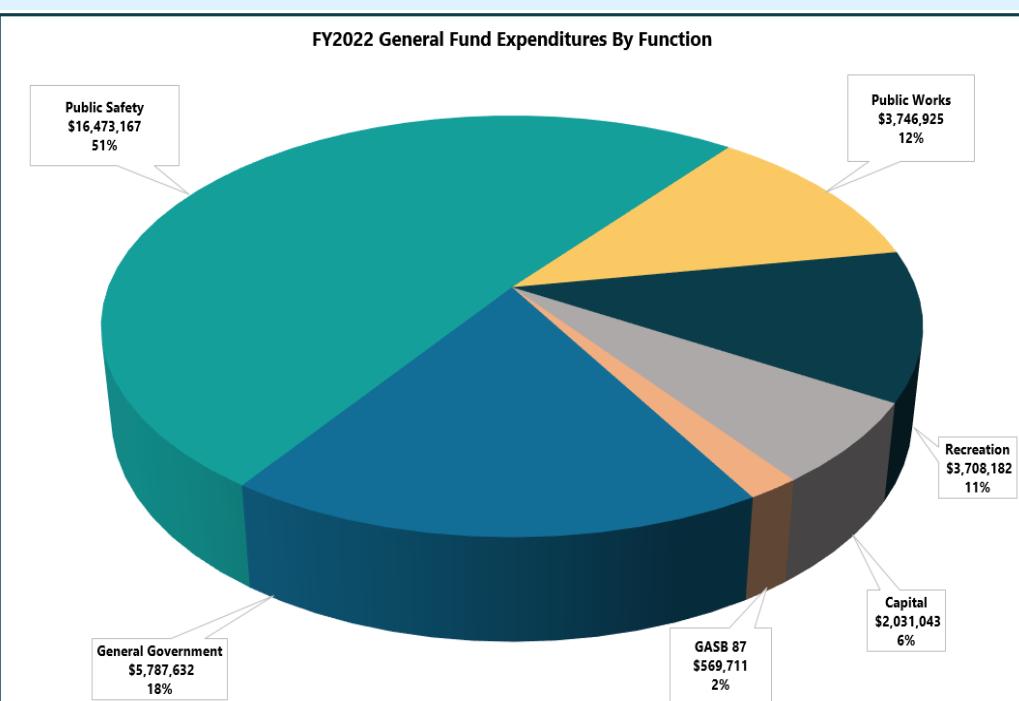
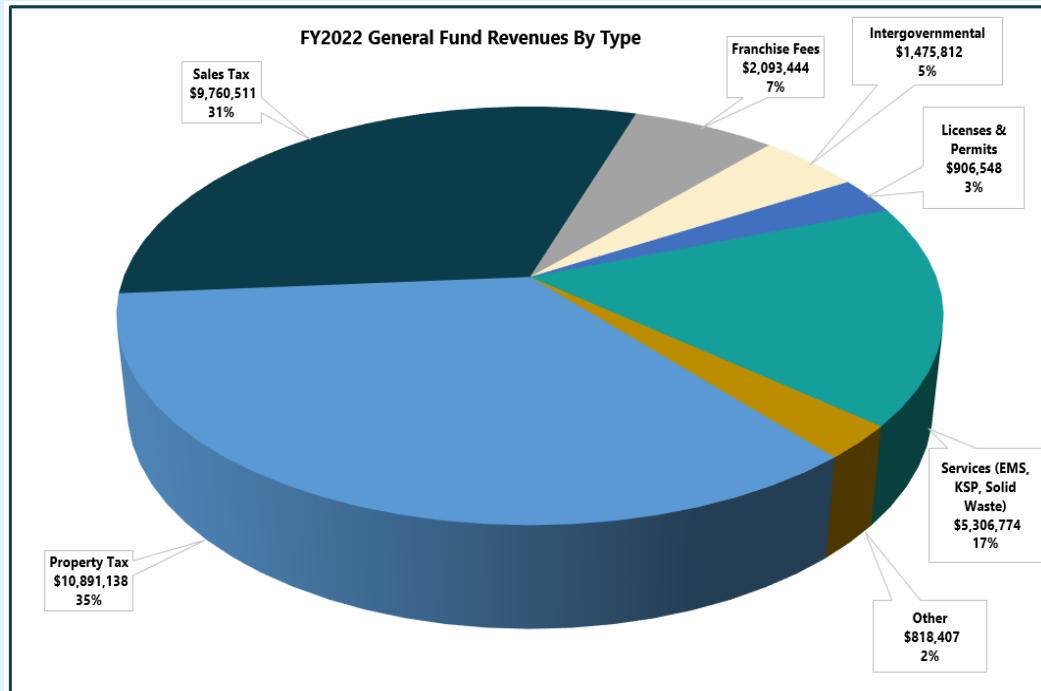
Services - EMS, Kerrville-Schreiner Park - Solid Waste

Licenses & Permits - Building, Planning, Health

Other - Grants, donations, interest, other misc.

Fines - Municipal Court, Library, Police misc.

*More detailed information on Property Tax & Sales Tax on future pages.



