CITY OF KERRVILLE, TEXAS

POPULAR ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2024

LOOKING UP

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MESSAGE FROM THE DIRECTOR OF FINANCE

Dear Reader,

Thank you for your interest in the City of Kerrville. Providing transparent financial information is a top priority and the City continues to strive to find new ways to communicate with our citizens and other interested parties.

The Popular Annual Financial Report (PAFR) is designed to provide an easy to read, high-level summary of the City's financial activities and other information. This is the third PAFR published by the City of Kerrville and represents financials for fiscal year 2024. The PAFR does not contain detailed information about all City funds. Information is presented at a Citywide level to provide readers an overall financial picture. Financials relating to the City's component unit funds are not included in the PAFR.

To view the City of Kerrville's Annual Comprehensive Financial Report (ACFR) in its entirety please visit:
https://www.kerrvilletx.gov/DocumentCenter/View/45697/FY2024-Annual-Comprehensive-Financial-Report

The ACFR was prepared in conformance with generally accepted accounting principles (GAAP) and the City's financial information was independently audited by Forvis Mazars, LLP. The City of Kerrville received an unmodified opinion, which means the City's financials were free of any material accounting errors requiring adjustment by the auditors.

Please do not hesitate to contact our office for information regarding the City's finances. We encourage questions and enjoy engaging with citizens.

About the City of Kerrville

HISTORY

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 county seat of Kerr County. Eventually the "s" in "Kerrsville" was dropped and the settlement became known as "Kerrville". Early settlers were primarily merchants and 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 as the first mayor of Kerrville. City administrators oversaw development and were responsible for the establishment of public schools. To honor the Captain's crucial role in this process, Kerrville's first high school was named "Tivy High School" and is still in existence today.

FINANCE AWARDS RECIEVED

- Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award
- GFOA Certificate of Achievement for Excellence in Financial Reporting (COA)
- GFOA Popular Annual Financial Report Award (PAFR)
- GFOA Triple Crown Award
- Texas Comptroller Traditional Finance Transparency Star
- Texas Comptroller Debt Obligation Transparency Star

CLIMATE

At an elevation of 1,645 feet above sea level, Kerrville has a semi-arid climate, averaging approximately 28 inches of rain per year. August is the warmest month with an average high temperature in the mid-nineties. January is the coldest month with average lows in the mid-thirties.

LOCATION

Kerrville is ideally located in the heart of the Texas Hill Country, 65 miles northwest of San Antonio and 103 miles southwest of Austin. Other major metropolitan areas, Dallas and Houston, are both less than 300 miles from Kerrville. Kerrville is easily accessible from Interstate Highway 10 or State Highways 16, 27, and 173.

TOPOGRAPHY

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 riverfront park, Louise Hays Park. Louise Hays Park offers a splash pad, amphitheater, dog park, covered pavilions, playgrounds, and is home to many free community events. In addition, Kerrville-Schreiner Park offers visitors 517 acres of trails, camping, fishing, swimming and recreation on the Guadalupe River.

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Kerrville Statistics

2024 POPULATION ESTIMATE

24,768

MEDIAN AGE

39.9 Years

UNEMPLOYMENT RATE

3.4%

*As of September 2024

BOND RATING STANDARDS & POOR'S (S&P)

AA BOND RATING

AA BOND RATING IS THE THIRD HIGHEST BOND RATING ACHIEVABLE, ACCORDING TO THE S&P GLOBAL RATINGS, AND SIGNIFIES THAT THE CITY HAS A VERY STRONG CAPACITY TO MEET ITS FINANCIAL COMMITMENTS.

City Full-Time Employees (FTEs)

Public Safety	164
Total FTEs Citywide	339

KERRVILLE'S TOP 10 EMPLOYERS

Peterson Regional Medical Center	1,315
James Avery Artisan Jewelry	775
Kerrville State Hospital	710
Kerrville ISD	678
Schreiner University	660
HEB Grocery & Foundation	650
Kerrville Veterans Administration Hospital	475
City of Kerrville	339
Kerr County	327
Wal-Mart	228

- 6 MILES OF RIVER TRAIL
- 109 SHORT TERM RENTALS
- 2 ARTS & CULTURAL CENTERS
- 3 MUSEUMS
- 4 FIRE STATIONS
- 1 REGIONAL HOSPITAL
- 298 LANE MILES OF STREETS
- 269 MILES OF WATER MAINS
- 201 MILES OF SANITARY LINES
- 1 PRIVATE UNIVERSITY
- 3 GOLF COURSES
- 1 COMMUNITY COLLEGE

Fund Structure

Fund Accounting is used for both budgeting and accounting purposes. For transparency, the City budget shows revenues and expenses by fund, department, and division. For financial reporting, funds are grouped by type in accordance with Generally Accepted Accounting Principals (GAAP).

Governmental Funds	Proprietary Funds	Component Unit Funds
General General Debt Service General Capital Projects Special Funds Other Small Funds	Water Water Debt Service Water Capital Projects	Economic Improvement Corporation (EIC) Kerrville Public Utility Board (KPUB) Kerrville-Kerr County Airport

The City's budget contains a detailed list of individual funds. To view the FY2024 Budget visit: https://www.kerrvilletx.gov/313/Budget

Balance Sheet (Governmental)

The City's Balance Sheet (below) represents a snapshot of the City's Governmental Funds as of September 30, 2024. Governmental Funds of the City include funds such as the City's General Fund, Special Revenue Funds, General Debt Service Fund, Grant Fund, and the General Capital Project Fund. The balance sheet is broken down into assets, liabilities, and equity. The purpose of the balance sheet is to give insight about resources available and serves as a summary of what the City "owns" and what the City "owes".

