

# **AGENDA FOR THE KERRVILLE CITY COUNCIL MEETING**

**TUESDAY, FEBRUARY 23, 2021, 6:00 P.M.**

**CAILLOUX CITY CENTER**

**910 MAIN STREET, KERRVILLE, TEXAS**

## **The Community Vision**

*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.*



Kerrville2050



**KERRVILLE CITY COUNCIL MEETING AGENDA**  
**FEBRUARY 23, 2021, 6:00 PM**  
**CAILLOUX CITY CENTER**  
**910 MAIN STREET, KERRVILLE, TEXAS**



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***Council Meeting Procedures during the Disaster Declaration  
and Citizen Participation Guidelines***

COVID-19 (Coronavirus) provides a unique concern in that gathering members of the public, City Council, and City staff within a physical setting constitutes a public health risk. On March 16, 2020, the Texas Governor suspended certain requirements of the Open Meetings Act to permit open meetings to occur in a fully, or partially, virtual setting (telephonic/videoconference). The Governor has extended this order each month since this time. At this time, City Council intends to conduct its next meeting as a meeting which the public may attend in person. Due to spacing and occupancy conditions, such meeting will convene at the Cailloux City Center (Municipal Auditorium), 910 Main Street. However, where circumstances dictate and up until the time that the meeting is held, Council may hold its meeting entirely online as part of a virtual meeting; or, as a mixed virtual meeting where some Councilmembers are physically present at the auditorium but one or more members participate via online.

Standard safety protocols will be observed by City Council, City staff, and citizens/visitors attending the meeting. When entering the Municipal Auditorium, attendees will be required to sanitize hands and wear a mask. City employees will then take the temperature of each attendee. Any person with a temperature exceeding 100.2 will not be allowed entry. Masks are required at all times. Six-foot distance seating will be observed and visitor seating will be designated. The public podium will be sanitized between each public speaker.

Citizens wishing to speak shall submit a completed "speaker request form" to the City Secretary before the meeting is called to order and definitely before the item is introduced. Each speaker is limited to four minutes.

The Zoom platform will also be active during this meeting.

**Instructions for Zoom callers:** The Zoom moderator will begin accepting calls starting at 5:00 p.m. The deadline to place your call is 5:45 p.m. Place your call before the 5:45 p.m. deadline in order to register with the Zoom moderator and participate. Any calls made after the 5:45 p.m. deadline will not be answered, and microphones will be kept muted. Each speaker is limited to four minutes.

Dial the toll free number: **1-800-832-5611**. If the toll free number is not functioning, call the Zoom alternative back-up numbers **1-346-248-7799** or **1-669-900-6833**.

When your call is answered you will hear "**Welcome to Zoom, enter your Meeting ID followed by pound**". Enter in the Meeting ID below followed by the pound sign (#), when prompted, enter the webinar passcode.

The Meeting ID is **943 7991 8833 #** Passcode is **343301**.

Once you have called into the meeting, your microphone will be placed on mute and your call will be placed in the call queue. At this point, you will hear silence on the phone. Do not hang up. The moderator will unmute your microphone as he/she is going down the list. Once the workshop has started, you will be able to listen to proceedings even if your microphone is muted.

**Note:** Zoom is a third party vendor which provides the ability for remote participation. Software changes may be beyond what the City can control. If the City is notified of any issues from the third party vendor, the City will notify citizens and provide alternatives for engagement and participation.

**Instructions for written comments:** Written comments will be accepted for any agenda items, including Public Hearings. You are required to provide your first and last name, address, and identify the item you wish to comment on. All information must be provided in order for your comments to be read into record. Written comments can be provided two different ways:

- **OPTION 1 by hard copy** – Comments may be dropped off at the City Hall Utility Payments Drop-Box on the north side of City Hall by 5:00 p.m. the afternoon of the Council workshop.
- **OPTION 2 by email** - Comments may be emailed to **shelley.mcelhannon@kerrvilletx.gov** and must be received by 5:00 p.m. the afternoon of the Council meeting. In addition, anyone may email Councilmembers via their City email addresses as specified on the City's website.

Citizens may view and hear City Council meetings on Spectrum Channel 2 or by live-streaming via the City's website ([www.kerrvilletx.gov](http://www.kerrvilletx.gov)). City Council meetings are recorded and the recordings are posted on the City's website.

Thank you for your participation!

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**CITY COUNCIL AGENDA  
FEBRUARY 23, 2021, 6:00 PM  
CAILLOUX CITY CENTER  
910 MAIN STREET, KERRVILLE, TEXAS**



**CALL TO ORDER:**

**INVOCATION AND PLEDGE OF ALLEGIANCE:**

*Led by Councilmember Kim Clarkson.*

**1 ANNOUNCEMENTS OF COMMUNITY INTEREST:**

*Announcement of items of community interest, including expressions of thanks, congratulations, or condolences; information regarding holiday schedules; honorary recognitions of city officials, employees, or other citizens; reminders about upcoming events sponsored by the city or other entity that is scheduled to be attended by city officials or employees; and announcements involving imminent threats to the public health and safety of the city. No action will be taken.*

**2 PRESENTATIONS:**

2.A. [City's emergency response to severe winter weather event.](#)

**3 VISITORS/CITIZENS FORUM:**

*Any citizen with business not scheduled on the agenda may speak to the City Council. Prior to speaking, each speaker must fill out the speaker request form and give it to the City Secretary. The speaker request form must be submitted to the City Secretary before the item is called or read into record. City Council may not discuss or take any action on an item but may place the issue on a future agenda. Each speaker is limited to four minutes.*

**4 CONSENT AGENDA:**

*These items are considered routine and can be approved in one motion unless a Councilmember asks for separate consideration of an item. It is recommended that the City Council approve the following items which will grant the Mayor or City Manager the authority to take all actions necessary for each approval:*

4.A. [Resolution No. 12-2021. A Resolution of City Council extending the Declaration of Local Disaster regarding the February Winter Weather Event issued on February 15, extended on February 22, 2021.](#)

Attachments:

[20210223\\_Resolution\\_12-2021 Consent of Mayor's Dec of Disaster 021921.pdf](#)

4.B. [Republic Services request to transport out of county waste into the Transfer Station.](#)

Attachments:

[20210223\\_Letter\\_Republic Services Request Letter.pdf](#)

4.C. [Approve the 2021 Emergency Management Performance Grant \(EMPG\) Terms & Conditions.](#)

Attachments:

[Internal - PA - Grant Terms and Conditions April 2020.pdf](#)

4.D. [Kerrville Citizen Participation Plan for the Texas Community Development Block Grant Program \(Main Street\), and award RFQ for Engineering services for the 2021 Downtown CDBG.](#)

Attachments:

[20200223\\_Kerrville\\_Citizen\\_Participation\\_Plan.pdf](#)

[20200223\\_Sample\\_Contract-RFQ.pdf](#)

**END OF CONSENT AGENDA.**

**5      CONSIDERATION AND POSSIBLE ACTION:**

- 5.A.      Presentation and acceptance of the audited Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2020.

Attachments:

20210223\_Report\_2020 Draft CAFR.pdf  
20210223\_Presentation\_Audit Report.pdf

- 5.B.      Purchase of 60 Taser electronic control devices and training from Axon Enterprise Inc (BuyBoard contract #606-20) for a total price not to exceed \$191,480.60.

Attachments:

20210223\_ConsiderationandAction\_Taser.pdf  
20210223\_Consideration\_Buyboard Contract.pdf



- 5.C.      Seventh Amendment to Development Agreement by and between Comanche Trace Ranch and Golf Club, LLLP, a Colorado Limited Liability Limited Partnership; and the City of Kerrville, Texas, for Comanche Trace Ranch and Golf Club.

Attachments:

20210223\_Agreement\_Comanche Trace7th Amendment 021921 DRAFT.pdf  
20210223\_Map\_Comanche Trace Master Plan\_Oct 2020\_low res.pdf

- 5.D.      City's ongoing preparedness and response to COVID-19 (Coronavirus); and Declaration of local state of disaster due to a public health emergency, March 20, 2020.

Attachments:

20200922\_Resolution\_16-2020 Extending Mayor's Disaster Declaration Covid-19 7-28-20.pdf

**6      ITEMS FOR FUTURE AGENDAS:**

*City Council may suggest items or topics for future agendas.*

**7      EXECUTIVE SESSION:**

*City Council may, as permitted by law, adjourn into executive session at any time to discuss any matter listed above if they meet the qualifications in Sections 551.071 (consultation with attorney), 551.072 (deliberation regarding real property), 551.073 (deliberation regarding gifts), 551.074 (personnel/officers), 551.076 (deliberation regarding security devices), and 551.087 (deliberation regarding economic development negotiations) of Chapter 551 of the Texas Government Code.*

- 7.A.      West Texas Aggregate, LLC, Air Quality Standard Permit for Permanent Rock and Concrete Crushers, Registration Number 163301 (551.071).

**8      ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION, IF ANY:**

**ADJOURN.**





**TO BE CONSIDERED BY THE CITY COUNCIL  
CITY OF KERRVILLE, TEXAS**

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**SUBJECT:** City's emergency response to severe winter weather event.

**AGENDA DATE OF:** February 23, 2021 **DATE SUBMITTED:** Feb 18, 2021

**SUBMITTED BY:** Mark McDaniel

**EXHIBITS:**

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<b>Expenditure Required:</b>	<b>Remaining Budget Balance in Account:</b>	<b>Amount Budgeted:</b>	<b>Account Number:</b>
N/A	N/A	N/A	N/A

**PAYMENT TO BE MADE TO:** N/A

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<b>Kerrville 2050 Item?</b>	No
<b>Key Priority Area</b>	N/A
<b>Guiding Principle</b>	N/A
<b>Action Item</b>	N/A

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**SUMMARY STATEMENT:**

City staff will present summary information related to the City's emergency response to severe winter weather event.

**RECOMMENDED ACTION:**

No required.



**TO BE CONSIDERED BY THE CITY COUNCIL  
CITY OF KERRVILLE, TEXAS**

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**SUBJECT:** Resolution No. 12-2021. A Resolution of City Council extending the Declaration of Local Disaster regarding the February Winter Weather Event issued on February 15, extended on February 22, 2021.

**AGENDA DATE OF:** February 23, 2021 **DATE SUBMITTED:** Feb 19, 2021

**SUBMITTED BY:** Mike Hayes

**EXHIBITS:** [20210223\\_Resolution\\_12-2021 Consent of Mayor's Dec of Disaster 021921.pdf](#)

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<b>Expenditure Required:</b>	<b>Remaining Budget Balance in Account:</b>	<b>Amount Budgeted:</b>	<b>Account Number:</b>
N/A	N/A	N/A	N/A

**PAYMENT TO BE MADE TO:** N/A

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<b>Kerrville 2050 Item?</b>	No
<b>Key Priority Area</b>	N/A
<b>Guiding Principle</b>	N/A
<b>Action Item</b>	N/A

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**SUMMARY STATEMENT:**

Mayor Blackburn signed an emergency declaration the week of February 14th in response to the severe winter storm event. This declaration was amended, and now need to be ratified by the City Council as further extended in order to address ongoing or follow-up storm event activities and related costs.

**RECOMMENDED ACTION:**

Approve Resolution No. 12-2021 as presented.

**CITY OF KERRVILLE, TEXAS  
RESOLUTION NO. 12-2021**

**A RESOLUTION AUTHORIZED BY SECTION  
418.108(B) OF THE TEXAS GOVERNMENT CODE  
EXTENDING THE MAYOR'S DECLARATION  
LOCAL DISASTER REGARDING THE  
FEBRUARY WINTER WEATHER EVENT ISSUED  
ON FEBRUARY 15, 2021**

**WHEREAS**, on February 15, 2021, the Mayor, by proclamation, issued a Declaration of Local Disaster regarding the February Winter Weather event and extreme cold conditions, precipitation, and winds in the City; and

**WHEREAS**, on February 12, 2021, the Governor of the State of Texas issued his Proclamation declaring a state of disaster in all 254 counties in the State of Texas due to severe winter weather posing an imminent threat of widespread and severe property damage, injury, and loss of life due to prolonged freezing temperatures, heavy snow, and freezing rain statewide; and

**WHEREAS**, on February 22, 2021, the Mayor, by proclamation, extended his Declaration of Local Disaster so as to prevent such from expiring; and

**WHEREAS**, City Council has determined that extending the Mayor's Declaration of Local Disaster is necessary to protect the residents of the City; and

**WHEREAS**, City Council finds that it is in the public interest to authorize additional authority as described herein pursuant to the Texas Disaster Act of 1975, Chapter 418, Texas Government Code, and provide rules to protect the health of persons in the City, pursuant to the Texas Government Code and Texas Health and Safety Code;

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF  
THE CITY OF KERRVILLE:**

**SECTION ONE.** The foregoing recitals are incorporated herein and made findings of fact.

**SECTION TWO.** City Council hereby extends and continues the local state of disaster for the City pursuant to Section 418.108(b) of the Texas Government Code.

**SECTION THREE.** Pursuant to Section 418.108(c) of the Government Code, this extension and continuation of the declaration of the local state of disaster shall be given prompt and general publicity and shall be filed promptly with the City Secretary.

**SECTION FOUR.** Pursuant to Section 418.108(d) of the Government Code, this renewal and continuation of the declaration of a local state of disaster continues activation of the emergency management plan for the City. The furnishing of aid and assistance under the declaration is hereby authorized. The appropriate preparedness and response aspects of the plan are continued.

**SECTION FIVE.** The use of all available resources of the City that are reasonably necessary to cope with this disaster are hereby authorized.

**SECTION SIX.** To the extent permitted by law, any local ordinance or administrative rule prescribing the procedures for conduct of City business or any local ordinance or administrative rule that would in any way prevent, hinder, or delay necessary action in coping with this disaster, including any local ordinance or administrative rule regarding contracting or procurement with would impede the City's emergency response necessary to cope with this declared disaster, are hereby suspended, but only for the duration of this declared local disaster and only for that limited purpose.

**SECTION SEVEN.** Pursuant to Section 122.006 of the Texas Health and Safety Code, the City may adopt rules to protect the health of persons in the municipality.

**SECTION EIGHT.** That this Declaration and Order is effective is effective until March 10, 2021 unless otherwise terminated or extended.

**SECTION NINE.** That the terms and provisions of this Resolution, Declaration and Order shall be deemed to be severable and that if any section, subsection, sentence, clause, phrase or word herein shall be declared to be invalid or unconstitutional, the same shall not affect the validity or constitutionality of any other section, subsection, sentence, clause, phrase or word herein, and the remainder of this Resolution, Declaration and Order shall continue in full force and effect the same as if such invalid or unconstitutional provision had never been a part hereof.

**PASSED AND APPROVED ON this the \_\_\_\_ day of \_\_\_\_\_, A.D., 2021.**

ATTEST:

\_\_\_\_\_  
Shelley McElhannon, City Secretary

\_\_\_\_\_  
Bill Blackburn, Mayor

APPROVED AS TO FORM:

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Michael C. Hayes, City Attorney



**TO BE CONSIDERED BY THE CITY COUNCIL  
CITY OF KERRVILLE, TEXAS**

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**SUBJECT:** Republic Services request to transport out of county waste into the Transfer Station.

**AGENDA DATE OF:** February 23, 2021    **DATE SUBMITTED:** Feb 04, 2021

**SUBMITTED BY:** David Barrera

**EXHIBITS:** [20210223\\_Letter\\_Republic Services Request Letter.pdf](#)

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<b>Expenditure Required:</b>	<b>Remaining Budget Balance in Account:</b>	<b>Amount Budgeted:</b>	<b>Account Number:</b>
N/A	N/A	N/A	N/A

**PAYMENT TO BE MADE TO:** N/A

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<b>Kerrville 2050 Item?</b>	No
<b>Key Priority Area</b>	N/A
<b>Guiding Principle</b>	N/A
<b>Action Item</b>	N/A

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**SUMMARY STATEMENT:**

Republic Services acquired Knox Waste Services during the 4th quarter of FY2020. In doing so, Republic Services now has a solid waste collection route in the Leaakey area, which is located outside Kerr County. That route will be serviced by Republic crews from their Kerrville office and is expected to transport approximately 4-5 tons per week into the Kerrville Transfer Station, which is defined as being part of the City Landfill. However, none of the material will be stored at the City landfill, as it will be transferred to a landfill in San Antonio just as most of the Kerrville area waste is. Chapter 86 - SOLID WASTE, Sec. 86-4. - DISPOSAL OF SOLID WASTE AT CITY LANDFILL - prohibits any waste disposal at the landfill that is generated outside Kerr County unless approved by city council. A letter formally requesting the use of the Transfer Station by Republic Services for this modest out-of-county solid waste amount is attached.

City Staff has reviewed the City's Landfill permit issued by TCEQ, and waste outside Kerr County is permissible. Most importantly, the approximate tons being proposed will not impact the capacity of the Transfer Station required for the Kerrville community's disposal needs.



**RECOMMENDED ACTION:**

Approve Republic Services request to utilize the Transfer Station for disposal of municipal waste generated outside Kerr County.