Public Safety - Police, Fire, EMS, Emergency Mgt, Fire Prevention

Public Works - Streets, Solid Waste, Engineering, Development Services (Planning, Building, Code Enforcement)

Recreation - Library, Kerrville-Schreiner Park, Tennis, Aquatics, Parks Maintenance, Recreation, Community Events, Kerrville Sports Complex

General Govt. - Information Technology, General Operations, Finance, City Administration, Human Resources, Municipal Court, City Attorney, City Secretary, Public Information, City Council

*More detailed information can be found on pages 82-83 of the ACFR

Property Tax

City residents paid a total tax rate of \$2.04 per \$100 of assessed property value in FY2022. Distributed as follows:



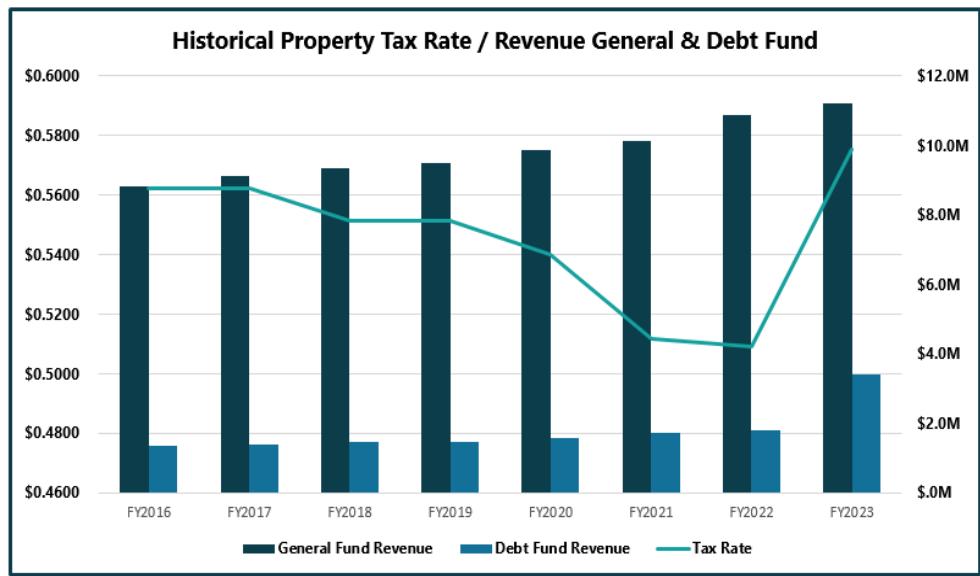
Texas Senate Bill 2 (2019) is the latest legislation governing the way taxing entities calculate and set property tax rates. SB 2 limits cities and counties from increasing property tax rates more than 3.5% over the calculated No-New-Revenue Rate.

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

The City of Kerrville collects property tax based on property values determined by the Kerr Central Appraisal District (KCAD). The City's overall property tax rate for fiscal year 2022 was \$0.5093 per \$100 of assessed property value. The Maintenance & Operations (M&O) rate for FY2022 was \$0.4358, which was down from the M&O rate of \$0.4381 from FY2021. The Interest & Sinking (I&S) portion of the rates for FY2022 was equal to that of FY2021 at \$0.0735. The I&S portion is also referred to as the "debt" rate.

The overall property tax rate for FY2023 increased to \$0.5752. While the M&O portion of the rate reduced to \$0.4341 in FY2023, the I&S rate increased from \$0.0735 to \$0.1411 due to the issuance of General Obligations Bonds in the amount of \$45 million to fund the construction of a new Public Safety Facility to house Police, Fire Administration, Municipal Court, and Information Technology related to support Public Safety. On May 7, 2022 Proposition A was on the City's ballot and was approved by voters in support of this project.

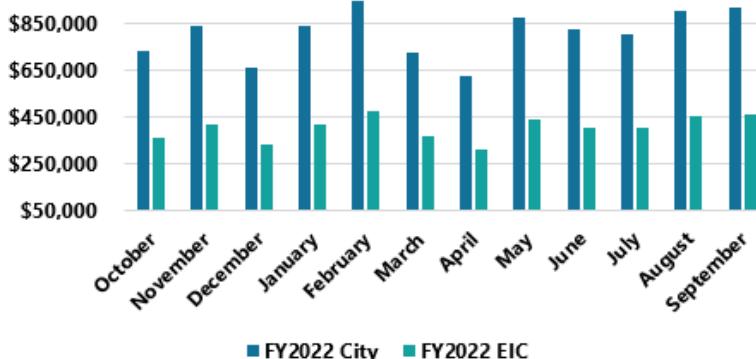
The City's property tax rate in FY1981 was \$0.5400. The rate peaked in FY1985 at \$0.5700. The rate has fluctuated from \$0.4698 in FY1985 to in FY2010 \$0.5625. The rate remained constant at \$0.5625 until FY2018, dropping to \$0.5514 for two years. Since FY2020, with the inception of SB2, the M&O rate has steadily decreased due to the growth in valuations. The FY2023 increase was to the I & S only, which was approved by voters for the issuance of debt previously mentioned.



KERRVILLE

Sales Tax

Sales Tax Distribution City - EIC



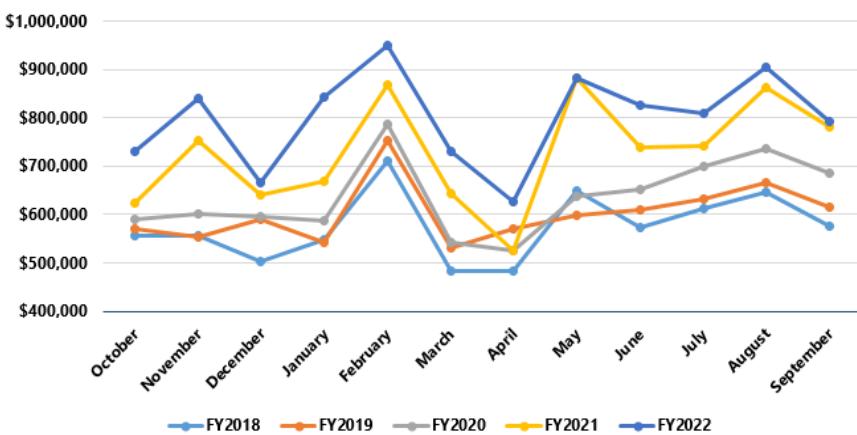
The City of Kerrville receives 1.5 cents in sales tax each month from every dollar of taxable sales within the City. The City's largest fund, the General Fund receives one cent of this tax and the City's Economic Improvement Corporation (EIC) receives one-half of a cent. The General Fund uses its portion to support general operations of the City. Sales Tax Revenue accounted for 31% of General Fund Revenues in fiscal year 2022. Strong sales tax performance reduces the burden of property tax payers by increasing overall revenues in the fund. EIC uses its portion to fund projects that meet the legal requirements set by the state of Texas for type 4B corporations.