City of Kerrville, Texas
Balance Sheet
September 30, 2024
(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	13,394,651	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
Accounts Receivable	2,098,692	130,278	-	94,826	20,304	2,344,100
Due from other funds	103,014	-	-	-	-	103,014
Due from other Governments	1,596,819	-	67,716	5,792	12,048	1,682,375
Inventory	97,273	-	-	-	-	97,273
Prepaid expenses	3,150	-	-	-	-	3,150
Total Assets	24,753,558	41,365,801	707,071	2,093,383	6,482,826	75,402,639
Liabilities						
Accounts Payable	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
Total Liabilities	2,198,650	6,052,822	624,135	-	99,641	8,975,248
Deferred Inflows of Resources	856,214	-	-	87,745	-	943,959
Fund Balances						
Nonspendable	729,388	-	-	-	-	729,388
Restricted	5,161,698	31,781,681	82,936	2,005,638	5,885,176	44,917,129
Committed	2,071,205	3,531,298	-	-	498,009	6,100,512
Unassigned	13,736,403	-	-	-	-	13,736,403
Total Fund Balances	21,698,694	35,312,979	82,936	2,005,638	6,383,185	65,483,432
Total liabilities, deferred inflows of resources, and fund balances	$ 24,753,558	$ 41,365,801	$ 707,071	$ 2,093,383	$ 6,482,826	$ 75,402,639

The balance sheet reports a separate section for deferred inflows of resources. This separate element represents an acquisition of net assets that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. For example, grant funding is recorded as "unearned revenue" until expenses are incurred, at which time funds are recorded as revenue.

The City of Kerrville maintains 12 individual governmental funds. Four of these are considered major funds. A major fund contributes heavier to the overall financials than non-major funds. Major funds are determined annually based on a multitude of factors. The City's major funds in fiscal year 2024 include the General Fund, Governmental IP Fund (Capital Projects), Grant Fund, and General Debt Service Fund.

Total Assets $75,402,639 = **Total Liabilities** $9,919,207 + **Total Equity** $65,483,432

Statement of Activities (Citywide)

The City's Statement of Activities compares revenues and expenses for the entire City for both fiscal years 2024 and 2023. For comparison purposes the Statement of Activities in the private sector is known as a profit and loss statement. The full Statement of Activities can be found on page 35 and 36 of the City's FY2024 ACFR.

City of Kerrville, Texas
Statement of Activities
September 30, 2024
(Accrual Basis of Accounting)

	Expenses		Program Revenues: Charges for Service		Program Revenues: Operating Grants and Contributions		Program Revenues: Capital Grants and Contributions		Net (Expense) Revenue and Changes in Net Position: Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Primary Government														
Governmental Activities														
General Government	9,342,514	8,925,351	445,967	429,104	3,075,397	2,400,552	-	-	(5,821,150)	(6,095,695)	-	-	(5,821,150)	(6,095,695)
Public Safety	20,863,019	19,304,814	4,743,564	4,538,186	852,491	2,260,481	-	-	(15,266,964)	(12,506,147)	-	-	(15,266,964)	(12,506,147)
Culture and Recreation	8,720,827	8,276,451	1,070,323	2,574,625	527,664	-	17,089	-	(7,105,751)	(5,701,826)	-	-	(7,105,751)	(5,701,826)
Public Works	5,579,527	4,922,242	2,840,822	1,034,163	-	684,994	-	-	(2,738,705)	(3,203,085)	-	-	(2,738,705)	(3,203,085)
Interest on Long Term Debt	3,391,825	2,353,063	-	-	-	-	-	-	(3,391,825)	(2,353,063)	-	-	(3,391,825)	(2,353,063)
Total Expenses	$47,897,712	$43,781,921	$ 9,100,676	$ 8,576,078	$4,455,552	$5,346,027	$ 17,089	$ -	$ (34,324,395)	$ (29,859,816)	$ -	$ -	$ (34,324,395)	$ (29,859,816)
Business Type Activities														
Water	12,160,099	12,253,430	14,389,073	14,511,234	-	-	-	299,769	-	-	2,228,974	2,557,573	2,228,974	2,557,573
Golf	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Business Type Activities	$12,160,099	$12,253,430	$14,389,073	$14,511,234	$ -	$ -	$ -	$299,769	$ -	$ -	$ 2,228,974	$ 2,557,573	$ 2,228,974	$ 2,557,573
Total Primary Government	$60,057,811	$56,035,351	$23,489,749	$23,087,312	$4,455,552	$5,346,027	$ 17,089	$299,769	$ (34,324,395)	$ (29,859,816)	$ 2,228,974	$ 2,557,573	$ (32,095,421)	$ (27,302,243)
General Revenues														
Property taxes									16,913,607	15,472,012	-	-	16,913,607	15,472,012
Sales and use taxes									9,905,590	10,056,927	-	-	9,905,590	10,056,927
Hotel occupancy taxes									1,671,379	1,665,271	-	-	1,671,379	1,665,271
Franchise taxes									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 resrticted 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 income									1,471,792	1,060,026	-	382,066	1,471,792	1,442,092
Transfers									2,376,454	3,925,936	(2,376,454)	(3,925,936)	-	-
Total general revenues and transfers									39,522,979	39,719,815	(1,045,204)	(2,851,193)	38,477,775	36,868,622
Change in net position									$ 5,198,584	$ 9,859,999	$ 1,183,770	$ (293,620)	$ 6,382,354	$ 9,566,379
Net position, beginning of year									$110,861,091	$101,001,092	$55,365,745	$55,659,365	$166,226,836	$156,660,457
Net position, end of year									$116,059,675	$110,861,091	$56,549,515	$55,365,745	$172,609,190	$166,226,836

The City's net position increased from $166,226,836 to $172,609,190 during fiscal year 2024. This growth is primarily driven by higher charges for services, including an increase in EMS revenue. Additionally, investment earnings performed well due to higher interest rates, and property tax revenue increased as a result of overall valuation growth, however this was partially offset by a decrease in the tax levy.

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Statement of Net Position (Citywide)

The City's Statement of Net Position provides a comprehensive overview of its financial health as of September 30, 2024. This statement outlines the City's assets, liabilities, and overall net position, offering stakeholders insight into the city's liquidity and ability to meet financial obligations both now and in the future.