January 11, 2021  
City of Kerrville  
Mr. Stuart Barron  
Public Works Director  
701 Main St.  
Kerrville, TX 78028

Dear Stuart,

Happy New Year! I hope that 2021 treats us all better than 2020.

In the 4<sup>th</sup> quarter of 2020, Republic Services acquired a company called Knox Waste Service out of Abilene. They have a few accounts in the Leahey area that we will be servicing out of our Kerrville Hauling Company.

Since we will be servicing these accounts (approximately 65 commercial and residential accounts) out of Kerrville, we would like to bring this waste through the Kerrville Transfer Station. We are looking at about 4-5 tons per week.

I'm unclear if this needs to be approved by Council or if it can be approved by staff. Please let me know. I'd be happy to attend a Council meeting if there will be any issues that need to be discussed.

Please contact me if you have any questions with regard to this matter.

Respectfully,

Tom Armstrong  
Municipal Services Manager  
[tarmstrong@republicservices.com](mailto:tarmstrong@republicservices.com)  
(210) 825-5853



**TO BE CONSIDERED BY THE CITY COUNCIL  
CITY OF KERRVILLE, TEXAS**

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**SUBJECT:** Approve the 2021 Emergency Management Performance Grant (EMPG) Terms & Conditions.

**AGENDA DATE OF:** February 23, 2021 **DATE SUBMITTED:** Feb 12, 2021

**SUBMITTED BY:** Eric Maloney

**EXHIBITS:** [Internal - PA - Grant Terms and Conditions April 2020.pdf](#)

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<b>Expenditure Required:</b>	<b>Remaining Budget Balance in Account:</b>	<b>Amount Budgeted:</b>	<b>Account Number:</b>
0	0	0	

**PAYMENT TO BE MADE TO:** N/A

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**Kerrville 2050 Item?** No

**Key Priority Area**

**Guiding Principle**

**Action Item**

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**SUMMARY STATEMENT:**

The Emergency Management Performance Grant (EMPG) Program plays an important role in the implementation of the National Preparedness System by supporting the building, sustainment and delivery of core capabilities essential to achieving the National Preparedness Goal of a secure and resilient nation. The EMPG program is essential for the building and sustainment of critical capabilities for disaster preparedness, response, recovery, and mitigation across the country. In Texas, the Texas Division of Emergency Management is responsible for coordinating state and federal resources to assist local government in response and relief activities in the event of an emergency or disaster. The City of Kerrville Emergency Management applies and receives the annual EMPG from the State of Texas for 50% of the Emergency Management Coordinator's Salary and affiliated Training. This grant match is calculated in the budget process.

**RECOMMENDED ACTION:**

Authorize the City Manager to approve 2021 Emergency Management Performance Grant (EMPG) Terms & Conditions.

## GRANT TERMS AND CONDITIONS

This Grant Agreement (consisting of these terms and conditions and all exhibits) is made and entered into by and between the Texas Division of Emergency Management (TDEM), an agency of the State of Texas, hereinafter referred to as "TDEM," and the grant recipient, \_\_\_\_\_, hereinafter referred to as the "Subrecipient." Furthermore, TDEM and the Subrecipient are collectively hereinafter referred to as the "Parties." All subawards made under this grant agreement are subject to the same terms and conditions below.

Subrecipient may not assign or transfer any interest in this Grant without the express, prior written consent of TDEM and DHS/FEMA.

- a. The term Recipient and pass-through entity have the same meaning as "Grantee," as used in governing statutes, regulations, and DHS/FEMA guidance.
- b. A Recipient is also a "non-federal entity" for grants administration purposes.
- c. A Subrecipient is also known as a "Subgrantee" as used in governing statutes regulations and DHS/ FEMA guidance.
- d. A Subrecipient is also a "non-federal entity" for grants administration purposes.
- e. The "Grant" referred to in this agreement is a subgrant to the Subrecipient passed thru from TDEM to the Subrecipient.
- f. Certifying Official will be the Mayor, Judge, or Executive Director authorized to execute these grant terms and conditions, and to submit changes of Subrecipient Agents.
- f. Projects and any subsequent versions for those projects accepted by the Subrecipient and subsequently obligated or deobligated by DHS/FEMA are considered subawards to this grant agreement.

- A. **Standard of Performance.** Subrecipient shall perform all activities as approved by TDEM. Any change to a project shall receive prior written approval by TDEM and, if required, by FEMA. Subrecipient shall perform all activities in accordance with all terms, provisions and requirements set forth in this Grant, including but not limited to the following Exhibits:
  - 1. Assurances – Non-Construction Programs, hereinafter referred to as "Exhibit A"
  - 2. Assurances – Construction Programs, hereinafter referred to as "Exhibit B"
  - 3. Certifications for Grant Agreements, hereinafter referred to as "Exhibit C"
  - 4. State of Texas Assurances, hereinafter referred to as "Exhibit D"
  - 5. Environmental Review Certification, hereinafter referred to as "Exhibit E"
  - 6. Additional Grant Conditions, hereinafter referred to as "Exhibit F"
  - 7. Additional Grant Certifications, hereinafter referred to as "Exhibit G"
  - 8. Request for Information and Documentation referred to as "Exhibit H"
- B. **Failure to Perform.** In the event Subrecipient fails to implement and complete the project(s) approved and awarded, or comply with any provision of this Grant, Subrecipient shall be liable to TDEM for an amount not to exceed the award amount of this Grant and may be barred from applying for or receiving additional DHS/FEMA grant program funds

## GRANT TERMS AND CONDITIONS

or any other grant program funds administered by TDEM until repayment to TDEM is made and any other compliance or audit finding is satisfactorily resolved, in addition to any other remedy specified in this Grant. Failure to timely implement and complete projects may reduce future funding in additional DHS/FEMA and/or other grant programs administered by TDEM.

- C. **Funding Obligations.** TDEM shall not be liable to Subrecipient for any costs incurred by Subrecipient that are not allowable costs.
1. Notwithstanding any other provision of this Grant, the total of all payments and other obligations incurred by TDEM under this Grant shall not exceed the total cumulative award amounts listed on the Subawards (projects and subsequent versions).
  2. Subrecipient shall contribute the match funds listed on the subaward.

Subrecipient shall refund to TDEM any sum of these Grant funds that has been determined by TDEM or DHS/FEMA to be an overpayment to Subrecipient or that TDEM determines has not been spent by Subrecipient in accordance with this Grant. No refund payment(s) shall be made from local, state or federal Grant funds unless repayment with Grant funds is specifically permitted by statute or regulation. Subrecipient shall make such refund to TDEM within thirty (30) calendar days after TDEM requests such refund

- D. **Performance Period.** The performance period for this Grant is listed on the subaward letter for each project. All projects shall be completed within the performance period AND all reimbursement requests shall be submitted to TDEM within 60 days of the end of the performance period. Subrecipient shall have expended all Grant funds and submitted reimbursement requests, invoices and any supporting documentation to TDEM within 60 days of the end of the performance period. TDEM shall not be obligated to reimburse expenses incurred after the performance period or submitted after the deadline.

- E. **Uniform Administrative Requirements, Cost Principles and Audit Requirements.** Except as specifically modified by law or this Grant, Subrecipient shall administer this Grant through compliance with the most recent version of all applicable laws and regulations, including but not limited to DHS program legislation, Federal awarding agency regulations, and the terms and conditions of this Grant. A non-exclusive list is provided below [not all may apply in every projects]:

- Public Law 93-288, as amended (Stafford Act)
- 44 CFR, Emergency Management and Assistance
- Disaster Mitigation Act of 2000
- OMB Regulations 2 CFR, Grant and Agreements
- Executive Order 11988, Floodplain Management
- Executive Order 11990, Protection of Wetlands
- Executive Order 12372, Intergovernmental Review of Programs and Activities
- Executive Order 12549, Debarment and Suspension
- Executive Order 12612, Federalism
- Executive Order 12699, Seismic Design
- Executive Order 12898, Environmental Justice
- Coastal Barrier Resources Act, Public Law 97-348
- Single Audit Act, Public Law 98-502
- Sandy Recovery Improvement Act publications

## GRANT TERMS AND CONDITIONS

- 16 U.S.C. § 470, National Historic Preservation Act
- 16 U.S.C. § 1531, Endangered Species Act References
- FEMA program publications, guidance and policies

- F. **State Requirements for Grants.** Subrecipient shall comply with all other federal, state, and local laws and regulations applicable to this Grant including but not limited to the laws and the regulations promulgated in Texas Government Code, Chapter 783, Uniform Grant and Contract Management, (UGMS) at: <http://www.window.state.tx.us/procurement/catrad/ugms.pdf> and the program State Administrative Plan, available at: <https://grants.tdem.texas.gov>

Subrecipient shall, in addition to the assurances and certifications, comply and require each of its subcontractors employed in the completion of the project to comply with all applicable statutes, regulations, executive orders, OMB circulars, terms and conditions of this Grant and the approved application.

Grant funds may not be awarded to or expended by any entity which performs political polling. This prohibition does not apply to a poll conducted by an academic institution as part of the institution's academic mission that is not conducted for the benefit of a particular candidate or party.

Grant funds may not be expended by a unit of local government unless the following limitations and reporting requirements are satisfied:

1. Texas General Appropriations Act, Art. IX, Parts 2 and 3, except there is no requirement for increased salaries for local government employees;
2. Texas Government Code Sections 556.004, 556.005, and 556.006, which prohibits using any money or vehicle to support the candidacy of any person for office, influencing positively or negatively the payment, loan, or gift to a person or political organization for a political purpose, and using Grant funds to influence the passage or defeat of legislation including not assisting with the funding of a lobbyist, or using Grant funds to pay dues to an organization with a registered lobbyist;
3. Texas Government Code Sections 2113.012 and 2113.101, which prohibits using Grant funds to compensate any employee who uses alcoholic beverages on active duty and Subrecipient may not use Grant funds to purchase an alcoholic beverage and may not pay or reimburse any travel expense for an alcoholic beverage;
4. Texas General Appropriations Act, Art. IX, Section 6.13, which requires Subrecipient to make every effort to attain key performance target levels associated with this Grant, including performance milestones, milestone time frames, and related performance reporting requirements; and
5. General Appropriations Act, Art. IX, Sections 7.01 and 7.02, and Texas Government Code §2102.0091, which requires that this Grant may only be expended if Subrecipient timely completes and files its reports.

G. **Restrictions and General Conditions.**

1. **Use of Funds.** DHS/FEMA Grant funds may only be used for the purposes set forth in this Grant, and shall be consistent with the statutory authority for this Grant. Grant funds may not be used for matching funds for other Federal grants/cooperative agreements, lobbying, or intervention in Federal regulatory or adjudicatory proceedings. In addition,



## GRANT TERMS AND CONDITIONS

Federal funds may not be used to sue the Federal government or any other government entity.

2. Federal Employee Prohibition. Federal employees are prohibited directly benefiting from any funds under this Grant.
3. Points of Contacts. Within 10 calendar days of any change, Subrecipient shall notify TDEM of any change in designated of Subrecipient Agents as submitted during the execution of this agreement, and any subsequent changes submitted by Subrecipient. In the event a Subrecipient hires a consultant to assist them with managing its Public Assistance grants, they must be listed on the Designated Subrecipient Agent Form. TDEM will direct all correspondence to the Subrecipient but will cc: the consultant on all email exchanges. The Subrecipient will be responsible for sharing written communications with the consultant. The Subrecipient will remain the primary point of contact and must be included in all decision making activities.
4. DUNS Number. Subrecipient confirms its Data Universal Numbering Systems (DUNS) Number is accurate and is registered on Sams.gov. The DUNS Number is the nine digit number established and assigned by Dun and Bradstreet, Inc., at 866/705-5711 or <http://fedgov.dnb.com/webform>
5. Central Contractor Registration and Universal Identifier Requirements. Subrecipient maintains that it has registered on the System for Award Management (SAM) at [www.sam.gov](http://www.sam.gov) or other federally established site for contractor registration, and entered TDEM-required information. Subrecipient shall keep current, and then review and update the information at least annually. Subrecipient shall keep information current in the SAM database until the later of when it submits this Grant's final financial report or receives final Grant award payment. Subrecipient agrees that it shall not make any subaward agreement or contract related to this Grant without first obtaining the vendor/subawardee's mandatory DUNS number. See Section §200.32 of OMB 2 C.F.R.
6. Reporting Total Compensation of Subrecipient Executives. 2 C.F.R. §200.331; see FEMA Information Bulletin 350.
  - a. Applicability and what to report: Subrecipient shall report whether Subrecipient received \$25 million or more in Federal procurement contracts or financial assistance subject to the Transparency Act per 2 C.F.R. §200.331. Subrecipient shall report whether 80% or more of Subrecipient's annual gross revenues were from Federal procurement contracts or Federal financial assistance. If Subrecipient answers "yes" to both questions, Subrecipient shall report, along with Subrecipient's DUNS number, the names and total compensation (see 17 C.F.R. §229.402(c)(2)) for each of Subrecipient's five most highly compensated executives for the preceding completed fiscal year.
  - b. Where and when to report: Subrecipient shall report executive total compensation at [www.sam.gov](http://www.sam.gov) or other federally established replacement site. By signing this Grant, Subrecipient certifies that, if required, Subrecipient's jurisdiction has already registered, entered the required information, and shall keep information in the SAM database current, and update the information at least annually for each year until the later of when the jurisdiction submits its final financial report or receives final payment. Subrecipient agrees that it shall not make any subaward agreement or contract without first obtaining the subawardee's mandatory DUNS number.
7. Debarment and Suspension. Subrecipient shall comply with Executive Order 12549 and 12689, which provide protection against waste, fraud, and abuse by debarring or

## GRANT TERMS AND CONDITIONS

suspending those persons deemed irresponsible in their dealings with the Federal government.

8. Direct Deposit. A completed direct deposit form from Subrecipient shall be provided to TDEM, prior to receiving any payments under the provisions of this grant. The direct deposit form is currently available at [grants.tdem.texas.gov](http://grants.tdem.texas.gov) under Resources/Public Assistance.
9. Property Management and Inventory. Subrecipient shall maintain property/inventory records which, at minimum, shall include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, the cost of the property, the percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property. Subrecipient shall develop and implement a control system to prevent loss, damage or theft of property and Subrecipient shall investigate and document any loss, damage or theft of property funded under this Grant.
10. Site Visits. DHS/FEMA and/or TDEM, through its authorized representatives, have the right at all reasonable times to make site visits to review project accomplishments and management control systems and to provide such technical assistance as may be required. If any site visit is made by DHS/FEMA on the premises of Subrecipient or a contractor under this Grant, Subrecipient shall provide and shall require its contractors to provide all reasonable facilities and assistance for the safety and convenience of the government representatives in the performance of their duties. All site visits and evaluations shall be performed in such a manner that will not unduly delay the work.

### H. Procurement and Contracting.

1. Procurements. Subrecipient shall comply with all applicable federal, state, and local laws and requirements, including but not limited to proper competitive solicitation processes where required, for any procurement which utilizes federal funds awarded under this Grant in accordance with 2 C.F.R. 200. 318-326 and Appendix II to Part 200 (A-C) and (E-J)
2. Contract Provisions. All contracts executed using funds awarded under this Grant shall contain the contract provisions listed under 2 C.F.R. 200.326 and Appendix II (A), Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments.
3. Procurement activities must follow the most restrictive of Federal, State and Local procurement regulations:
  - a. Procurement by micro purchase
  - b. Procurement by small purchase
  - c. Procurement by sealed bid
  - d. Procurement by competitive proposal
  - e. Procurement by non-competitive proposal, solely when the award of a contract is unfeasible under the other methods

The State must be contacted for approval to use a noncompetitive procurement method. Failure to follow eligible procurement methods will result in ineligible costs. Other types of agreements for services must have State approval prior to use or execution. A copy of the local procurement policy must be provided to the State before initial payment.

## GRANT TERMS AND CONDITIONS

The **cost plus a percentage of cost** and **percentage of construction** cost methods of contracting are **ineligible**.

**Must** perform **cost/price analysis** for every procurement action in excess of the Simplified Acquisition Threshold.

**Must** negotiate profit as a separate element where required.

4. Evidence of non-debarment for vendors must be documented through <http://www.sam.gov/portal/public/SAM> and [http://www.window.state.tx.us/procurement/prog/vendor\\_performance/debarred/](http://www.window.state.tx.us/procurement/prog/vendor_performance/debarred/) and submitted for review.
  5. Comply with rules related to underutilized businesses (small and minority businesses, women's enterprises and labor surplus firms) at 2 CFR 200.321
- I. **Monitoring.** Subrecipient will be monitored periodically by federal, state or local entities, both programmatically and financially, to ensure that project goals, objectives, performance requirements, timelines, milestone completion, budget, and other program-related criteria are met.

TDEM, or its authorized representative, reserves the right to perform periodic desk/office-based and/or on-site monitoring of Subrecipient's compliance with this Grant and of the adequacy and timeliness of Subrecipient's performance pursuant to this Grant. After each monitoring visit, if the monitoring visit reveals deficiencies in Subrecipient's performance under this Grant, a monitoring report will be provided to the Subrecipient and shall include requirements for the timely correction of such deficiencies by Subrecipient. Failure by Subrecipient to take action specified in the monitoring report may be cause for suspension or termination of this Grant pursuant to the Suspension and/or Termination Section herein.