Sales tax performed very strong in FY2022, ending the year \$1.1 million better than the original budget. These excess funds allowed the City to provide a 5% cost-of-living increase (approved by City Council in February of 2022) to all City employees during the height of inflation. Sales tax is a volatile revenue source given that the City's top five sales tax payers account for 30% of overall collections.

FY2022 Top Four Sales Tax Categories



Sales Tax Trends



Sales tax is received two months after a purchase takes place. For example, sales tax is received in February for purchases made in December. Sales tax is carefully analyzed by the City's Finance Department each month to identify extraordinary payments, new taxpayers, or taxpayers with delinquencies. The Texas Comptroller conducts audits of sales tax payers to ensure remittance is in compliance with state law and City ordinance. While percent increases / decreases change with the economy and other factors, trends remain consistent. Graphs like this one help identify trends, forecast current year estimates and budget for future years.



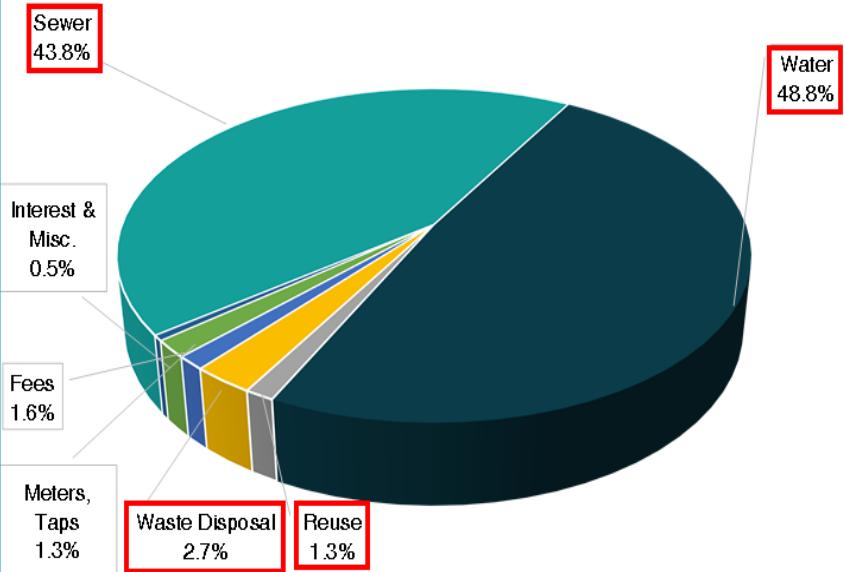
Water Fund

The Water Fund is the City's second largest fund. The Water Fund accounts for the provision of water and wastewater services to the residents of the City and certain areas outside the city limits. All activities necessary to provide these services are accounted for in this fund. Water Fund departments include Water Production, Water Reclamation, Water Distribution, Wastewater Collections, Environmental Laboratory, and Utility Billing. The following information is an excerpt from the FY2022 Budget, not the ACFR, in order to accurately portray the City's Water Fund (fund 02) for more user-friendly information. Operating Transfers Out include transferring money out of this fund to other funds as payment for expenses. Money is transferred to the Water Debt Service Fund for payment of debt, to the Water Asset Replacement Fund to replace aging vehicles, equipment, and infrastructure, and to the General Fund for administrative support provided by Finance, Legal, Human Resources, City Secretary, Engineering, etc. These transfers are an expense to the Water Fund. To see detailed information on water-related funds, see the [ACFR pages 32-35](#).

WATER FUND - BUDGET SUMMARY						
	FY2021 Actual	FY2022 Original Budget	FY2022 Amended Budget	FY2022 Actual	Better / Worse Than Original Budget	Better / Worse Than Amended Budget
BEGINNING FUND BALANCE	\$ 2,976,009	\$ 3,632,554	\$ 3,632,554	\$ 3,632,554	\$ 4,154,371	
REVENUES						
Service Revenues	13,042,810	13,688,761	13,688,761	14,069,963	381,202	381,202
Grant Revenue	81,920	-	-	199	199	199
Interest and Miscellaneous	22,892	17,000	47,201	73,629	56,629	26,428
TOTAL REVENUES	13,147,621	13,705,761	13,735,962	14,143,790	438,029	407,828
EXPENDITURES						
Personnel	3,391,615	3,533,787	3,729,640	3,673,916	(140,129)	55,724
Supplies	695,822	824,367	815,336	789,376	34,991	25,960
Maintenance	739,731	972,356	1,098,314	901,724	70,633	196,591
Services	978,819	1,088,446	1,101,970	1,088,573	(127)	13,397
Other Expenses	78,149	314,371	97,519	84,361	230,010	13,158
Capital	180,433	125,200	135,965	136,493	(11,293)	(528)
Operating Transfers Out	6,426,508	6,847,233	6,948,733	6,947,531	(100,298)	1,202
TOTAL EXPENDITURES	12,491,075	13,705,760	13,927,477	13,621,973	83,790	305,504
CHANGE IN NET POSITION	656,545	-	(191,514)	521,817		
NONCASH ADJUSTMENTS	-	-	-	-		
ENDING FUND BALANCE	\$ 3,632,554	\$ 3,632,554	\$ 3,441,040	\$ 4,154,371		
CASH + RECEIVABLES	\$ 4,084,852	\$ 3,560,106	\$ 4,180,627	\$ 4,180,627		
RESERVE %	32.7%	26.0%	30.0%	30.7%		