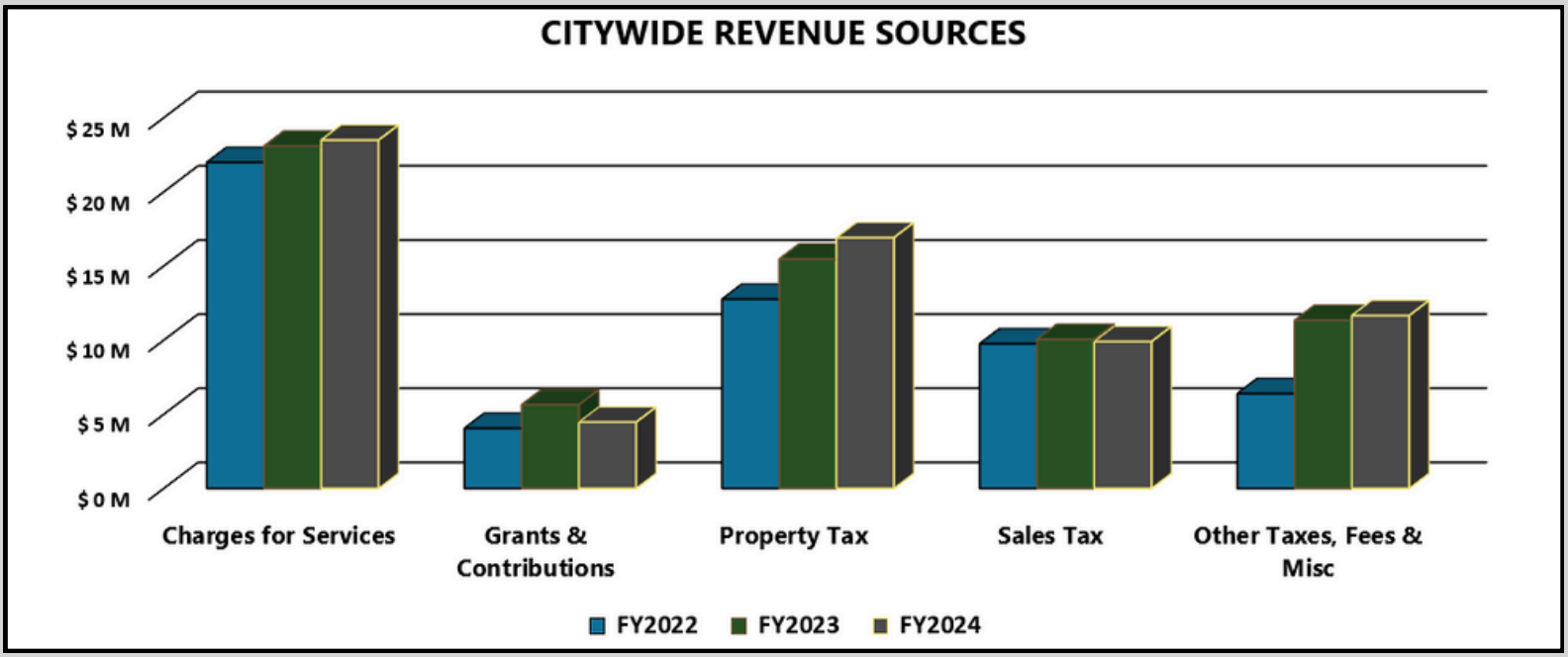
City of Kerrville, Texas
Statement of Net Position
September 30, 2024
(Accrual Basis of Accounting)

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Current Assets	$ 84,772,723	$ 21,564,830	$ 106,337,553
Capital Assets	118,106,271	86,280,229	204,386,500
Total Assets	202,878,994	107,845,059	310,724,053
Deferred Outflows of Resources	4,277,828	755,056	5,032,884
Total Assets & Deferred Outflows of Resources	**$ 207,156,822**	**$ 108,600,115**	**$ 315,756,937**
Current Liabilities	9,350,140	1,077,682	10,427,822
Long Term Liabilities	80,823,478	50,863,312	131,686,790
Total Liabilities	90,173,618	51,940,994	142,114,612
Deferred Inflows of Resources	923,529	109,606	1,033,135
Total Liabilities & Deferred Inflows of Resources	**$ 91,097,147**	**$ 52,050,600**	**$ 143,147,747**
Net Position			
Net Investment in Capital Assets	76,509,144	46,118,454	122,627,598
Restricted	13,832,129	1,784,832	15,616,961
Unrestricted	25,718,402	8,646,229	34,364,631
Total Net Position	**$ 116,059,675**	**$ 56,549,515**	**$ 172,609,190**

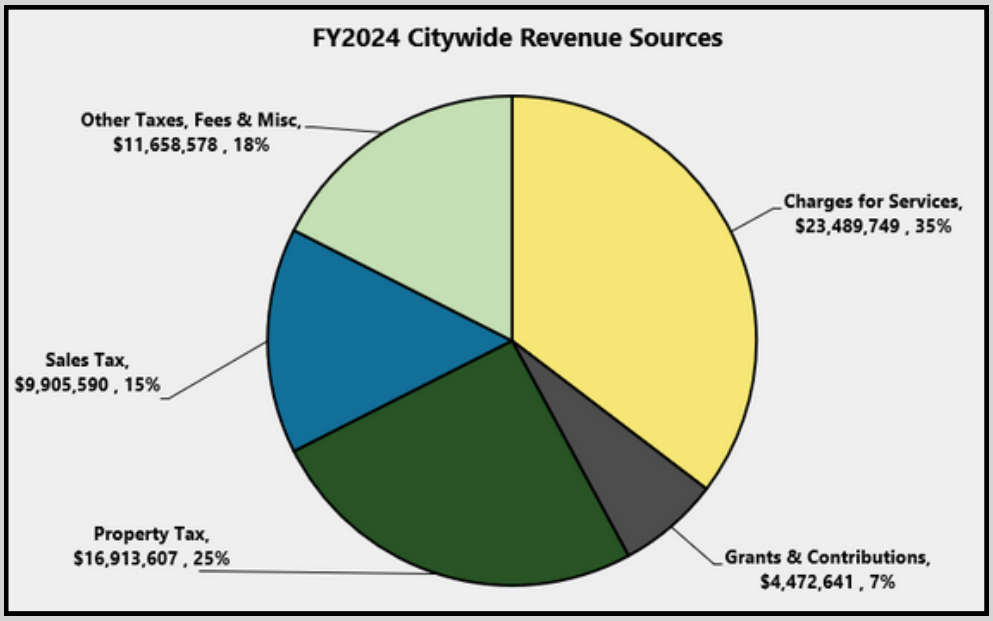
Total Assets $315,756,937 - Total Liabilities $143,147,747 = Total Net Position $172,609,190

Citywide Revenues

The ACFR displays revenues by category on a Citywide basis. The charts below shows the Citywide revenue sources for fiscal year 2024 by both revenue category and amount. Revenues of all funds: Governmental, Proprietary, and Special are included below.