J. **Audit.**

1. **Audit of Federal and State Funds.** Subrecipient shall arrange for the performance of an annual financial and compliance audit of funds received and performances rendered under this Grant as required by the Single Audit Act (OMB 2 C.F.R. 200.501, formerly A- 133). Subrecipient shall comply, as applicable, with Texas Government Code, Chapter 783, the Uniform Grant Management Standards (UGMS), the State Uniform Administrative Requirements for Grants and Cooperative Agreements.
2. **Right to Audit.** Subrecipient shall give the United States Department of Homeland Security (DHS), Federal Emergency Management Agency (FEMA), the Comptroller General of the United States, the Texas State Auditor, TDEM, or any of their duly authorized representatives, access to and the right to conduct a financial or compliance audit of Grant funds received and performances rendered under this Grant. Subrecipient shall permit TDEM or its authorized representative to audit Subrecipient's records. Subrecipient shall provide any documents, materials or information necessary to facilitate such audit.
3. **Subrecipient's Liability for Disallowed Costs.** Subrecipient understands and agrees that it shall be liable to TDEM for any costs disallowed pursuant to any financial or compliance audit(s) of these funds. Subrecipient further understands and agrees that reimbursement to TDEM of such disallowed costs shall be paid by Subrecipient

## GRANT TERMS AND CONDITIONS

from funds that were not provided or otherwise made available to Subrecipient pursuant to this Grant or any other federal contract.

4. Subrecipient's Facilitation of Audit. Subrecipient shall take such action to facilitate the performance of such audit(s) conducted pursuant to this Section as TDEM may require of Subrecipient. Subrecipient shall ensure that this clause concerning the authority to audit funds received indirectly by subcontractors through Subrecipient and the requirement to cooperate is included in any subcontract it awards.
5. State Auditor's Clause. Subrecipient understands that acceptance of funds under this Grant acts as acceptance of the authority of the State Auditor's Office to conduct an audit or investigation in connection with those funds. Subrecipient further agrees to cooperate fully with the State Auditor's Office in the conduct of the audit or investigation, including providing all records requested. Subrecipient shall ensure that this clause concerning the State Auditor's Office's authority to audit funds and the requirement to cooperate fully with the State Auditor's Office is included in any subgrants or subcontracts it awards. Additionally, the State Auditor's Office shall at any time have access to and the rights to examine, audit, excerpt, and transcribe any pertinent books, documents, working papers, and records of Subrecipient relating to this Grant.

### K. Retention and Accessibility of Records.

1. Retention of Records. Subrecipient shall follow its own internal retention policy, or the state's retention policy, whichever is stricter. At a minimum, the subrecipient shall maintain fiscal records and supporting documentation for all expenditures of this Grant's funds pursuant to the applicable OMB 2 C.F.R. Subpart D – Post Federal Award Requirements, §200.333-337, and this Grant. Subrecipient shall retain these records and any supporting documentation for a minimum of three (3) years from the later of the completion of this project's public objective, submission of the final expenditure report, any litigation, dispute, or audit. Records shall be retained for three (3) years after any real estate or equipment final disposition. The DHS or TDEM may direct Subrecipient to retain documents or to transfer certain records to DHS/FEMA custody when DHS/FEMA determines that the records possess long term retention value.
2. Access to Records. Subrecipient shall give the United States Department of Homeland Security, the Comptroller General of the United States, the Texas State Auditor, TDEM, or any of its duly authorized representatives, access to and the right to examine all books, accounts, records, reports, files, other papers, things or property belonging to or in use by Subrecipient pertaining to this Grant including records concerning the past use of DHS/FEMA funds. Such rights to access shall continue as long as the records are retained by Subrecipient.

### L. Changes, Amendments, Suspension or Termination

1. Modification. DHS/FEMA or TDEM may modify this Grant after an award has been made. Once notification has been made in writing, any subsequent request for funds indicates Subrecipient's acceptance of the changes to this Grant. Any alteration, addition, or deletion to this Grant by Subrecipient is not valid.
2. Effect of Changes in Federal and State Laws. Any alterations, additions, or deletions to this Grant that are required by changes in federal and state laws, regulations or policy are automatically incorporated into this Grant without written amendment to this Grant and shall become effective upon the date designated by such law or regulation. In the event DHS/FEMA or TDEM determines that changes are necessary to this Grant after an award has been made, including changes to the period of performance or terms and conditions, Subrecipient shall be notified of the changes in writing. Once notification has

## GRANT TERMS AND CONDITIONS

been made, any subsequent request for funds will indicate Subrecipient's acceptance of the changes to this Grant.

3. **Suspension.** In the event Subrecipient fails to comply with any term of this Grant, TDEM may, upon written notification to Subrecipient, suspend this Grant, in whole or in part, withhold payments to Subrecipient and prohibit Subrecipient from incurring additional obligations of this Grant's funds.
4. **Termination.** TDEM shall have the right to terminate this Grant, in whole or in part, at any time before the end of the Performance Period, if TDEM determines that Subrecipient has failed to comply with any term of this Grant. TDEM shall provide written notice of the termination and include:
  - a. The reason(s) for such termination;
  - b. The effective date of such termination; and
  - c. In the case of partial termination, the portion of this Grant to be terminated.
  - d. Appeal may be made to the Deputy Chief of the Texas Division of Emergency Management - Recovery & Mitigation.

M. **Enforcement.** If Subrecipient materially fails to comply with any term of this Grant, whether stated in a federal or state statute or regulation, an assurance, in a state plan or application, a notice of award, or elsewhere, TDEM or DHS/FEMA may take one or more of the following actions, as appropriate in the circumstances:

1. Increased monitoring of projects and require additional financial and performance reports
2. Require all payments as reimbursements rather than advance payments
3. Temporarily withhold payments pending correction of the deficiency
4. Disallow or deny use of funds and matching credit for all or part of the cost of the activity or action not in compliance;
5. Request DHS/FEMA to wholly or partially de-obligate funding for a project
6. Temporarily withhold cash payments pending correction of the deficiency by subrecipient or more severe enforcement action by TDEM or DHS/FEMA;
7. Withhold further awards for the grant program
8. Take other remedies that may be legally available

In taking an enforcement action, TDEM will provide Subrecipient an opportunity for a hearing, appeal, or other administrative proceeding to which Subrecipient is entitled under any statute or regulation applicable to the action involved.

The costs of Subrecipient resulting from obligations incurred by Subrecipient during a suspension or after termination of this Grant are not allowable unless TDEM or DHS/FEMA expressly authorizes them in the notice of suspension or termination or subsequently.

Other Subrecipient costs during suspension or after termination which are necessary and not reasonably avoidable are allowable if:

- The costs result from obligations which were properly incurred by Subrecipient before the effective date of suspension or termination, are not in anticipation of it, and in the case of a termination, are non-cancellable; and
- The costs would be allowable if this Grant were not suspended or expired normally at the end of the funding period in which the termination takes effects.

The enforcement remedies identified in this section, including suspension and termination, do not preclude Subrecipient from being subject to "Debarment and Suspension" under E.O.

## GRANT TERMS AND CONDITIONS

12549. 2 C.F.R., Appendix II to Part 200, (I).

- N. **Conflicts of Interest**. The subrecipient will maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts and will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest or personal gain.
- O. **Closing of this Grant**. TDEM will close each subaward after receiving all required final documentation from the Subrecipient. If the close out review and reconciliation indicates that Subrecipient is owed additional funds, TDEM will send the final payment automatically to Subrecipient. If Subrecipient did not use all the funds received, TDEM will recover the unused funds.

At the completion and closure of all Subrecipient's projects (subawards), TDEM will request the Subrecipient to Certify the completion of all projects (subawards) in accordance of the grants terms and conditions to state there are no further claims under this subgrant.

The closeout of this Grant does not affect:

1. DHS/FEMA or TDEM's right to disallow costs and recover funds on the basis of a later audit or other review;
  2. Subrecipient's obligation to return any funds due as a result of later refunds, corrections, or other transactions;
  3. Records retention requirements, property management requirements, and audit requirements, as set forth herein; and
  4. Any other provisions of this Grant that impose continuing obligations on Subrecipient or that govern the rights and limitations of the parties to this Grant after the expiration or termination of this Grant.
- P. **Notices**. All notices and other communications pertaining to this agreement shall be delivered in electronic format and/or writing and shall be transmitted by fax, e-mail, personal hand-delivery (and receipted for) or deposited in the United States Mail, as certified mail, return receipt requested and postage prepaid, to the other party.



# GRANT TERMS AND CONDITIONS

## EXHIBIT A

### ASSURANCES - NON-CONSTRUCTION PROGRAMS See Standard Form 424B

As the duly authorized representative of Subrecipient, I certify that Subrecipient:

1. Has the legal authority to apply for Federal assistance and the institutional, managerial and financial capability (including funds sufficient to pay the non-Federal share of project cost) to ensure proper planning, management and completion of the project described in this Grant.
2. Will give the Department of Homeland Security, the Texas Division of Emergency Management, the Comptroller General of the United States and, if appropriate, the State, through any authorized representative, access to and the right to examine all records, books, papers, or documents related to this Grant and will establish a proper accounting system in accordance with generally accepted accounting standards or agency directives.
3. Will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest or personal gain.
4. Will initiate and complete the work within the applicable time frame after receipt of approval of the awarding agency.
5. Will comply with the Intergovernmental Personnel Act of 1970 (42 U.S.C. §§4728-4763) relating to prescribed standards for merit systems for programs funded under one of the 19 statutes or regulations specified in Appendix A of OPM's Standards for a Merit System of Personnel Administration (5 C.F.R. 900, Subpart F).
6. Will comply with all Federal statutes relating to nondiscrimination. These include but are not limited to: (a) Title VI of the Civil Rights Act of 1964 (P.L. 88-352) which prohibits discrimination on the basis of race, color or national origin; (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C. §§1681-1683, and 1685-1686 and 44 C.F.R. Part 19), which prohibits discrimination on the basis of sex; (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. §794), which prohibits discrimination on the basis of handicaps; (d) the Age Discrimination Act of 1975, as amended (42 U.S.C. §§6101-6107), which prohibits discrimination on the basis of age; (e) the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended, relating to nondiscrimination on the basis of drug abuse; (f) the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (P.L. 91-616), as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism; (g) §§523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. §§290dd-3 and 290ee-3), as amended, relating to confidentiality of alcohol and drug abuse patient records; (h) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§3601 et seq.), as amended, relating to nondiscrimination in the sale, rental or financing of housing; (i) any other nondiscrimination provisions in the specific statute(s) under which agreement for Federal assistance is being made; and (j) the requirements of any other nondiscrimination statute(s) which may apply to the application.
7. Will comply or has already complied with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646) which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal or federally-assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of Federal participation in purchases.
8. Will comply, as applicable, with provisions of the Hatch Act (5 U.S.C. §§1501-1508 and 7324-7328) which limit the political activities of employees whose principal employment activities are funded in whole or in part with Federal funds.
9. Will comply, as applicable, with the provisions of the Davis-Bacon Act (40 U.S.C. §§276a to 276a-7), the Copeland Act (40 U.S.C. §276c and 18 U.S.C. §874), and the Contract Work Hours and Safety Standards Act (40 U.S.C. §§327-333), regarding labor standards for federally-assisted construction sub-agreements.
10. Will comply, if applicable, with flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973 (P.L. 93-234) which requires recipients in a special flood hazard area to participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is \$10,000 or more.
11. Will comply with environmental standards which may be prescribed pursuant to the following: (a) institution of environmental quality control measures under the National Environmental Policy Act of 1969 (P.L. 91-190 as amended by 42 U.S.C. 4311 et seq. and Executive Order (EO) 11514) which establishes national policy goals and procedures to protect and enhance the environment, including protection against natural disasters. To comply with NEPA for DHS grant-supported activities, DHS-FEMA requires the environmental aspects to be reviewed and evaluated before final action on the application; (b) notification of violating facilities pursuant to EO 11738; (c) protection of wetlands pursuant to EO 11990; (d) evaluation of flood hazards in floodplains in accordance with EO 11988; (e) assurance of project consistency with the approved State management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. §§1451 et seq.); (f) comply with the Clean Air Act of 1977, (42 U.S.C. §§7401 et seq. and Executive Order 11738) providing for the protection of and enhancement of the quality of the nation's air resources to promote public health and welfare and for restoring and maintaining the chemical, physical, and biological integrity of the nation's waters; (g) protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended (P.L. 93-523); and, (h) protection of endangered species under the Endangered Species Act of 1973, as amended (P.L. 93-205).
12. Will comply with the Wild and Scenic Rivers Act of 1968 (16 U.S.C. §§1271 et seq.) related to protecting components or potential components of the national wild and scenic rivers system.
13. Will assist the awarding agency in assuring compliance with Section 106 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. §470), EO 11593 (identification and protection of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. §§469a-1 et seq.).
14. Will comply with P.L. 93-348, 45 C.F.R. 46, and DHS Management Directive 026-044 (Directive) regarding the protection of human subjects involved in research, development, and related activities supported by this Grant. "Research" means a systematic investigation, including research, development, testing, and evaluation designed to develop or contribute to general knowledge. See Directive for additional provisions for including humans in the womb, pregnant women, and neonates (Subpart B); prisoners (Subpart C); and children (Subpart D). See also state and local law for research using autopsy materials.
15. Will comply with the Laboratory Animal Welfare Act of 1966 (P.L. 89-544, as amended, 7 U.S.C. §§2131 et seq.) which requires the minimum standards of care and treatment for vertebrate animals bred for commercial sale, used in research, transported commercially, or exhibited to the public according to the Guide for Care and Use of Laboratory Animals and Public Health Service Policy and Government Principals Regarding the Care and Use of Animals.
16. Will comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§4801 et seq.), which prohibits the use of lead-based paint in construction or rehabilitation of residence structures.
17. Will cause to be performed the required financial and compliance audits in accordance with the Single Audit Act Amendments of 1996 and OMB Circular No. A-133 (now OMB 2 C.F.R. 200.500), "Audits of States, Local Governments, and Non-Profit Organizations."
18. Will comply with all applicable requirements of all other Federal laws, executive orders, regulations, grant guidance, and policies governing this Grant.

# GRANT TERMS AND CONDITIONS

## EXHIBIT B

### ASSURANCES - CONSTRUCTION PROGRAMS See Standard Form 424D

As the duly authorized representative of Subrecipient, I certify that Subrecipient:

1. Has the legal authority to apply for Federal assistance, and the institutional, managerial and financial capability (including funds sufficient to pay the non-Federal share of project costs) to ensure proper planning, management and completion of project described in this Grant.
2. Will give the Department of Homeland Security, the Texas Division of Emergency Management, the Comptroller General of the United States and, if appropriate, the State, the right to examine all records, books, papers, or documents related to this Grant and will establish a proper accounting system in accordance with generally accepted accounting standards or agency directives.
3. Will not dispose of, modify the use of, or change the terms of the real property title or other interest in the site and facilities without permission and instructions from the awarding agency. Will record the Federal awarding agency directives and will include a covenant in the title of real property acquired in whole or in part with Federal assistance funds to assure nondiscrimination during the useful life of this Grant.
4. Will comply with the requirements of the assistance awarding agency with regard to the drafting, review and approval of construction plans and specifications.
5. Will provide and maintain competent and adequate engineering supervision at the construction site to ensure that the complete work conforms with the approved plans and specifications and will furnish progressive reports and such other information as may be required by the awarding agency or State.
6. Will initiate and complete the work within the applicable time frame after receipt of approval of the awarding agency.
7. Will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest or personal gain.
8. Will comply with the Intergovernmental Personnel Act of 1970 (42 U.S.C. §§4728-4763) relating to prescribed standards of merit systems for programs funded under one of the 19 statutes or regulations specified in Appendix A of OPM's Standards for a Merit System of Personnel Administration (5 C.F.R. 900, Subpart F).
9. Will comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§4801 et seq.) which prohibits the use of lead-based paint in construction or rehabilitation of residence structures.
10. Will comply with all Federal statutes relating to nondiscrimination. These include but are not limited to: (a) Title VI of the Civil Rights Act of 1964 (P.L. 88-352) which prohibits discrimination on the basis of race, color or national origin; (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C. §§1681 1683, and 1685-1686 and 44 C.F.R. Part 19), which prohibits discrimination on the basis of sex; (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. §794), which prohibits discrimination on the basis of handicaps; (d) the Age Discrimination Act of 1975, as amended (42 U.S.C. §§6101-6107), which prohibits discrimination on the basis of age; (e) the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended relating to nondiscrimination on the basis of drug abuse; (f) the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and rehabilitation Act of 1970 (P.L. 91-616), as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism; (g) §§523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. §§290dd-3 and 290ee-3), as amended, relating to confidentiality of alcohol and drug abuse patient records; (h) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§3601 et seq.), as amended, relating to nondiscrimination in the sale, rental or financing of housing; (i) any other nondiscrimination provisions in the specific statute(s) under which agreement for Federal assistance is being made; and (j) the requirements of any other nondiscrimination statute(s) which may apply to the agreement.
11. Will comply or has already complied with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646) which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal and federally-assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of Federal participation in purchases.
12. Will comply with the provisions of the Hatch Act (5 U.S.C. §§1501-1508 and 7324-7328) which limit the political activities of employees whose principal employment activities are funded in whole or in part with Federal funds.
13. Will comply, as applicable, with the provisions of the Davis-Bacon Act (40 U.S.C. §§276a to 276a-7), the Copeland Act (40 U.S.C. §276c and 18 U.S.C. §874), and the Contract Work Hours and Safety Standards Act (40 U.S.C. §§327- 333) regarding labor standards for federally- assisted construction sub-agreements.
14. Will comply with flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973 (P.L. 93-234) which requires recipients in a special flood hazard area to participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is \$10,000 or more.
15. Will comply with environmental standards which may be prescribed pursuant to the following: (a) institution of environmental quality control measures under the National Environmental Policy Act of 1969 (P.L. 91-190) as amended by 42 U.S.C. 4311 et seq. and Executive Order (EO) 11514 which establishes national policy goals and procedures to protect and enhance the environment, including protection against natural disasters; (b) notification of violating facilities pursuant to EO 11738; (c) protection of wetlands pursuant to EO 11990; (d) evaluation of flood hazards in floodplains in accordance with EO 11988; (e) assurance of project consistency with the approved State management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. §§1451 et seq.); (f) comply with the Clean Air Act of 1977, (42 U.S.C. §§7401 et seq. and Executive Order 11738) providing for the protection of and enhancement of the quality of the nation's air resources to promote public health and welfare and for restoring and maintaining the chemical, physical, and biological integrity of the nation's waters; (g) protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended (P.L. 93-523); and, (h) protection of endangered species under the Endangered Species Act of 1973, as amended (P.L. 93-205).
16. Will comply with the Wild and Scenic Rivers Act of 1968 (16 U.S.C. §§1271 et seq.) related to protecting components or potential components of the national wild and scenic rivers system.
17. Will assist the awarding agency in assuring compliance with Section 106 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. §470), EO 11593 (identification and protection of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. §§469a-1 et seq.).
18. Will cause to be performed the required financial and compliance audits in accordance with the Single Audit Act Amendments of 1996 and OMB Circular No. A-133 (now OMB 2 C.F.R. 200.500), "Audits of States, Local Governments, and Non-Profit Organizations."
19. Will comply with all applicable requirements of all other Federal laws, executive orders, regulations, grant guidance and policies governing this Grant.