Water Fund

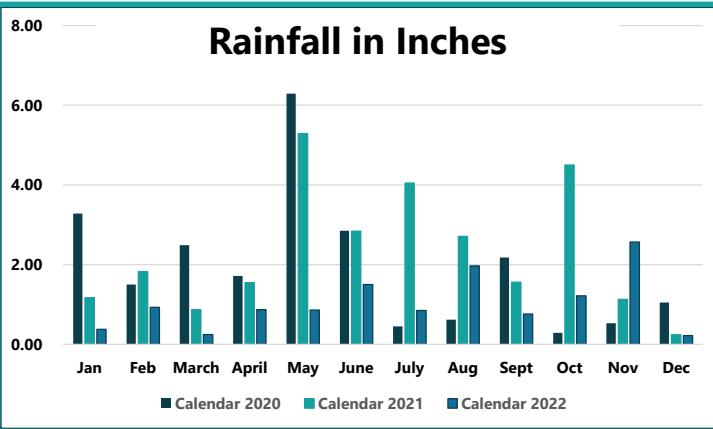
Water Fund Revenue Distribution



Water Fund Revenue is heavily dependent on rainfall. Typically consumers use more water in drier periods and less water in periods of heavy rainfall. This chart illustrates fiscal year 2022 Water Fund revenue sources. Consumption-based sources (in red boxes) made up 97% of the overall fund revenue. This means that revenue from water and sewer rates are the primary source of funding to operate and maintain Kerrville's unique system. The remaining 3% of revenue come from a variety of sources such as purchase and installation of taps and meters derived from new development, customer fees for new account set up, delinquent penalties, and disconnect fees, and miscellaneous revenue such as interest.

City policy dictates various stages of water restrictions for users. The City encourages citizens to practice year-round water conservation unless drought requires heavier restrictions. This practice helps keep water conservation on the forefront at all times. FY2022 experienced severe drought. The City's unique water system includes surface water collection and storage (over 1 billion gallons stored in underground ASR wells) and multiple wells in different aquifers. Because of the advanced system, the City was able to maintain a moderate Stage 1 restriction through the end of FY2022.

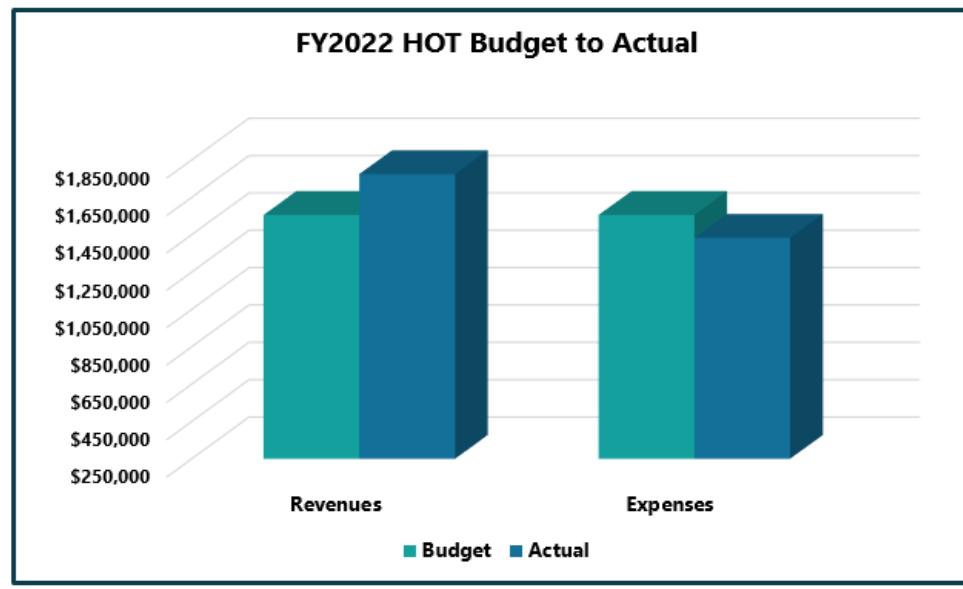
See Ord. 2010-08 for the complete Water Management Plan.		Safe Operating Capacity (SOC) is 75% of total operating capacity.					
Manner of Water Use	Year Round Water Conservation	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	SOC >100% over 7 Day Avg.
		Allowed	Allowed	Allowed	Not Allowed	Not Allowed	
Automatic & Hose End Sprinklers & Soaker Hoses	6:00pm - 10:00am	6:00am - 10:00am AND 8:00pm - 12:00am	6:00am - 9:00am AND 8:00pm - 10:00pm	6:00am - 9:00am	Prohibited at ALL times	Prohibited at ALL times	Prohibited on ALL days
	Every Day	TUE & SAT: Odd Addresses WED & SUN: Even Addresses	TUE & SAT: Odd Addresses WED & SUN: Even Addresses	TUE & SAT: Odd Addresses WED & SUN: Even Addresses	Prohibited on ALL days	Prohibited on ALL days	
Hand-Held Hoses w/Nozzle, Drip Irrigation, or Buckets	Allowed	Allowed	Allowed	Allowed	Allowed	Not Allowed	Prohibited at ALL times
	Anytime	Anytime	7:00pm - 9:00am	6:00am - 9:00am AND 7:00pm - 11:00pm	6:00am - 9:00am AND 7:00pm - 11:00pm	Prohibited at ALL times	
	Every Day	Every Day	Every Day	Every Day	Every Day	Prohibited on ALL days	



The City of Kerrville typically receives between 28-32 inches of rainfall each year. In calendar year 2022, Kerrville only received 12.38 inches of rain. This chart identifies monthly rainfall over three calendar years. The large fluctuation proves the difficulty in projecting revenues in this fund.