FY2024 Revenue Souces	
Charges for Services	23,489,749
Grants & Contributions	4,472,641
Property Tax	16,913,607
Sales Tax	9,905,590
Other Taxes, Fees & Misc	11,658,578
Total Revenues $	**66,440,165**



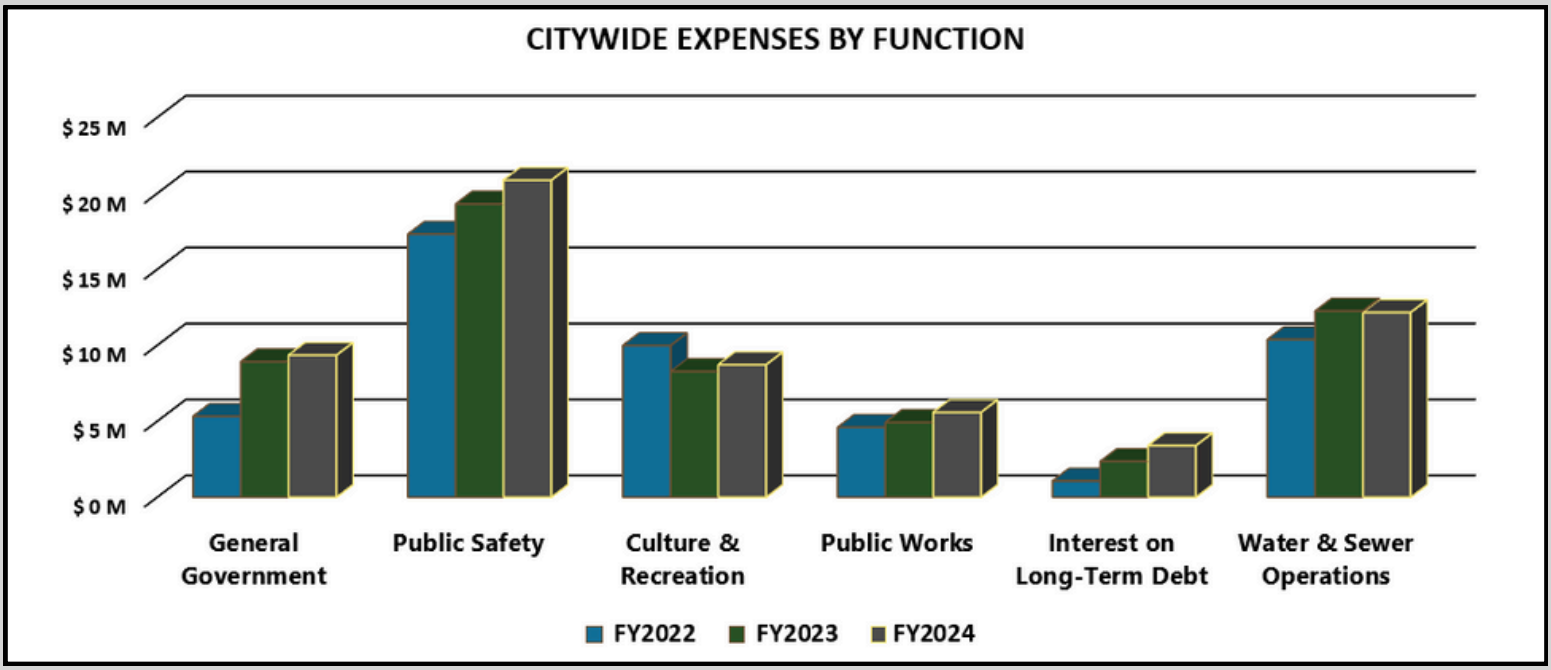
Charges for Services: Includes Water / Wastewater, Emergency Medical Services, Solid Waste, Parks and Recreation, Library, and other miscellaneous services.

Other Taxes, Fees & Misc: Includes Franchise Fees, Permits, Intergovernmental Revenue, Investment Revenue, etc.

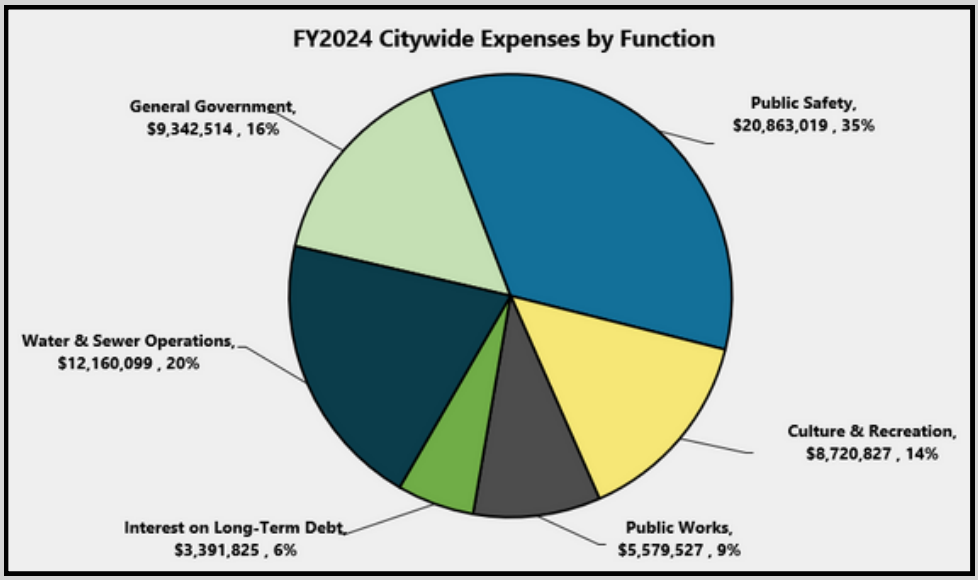
For more detailed information on the City's fiscal year 2024 revenues, please visit: https://www.kerrvilletx.gov/DocumentCenter/View/45697/FY2024-Annual-Comprehensive-Financial-Report