# GRANT TERMS AND CONDITIONS

## Exhibit C

### Certifications for Grant Agreements

The undersigned, as the authorized official, certifies the following to the best of his/her knowledge and belief.

- A. No Federal appropriated funds have been paid or will be paid by or on behalf of the undersigned to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee or a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
- B. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee or a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL Disclosure of Lobbying Activities, in accordance with its instructions.
- C. The undersigned shall require that the language of this certification prohibiting lobbying be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.
- D. As required by Executive Order 12549, Debarment and Suspension, and implemented at 28 C.F.R. Part 67, for prospective participants in primary covered transactions, as defined at 28 C.F.R. Part 67, Section 67.510. (Federal Certification), the Subrecipient certifies that it and its principals and vendors:
  - 1. Are not debarred, suspended, proposed for debarment, declared ineligible, sentenced to a denial of Federal benefits by a State or Federal court, or voluntarily excluded from covered transactions by any Federal department or agency. Subrecipient can access debarment information by going to [www.sam.gov](http://www.sam.gov) and the State Debarred Vendor List at: [www.window.state.tx.us/procurement/prog/vendor\\_performance/debarred](http://www.window.state.tx.us/procurement/prog/vendor_performance/debarred).
  - 2. Have not within a three-year period preceding this Grant been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction, violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
  - 3. Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State, or local) with commission of any of the offenses enumerated in paragraph (D)(2) of this certification;
  - 4. Have not within a three-year period preceding this Grant had one or more public transactions (Federal, State, or local) terminated for cause or default; or
  - 5. Where Subrecipient is unable to certify to any of the statements in this certification, he or she shall attach an explanation to this Grant. (Federal Certification).
- E. Federal funds will be used to supplement existing funds, and will not replace (supplant) funds that have been appropriated for the same purpose. Subrecipient may be required to supply documentation certifying that a reduction in non-federal resources occurred for reasons other than the receipt or expected receipt of federal funds.
- F. Subrecipient will comply with 2 C.F.R. Part 180, Subpart C as a condition of receiving grant funds and Subrecipient will require such compliance in any subgrants or contract at the next tier.
- G. Subrecipient will comply with the Drug-free Workplace Act, in Subpart B of 2 C.F.R. Part 3001.
- H. Subrecipient is not delinquent on any Federal debt. Examples of relevant debt include delinquent payroll and other taxes, audit disallowances, and benefit overpayments. See OMB Circular A-129 and form SF-424, item number 17 for additional information and guidance.
- I. Subrecipient will comply with all applicable requirements of all other federal laws, executive orders, regulations, program and administrative requirements, policies and any other requirements governing this Grant.
- J. Subrecipient understands that failure to comply with any of the above assurances may result in suspension, termination or reduction of funds in this Grant.

# GRANT TERMS AND CONDITIONS

## EXHIBIT D

### State of Texas Assurances

As the duly authorized representative of Subrecipient, I certify that Subrecipient:

1. Shall comply with Texas Government Code, Chapter 573, by ensuring that no officer, employee, or member of the Subrecipient's governing body or of the Subrecipient's contractor shall vote or confirm the employment of any person related within the second degree of affinity or the third degree of consanguinity to any member of the governing body or to any other officer or employee authorized to employ or supervise such person. This prohibition shall not prohibit the employment of a person who shall have been continuously employed for a period of two years, or such other period stipulated by local law, prior to the election or appointment of the officer, employee, or governing body member related to such person in the prohibited degree.
2. Shall insure that all information collected, assembled, or maintained by the Subrecipient relative to a project will be available to the public during normal business hours in compliance with Texas Government Code, Chapter 552, unless otherwise expressly prohibited by law.
3. Shall comply with Texas Government Code, Chapter 551, which requires all regular, special, or called meetings of governmental bodies to be open to the public, except as otherwise provided by law or specifically permitted in the Texas Constitution.
4. Shall comply with Section 231.006, Texas Family Code, which prohibits payments to a person who is in arrears on child support payments.
5. Shall not contract with or issue a license, certificate, or permit to the owner, operator, or administrator of a facility if the Subrecipient is a health, human services, public safety, or law enforcement agency and the license, permit, or certificate has been revoked by another health and human services agency or public safety or law enforcement agency.
6. Shall comply with all rules adopted by the Texas Commission on Law Enforcement pursuant to Chapter 1701, Texas Occupations Code, or shall provide the grantor agency with a certification from the Texas Commission on Law Enforcement that the agency is in the process of achieving compliance with such rules if the Subrecipient is a law enforcement agency regulated by Texas Occupations Code, Chapter 1701.
7. Shall follow all assurances. When incorporated into a grant award or contract, standard assurances contained in the application package become terms or conditions for receipt of grant funds. Administering state agencies and subrecipients shall maintain an appropriate contract administration system to insure that all terms, conditions, and specifications are met. (See UGMS Section \_\_.36 for additional guidance on contract provisions).
8. Shall comply with the Texas Family Code, Section 261.101, which requires reporting of all suspected cases of child abuse to local law enforcement authorities and to the Texas Department of Child Protective and Regulatory Services. Subrecipient shall also ensure that all program personnel are properly trained and aware of this requirement.
9. Shall comply with all federal statutes relating to nondiscrimination. These include but are not limited to: (a) Title VI of the Civil Rights Act of 1964 (P.L. 88-352), which prohibits discrimination on the basis of race, color, or national origin; (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C. §§1681-1683, and 1685-1686), which prohibits discrimination on the basis of sex; (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. §794), which prohibits discrimination on the basis of handicaps and the Americans with Disabilities Act of 1990 including Titles I, II, and III of the Americans with Disability Act which prohibits recipients from discriminating on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities, 44 U.S.C. §§ 12101-12213; (d) the Age Discrimination Act of 1974, as amended (42 U.S.C. §§6101-6107), which prohibits discrimination on the basis of age; (e) the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended, relating to nondiscrimination on the basis of drug abuse; (f) the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act of 1970 (P.L. 91-616), as amended, relating to the nondiscrimination on the basis of alcohol abuse or alcoholism; (g) §§523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. §§290dd-3 and 290ee-3), as amended, relating to confidentiality of alcohol and drug abuse patient records; (h) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§3601 et seq.), as amended, relating to nondiscrimination in the sale, rental, or financing of housing; (i) any other nondiscrimination provisions in the specific statute(s) under which application for Federal assistance is being made; and (j) the requirements of any other nondiscrimination statute(s) which may apply to this Grant.
10. Shall comply, as applicable, with the provisions of the Davis-Bacon Act (40 U.S.C. §§276a to 276a-7), the Copeland Act (40 U.S.C. §276c and 18 U.S.C. §874), and the Contract Work Hours and Safety Standards Act (40 U.S.C. §§327-333), regarding labor standards for federally assisted construction subagreements.
11. Shall comply with requirements of the provisions of the Uniform Relocation Assistance and Real Property Acquisitions Act of 1970 (P.L. 91-646), which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal or federally assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of Federal participation in purchases.
12. Shall comply with the provisions of the Hatch Political Activity Act (5 U.S.C. §§7321-29), which limit the political activity of employees whose principal employment activities are funded in whole or in part with Federal funds.
13. Shall comply with the minimum wage and maximum hours provisions of the Federal Fair Labor Standards Act and the Intergovernmental Personnel Act of 1970, as applicable.

## GRANT TERMS AND CONDITIONS

14. Shall insure that the facilities under its ownership, lease, or supervision which shall be utilized in the accomplishment of the project are not listed on the Environmental Protection Agency's (EPA) list of Violating Facilities and that it will notify the Federal grantor agency of the receipt of any communication from the Director of the EPA Office of Federal Activities indicating that a facility to be used in the project is under consideration for listing by the EPA (EO 11738).
15. Shall comply with the flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973, Public Law 93-234. Section 102(a) requires the purchase of flood insurance in communities where such insurance is available as a condition for the receipt of any Federal financial assistance for construction or acquisition proposed for use in any area that has been identified by the Secretary of the Department of Housing and Urban Development as an area having special flood hazards.
16. Shall comply with environmental standards which may be prescribed pursuant to the following: (a) institution of environmental quality control measures under the National Environmental Policy Act of 1969 (P.L. 91-190) and Executive Order (EO) 11514; (b) notification of violating facilities pursuant to EO 11738; (c) protection of wetlands pursuant to EO 11990; (d) evaluation of flood hazards in floodplains in accordance with EO 11988; (e) assurance of project consistency with the approved state management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. §§1451 et seq.); (f) conformity of federal actions to State (Clear Air) Implementation Plans under Section 176(c) of the Clear Air Act of 1955, as amended (42 U.S.C. §§7401 et seq.); (g) protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended (P.L. 93-523); and (h) protection of endangered species under the Endangered Species Act of 1973, as amended (P.L. 93-205).
17. Shall comply with the Wild and Scenic Rivers Act of 1968 (16 U.S.C. §§1271 et seq.) related to protecting components or potential components of the national wild and scenic rivers system.
18. Shall assist the awarding agency in assuring compliance with Section 106 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. §470), EO 11593 (identification and protection of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. §§469a-1 et seq.).
19. Shall comply with the Laboratory Animal Welfare Act of 1966 (P.L. 89-544, as amended, 7 U.S.C. §§2131 et seq.) which requires the minimum standards of care and treatment for vertebrate animals bred for commercial sale, used in research, transported commercially, or exhibited to the public according to the Guide for Care and Use of Laboratory Animals and Public Health Service Policy and Government Principals Regarding the Care and Use of Animals.
20. Shall comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§4801 et seq.) which prohibits the use of lead-based paint in construction or rehabilitation of residential structures.
21. Shall comply with the Pro-Children Act of 1994 (Public Law 103-277), which prohibits smoking within any portion of any indoor facility used for the provision of services for children.
22. Shall comply with all federal tax laws and are solely responsible for filing all required state and federal tax forms.
23. Shall comply with all applicable requirements of all other federal and state laws, executive orders, regulations, and policies governing this program.
24. And its principals are eligible to participate and have not been subjected to suspension, debarment, or similar ineligibility determined by any federal, state, or local governmental entity and it is not listed on a state or federal government's terrorism watch list as described in Executive Order 13224. Entities ineligible for federal procurement have Exclusions listed at <https://www.sam.gov/portal/public/SAM/>.
25. Shall adopt and implement applicable provisions of the model HIV/AIDS workplace guidelines of the Texas Department of Health as required by the Texas Health and Safety Code, Ann., Sec. 85.001, et seq.

# GRANT TERMS AND CONDITIONS

## EXHIBIT E

### Environmental Review

As the duly authorized representative of Subrecipient, I certify that Subrecipient:

1. shall assess its federally funded projects for potential impact to environmental resources and historic properties.
2. shall submit any required screening form(s) as soon as possible and shall comply with deadlines established by TDEM. Timelines for the Environmental Planning and Historic Preservation (EHP) review process will vary based upon the complexity of the project and the potential for environmental or historical impact.
3. shall include sufficient review time within its project management plan to comply with EHP requirements. Initiation of any activity prior to completion of FEMA's EHP review will result in a non-compliance finding and TDEM will not authorize or release Grant funds for non-compliant projects.
4. as soon as possible upon receiving this Grant, shall provide information to TDEM to assist with the legally-required EHP review and to ensure compliance with applicable EHP laws and Executive Orders (EO) currently using the FEMA EHP Screening Form OMB Number 1660-0115/FEMA Form 024-0-01 and submitting it, with all supporting documentation, to TDEM for review. These EHP requirements include but are not limited to the National Environmental Policy Act, the National Historic Preservation Act, the Endangered Species Act, EO 11988 – Floodplain Management, EO 11990 – Protection of Wetlands, and EO 12898 – Environmental Justice. Subrecipient shall comply with all Federal, State, and local EHP requirements and shall obtain applicable permits and clearances.
5. shall not undertake any activity from the project that would result in ground disturbance, facility modification, or purchase and use of sonar equipment without the prior approval of FEMA. These include but are not limited to communications towers, physical security enhancements involving ground disturbance, new construction, and modifications to buildings.
6. shall comply with all mitigation or treatment measures required for the project as the result of FEMA's EHP review. Any changes to an approved project description will require re-evaluation for compliance with EHP requirements before the project can proceed.
7. if ground disturbing activities occur during project implementation, Subrecipient shall ensure monitoring of ground disturbance and if any potential archeological resources are discovered, Subrecipient shall immediately cease construction in that area and notify FEMA and the appropriate State Historical Preservation Office.

# GRANT TERMS AND CONDITIONS

## EXHIBIT F

### Additional Grant Conditions

1. Additional damage requiring a new Public Assistance project to be written must be reported within 60 days following the Project Scoping meeting with the State- Federal team.
2. All work must be done prior to the approved project completion deadline assigned to each Project (POP). Should additional time be required, a time extension request must be submitted which: a.) Identifies the projects requiring an extension. b.) Explains the reason for an extension. c.) Indicates the percentage of work that has been completed. d.) Provides an anticipated completion date. The reason for an extension must be based on extenuating circumstances or unusual project requirements that are beyond the control of your jurisdiction/organization. **Failure to submit a time extension request 60 days prior to the end of the period of performance may result in reduction or withdrawal of federal funds for approved work.**
3. Any significant change to a project's approved Scope of Work must be reported and approved through TDEM and FEMA before starting the project. Failure to do so will jeopardize grant funding. The Subrecipient shall submit requests for cost overruns requiring additional obligations to TDEM, who will forward to FEMA for review and approval prior to incurring costs.
4. The Project Completion and Certification Report must be submitted to TDEM within 60 days of all approved work being completed for each project. If any project requires the purchase of insurance as a condition of receiving federal funds, a copy of the current policy must be attached to this report, or Duplication of Benefits form certifying other funds were received to complete the project.
5. A cost overrun appeal on small Public Assistance projects must be reported to the Texas Division of Emergency Management (TDEM) within 60 days of completing the last small project in order to be considered for additional funding.
6. Appeals may be filed on any determination made by FEMA or TDEM. All appeals must be submitted to TDEM within 60 days from receiving written notice of the action you wish to appeal. Should you wish to appeal a determination contained in the project application, the 60 days will start the day the application is signed. Appeals for Alternative Projects will be subject to the terms of the signed agreement for the Alternative Project.
7. Public Assistance program projects will not receive funding until all of the requirements identified in the comments section of the Project Worksheet are met.
8. You may request a payment of funds on projects by initiating a Request for Reimbursement (RFR) in TDEM's Grant Management System (GMS) or an Advance of Funds Request (AFR), and including documentation supporting your request. Small Public Assistance projects are paid upon obligation and will be initiated by TDEM personnel. Payments for open projects must be requested at least quarterly if expenditures have been made in that quarter.
9. Subrecipients will be required to submit quarterly project reports (QPR) for open large projects using TDEM's GMS. Your assigned Grant Coordinator will coordinate the due date for your specific reporting. Public Assistance program small projects are typically exempt from quarterly reporting, however TDEM reserves the right to require QPRs on any smalls requiring a POP extension. The first quarterly report will be due at the end of the first full quarter following the quarter in which the project was obligated. No quarterlies are required for projects that Subrecipient has initiated a closeout request and has provided a certificate of completion. Failure to submit required quarterly reports for two or more quarters can result in withholding or deobligation of funding for Subrecipients until all reports are submitted and up-to-date.