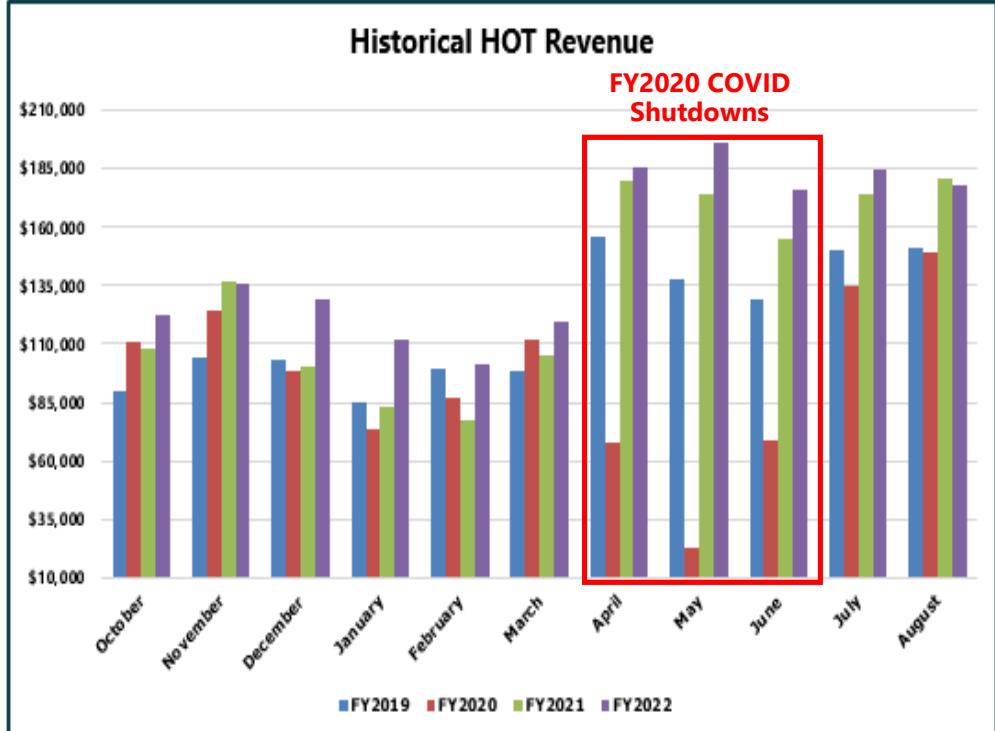


Hotel Occupancy Tax Fund



Revenues for the Hotel Occupancy Tax Fund (HOT) are generated from a 7% occupancy tax paid by guests of hotels and short-term rentals. These funds are heavily restricted, by law, and can only be used to support events that bring overnight visitors to the City, to directly support the Convention and Visitor's Bureau, and other very specific uses. For more information on limits placed on the use of occupancy tax, visit the Texas Comptroller's website: www.comptroller.texas.gov/taxes/hotel

The City of Kerrville's vast selection of outdoor activities, location in the Texas Hill Country, and proximity to larger cities, makes the City a popular tourist destination. The City boasts 6 miles of River Trail, positioned along the banks of the Guadalupe River, Kerrville-Schreiner Park, which offers hiking and biking trails and other activities for families as well as overnight options such as tent camping, RV hookups, and cabin rentals right on the river. Kerrville is also home to multiple art museums, music venues, and offers a small town getaway.





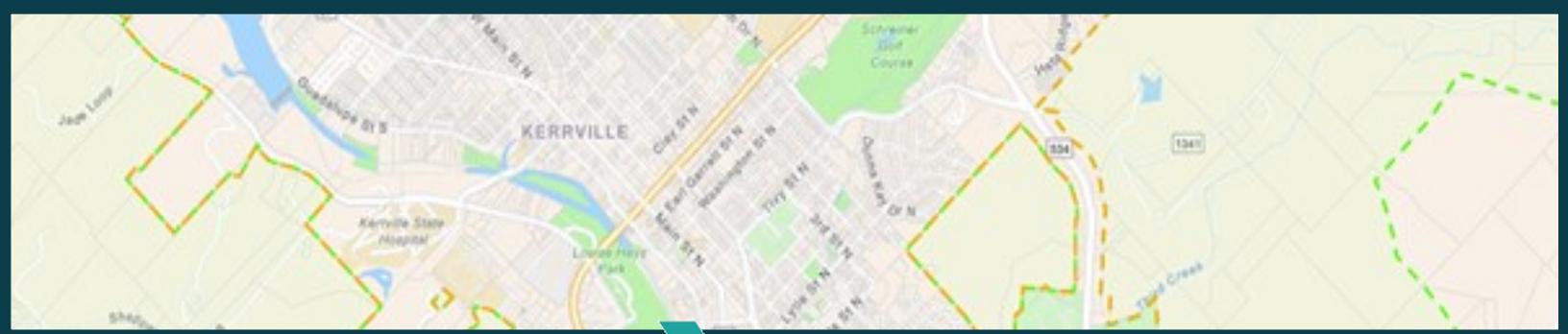
Capital Improvement Projects

Capital Improvement Projects are long-term, multi-year construction and improvement projects that focus on key priorities identified in the Kerrville 2050 Comprehensive Plan. The following are notable, completed and in progress projects, that had expenses in past fiscal year. More detailed information about the City's ongoing projects can be found in the City's adopted budget at www.kerrvilletx.gov.