Citywide Expenses

The ACFR reports expenses by function on a Citywide basis. The charts below shows the Citywide expenses by function for fiscal year 2024 by both function and amount. Expenses of all funds: Governmental, Proprietary, and Special are included below.



FY2024 Expenses by Function	
General Government	9,342,514
Public Safety	20,863,019
Culture & Recreation	8,720,827
Public Works	5,579,527
Interest on Long-Term Debt	3,391,825
Water & Sewer Operations	12,160,099
Total Expenses	**$ 60,057,811**



The City's total expenses for the provisions of services and programs was $60,057,811 in fiscal year 2024, compared to $56,035,351 in fiscal year 2023. The increase is primarily due to expenses to public safety and interest on long-term debt.

For more detailed information on the City's fiscal year 2024 expenses, please visit: https://www.kerrvilletx.gov/DocumentCenter/View/45697/FY2024-Annual-Comprehensive-Financial-Report

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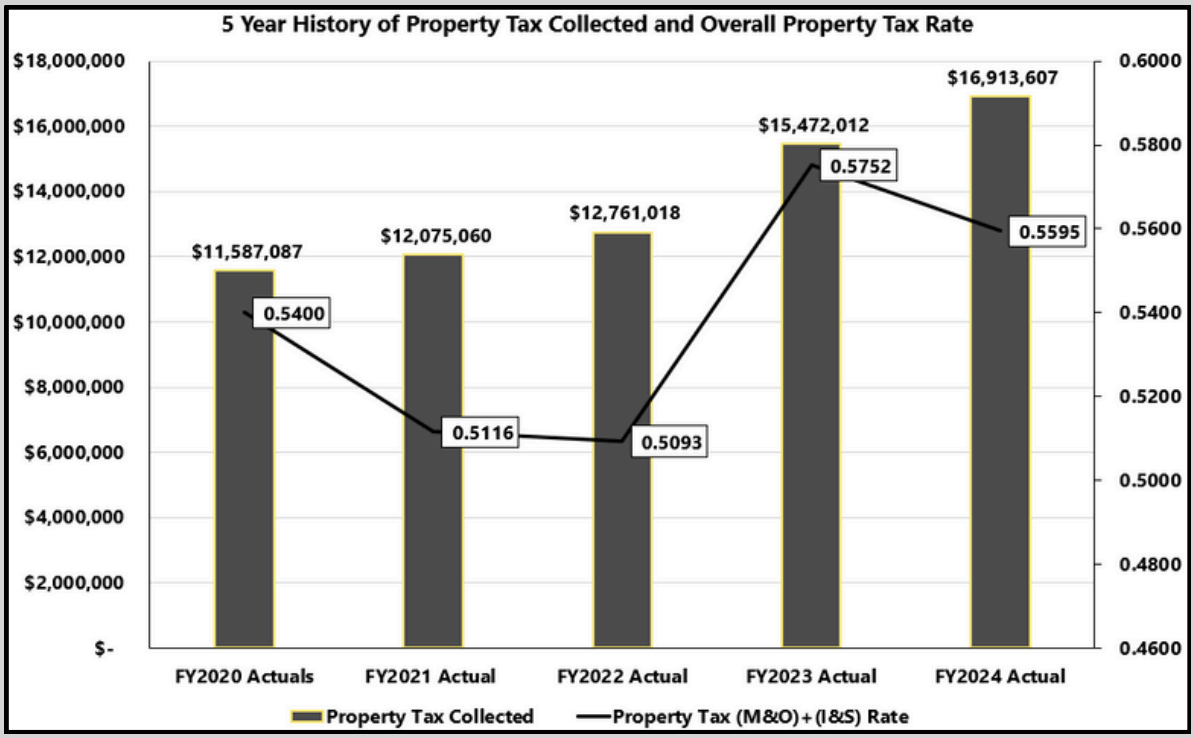
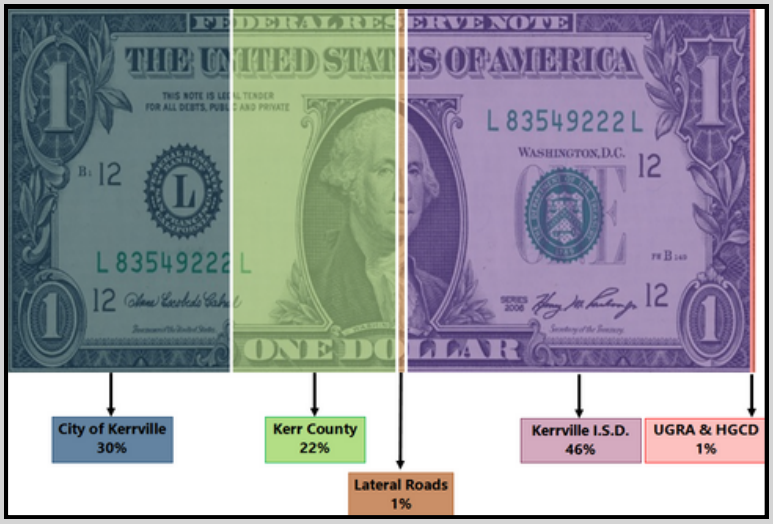
Property Tax

The City's property tax rate consists of two components: the Maintenance and Operations (M&O) rate and the debt service, or Interest and Sinking (I&S) rate.