## GRANT TERMS AND CONDITIONS

10. Subrecipients expending \$750,000 or more in total Federal financial assistance in a fiscal year will be required to provide an audit made in accordance with OMB Uniform Guidance; Cost Principles, Audit, and Administrative Requirements for Federal Awards, Subpart F. A copy of the Single Audit must be submitted to your cognizant State agency or TDEM within nine months of the end of the subrecipient's fiscal year. Consult with your financial officer regarding this requirement. If not required to submit a single audit, a letter must be sent to TDEM certifying to this.
11. Subrecipients will not make any award to any party which is debarred or suspended, or is otherwise excluded from participation in the Federal assistance programs (EO 12549, Debarment and Suspension). Subrecipient must maintain documentation validating review of debarment list of eligible contractors.
12. Subrecipients must keep record of equipment acquired by federal funds for the life cycle of the equipment. A life cycle for most equipment will be three years, but could be longer. If the fair market value of a piece of equipment is valued over \$5,000, FEMA will have the right to a portion of proceeds if equipment is sold. If the fair market value of a piece of equipment is less than \$5,000, the property can either be retained, sold or designated as surplus with no further obligation to FEMA.
13. TDEM will be using the new FEMA Public Assistance Delivery Model to facilitate the writing of project worksheets (Portal). Subrecipient will be responsible for establishing and maintaining an active account in the Portal and to provide and upload timely, all information requested that is needed to write accurate project worksheets. The Portal will provide the Subrecipient visibility of the entire project writing process.
14. TDEM will be using its new Grant Management System (GMS) for Subrecipient grant management functions. Subrecipient will access GMS to initiate Requests for Reimbursements (RFR), Advance of Funds Requests (AFR), Time Extensions, Scope and Cost changes requests, Quarterly Reports, Project Closeouts, Appeals, and other items deemed necessary by TDEM. Requested forms and processes may be adjusted and changed to accommodate GMS processes and requirements. Subrecipient agrees to monitor GMS as necessary to properly manage and complete awarded projects under this agreement.
- 16.2 CFR 200.210(a)(15), 2 CFR 200.331(a)(1)(xiii) and (a)(4) make reference to indirect cost rates. The Subrecipient may use the negotiated Indirect Cost Rate approved by its cognizant agency, or may use the 10% de minimis rate of modified total direct costs (MTDC) (as per § 200.414) when receiving Management Costs.



# GRANT TERMS AND CONDITIONS

## EXHIBIT G

Match Certification

### **Additional Grant Certifications**

Subrecipient certifies that it has the ability to meet or exceed the cost share required for all subawards (Projects) and amendments (versions) under this Grant Agreement.

Duplication of Program Statement

Subrecipient certifies there has not been, nor will there be, a duplication of benefits for this project.

Match Certification

Federal Debt Disclosure

Subrecipient certifies that it is not delinquent on any Federal Debt.

### **For Hazard Mitigation Projects Only:**

Maintenance Agreement

Applicant certifies that if there is a Maintenance Agreement needed for this facility copy of that agreement will be provided to TDEM.

Environmental Justice Statement

Federal Executive Order 12898 compliance requirements – If there are any concentrations of low income or minority populations in or near the HMGP project:

1. Applicant certifies that the HMGP project result will not result in a disproportionately high or adverse effect on low income or minority populations.

OR

2. Applicant certifies that action will be taken to ensure achievement of environmental justice for low income and minority populations related to this HMGP project.

## Request for Information and Documentation Policy and Guideline

It is crucial to the success of the overall Grant Program and to the timely completion and closure of awarded projects that timelines be established for providing information and documentation. TDEM has developed a framework to support this endeavor following a progressive series of communications for the Subrecipient (RFI). TDEM will work with you throughout the RFI process as communication is the key to your success.

RFI Timelines	
First Informal Request	The primary contact for the Subrecipient will receive the RFI via email with five business days to respond.
Second Informal Request	A second email to the primary contact will be sent with an additional five business days to respond.
Third Informal Request	A phone call will be made to the primary contact with a third email requesting the information to be provided within five business days. The Regional Section Administrator and State Coordinator will be copied.
Fourth Formal Request	The Supervising Program Director of Recovery will issue a certified letter to the highest ranking official highlighting previous requests and an additional ten days to provide the requested information.
Final Formal Request	A final request by certified letter will be issued by the Deputy Assistant Director of Recovery, Mitigation, and Standards, or the Assistant Director of the Texas Division of Emergency Management to the highest ranking official giving the final ten business days to respond or deobligation of the project will begin.
Final Action	If the RFI is not sufficiently answered, the project will be deobligated, and any previously paid funds must be returned to TDEM.

## GRANT TERMS AND CONDITIONS

Please initial by each Exhibit, acknowledging you have received them, understand them, and agree to abide by them.

\_\_\_\_\_ Assurances – Non-Construction Programs, hereinafter referred to as “Exhibit A”

\_\_\_\_\_ Assurances – Construction Programs, hereinafter referred to as “Exhibit B”

\_\_\_\_\_ Certifications for Grant Agreements, hereinafter referred to as “Exhibit C”

\_\_\_\_\_ State of Texas Assurances, hereinafter referred to as “Exhibit D”

\_\_\_\_\_ Environmental Review Certification, hereinafter referred to as “Exhibit E”

\_\_\_\_\_ Additional Grant Conditions, hereinafter referred to as “Exhibit F”

\_\_\_\_\_ Additional Grant Certifications, hereinafter referred to as “Exhibit G”

\_\_\_\_\_ Request for Information and Documentation referred to as “Exhibit H”

**Please sign below to acknowledged acceptance of the grant and all exhibits in this agreement, and to abide by all terms and conditions.**

\_\_\_\_\_  
**Signature of Certifying Official**

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**Printed Name and Title**



**TO BE CONSIDERED BY THE CITY COUNCIL  
CITY OF KERRVILLE, TEXAS**

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**SUBJECT:** Kerrville Citizen Participation Plan for the Texas Community Development Block Grant Program (Main Street), and award RFQ for Engineering services for the 2021 Downtown CDBG.

**AGENDA DATE OF:** February 23, 2021    **DATE SUBMITTED:** Feb 12, 2021

**SUBMITTED BY:** Megan Folkerts

**EXHIBITS:** [20200223\\_Kerrville\\_Citizen\\_Participation\\_Plan.pdf](#)  
[20200223\\_Sample\\_Contract-RFQ.pdf](#)

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<b>Expenditure Required:</b>	<b>Remaining Budget Balance in Account:</b>	<b>Amount Budgeted:</b>	<b>Account Number:</b>
N/A	N/A	N/A	N/A

**PAYMENT TO BE MADE TO:** N/A

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<b>Kerrville 2050 Item?</b>	Yes
<b>Key Priority Area</b>	D - Downtown Revitalization
<b>Guiding Principle</b>	D5. Promote a walkable, useable, uniform and pedestrian-oriented public space linking Downtown to the surrounding neighborhoods through streetscape elements, access, connections and crossings
<b>Action Item</b>	D5.3 - Make Downtown more pedestrian-friendly by improving walkways, adding accessibility ramps, beautifying the area with landscaping and street trees, etc.

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**SUMMARY STATEMENT:**

The City of Kerrville issued a Request for Qualifications for engineering services to assist the City of Kerrville in its application for funding and project implementation of a contract, if awarded, from the 2021 Texas Capital Fund Downtown Revitalization/Main Street Program of the Texas Community Development Block Grant Program of the Texas Department of Agriculture – Office of Rural Affairs (TDA). A cross-departmental team of City staff members evaluated the submittals and recommends the selection of Kimley-Horn.

In addition, a Citizen Participation Plan (attached) must be approved by the City Council prior to application submission for the Downtown Revitalization CDBG program, and remain in effect for the duration of the award (if awarded).

**RECOMMENDED ACTION:**

Adopt the Kerrville Citizen Participation Plan and authorize the City Manager to finalize and execute a contract with Kimley Horn to be the designated provider of engineering services for the 2021 TxCDBG Downtown Revitalization project.

**THE CITY OF KERRVILLE  
CITIZEN PARTICIPATION PLAN  
TEXAS COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM**

*Note to Grant Recipients regarding Limited English Proficiency (LEP) requirements:*

In accordance with federal law, if there is a significant number of the population who are non-English speaking residents and are affected by the TxCDBG project, such citizens should have ‘meaningful access’ to all aspects of the TxCDBG project. To provide ‘meaningful access’, Grant Recipients may need to provide interpreter services at public hearings or provide non-English written materials that are routinely provided in English. Examples of such vital documents may include Citizen Participation notices (e.g., complaint procedures, hearings notices), civil rights notices, and any other published notice that may allow an eligible person with limited English proficiency to participate in discussing proposed CDBG activities.

For more information, see [LEP.gov](http://LEP.gov)

## COMPLAINT PROCEDURES

These complaint procedures comply with the requirements of the Texas Department of Agriculture’s Texas Community Development Block Grant (TxCDBG) Program and Local Government Requirements found in 24 CFR §570.486 (Code of Federal Regulations). Citizens can obtain a copy of these procedures at the City of Kerrville, 701 Main Street, Kerrville, TX 78028, 830-257-8000, during regular business hours.

Below are the formal complaint and grievance procedures regarding the services provided under the TxCDBG project.

1. A person who has a complaint or grievance about any services or activities with respect to the TxCDBG project, whether it is a proposed, ongoing, or completed TxCDBG project, may during regular business hours submit such complaint or grievance, in writing to the City Manager, at 701 Main Street, Kerrville, TX 78028, or may call 830-257-8000.
2. A copy of the complaint or grievance shall be transmitted by the City Manager to the entity that is the subject of the complaint or grievance and to the City Attorney within five (5) working days after the date of the complaint or grievance was received.
3. The City Manager shall complete an investigation of the complaint or grievance, if practicable, and provide a timely written answer to person who made the complaint or grievance within ten (10) days.
4. If the investigation cannot be completed within ten (10) working days per 3 above, the person who made the grievance or complaint shall be notified, in writing, within fifteen (15) days where practicable after receipt of the original complaint or grievance and shall detail when the investigation should be completed.
5. If necessary, the grievance and a written copy of the subsequent investigation shall be forwarded to the TxCDBG for their further review and comment.

6. If appropriate, provide copies of grievance procedures and responses to grievances in both English and Spanish, or other appropriate language.

## TECHNICAL ASSISTANCE

When requested, the City shall provide technical assistance to groups that are representative of persons of low- and moderate-income in developing proposals for the use of TxCDBG funds. The City, based upon the specific needs of the community's residents at the time of the request, shall determine the level and type of assistance.

## PUBLIC HEARING PROVISIONS

For each public hearing scheduled and conducted by the City, the following public hearing provisions shall be observed:

1. Public notice of all hearings must be published at least seventy-two (72) hours prior to the scheduled hearing. The public notice must be published in a local newspaper. Each public notice must include the date, time, location, and topics to be considered at the public hearing. A published newspaper article can also be used to meet this requirement so long as it meets all content and timing requirements. Notices should also be prominently posted in public buildings and distributed to local Public Housing Authorities and other interested community groups.
2. When a significant number of non-English speaking residents are a part of the potential service area of the TxCDBG project, vital documents such as notices should be published in the predominant language of these non-English speaking citizens.
3. Each public hearing shall be held at a time and location convenient to potential or actual beneficiaries and will include accommodation for persons with disabilities. Persons with disabilities must be able to attend the hearings and the City must make arrangements for individuals who require auxiliary aids or services if contacted at least two days prior to the hearing.
4. A public hearing held prior to the submission of a TxCDBG application must be held after 5:00 PM on a weekday or at a convenient time on a Saturday or Sunday.
5. When a significant number of non-English speaking residents can be reasonably expected to participate in a public hearing, an interpreter should be present to accommodate the needs of the non-English speaking residents.

The City shall comply with the following citizen participation requirements for the preparation and submission of an application for a TxCDBG project:

1. At a minimum, the City shall hold at least one (1) public hearing to prior to submitting the application to the Texas Department of Agriculture.
2. The City shall retain documentation of the hearing notice(s), a listing of persons attending the hearing(s), minutes of the hearing(s), and any other records concerning the proposed use of funds for three (3) years from closeout of the grant to the state. Such records shall be made available to the public in accordance with Chapter 552, Texas Government Code.

3. The public hearing shall include a discussion with citizens as outlined in the applicable TxCDBG application manual to include, but is not limited to, the development of housing and community development needs, the amount of funding available, all eligible activities under the TxCDBG program, and the use of past TxCDBG contract funds, if applicable. Citizens, with particular emphasis on persons of low- and moderate-income who are residents of slum and blight areas, shall be encouraged to submit their views and proposals regarding community development and housing needs. Citizens shall be made aware of the location where they may submit their views and proposals should they be unable to attend the public hearing.
4. When a significant number of non-English speaking residents can be reasonably expected to participate in a public hearing, an interpreter should be present to accommodate the needs of the non-English speaking residents.

The City must comply with the following citizen participation requirements in the event that the City receives funds from the TxCDBG program:

1. The City shall also hold a public hearing concerning any substantial change, as determined by TxCDBG, proposed to be made in the use of TxCDBG funds from one eligible activity to another again using the preceding notice requirements.
2. Upon completion of the TxCDBG project, the City shall hold a public hearing and review its program performance including the actual use of the TxCDBG funds.
3. When a significant number of non-English speaking residents can be reasonably expected to participate in a public hearing, for either a public hearing concerning substantial change to the TxCDBG project or for the closeout of the TxCDBG project, publish notice in both English and Spanish, or other appropriate language and provide an interpreter at the hearing to accommodate the needs of the non-English speaking residents.
4. The City shall retain documentation of the TxCDBG project, including hearing notice(s), a listing of persons attending the hearing(s), minutes of the hearing(s), and any other records concerning the actual use of funds for a period of three (3) years from closeout of the grant to the state. Such records shall be made available to the public in accordance with Chapter 552, Texas Government Code.

---

Bill Blackburn, Mayor

---

Date



**LA CIUDAD DE KERRVILLE**  
**PLAN DE PARTICIPACIÓN CIUDADANA**  
**PROGRAMA DE TEXAS COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM**

*Nota a los receptores de subvención en relación a requisitos de Dominio Limitado del Inglés:*

De acuerdo con la ley federal hay un número significativo de población que son residentes y que no hablan inglés y son afectados por el proyecto TxCDBG, estos ciudadanos deben tener "acceso significativo" a todos los aspectos del proyecto TxCDBG. Para proporcionar "acceso significativo", receptores de la subvención pueden ser utilizados para proporcionar servicios de interpretación en las audiencias públicas o proporcionar materiales no escritos en inglés que se proporcionan de manera rutinaria en Inglés. Para obtener más información, consulte LEP.gov.

## PROCEDIMIENTOS DE QUEJA

Estos procedimientos de queja cumplen con los requisitos del Departamento de Programa de Agricultura de Texas Community Development Block Grant (TxCDBG) y los requisitos del gobierno local de Texas se encuentran en 24 CFR §570.486 (Código de Regulaciones Federales). Los ciudadanos pueden obtener una copia de estos procedimientos en la Ciudad de Kerrville, 701 Main Street, Kerrville, TX 78028, 830-257-8000 en horario de oficina.

A continuación se presentan los procedimientos formales de quejas y quejas relativas a los servicios prestados en el marco del proyecto TxCDBG.

1. Una persona que tiene una queja o reclamación sobre cualquiera de los servicios o actividades en relación con el proyecto TxCDBG, o si se trata de una propuesta, en curso o determinado proyecto TxCDBG, pueden durante las horas regulares presentar dicha queja o reclamo, por escrito a la Ciudad de Kerrville, 701 Main Street, Kerrville, TX 78028, o puede llamar a 830-257-8000.
2. Una copia de la queja o reclamación se transmitirá por el Administrador de la ciudad a la entidad que es encargada de la queja o reclamación y al Abogado de la Ciudad dentro de los cinco (5) días hábiles siguientes a la fecha de la queja o día que la reclamación fue recibida.
3. El Administrador de la ciudad deberá cumplir una investigación de la queja o reclamación, si es posible, y dará una respuesta oportuna por escrito a la persona que hizo la denuncia o queja dentro de los diez (10) días.
4. Si la investigación no puede ser completada dentro de los diez (10) días hábiles anteriormente, la persona que hizo la queja o denuncia será notificada, por escrito, dentro de los quince (15) días cuando sea posible después de la entrega de la queja original o quejas y detallará cuando se deba completar la investigación.
5. Si es necesario, la queja y una copia escrita de la investigación posterior se remitirán a la TxCDBG para su posterior revisión y comentarios.
6. Se proporcionará copias de los procedimientos de queja y las respuestas a las quejas, tanto en Inglés y Español, u otro lenguaje apropiado.