Notable Project Expenses in FY2022	
Public Safety Facility*	778,235
Public Safety Communication Project*	1,830,835
Lower Lois Street Drainage*	1,555,524
Olympic Drive Extension*	96,969
Tranquility Island Electrical Infrastructure Phase 1	142,386
KPD Body Cameras (includes in car components)*	80,774
GIS Base Map	32,800
Kerrville Sports Complex Improvements	22,158
Community Development Block Grant Downtown Revitalization*	52,596
Street Reconstruction	3,133,885
Parks Facilities Master Plan	23,466
Singing Wind Mini Master Plan	15,501
	Total Spent \$ 7,765,129

*In progress





General Debt Service



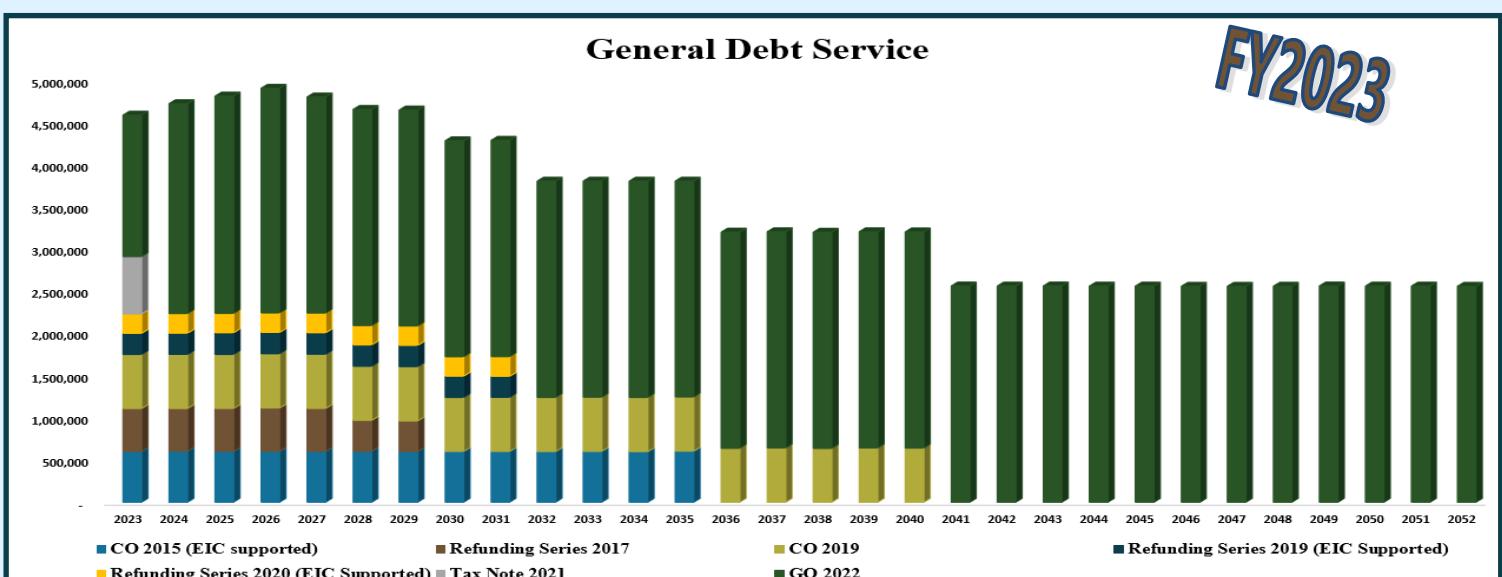
The City of Kerrville uses the General Debt Service Fund to budget for annual principal and interest payments on outstanding debt that the General Fund has obtained for the funding of certain projects.

The City of Kerrville has a AA Bond Rating according to the Standard & Poor's (S&P) rating analysis. The "AA" rating means the obligor has a **VERY STRONG** capacity to meet its financial commitments. An "AA" rating is the third highest of 17 possible ratings from the S & P. For more information regarding municipal creditworthiness, see the S & P website: www.spglobal.com

There are no dollar amount limits for tax supported debt under state law or the City's home rule charter. However, there are property tax limits that impact the amount of debt a city can issue. The Texas Constitution limits property tax for a home rule city of over 5,000 in population to not more \$2.50 per \$100 of assessed value. Kerrville's **FY2023** \$0.5752 total tax rate is well below the \$2.50 constitutional limit.

The Texas Attorney General's Administrative Code limits the debt service portion of the levy to no more than \$1.50 per \$100 of assessed value. The City's Financial Management Policy directs that debt service obligations for the General Fund should not cause the debt portion of the tax rate to exceed 25% of the total tax rate. Kerrville debt rate for FY2023 is \$0.1411 or 24.5% of the total \$0.5752 tax rate and much less than the \$1.50 Administrative Code limit.

The chart below pertains to debt service for FY2023 to be certain that citizens are informed about the change in the debt rate from FY2022 to FY2023. In September 2022, authorized by a voter-approved bond election, the City Council issued general obligation bonds in the principal amount of \$45 million for the purpose of land acquisition, design, construction, furniture, fixtures and equipment of a new Public Safety Facility that will house the Police, Fire Administration, Municipal Court, Emergency Operations Center and Information Technology departments. These general obligations are shown below in the dark green columns.





American Rescue Plan Act (ARPA)

The American Rescue Plan Act (ARPA) was signed into law March of 2021 funding \$1.9 trillion to assist in mitigating the devastating economic and health impacts that resulted from the COVID-19 pandemic. Coronavirus State and Local Fiscal Recovery Funds are part of ARPA and are meant to speed up the country's recovery from the economic and health effects of the COVID-19 pandemic by distributing \$350 billion to State, Local and Tribal governments.

The City of Kerrville has received a total of \$5,897,540 in ARPA funds from the U.S. Department of Treasury.