- The M&O rate represents the portion of property taxes used to fund the operations and maintenance of the City, including general fund personnel costs, supplies, professional services, and other general operating costs.
- The I&S rate represents the portion of property taxes allocated to repaying the City's outstanding long-term general fund debt obligations.

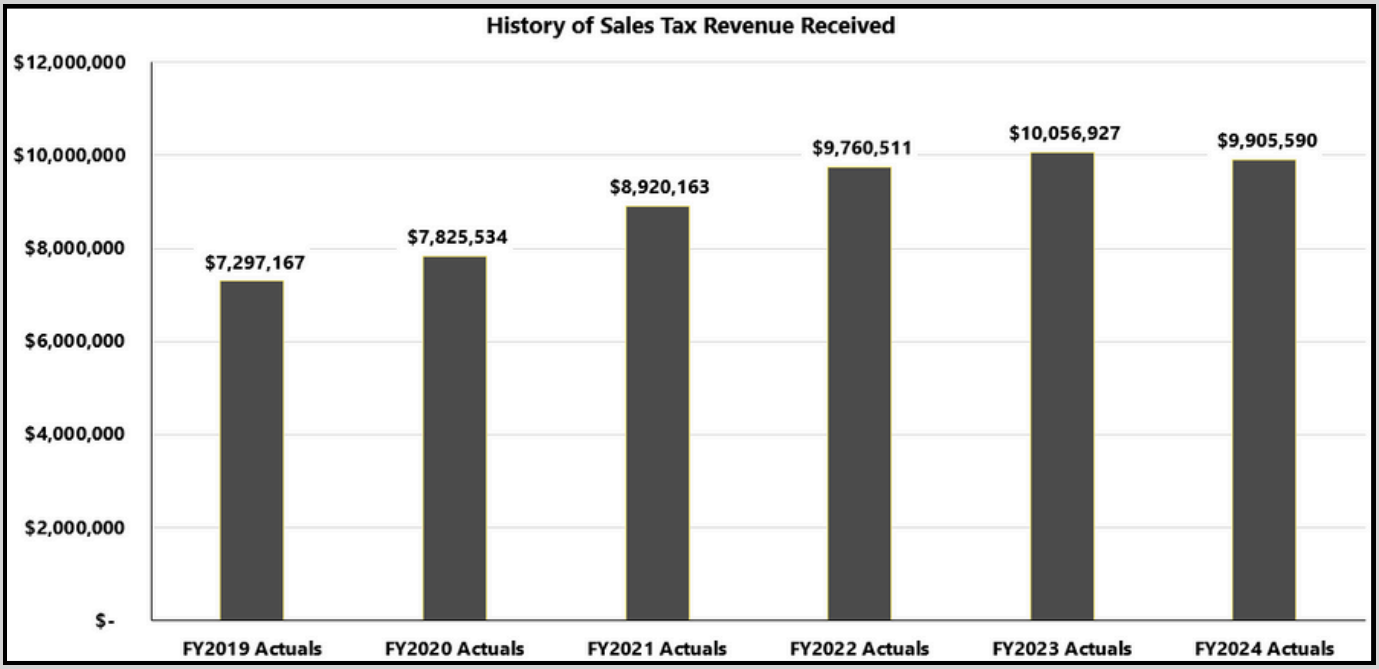


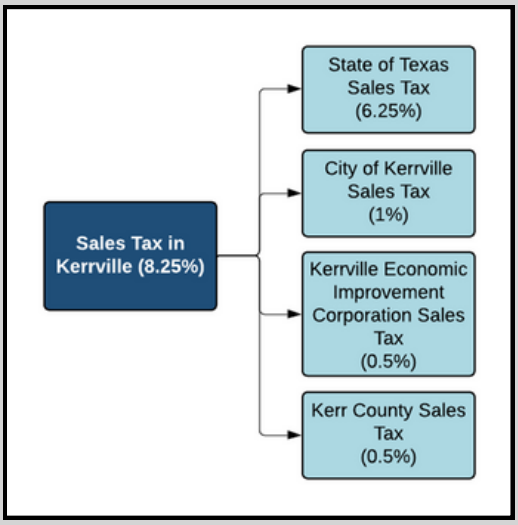
In fiscal year 2024 The City of Kerrville's overall property tax rate was $0.5595 per $100 of assessed value. Kerrville City residents paid a total property tax rate of $1.86 per $100 of assessed property value for all taxing entities. The image to the right demonstrates how property tax dollars were allocated among these various taxing entities.



Sales Tax

The City of Kerrville receives one and a half cents in sales tax each month from every dollar of taxable sales. One cent is allocated to the General Fund and half of a cent is allocated to the Economic Improvement Corporation (EIC). The EIC fund is one of the City's component unit funds. Component unit funds are not shown in the PAFR.





FY2024 Top Four Sales Tax Categories	
#1 - Retail	#2 - Food Service
54%	13%
#3 - Manufacturing	#4 - Wholesale
9%	5%

Sales tax revenue in fiscal year 2024 was $9,905,590 which was 1.5% ($151,337) lower than fiscal year 2023.

Page three of the ACFR discusses some of the inflationary pressures that are believed to have contributed to the leveling of sales tax compared to prior years. However, fiscal year 2024 Sales Tax Revenue ended 36% higher than fiscal year 2019, which is considered the last normal year before COVID-19. This is indicative of the continued strength of the City's economy.