## ASISTENCIA TÉCNICA

Cuando lo solicite, la Ciudad proporcionará asistencia técnica a los grupos que son representantes de las personas de bajos y moderados ingresos en el desarrollo de propuestas para el uso de los fondos TxCDBG. La Ciudad, en base a las necesidades específicas de los residentes de la comunidad en el momento de la solicitud, deberá determinar el nivel y tipo de asistencia.

## DISPOSICIONES AUDIENCIA PÚBLICA

Para cada audiencia pública programada y llevada a cabo por la Ciudad, se observarán las disposiciones siguientes de audiencias públicas:

1. Aviso público de todas las audiencias deberá publicarse al menos setenta y dos (72) horas antes de la audiencia programada. El aviso público deberá publicarse en un periódico local. Cada aviso público debe incluir la fecha, hora, lugar y temas a considerar en la audiencia pública. Un artículo periodístico publicado también puede utilizarse para cumplir con este requisito, siempre y cuando cumpla con todos los requisitos de contenido y temporización. Los avisos también deben ser un lugar prominente en los edificios públicos y se distribuyen a las autoridades locales de vivienda pública y otros grupos interesados de la comunidad.
2. Cuando se tenga un número significativo de residentes que no hablan inglés serán una parte de la zona de servicio potencial del proyecto TxCDBG, documentos vitales Kerrville las comunicaciones deben ser publicados en el idioma predominante de estos ciudadanos que no hablan inglés.
3. Cada audiencia pública se llevará a cabo en un momento y lugar conveniente para los beneficiarios potenciales o reales e incluirá alojamiento para personas con discapacidad. Las personas con discapacidad deben poder asistir a las audiencias y la Ciudad debe hacer los arreglos para las personas que requieren ayudas o servicios auxiliares en caso de necesitarlo por lo menos dos días antes de la audiencia será pública.
4. Una audiencia pública celebrada antes de la presentación de una solicitud TxCDBG debe hacerse después de las 5:00 pm en un día de semana o en un momento conveniente en sábado o domingo.
5. Cuando un número significativo de residentes que no hablan inglés se registra para participar en una audiencia pública, un intérprete debe estar presente para dar cabida a las necesidades de los residentes que no hablan inglés.

La Ciudad deberá cumplir con los siguientes requisitos de participación ciudadana para la elaboración y presentación de una solicitud para un proyecto TxCDBG:

1. Kerrville mínimo, la Ciudad deberá tener por lo menos un (1) audiencia pública antes de presentar la solicitud al Departamento de Agricultura de Texas.
2. La Ciudad conservará la documentación de la convocatoria(s) audiencia, un listado de las personas que asistieron a la audiencia(s), acta de la vista(s), y cualquier otra documentación relativa a la propuesta de utilizar los fondos para tres (3) años a partir de la liquidación de la subvención para el Estado. Dichos registros se pondrán a disposición del público, de conformidad con el Capítulo 552, Código de Gobierno de Texas.

3. La audiencia pública deberá incluir una discusión con los ciudadanos Kerrville se indica en el manual correspondiente de aplicación TxCDBG, pero no se limita a, el desarrollo de las necesidades de vivienda y desarrollo comunitario, la cantidad de fondos disponibles, todas las actividades elegibles bajo el programa TxCDBG y el uso de fondos últimos contratos TxCDBG, en su caso. Los ciudadanos, con especial énfasis en las personas de bajos y moderados ingresos que son residentes de las zonas de tugurios y tizón, se fomentará a presentar sus opiniones y propuestas sobre el desarrollo de la comunidad y las necesidades de vivienda. Los ciudadanos deben ser conscientes de la ubicación en la que podrán presentar sus puntos de vista y propuestas en caso de que no pueda asistir a la audiencia pública.
4. Cuando un número significativo de residentes que no hablan inglés se registra para participar en una audiencia pública, un intérprete debe estar presente para dar cabida a las necesidades de los residentes que no hablan inglés.

La Ciudad debe cumplir con los siguientes requisitos de participación ciudadana en el caso de que la Ciudad recibe fondos del programa TxCDBG:

1. La Ciudad celebrará una audiencia pública sobre cualquier cambio sustancial, según lo determinado por TxCDBG, se propuso que se hará con el uso de fondos TxCDBG de una actividad elegible a otro utilizando de nuevo los requisitos de notificación
2. Una vez finalizado el proyecto TxCDBG, la Ciudad celebrará una audiencia pública y revisará el desempeño del programa incluyendo el uso real de los fondos TxCDBG.
3. Cuando un número significativo de residentes que no hablan inglés se puede registra para participar en una audiencia pública, ya sea para una audiencia pública sobre el cambio sustancial del proyecto TxCDBG o para la liquidación del proyecto TxCDBG, publicará un aviso en Inglés y Español u otro idioma apropiado y se proporcionará un intérprete en la audiencia para dar cabida a las necesidades de los residentes.
4. La Ciudad conservará la documentación del proyecto TxCDBG, incluyendo aviso de audiencia(s), un listado de las personas que asistieron a la audiencia(s), acta de la vista(s), y cualquier otro registro concerniente al uso real de los fondos por un período de a tres (3) años a partir de la liquidación del proyecto al estado.

Dichos registros se pondrán a disposición del público, de conformidad con el Capítulo 552, Código de Gobierno de Texas.

---

Bill Blackburn, Alcalde

---

Fecha

**DISCLAIMER: This sample draft document was developed by TDA's Office of Rural Affairs and does not include all applicable provisions. This document has important legal consequences. Please consult with your legal counsel with respect to its completion or modification to ensure that it is in compliance with any appropriate local, state and federal laws applicable.**

# Sample Contract

## ENGINEERING/ARCHITECTURAL/SURVEYOR SERVICES

### PART I AGREEMENT

THIS AGREEMENT, entered into this \_\_\_\_\_ day of \_\_\_\_\_, by and between the CITY/COUNTY OF \_\_\_\_\_, hereinafter called the "City"/"County", acting herein by \_\_\_\_\_ hereunto duly authorized, and \_\_\_\_\_ hereinafter called "Firm," acting herein by \_\_\_\_\_.

#### WITNESSETH THAT:

WHEREAS, the City/County of \_\_\_\_\_ desires to [implement/construct/etc.] the following: \_\_\_\_\_ *[describe project]* under the general direction of the Texas Community Development Block Grant (hereinafter called "TxCDBG") Program administered by the Texas Department of Agriculture (TDA); and Whereas the City/County desires to engage \_\_\_\_\_ to render certain engineering/surveyor/architectural services in connection with the TxCDBG Project, Contract Number \_\_\_\_\_.

NOW THEREFORE, the parties do mutually agree as follows:

1. Scope of Services

The Firm will perform the services set out in Part II, Scope of Services.

2. Time of Performance - The services of the Firm shall commence on \_\_\_\_\_. In any event, all of the services required and performed hereunder shall be completed no later than \_\_\_\_\_.

3. Local Program Liaison - For purposes of this Agreement, the *[e.g. City Manager/County \_\_\_\_\_]* or equivalent authorized person will serve as the Local Program Liaison and primary point of contact for the Firm. All required progress reports and communication regarding the project shall be directed to this liaison and other local personnel as appropriate.

4. Access to Records - The U.S. Department of Housing and Urban Development (HUD), Inspectors General, the Comptroller General of the United States, the Texas Department of Agriculture (TDA), and the City/County, or any of their authorized representatives, shall have access to any documents, papers, or other records of the Firm which are pertinent to the TxCDBG award, in order to make audits, examinations, excerpts, and transcripts, and to closeout the City/County's TxCDBG contract with TDA.

5. Retention of Records - The Firm shall retain all required records for three years after the City/County makes its final payment and all pending matters are closed.

6. Compensation and Method of Payment - The maximum amount of compensation and reimbursement to be paid hereunder shall not exceed \$ \_\_\_\_\_. Payment to the Firm shall be based on satisfactory completion of identified milestones in Part III - Payment Schedule of this Agreement.
7. Indemnification – The Firm shall comply with the requirements of all applicable laws, rules and regulations, and shall exonerate, indemnify, and hold harmless the City/County and its agency members from and against any and all claims, costs, suits, and damages, including attorney’s fees, arising out of the Firm’s performance or nonperformance of the activities, services or subject matter called for in this Agreement, and shall assume full responsibility for payments of Federal, State and local taxes on contributions imposed or required under the Social Security, worker's compensation and income tax laws.
8. Miscellaneous Provisions
  - a. This Agreement shall be construed under and accord with the laws of the State of Texas, and all obligations of the parties created hereunder are performable in \_\_\_\_\_ County, Texas.
  - b. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, legal representatives, successors and assigns where permitted by this Agreement.
  - c. In any case one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision thereof and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.
  - d. If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees, costs, and necessary disbursements in addition to any other relief to which such party may be entitled.
  - e. This Agreement may be amended by mutual agreement of the parties hereto and a writing to be attached to and incorporated into this Agreement.
9. Extent of Agreement

This Agreement, which includes Parts I-V, [*and if applicable*, including the following exhibits/attachments: \_] represents the entire and integrated agreement between the City/County and the Firm and supersedes all prior negotiations, representations or agreements, either written or oral. This Agreement may be amended only by written instrument signed by authorized representatives of both City/County and the Firm.

IN WITNESSETH WHEREOF, the parties have executed this Agreement by causing the same to be signed on the day and year first above written.

BY: \_\_\_\_\_  
(Local City/County Official)

(Printed Name)

(Title)

BY: \_\_\_\_\_  
(Firm/Contractor's Authorized Representative)

(Printed Name)

(Title)



**TO BE CONSIDERED BY THE CITY COUNCIL  
CITY OF KERRVILLE, TEXAS**

---

**SUBJECT:** Presentation and acceptance of the audited Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2020.

**AGENDA DATE OF:** February 23, 2021    **DATE SUBMITTED:** Feb 08, 2021

**SUBMITTED BY:** Amy Dozier

**EXHIBITS:** [20210223\\_Report\\_2020 Draft CAFR.pdf](#)  
[20210223\\_Presentation\\_Audit Report.pdf](#)

---

<b>Expenditure Required:</b>	<b>Remaining Budget Balance in Account:</b>	<b>Amount Budgeted:</b>	<b>Account Number:</b>
N/A	N/A	N/A	N/A

**PAYMENT TO BE MADE TO:** N/A

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<b>Kerrville 2050 Item?</b>	No
<b>Key Priority Area</b>	N/A
<b>Guiding Principle</b>	N/A
<b>Action Item</b>	N/A

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**SUMMARY STATEMENT:**

The City engaged BKD, LLP to perform the City's annual independent financial audit and assist with preparing the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2020. The CAFR is attached. Danny Martinez, Managing Director with BKD, will present financial highlights.

**RECOMMENDED ACTION:**

Accept the audited Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2020.

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# **City of Kerrville, Texas**

## **Comprehensive Annual Financial Report**

**Year Ended September 30, 2020**

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

**Amy Dozier, Chief Financial Officer**



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**City of Kerrville, Texas**  
**Comprehensive Annual Financial Report**  
**Year Ended September 30, 2020**

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**City of Kerrville, Texas**  
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## **Introductory Section**

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**City of Kerrville**

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

## *Letter of Transmittal*

February 23, 2021

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

The Comprehensive Annual Financial Report for the City of Kerrville, Texas (the City or Kerrville) for the fiscal year ended September 30, 2020, is hereby submitted. This report was prepared through the cooperative effort of the Finance Department and the City's independent auditor, in accordance with Section 103.001 of the Texas Local Government Code and Article VIII, Section 8.08 of the Charter of the City of Kerrville. The purpose of the report is to provide the City Council, management, staff, the public and other interested parties with detailed information reflecting the City's financial condition.

The full responsibility for the accuracy and reliability of the data, as well as completeness and fairness of this report, including all disclosures, rests with City management. The City has established and maintains a system of internal accounting controls designed in part to provide a reasonable assurance that assets are safeguarded against loss, theft, or unauthorized use, and that financial records can be relied upon to produce financial statements in accordance with accounting principles generally accepted in the United States of America (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. We believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

BKD, LLP, Certified Public Accountants, has issued unmodified opinions on the City's financial statements for the year ended September 30, 2020. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2020, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.



The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion on the City's financial statements for the fiscal year ended September 30, 2020, and that the financial statements are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Also included in the financial section is management's discussion and analysis (MD&A), which provides users of the basic financial statements a narrative introduction, overview and analysis of the basic financial statements. The basic financial statements, including the accompanying notes, represent the core of the financial section. These financial statements present the financial condition of the City as a single entity, as well as the individual funds that account for the City's various governmental and business-type activities. This transmittal letter is designed to complement the MD&A and should be read in conjunction with it.

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

The City of Kerrville is the county seat and principal commercial center of Kerr County, Texas. It is located approximately 65 miles northwest of San Antonio on U.S. Interstate 10. Principal industries in the community include health care, hospitality (made up of tourism, youth camps, retreat facilities, RV parks and hunting), manufacturing, and retail.

The City continues to experience steady increases in population. The official census populations for 2000 and 2010 were 20,425 and 22,347 respectively. The 2020 population estimate was 25,162 representing an increase of 4,737 (23%) over 2000 and 2,815 (13%) increase since 2010. The population estimate is calculated by City staff using residential water account data. The 2020 population estimate may be revised pending 2020 census results.

For financial reporting purposes, the City is a primary government. As previously mentioned, the City's governing body is elected by the citizens of Kerrville. This report includes all organizations and activities for which the elected officials exercise financial control. The City is legally responsible for the Kerrville Economic Improvement Corporation (EIC), which is reported separately within the government wide financial statements of the City along with the Kerrville Public Utility Board, for which the City appoints all board members.

The City provides a full range of municipal services including general government, public safety (police, fire and emergency medical services), streets, parks and recreation, planning and zoning, code enforcement, a public library, and business-type activities, such as water and sewer services and golf. Solid waste collection services are provided through private contractors; non-residential customers contract with the collection firm of their choice, while residential customers contract through the City with collection fees added to their municipal water and sewer bill.

The annual budget of the City serves as the foundation for its financial planning and control. The budget is proposed by the City Manager and adopted by the City Council in accordance with policies and procedures established by the City Charter, State Law, Council ordinances and policies. The budget is prepared and presented by fund (e.g., general fund), department (e.g., police) or function (e.g., debt service) and line items (e.g., salaries and wages). The fund level is the legal level of control for budget expenditures.

The budgetary process begins each year with budget priorities set by City Council. Next, the City's Finance Department prepares revenue estimates and budget instructions. Then, each City department prepares expenditure estimates and requests. Estimates and requests are reviewed by a budget committee that includes the City Manager. The requests are evaluated within the total financial framework of the City.

The City Manager makes final decisions as to what budget recommendations are submitted to the City Council. The City Charter requires that a working copy of the budget be filed with the City Secretary no later than July 31. The City Manager's proposed budget is reviewed extensively by the City Council, along with a final public review process, including required public hearings prior to budget adoption. The City Charter requires adoption of the City budget no later than September 30.

Budgetary reporting is provided at the department level within the individual fund. Transfers of budget appropriations within departments may occur with the approval of the City Manager provided there is not an increase in overall expenditures. Transfers of budget appropriations between funds as well as any increase in total appropriations require Council approval.

Budget to actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund and major special revenue funds, this comparison is presented as required in the required supplementary information section of this report.

### ***Local Economy***

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates. Several manufacturing firms are located in the Kerrville area, as well as a variety of commercial establishments, restaurants, building supply stores, big box retail, banks and supermarkets. Sales tax revenues have increased steadily since 2011 as Kerrville continues to expand its position as a retail hub for a large geographic area, mostly west of Kerrville. In addition, sales tax revenue related to online sales increased significantly in 2020 due both to the COVID-19 pandemic and changes in state laws.

Economic and recreation opportunities continue to expand in Kerrville. In addition to recently renovated parks, a six-mile-long River Trail and a youth sports complex, in 2020 the City completed projects to extend River Trail to Schreiner University and renovate the city-owned tennis center. Both of these projects were funded by Kerrville's EIC. The EIC also helped fund the renovation of a historic downtown theater that reopened in 2020 as a live music and events venue. In addition, the City completed a new wastewater lift station that greatly expands sewer capacity and an enhanced water filtration system at the Water Treatment Plant, resulting in some of the highest quality drinking water in the State of Texas.

Representatives of the City along with other community leaders continue to encourage development of this area to attract light, clean industry as well as additional retail and hospitality. In accordance with this goal, in August 2020, Killdeer Mountain Manufacturing (KMM) announced their plans to build a manufacturing facility in Kerrville. KMM expects to employ 400 people in the new facility that will manufacture aerospace electronic components. State and local leaders worked together to recruit the company and offer incentives. Kerr County's unemployment rate of 5.1% is significantly higher than in previous years due to the COVID-19 pandemic but continues to remain below state and national averages.

The quality of life found in Kerrville is especially attractive to retirees, who provide a strong, stable economic base and active community involvement. In recent years, Kerrville has seen an increase in younger families moving into the community to fill jobs in Kerrville's expanding service industry. These factors, along with a continuing effort to bolster our economic base, are expected to result in continued economic improvement during the coming years.