In addressing citizen calls during the pandemic, first responder efforts to respond were complicated by radio communication issues due to deteriorating equipment. The aged and deteriorating radio system has caused additional strains and stress on the efforts of Kerrville Police, Fire, and EMS. The radio communications system are being replaced so that first responders can effectively serve citizen needs. Kerrville City Council voted, on February 8, 2022, to approve the use of ARPA funds to replace the radio system mentioned above. The overall cost of the project is \$2,802,957. City Council also approved \$441,000 of ARPA funds to be used to pay for the portion of the Police Body Camera project not covered by grant funds. The remainder of ARPA funds will be used for projects within the guidelines of the U.S. Department of Treasury and will be approved by Council at a later date.

The Treasury's Final Rule lists a few broad categories with which to use the ARPA funds:

- Replace lost revenue
- Address negative economic impacts caused by the pandemic
- Support COVID-19 public health and economic response efforts
- Provide premium pay for eligible workers performing essential work
- Investments in water, sewer, and broadband infrastructure
- General government services as approved by the rule

Local governments cannot use these funds to:

- Offset a reduction in net tax revenue
- Pay debt service
- Satisfy a settlement of judgement
- Contribute to rainy day funds, or contribute extraordinary contributions to a pension fund for the purpose of reducing an accrued or unfunded liability

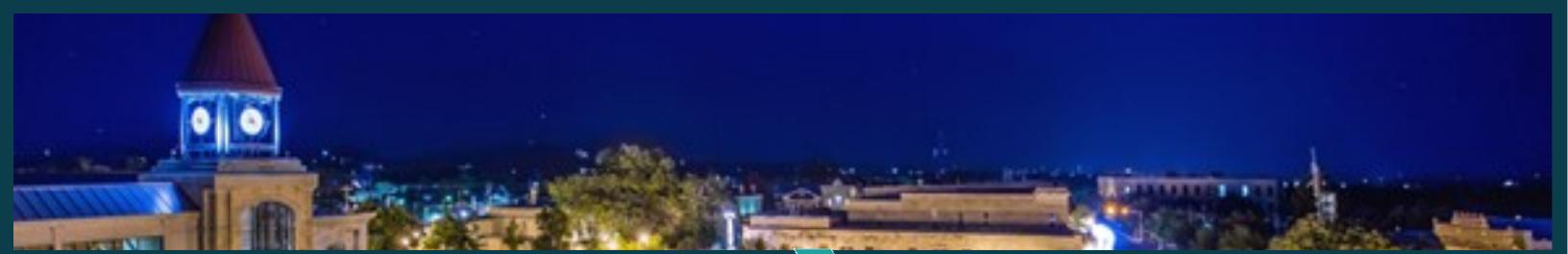


Citywide All Fund Balances

The information below illustrates fund balances as well as revenues and expenses of all funds managed by the City. Component Unit Funds are not included. More detailed information about each fund can be found in the City's budget document and within the ACFR on the City's website. In the ACFR, both the General and Water Funds are presented in groups of related funds. Other funds are presented individually. This format was chosen for presentation in order to provide readers a more clear view of each fund. Because of non-cash adjustments such as Pension, Other Post Employment Benefits (OPEB), depreciation, etc., fund balances are not indicative of cash balances.

**City of Kerrville
Consolidated Totals by Fund
FY2022**

#	Fund Name	PROGRAM FUNDS				FY2022 Ending Fund Balance	
		FY2022		Revenue	Expenditures		
		Beginning Fund Balance	Net				
1	General	\$ 11,738,186	\$ 32,718,723	\$ 32,341,803	376,920	\$ 12,115,106	
2	Water	3,632,554	14,143,790	13,621,974	521,816	4,154,370	
3	Garage	9,848	418,467	380,307	38,160	48,007	
5	Employee Benefit Trust	350,090	3,717,021	3,733,554	(16,533)	333,557	
8	Parkland Dedication	128,717	34,128	77,425	(43,297)	85,420	
13	Police Special Revenue	127,526	61,833	50,250	11,583	139,109	
14	Golf Fund	(19,197)	1,174,829	1,076,968	97,861	78,664	
15	Library Memorial	3,702,019	470,612	1,290,641	(820,029)	2,881,990	
18	General Asset Replacement	1,090,186	957,479	460,177	497,302	1,587,488	
19	Water Asset Replacement	182,641	371,974	44,343	327,631	510,272	
20	Hotel Occupancy Tax	1,710,936	1,774,101	1,432,399	341,702	2,052,638	
21	P.E.G. Special Revenue	73,791	60,974	55,385	5,589	79,380	
22	Muni Court Special Revenue	99,527	84,636	88,855	(4,219)	95,308	
26	Landfill	814,869	44,228	20,327	23,901	838,770	
28	Landfill Post Closure	2,412,687	17,109	-	17,109	2,429,796	
29	Development Services	78,754	943,588	1,029,199	(85,611)	(6,857)	
50	General Debt Service	1,267,807	2,924,918	2,874,304	50,614	1,318,421	
51	TIRZ #1	58,605	51,650	-	51,650	110,255	
53	Water Debt Service	1,764,408	4,324,491	4,304,068	20,423	1,784,831	
68	History Center	226,296	20,270	22,011	(1,741)	224,555	
70	General Capital Projects	9,631,403	46,258,428	6,498,258	39,760,170	49,391,573	
71	Water Capital Projects	2,697,566	60,378	2,211,134	(2,150,756)	546,810	
83	Library Endowment	1,411,778	(148,524)	6,850	(155,374)	1,256,404	
84	Cailloux Theater Endowment	674,144	4,512	103,157	(98,645)	575,499	
85	Grant	6,336	1,870,829	1,870,364	465	6,801	
90	Insurance Reserve	238,494	143,268	155,251	(11,983)	226,511	
TOTAL		\$ 44,109,971	\$ 112,503,712	\$ 73,749,004	\$ 38,754,708	\$ 82,864,678	
 General Fund Group		 Water Fund Group					



Economic Improvement Corporation



The City of Kerrville, Texas Economic Improvement Corporation (EIC) was created in 1995. Kerrville's EIC is a non-profit corporation and is an economic development corporation governed by Section 4B of the Development Corporation Act of 1979.