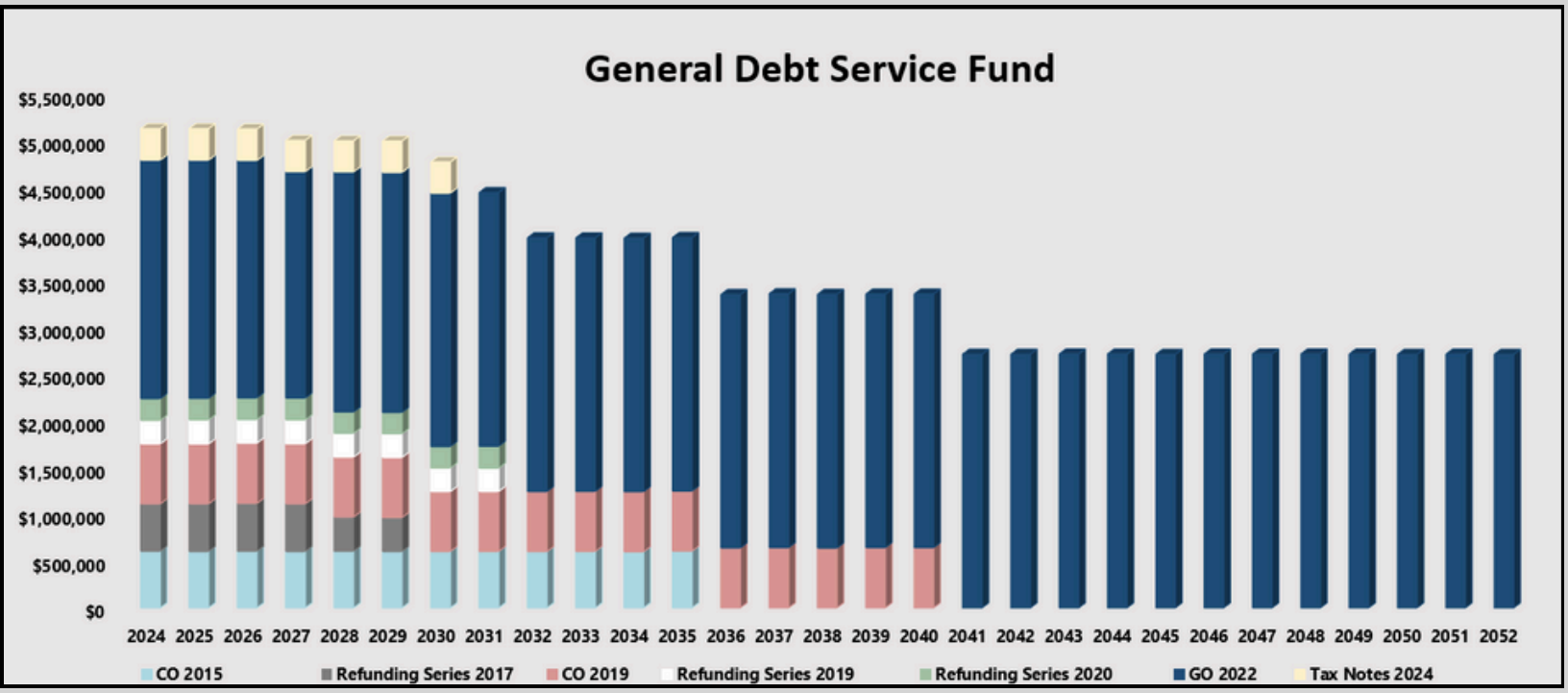
Community Investment Plan

The Community Investment Plan (CIP) is a long-term, multi-year strategy for construction and infrastructure improvements, aligning with key priorities outlined in the Kerrville 2050 Comprehensive Plan. Reviewed annually by City staff and City Council, the CIP remains adaptable to evolving growth patterns, economic conditions, regulatory requirements, and Council priorities. As a planning tool, the CIP guides the identification of necessary capital improvements, cost estimation, and prioritization of projects but does not constitute a commitment to specific projects or funding. Each project is considered and approved individually by City Council.

Notable Ongoing Project Expenses in FY2024	
Public Safety Facility	15,324,755
CDBG Intersection Improvements	383,082
Existing Park Improvements	374,658
Scott Schreiner Golf Course Improvements	308,450
Olympic Pool Improvements	274,541
Catalyst Area 2 Pedestrian Improvements	218,893
Comprehensive Plan Update (including area development)	77,115
Facility/System Replacement	60,712
Lower Lois Steet Drainage	59,066
Public Safety Communication System	32,046
Cailloux Theatre Roof & HVAC	25,407
Projects Completed in FY2024	
Westminster Street Reconstruction	755,754
Downtown Utilities/Streetscape	330,021
KSP Water Line Replacement/Looping	188,285
Facilities Master Plan/Condition Assessment	115,000
City Hall Security Camera System	103,369
Pavement Condition Re-Assessment	30,139
River Trail Downtown Extension	28,472

General Debt Service Fund

The City of Kerrville's General Debt Service Fund supports major public infrastructure projects, street improvements, and other capital assets. This debt service is primarily funded through Property Tax Revenue and 4B Sales Tax Revenue. The Kerrville Economic Improvement Corporation (EIC) allocates 4B Sales Tax Revenue to cover debt related to the River Trail, Kerrville Sports Complex, and other Quality of Life projects. The chart below shows the General Debt Service expense owed every year through 2052.