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

The City's financial management policy instructs the general fund to maintain an unassigned fund balance between 15% and 25% of annual operating expenditures, which exceeds the Government Finance Officers Association of the United States and Canada (GFOA) recommended best practice. GFOA recommends that "general-purpose governments, regardless of size, maintain unassigned fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures." This policy allows the City to better weather economic downturns and strategically handle contingencies and unforeseen emergencies.

COVID-19 obviously presented an unforeseen emergency in 2020. The City responded quickly to reduce spending in anticipation of reduced revenues. However, sales tax revenues actually increased during FY 2020 and other revenue categories saw smaller than expected declines. In addition, the City received significant CARES Act funding. These factors combined with cost cutting measures resulted in favorable financial results for the year.

The City's General Fund's unassigned fund balance is approximately \$9.3 million or 35% of General Fund operating expenditures as of September 30, 2020. In addition, the City uses a five-year forecast in its budget process to guide decisions and assist in policy. The long-range view allows the City to plan appropriately for the future impact of current decisions. The City maintains a 10-year Community Investment Plan (CIP), with all planned capital projects reviewed annually by the City staff and City Council. This annual review allows the City to change and adjust priorities by responding to changing growth patterns, economic conditions, or federal and state mandates.

The CIP is used exclusively as a planning tool, and therefore does not commit the City to any project or project funding. The intent of the CIP is for the City staff to identify specific capital improvements needed and project affordability. The CIP is not a capital budget, and as such provides only recommended projects and the means of financing the improvements. Recommended improvements are not approved until official action has been taken by the City Council. The CIP presented in the FY 2020 budget book identified approximately \$48 million in projects during the next ten years. This list focuses on water and sewer infrastructure improvements including the construction of a new lift station and installation of a new water filtration system previously mentioned. General Fund projects include extensive streets and drainage projects in addition to the recreation projects previously mentioned. The City anticipates funding these improvements with both cash and debt. Debt obligations include both self-supporting debt (e.g., water and sewer improvements) and general obligation debt (e.g., streets and drainage). This CIP was reviewed and updated in the FY 2021 budget process to ensure consistency with current economic trends and City needs.

### ***Awards and Acknowledgements***

GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended September 30, 2019, and a reproduction of the certificate is included in this report. The City has received a Certificate of Achievement for 36 consecutive fiscal years (FY 1984 through FY 2019).

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

A Certificate of Achievement is valid for the period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report could not be accomplished without the dedicated services of the entire staff of the Finance Department. Many individuals devoted extra hours and exhibited dedicated effort in ensuring the accuracy and timeliness of this report. Appreciation is expressed to the City employees throughout the organization, especially those responsible for the maintenance of records upon which this report is based. Acknowledgment and appreciation is also given to representatives of BKD, LLP, Certified Public Accountants, for their dedicated assistance and input into the preparation of this report.

Finally, our appreciation is extended to the Mayor and the members of the City Council for their interest and support in planning and conducting the financial operations of the City in a responsible manner.

Respectfully submitted,



Mark McDaniel  
City Manager



Amy Dozier  
Chief Financial Officer

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2/17/21



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Kerrville  
Texas**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

September 30, 2019

*Christopher P. Morill*

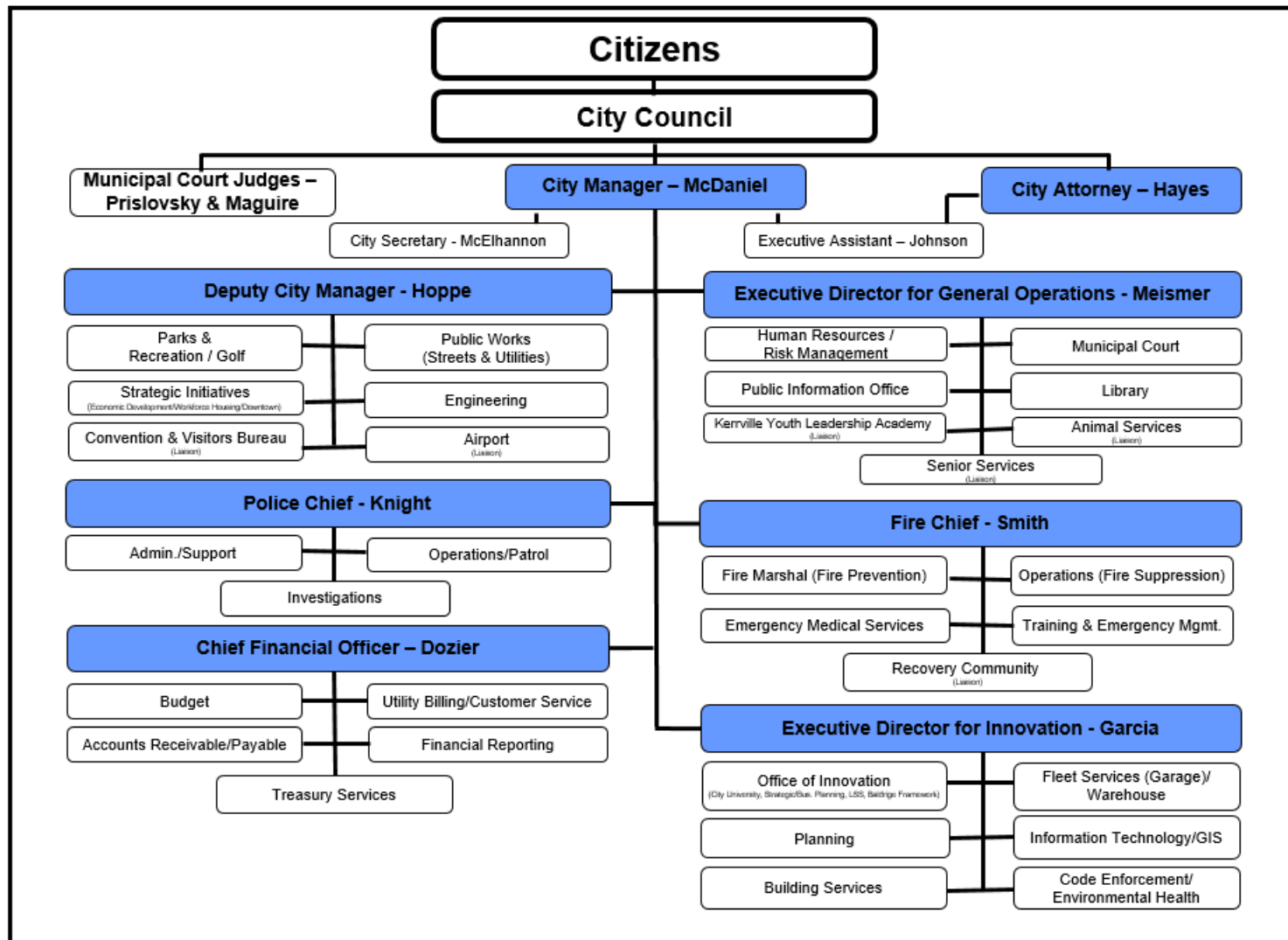
Executive Director/CEO

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**City of Kerrville, Texas**  
**Organization Chart**  
**Year Ended September 30, 2020**





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**City of Kerrville, Texas**  
**List of Principal Officials**  
**Year Ended September 30, 2020**

<u>Name</u>	<u>Position</u>	<u>Term Expiration</u>
-------------	-----------------	------------------------

Elected Officials

Bill Blackburn	Mayor	Nov 2020
Gary Cochrane	Place 1	May 2021
Kim Clarkson	Place 2	May 2021
Judy Eychner	Place 3, Mayor Pro Tem	Nov 2020
Delayne Sigerman	Place 4	Nov 2020

Appointed Officials

Mark McDaniel	City Manager
Mike Hayes	City Attorney
E.A. Hoppe	Deputy City Manager
Kim Meisner	Executive Director for General Operations
Shelley McElhannon	City Secretary
Amy Dozier	Chief Financial Officer
David Knight	Police Chief
Dannie Smith	Fire Chief

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**Financial Section**

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**Independent Auditor's Report**

The Honorable Mayor and City Council  
City of Kerrville, Texas

**Report on the Financial Statements**







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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, 2020. 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 2020 fiscal year by \$146,887,172. Of this amount, \$29,994,580 (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 2020, the City's total net position increased by \$4,567,088 or 3.2%. The net position of business-type activities increased by \$1,400,061 or 2.8%. The net position of governmental activities increased by \$3,167,027 or 3.4%.
- Total expenses of all the City's programs were \$48,011,053 in 2020 as compared to \$54,930,990 in 2019.

### ***Fund Statements***

- As of September 30, 2020, the City's governmental funds reported combined ending fund balances of \$35,721,381. Of this total amount, \$9,281,477 or approximately 26.0%, 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 \$9,281,477 or 34.9% 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.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works and culture and recreation. The business-type activities of the City include water and wastewater services and the City's public golf course.

The government-wide financial statements include not only the City itself, but also a legally separate electric utility, Kerrville Public Utility Board (KPUB), as well as the Economic Improvement Corporation (EIC). Financial information for these component units is reported separately from the financial information presented for the primary government itself.

*The government-wide financial statements can be found on pages 21 – 23 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 13 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 and the Governmental IP Fund, which are considered to be major funds. Data from the other 11 funds are combined into a single, aggregated presentation. Individual funds 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 24 – 27 of this report.*

**Proprietary Funds** – The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City maintains two enterprise funds. The City uses enterprise funds to account for its water and wastewater services, and the City’s public golf course.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City’s various functions. The City uses internal service funds to account for an automotive maintenance facility and employees’ health insurance services. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Enterprise funds provide the same type of information as the government-wide financial statements, only in more detail. The enterprise fund financial statements provide information for the Water Fund and the Golf Course Fund. The Water Fund is considered to be a major fund of the City while the Golf Course Fund is presented in a single column as a nonmajor enterprise fund. The internal service funds are also combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the nonmajor enterprise funds and internal service funds is provided in the form of combining statements elsewhere in the report.

*The basic proprietary fund financial statements can be found on pages 28 – 31 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 34 – 67 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 \$146,887,172 at the close of the most recent fiscal year.

By far, the largest portion of the City’s net position (77.6%) reflects its investment in capital assets (e.g., land, buildings, infrastructure and system improvements), less any related debt used to acquire those assets that is outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated to pay these liabilities.

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 48,464,104	\$ 46,308,467	\$ 15,574,947	\$ 21,274,328	\$ 64,039,051	\$ 67,582,795
Capital assets	86,982,469	86,828,807	88,738,978	84,507,506	175,721,447	171,336,313
Total assets	135,446,573	133,137,274	104,313,925	105,781,834	239,760,498	238,919,108
Deferred outflows of resources	2,018,914	5,066,351	556,388	1,220,171	2,575,302	6,286,522
Long-term liabilities	36,327,575	41,306,972	50,517,336	51,178,621	86,844,911	92,485,593
Other liabilities	3,336,547	4,319,597	2,499,439	5,791,098	5,835,986	10,110,695
Total liabilities	39,664,122	45,626,569	53,016,775	56,969,719	92,680,897	102,596,288
Deferred inflows of resources	2,297,218	239,936	470,513	49,322	2,767,731	289,258
Net position						
Net investment in capital assets	67,069,890	67,740,741	46,865,902	45,521,130	113,935,792	113,261,871
Restricted for debt service	1,176,035	1,243,043	1,780,765	1,743,520	2,956,800	2,986,563
Unrestricted	27,258,222	23,353,336	2,736,358	2,718,314	29,994,580	26,071,650
Total net position	\$ 95,504,147	\$ 92,337,120	\$ 51,383,025	\$ 49,982,964	\$ 146,887,172	\$ 142,320,084

During 2020, business-type activities saw a decrease in current and other assets that was substantially offset by an increase in capital assets as cash was used to for the construction of large water and wastewater system capital projects. Long-term liabilities for both governmental and business-type activities decreased due primarily to a decrease in the pension liability due to strong investment results in 2019. In addition, in governmental activities, the City's landfill liability related to post closure costs decreased due to the approval of a permit expansion in fiscal year 2020 that substantially increases the expected life of the landfill due to expanded capacity.

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in each category of net position for the government as a whole.

The City's net position increased during the current fiscal year. The increase is attributable to the liability changes noted above in addition to increased revenues due to the contribution of a library endowment trust, a contribution from the Kerrville Independent School District to extend a road and utilities to a new middle school campus and CARES Act funding.

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
<b>Revenue</b>						
Program revenue						
Charges for services	\$ 7,011,875	\$ 6,683,930	\$ 13,859,625	\$ 12,636,102	\$ 20,871,500	\$ 19,320,032
Operating grants and contributions	2,627,054	862,680	-	-	2,627,054	862,680
Capital grants and contributions	4,527,469	3,462,693	1,000,000	1,000,000	5,527,469	4,462,693
General revenue						
Property tax	11,587,087	11,073,307	-	-	11,587,087	11,073,307
Sales tax	7,825,534	7,297,167	-	-	7,825,534	7,297,167
Hotel occupancy tax	1,173,973	1,415,761	-	-	1,173,973	1,415,761
Franchise tax	1,851,256	1,943,378	-	-	1,851,256	1,943,378
Alcoholic beverage tax	98,861	112,508	-	-	98,861	112,508
Investment earnings	567,470	618,479	176,974	444,824	744,444	1,063,303
Miscellaneous revenue	264,625	266,755	6,338	5,119	270,963	271,874
<b>Total revenue</b>	<b>37,535,204</b>	<b>33,736,658</b>	<b>15,042,937</b>	<b>14,086,045</b>	<b>52,578,141</b>	<b>47,822,703</b>
<b>Expenses</b>						
General government	\$ 7,854,943	\$ 7,900,898	-	-	7,854,943	7,900,898
Public safety	14,995,589	14,984,076	-	-	14,995,589	14,984,076
Cultural and recreation	5,743,205	5,242,653	-	-	5,743,205	5,242,653
Public works	7,119,537	11,660,777	-	-	7,119,537	11,660,777
Interest on long-term debt	738,863	633,074	-	-	738,863	633,074
Water and sewer operations	-	-	10,514,155	13,401,647	10,514,155	13,401,647
Golf course	-	-	1,044,761	1,107,865	1,044,761	1,107,865
<b>Total expenses</b>	<b>36,452,137</b>	<b>40,421,478</b>	<b>11,558,916</b>	<b>14,509,512</b>	<b>48,011,053</b>	<b>54,930,990</b>
Excess (deficiencies) before transfers	1,083,067	(6,684,820)	3,484,021	(423,467)	4,567,088	(7,108,287)
Transfers	2,083,960	2,006,063	(2,083,960)	(2,006,063)	-	-
<b>Changes in Net Position</b>	<b>3,167,027</b>	<b>(4,678,757)</b>	<b>1,400,061</b>	<b>(2,429,530)</b>	<b>4,567,088</b>	<b>(7,108,287)</b>
<b>Net Position, Beginning of Year</b>	<b>92,337,120</b>	<b>97,015,877</b>	<b>49,982,964</b>	<b>52,412,494</b>	<b>142,320,084</b>	<b>149,428,371</b>
<b>Net Position, End of Year</b>	<b>\$ 95,504,147</b>	<b>\$ 92,337,120</b>	<b>\$ 51,383,025</b>	<b>\$ 49,982,964</b>	<b>\$ 146,887,172</b>	<b>\$ 142,320,084</b>

## ***Overall Financial Position and Results of Operations***

### ***Governmental Activities***

The City's net position from governmental activities increased by \$3,167,027. In fiscal year 2020, revenues increased by \$3,984,775 due to increases in multiple revenue categories. A library endowment trust was donated to the City. The Kerrville Independent School District made a contribution to extend a road and utilities around a new middle school. The City received CARES Act funding and recurring revenues such as property tax and sales tax increased. Expenses in governmental funds decreased by \$4,969,341 due to a combination of factors. The annual landfill liability accrual was reduced following a permit expansion that substantially increased the expected life of the landfill. Depreciation expense decreased following a change in accounting estimate in fiscal year 2019 and pension expense decreased due to strong investment performance in 2019.

### ***Business-type Activities***

The City's net position from business-type activities increased by \$1,400,061 due to a combination of increased revenues and decreased expenses. Revenues increased due to water and sewer rate changes and less rainfall in fiscal year 2020. Expenses decreased compared to fiscal year 2019 because fiscal year 2019 contained unusual items for large maintenance projects and an asset disposal that did not recur in fiscal year 2020.

### *Individual Financial Analysis of the City's Funds*

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### Governmental Funds

The focus of the City's governmental funds is to provide information on near term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$35,721,381, an increase of \$1,040,239 in comparison with the prior year. Approximately 26.0% of total fund balance or \$9,281,477 constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is nonspendable, restricted, committed or assigned to indicate that it is not available for new spending because it has been committed for restricted purposes (debt service, capital projects).

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$9,281,477. 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 34.9% or over three months of total General Fund expenditures.

The fund balance of the City's General Fund increased by \$2,242,370 during the current fiscal year. Key factors are as follows:

- Increases in the City's two largest revenue sources, property tax and sales tax.
- A library endowment trust fund contribution of \$1,248,489.