The goal of the EIC is to reinvest in the community to develop industry, expand the economy, improve infrastructure, and recreation facilities, and to support the creation of primary jobs.

The following is a list of EIC contributions since incorporation.

EIC Projects 1999 - Present					
Project Name	Fiscal Year	Total Funding	Project Name	Fiscal Year	Total Funding
Airport Commerce Park/Sewer	1999	1,294,374	Fox Tank	2012	450,000
Library Improvements	2000	37,349	Downtown Utilities	2012	300,000
Relocate Blackwell Fire Station	2000	96,283	Golf Course Improvements	2013	518,568
Loop 534 Water/Sewer	2000	472,306	Hill Country Jr. Livestock Assn	2013	149,703
GIS System	2001	161,958	Kerr Fest	2013	10,500
Creek Easement Acquisition	2001	20,419	Folk Festival	2013	8,415
Fire Pumper Apparatus	2001	350,378	Texas Arts & Crafts Fair	2013	15,500
Communication Equipment KPD	2001	196,243	Quilt Show	2013	1,000
Terminal Building	2002	1,046,066	Playhouse 2000	2013	113,469
Holdsworth Drive	2003	4,491,208	Cailloux Theater Lighting	2013	149,379
Main Street Extension (SU)	2003	1,800,000	4th on the River	2013	22,077
Broadway Utility Relocation	2004	482,740	Downtown Streetscape*	2014	565,100
EMS Ambulance	2004	143,665	Hill Country Wine and Brew Fest	2014	16,490
Legions Hills Infrastructure	2004	520,917	Habitat for Humanity	2014	375,000
Golf Course Irrigation	2005	37,559	Cailloux Theater Expansion	2015	850,000
Town Creek Sanitary System	2005	1,125,827	Kerrville Sports Complex (Series 2015 Debt)	2015	9,000,000
ASR Well #3	2006	378,505	James Avery Expansion	2015	1,200,000
Hill Country Shooting Center	2006	1,295,585	Special (Community) Events	2015	191,165
Airport Water Tower Demolition	2006	19,797	Distribution Lines	2017	3,000,000
River Stark Park Pavilion	2006	127,000	Olympic Pool Aquatics Feasibility	2017	100,000
Kerrville Skate Park	2006	137,546	Kerrville Tennis Center	2017	1,750,000
Harper Road Utility Extension	2006	2,844,149	Legion Lift Station	2018	2,000,000
KEDF - Consulting	2007	84,750	Thompson Drive Infrastructure	2018	850,000
Schreiner University	2008	750,000	Hobby Lobby/Econolodge	2018	375,000
Salvation Army Center	2008	490,527	SU River Trail Extension	2019	1,500,000
Tivy Education Center	2009	300,000	Olympic Drive Extension	2019	1,050,000
Workforce Solutions	2009	108,394	Arcadia Theater	2019	600,000
KEDF - USO	2010	210,627	Kerrville-Kerr County Airport Improvements	2019	375,000
Habitat for Humanity (Jennings)	2010	418,000	Doyle Community Center	2020	650,000
Hill Country Home Opportunity	2011	250,000	Kildeer Mountain Manufacturing	2020	2,095,000
Commercial Improvement Pilot	2011	20,000	River Trail Downtown Concept	2021	50,000
Kerrville River Trail (Series 2011A Debt)	2011	6,000,000	Kerrville Christmas Lighting	2021	100,000
Kerrville River Trail (Series 2012 Debt)	2011	2,600,000	Arcadia Live	2022	400,000
Harper Road Utilities #2	2012	641,737	Sid Peterson Memorial Hospital	2022	1,600,000

Total Since Inception:

\$ 59,385,273



FY2023 Objectives



<h3>Improve Community & Neighborhood Character and Placemaking</h3> <ul style="list-style-type: none"> Establish Tree preservation ordinance Establish Dark Sky friendly lighting ordinance Create Public Art Coalition / Master Plan via partnership with the CVB Continue Neighborhood Enhancement Program 	<h3>Downtown Revitalization</h3> <ul style="list-style-type: none"> Implement pedestrian safety improvements at Clay & Water Street and Water & Earl Garrett Street. Garage/Water Street. Streetscape improvements Continue to Implement design - build process for Heart of the Hills Heritage Center
<h3>Economic Development</h3> <ul style="list-style-type: none"> Continued support of the Kerr Economic Development Corporation Continue to focus on catalytic economic development opportunities Downtown Continue to accelerate growth in regional retail recruitment opportunities 	<h3>Mobility / Transportation</h3> <ul style="list-style-type: none"> Seek funding for Clay/Water/Kerrville Urban Trail System (KUTS) streetscape improvement Implement reconstruction efforts of Westminster Street
<h3>Housing</h3> <ul style="list-style-type: none"> Continued implementation of the 2019 strategic Housing Plan, such as the creation of a Public Facility Corporation Develop policy for Public Improvement Districts 	<h3>Parks, Open Space & the River Corridor</h3> <ul style="list-style-type: none"> Begin Construction of the Louise Hays Park Fitness Court Begin implementation of the updated Parks and Recreation Master Plan Seek funding for Downtown River Trail Extension, Aquatics Facility, and Golf Course
<h3>Public Facilities & Services</h3> <ul style="list-style-type: none"> Design & initiate construction of the Public Safety Facility Complete Public Safety Communication System Projects Complete Police Body Camera project 	<h3>Water, Wastewater & Drainage</h3> <ul style="list-style-type: none"> Complete Lois Street Drainage Project Complete overhaul of the H Street Well Complete final phase of the AMI project Continue implementation of the City's Long Range Water Supply Plan



THE END