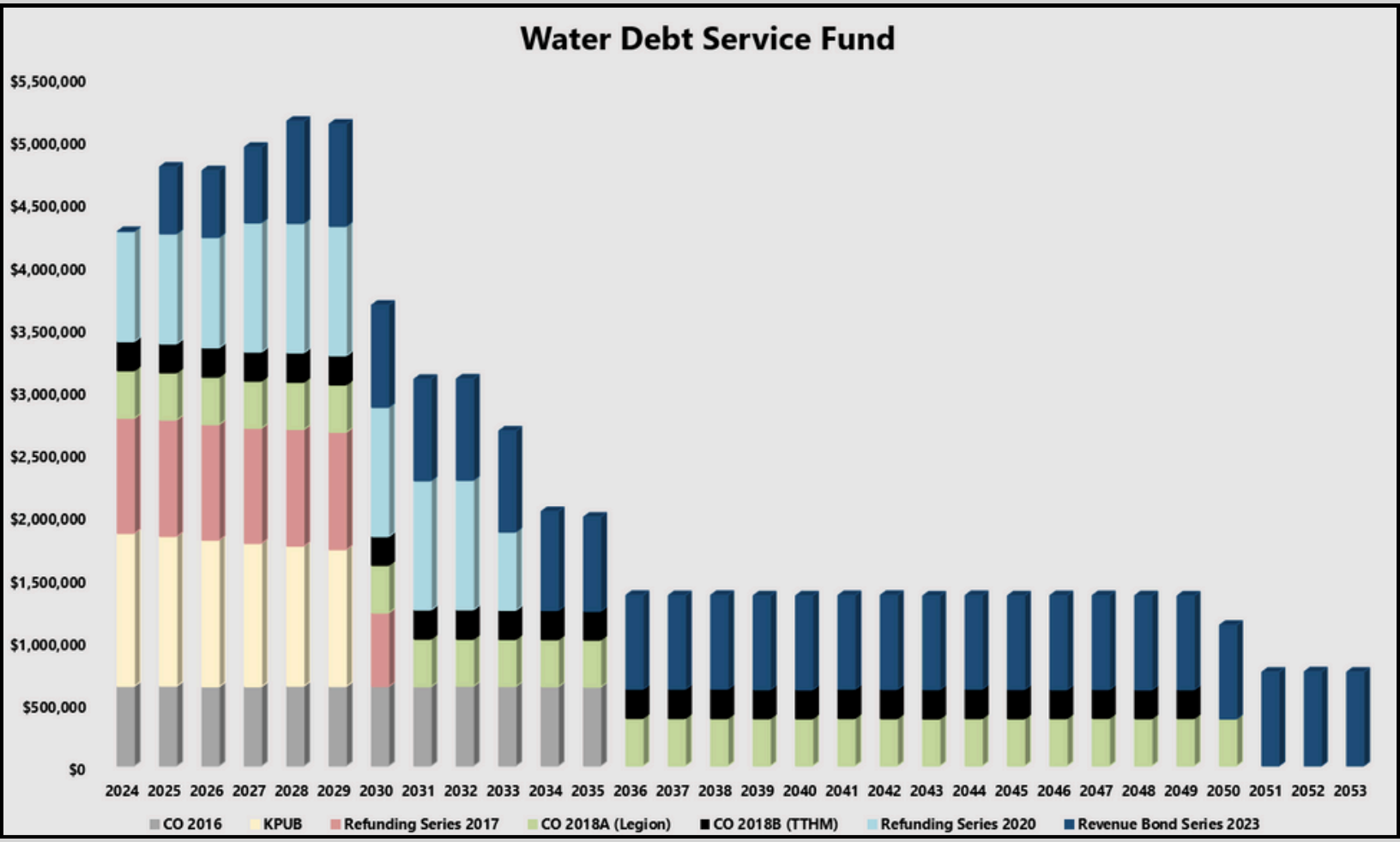
The City holds a "AA" bond rating from Standard & Poor's rating service for its general obligation debt. This rating indicates a high credit quality and investment grade status.

Debt Issuance Purposes	
CO 2015	Sports Complex*
REF 2017	Refinance CO 2007, GO 2007 & CO 2009
GO 2019	Streets and Drainage
REF 2019	Refinance CO 2011A (River Trail)*
REF 2020	Refinance CO 2012 (River Trail)*
GO 2022	Public Safety Facility
TN 2024	Fire Trucks

*Paid for by 4B Sales Tax Revenue

Water Debt Service Fund

The City of Kerrville utilizes the Water Debt Service Fund to finance significant public infrastructure projects such as wells, lift stations, pump stations, transmission lines, and water lines. The chart below shows the Water Debt Service expense owed every year through 2053.



Debt Issuance Purposes	
CO 2016	Water/Wastewater System (reuse and others)
KPUB	Reuse Infrastructure
REF 2017	Refinance Series GO 2007, CO 2009, CO 2010 & CO 2011
CO 2018A	Legion Lift Station
CO 2018B	TTHM Filtration
REF 2020	Refinance Series CO 2012 & CO 2013
RB 2023	Water/Wastewater System Improvements

The City holds a "A+" rating from Standard & Poor's for its Water Fund-issued debt. This rating indicates strong financial management and the ability to meet overall obligations, while acknowledging sensitivity to economic conditions.

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Stay Informed

To remain up to date on the happenings within the City of Kerrville, please visit the City's website and follow social media platforms.

- City of Kerrville, TX - City Hall
- Kerrville Fire Department
- City of Kerrville Parks and Recreation Department
- City of Kerrville Police Department

- Cityofkerrville

- City of Kerrville Government

Kerrville City Council hosts regular meetings every second and fourth Tuesday of the month at 6 PM. Meetings are broadcast live on Time Warner Cable Channel 2. Rebroadcasts are aired each Thursday following a meeting at 7:00 AM and each Tuesday following a meeting at 9:00 PM.

GET INVOLVED

The City has multiple opportunities for citizens to engage in decision making processes. Citizens can apply to serve on multiple boards and commissions or participate in various educational programs offered by the City. Examples include: Citizens' Government Academy, City Council, Kerrville Economic Improvement Corporation, Food Service Advisory Board, Library Advisory Board, Main Street Advisory Board, Parks and Recreation Advisory Board, Public Facility Corporation, Recovery Community Coalition, Senior Services Advisory Committee, Tax Increment Reinvestment Zone (TIRZ) Boards, Zoning Board of Adjustments, etc.

Thanks for Reading

If you have any questions regarding the 2024 Annual Comprehensive Financial Report or the 2024 Popular Annual Financial Report please reach out to the City's Finance Department (830)257-8000.

The theme "Looking Up" was chosen for FY2024 in anticipation of continued leveling of inflation, upward movement of Council and community priorities and, of course, the April 2024 Total Solar Eclipse that had the community and visitors "Looking Up" to witness a once-in-a-lifetime event.

Detailed information about the City's financial position can be found in the Annual Comprehensive Financial Report, available on the City's website at:
https://www.kerrvilletx.gov/DocumentCenter/View/45697/FY2024-Annual-Comprehensive-Financial-Report

This Popular Annual Financial Report has been Compiled by:

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