The Governmental IP Fund's fund balance decreased by \$965,574 in fiscal year 2020 due primarily to capital outlay expenditures for projects to extend River Trail, renovate the City-owned tennis center and construct an extension to Olympic Drive.

#### Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail.

Unrestricted net position of the proprietary funds at the end of the year amounted to \$2,736,358 with unrestricted net position of the Water Fund at the end of the year amounting to \$2,976,009.

Overall, the Water Fund's net position increased from operations by \$1,495,925. The increase is due to a combination of increased revenues and decreased expenses. Revenues increased due to rate changes and less rainfall compared to the prior year. Expenses decreased compared to the prior year because fiscal year 2019 contained unusual expenses related to large maintenance projects and an asset disposal.

### ***General Fund Budgetary Analysis***

In fiscal year 2020, the fund balance increased by \$2,242,370, which is \$5,481,110 better than budgeted. This is due to higher than anticipated revenues combined with lower than anticipated expenditures.

Actual revenues exceeded budget by \$1,104,010, primarily due to a library endowment trust fund contribution.

Actual expenditures were \$4,307,606 less than budget due primarily to budget cuts made in anticipation of COVID-19 related revenue shortfalls and expenses for patrol officers that were paid in the grant fund with CARES Act funding.

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

#### ***Major Capital Additions***

In 2020, construction in progress increased due to projects to extend River Trail, renovate the tennis center, extend Olympic Drive, build a new lift station and construct a new water filtration system.

#### ***Capital Assets***

As of September 30, 2020, total capital assets of the City's governmental and business-type amount to \$175,721,447 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, infrastructure and system improvements (including streets and drainage infrastructure) and machinery and equipment.

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Land	\$ 7,535,757	\$ 7,535,757	\$ 488,831	\$ 488,831	\$ 8,024,588	\$ 8,024,588
Construction in progress	3,295,236	990,746	11,334,900	4,461,263	14,630,136	5,452,009
Streets	25,446,610	28,860,706	24,696	-	25,471,306	28,860,706
Buildings	12,191,849	12,725,251	2,725,286	2,837,362	14,917,135	15,562,613
Improvements other than buildings	33,439,576	32,146,616	72,935,409	75,432,058	106,374,985	107,578,674
Vehicles	3,186,166	2,846,858	258,482	353,962	3,444,648	3,200,820
Machinery and equipment	1,469,060	1,448,935	925,343	913,043	2,394,403	2,361,978
Office equipment	418,215	273,938	46,031	20,987	464,246	294,925
Total	<u>\$ 86,982,469</u>	<u>\$ 86,828,807</u>	<u>\$ 88,738,978</u>	<u>\$ 84,507,506</u>	<u>\$ 175,721,447</u>	<u>\$ 171,336,313</u>

*Additional information on the City's capital assets can be found in Note 4 on pages 45 – 47 of this report.*

#### ***Long-term Debt***

At the end of the current fiscal year, the City has total governmental activities net bonded debt outstanding of \$27,086,251, which the City expects to retire through the Debt Service Fund. The City also has business activity net bonded debt outstanding of \$41,637,967 at September 30, 2020. The City's net bonded debt decreased by \$5,113,644. The decrease was due to scheduled principal payments as well as a refunding of debt issued in 2011.

The City's financial policies limit Water Fund debt service to no more than 35% of total water and sewer revenues. The City's debt service remained below that level in fiscal year 2020 and the City intends to comply with that policy with any future debt issuances.



	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
<b>Gross Bonded Debt</b>						
General obligation	\$ 6,730,000	\$ 5,220,000	\$ 8,285,000	\$ 9,830,000	\$ 15,015,000	\$ 15,050,000
Certificates of obligation	19,005,000	22,580,000	32,460,000	33,845,000	51,465,000	56,425,000
Total bonded debt	25,735,000	27,800,000	40,745,000	43,675,000	66,480,000	71,475,000
Bond premium/discount	1,351,251	1,307,685	892,967	1,055,177	2,244,218	2,362,862
Net bonded debt	27,086,251	29,107,685	41,637,967	44,730,177	68,724,218	73,837,862
<b>Other Long-term Debt</b>						
Cailloux Foundation promissory note	-	-	-	-	-	-
Kerrville Public Utility Board note	1,000,000	-	7,500,000	7,500,000	8,500,000	7,500,000
State infrastructure bank loan	-	-	-	-	-	-
Compensated absences	1,121,930	1,003,698	222,253	201,089	1,344,183	1,204,787
Net pension liability	4,532,986	8,962,473	928,447	1,835,690	5,461,433	10,798,163
Total OPEB liability	1,116,437	941,248	228,669	192,787	1,345,106	1,134,035
Landfill closure and post-closure costs	1,469,971	3,584,670	-	-	1,469,971	3,584,670
Total	\$ 36,327,575	\$ 43,599,774	\$ 50,517,336	\$ 54,459,743	\$ 86,844,911	\$ 98,059,517

*Additional information on the City's long-term debt can be found in Note 6 on pages 50 – 52 of this report.*

The City's ten-year Community Investment Plan identified almost \$48 million of capital improvements in the next 10 years. The City plans to use a combination of debt, cash and grant/donation funding to pay for the projects. In September 2020, Standard & Poor's confirmed the City's general obligation bond rating of an AA.

### ***Items That Will Have a Significant Financial Impact***

#### **Economic Factors and Next Year's Budgets and Rates**

The City has adopted an ad valorem tax rate of \$0.5116 per \$100 of assessed value for fiscal year 2021, which is a decrease from \$0.5400 in fiscal year 2020. Due to growth and increased valuations, property tax revenue is expected to increase approximately 3% compared to fiscal year 2020.

Despite the global pandemic, sales tax revenue in fiscal year 2020 was 7.2% higher than in fiscal year 2019. The City conservatively budgeted a 6% decrease in sales tax revenue for fiscal year 2021 due to concerns about recession. To date, however, the City continues to see sales tax revenue increases led by strong regional retail, online and manufacturing performance.

Water and sewer rates remain unchanged for fiscal year 2021. Due to growth, the City expects revenues to be up very slightly compared to fiscal year 2020.

Hotel occupancy tax revenue in fiscal year 2020 was \$1,173,973, down 17% compared to the prior year due to COVID-19. Fiscal year 2021 is budgeted to be better than fiscal year 2020, but not expected to return to 2019 levels.

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, City of Kerrville, 701 Main Street, Kerrville, Texas 78028, or you may call (830) 258-1121.

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## **Basic Financial Statements**

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**City of Kerrville, Texas**  
**Statement of Net Position**  
**September 30, 2020**

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**Exhibit A-1**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and cash equivalents	\$ 4,810,466	\$ 1,806,590	\$ 6,617,056	\$ 2,993,280
Investments	4,296,753	1,613,662	5,910,415	15,044,022
Receivables (net of allowances for uncollectibles)				
Taxes	424,707	-	424,707	-
Accounts	778,166	1,628,313	2,406,479	4,636,710
Due from other governments	2,669,386	-	2,669,386	687,746
Internal balances	57,579	(57,579)	-	-
Inventories	33,933	472,216	506,149	1,011,261
Restricted assets				
Cash and cash equivalents	16,125,182	6,055,875	22,181,057	-
Investments	10,799,699	4,055,870	14,855,569	4,481,508
Equity in joint venture	8,468,233	-	8,468,233	-
Advance to the City of Kerrville	-	-	-	8,500,000
Capital assets (net of accumulated depreciation, where applicable)				
Depreciable	76,151,476	76,915,247	153,066,723	5,778,135
Non-depreciable	10,830,993	11,823,731	22,654,724	42,992,544
Total assets	<u>135,446,573</u>	<u>104,313,925</u>	<u>239,760,498</u>	<u>86,125,206</u>
<b>Deferred Outflows of Resources</b>				
Deferred outflows – pensions	1,683,285	344,771	2,028,056	1,926,012
Deferred outflows – OPEB	211,010	43,220	254,230	46,438
Deferred outflows – loss on refunding	124,619	168,397	293,016	-
Total deferred outflows of resources	<u>2,018,914</u>	<u>556,388</u>	<u>2,575,302</u>	<u>1,972,450</u>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	3,327,997	1,052,602	4,380,599	5,428,356
Customer deposits	8,550	140,251	148,801	534,840
Unearned revenue	-	1,306,586	1,306,586	-
Noncurrent liabilities				
Due within one year				
Bonds and notes payable	1,880,000	3,027,210	4,907,210	401,000
Compensated absences	608,377	153,314	761,691	-
Due in more than one year				
Bonds and notes payable	25,206,251	46,110,757	71,317,008	3,680,000
Note payable to KPUB	1,000,000	-	1,000,000	-
Net pension liability	4,532,986	928,447	5,461,433	1,150,256
Total OPEB liability	1,116,437	228,669	1,345,106	295,219
Compensated absences	513,553	68,939	582,492	-
Landfill closure and post-closure costs	1,469,971	-	1,469,971	-
Total liabilities	<u>39,664,122</u>	<u>53,016,775</u>	<u>92,680,897</u>	<u>11,489,671</u>
<b>Deferred Inflows of Resources</b>				
Deferred inflows – pensions	2,207,013	452,038	2,659,051	2,530,105
Deferred inflows – OPEB	90,205	18,475	108,680	10,711
Total deferred inflows of resources	<u>2,297,218</u>	<u>470,513</u>	<u>2,767,731</u>	<u>2,540,816</u>
<b>Net Position</b>				
Net investment in capital assets	67,069,890	46,865,902	113,935,792	44,689,679
Restricted for				
Debt service	1,176,035	1,780,765	2,956,800	367,619
Unrestricted	27,258,221	2,736,358	29,994,579	29,009,871
Total net position	<u>\$ 95,504,146</u>	<u>\$ 51,383,025</u>	<u>\$ 146,887,171</u>	<u>\$ 74,067,169</u>

**City of Kerrville, Texas**  
**Statement of Activities**  
**Year Ended September 30, 2020**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
<b>Governmental Activities</b>				
General government	\$ 7,854,943	\$ 207,323	\$ -	\$ -
Public safety	14,970,589	4,124,682	1,445,857	55,712
Culture and recreation	5,743,205	678,273	1,156,197	2,464,433
Public works	7,144,537	2,001,597	25,000	2,007,324
Interest on long-term debt	738,863	-	-	-
Total expenses	<u>36,452,137</u>	<u>7,011,875</u>	<u>2,627,054</u>	<u>4,527,469</u>
<b>Business-type Activities</b>				
Water	10,514,155	12,997,143	-	1,000,000
Golf course	1,044,761	862,482	-	-
Total business-type activities	<u>11,558,916</u>	<u>13,859,625</u>	<u>-</u>	<u>1,000,000</u>
Total primary government	<u>\$ 48,011,053</u>	<u>\$ 20,871,500</u>	<u>\$ 2,627,054</u>	<u>\$ 5,527,469</u>
<b>Component Units</b>				
Economic Improvement Corporation	\$ 6,376,165	\$ -	\$ 1,000,000	\$ -
Kerrville Public Utility Board	40,424,572	41,672,978	-	279,482
Total component units	<u>\$ 46,800,737</u>	<u>\$ 41,672,978</u>	<u>\$ 1,000,000</u>	<u>\$ 279,482</u>

**General Revenues**

Property taxes  
Sales and use taxes  
Hotel occupancy taxes  
Franchise taxes  
Alcoholic beverage taxes  
Investment earnings  
Miscellaneous income

**Transfers**

Total general revenues and transfers

Change in net position

**Net Position, Beginning of Year**

**Net Position, End of Year**

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Exhibit A-2

Primary Government			Component Units
Governmental Activities	Business-type Activities	Total	
\$ (7,647,620)	\$ -	\$ (7,647,620)	
(9,344,338)	-	(9,344,338)	
(1,444,302)	-	(1,444,302)	
(3,110,616)	-	(3,110,616)	
<u>(738,863)</u>	<u>-</u>	<u>(738,863)</u>	
(22,285,739)	-	(22,285,739)	
-	3,482,988	3,482,988	
<u>-</u>	<u>(182,279)</u>	<u>(182,279)</u>	
-	3,300,709	3,300,709	
<u>(22,285,739)</u>	<u>3,300,709</u>	<u>(18,985,030)</u>	
			\$ (5,376,165)
			<u>1,527,888</u>
			<u>(3,848,277)</u>
11,587,087	-	11,587,087	-
7,825,534	-	7,825,534	3,912,347
1,173,973	-	1,173,973	-
1,851,256	-	1,851,256	-
98,861	-	98,861	-
567,469	176,974	744,443	394,250
264,625	6,338	270,963	4,576
<u>2,083,960</u>	<u>(2,083,960)</u>	<u>-</u>	<u>-</u>
25,452,765	(1,900,648)	23,552,117	-
3,167,026	1,400,061	4,567,087	462,896
<u>92,337,120</u>	<u>49,982,964</u>	<u>142,320,084</u>	<u>73,604,273</u>
<u>\$ 95,504,146</u>	<u>\$ 51,383,025</u>	<u>\$ 146,887,171</u>	<u>\$ 74,067,169</u>

**City of Kerrville, Texas**  
**Balance Sheet – Governmental Funds**  
**September 30, 2020**

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**Exhibit A-3**

	General Fund	Governmental IP Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 8,229,496	\$ 7,934,083	\$ 4,563,071	\$ 20,726,650
Investments	6,440,022	7,086,899	1,382,849	14,909,770
Receivables, net				
Taxes	355,217	-	69,490	424,707
Accounts	778,166	-	-	778,166
Due from other funds	1,125,120	-	-	1,125,120
Due from other governments	1,577,887	-	1,091,499	2,669,386
Inventories	12,394	-	-	12,394
Total assets	<u>\$ 18,518,302</u>	<u>\$ 15,020,982</u>	<u>\$ 7,106,909</u>	<u>\$ 40,646,193</u>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ 1,307,790	\$ 1,820,990	\$ 68,155	\$ 3,196,935
Due to other funds	-	-	1,062,783	1,062,783
Customer deposits	8,550	-	-	8,550
Total liabilities	<u>1,316,340</u>	<u>1,820,990</u>	<u>1,130,938</u>	<u>4,268,268</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue	<u>604,820</u>	<u>-</u>	<u>51,724</u>	<u>656,544</u>
<b>Fund Balances</b>				
Nonspendable	12,394	-	-	12,394
Restricted				
Landfill	3,137,160	-	-	3,137,160
Debt service	-	-	1,176,035	1,176,035
Tourism	-	-	1,347,046	1,347,046
Grants	-	-	3,117	3,117
Library	1,287,593	-	-	1,287,593
Cailloux Theater	662,707	-	-	662,707
Police	-	-	112,142	112,142
PEG	-	-	66,426	66,426
Municipal court	-	-	107,134	107,134
TIRZ	-	-	22,914	22,914
Committed				
Park improvements	-	-	129,218	129,218
History center	-	-	219,905	219,905
Library	-	-	2,740,309	2,740,309
Insurance reserve	160,974	-	-	160,974
Capital improvements	2,054,837	13,199,992	-	15,254,829
Unassigned	9,281,477	-	-	9,281,477
Total fund balances	<u>16,597,142</u>	<u>13,199,992</u>	<u>5,924,246</u>	<u>35,721,380</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 18,518,302</u>	<u>\$ 15,020,982</u>	<u>\$ 7,106,908</u>	<u>\$ 40,646,192</u>

**City of Kerrville, Texas**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**September 30, 2020**

**Exhibit A-4**

Total fund balances – governmental funds balance sheet \$ 35,721,380

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	389,309	
Ambulance fees	244,648	
Court fines	<u>22,587</u>	656,544

Capital assets used in governmental activities, excluding the internal  
service funds, are not reported in the funds. 86,964,901

The assets and liabilities of internal service funds are included in governmental  
activities in the statement of net position. 329,418

The equity in a joint venture is not reported in the funds. 8,468,233

Deferred outflows of resources and deferred inflows of resources represent flows  
of resources which relate to future periods and, therefore, are not reported  
in the fund financial statements. Deferred outflows of resources and deferred  
inflows of resources at year-end, excluding internal service funds, consist of:

Deferred outflows - pensions	1,663,007	
Deferred outflows - OPEB	208,469	
Deferred outflows - loss on refunding	124,619	
Deferred inflows - pensions	(2,180,423)	
Deferred inflows - OPEB	<u>(89,118)</u>	(273,446)

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	(26,735,000)	
Bond premiums	(1,351,251)	
Land closure/post-closure costs	(1,469,971)	
Net pension liability	(4,478,374)	
Total OPEB liability	(1,102,987)	
Compensated absences	<u>(1,106,859)</u>	(36,244,442)

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.

(118,442)

Net position of governmental activities \$ 95,504,146



**City of Kerrville, Texas**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balances – Governmental Funds**  
**Year Ended September 30, 2020**

Exhibit A-5

	General Fund	Governmental IP Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Taxes and penalties	\$ 19,699,578	\$ -	\$ 2,837,133	\$ 22,536,711
Licenses and permits	946,315	-	15,126	961,441
Intergovernmental	1,457,455	3,057,324	2,762,275	7,277,054
Charges for services	4,301,930	-	44,819	4,346,749
Grants	1,308,931	-	-	1,308,931
Fines and forfeitures	286,338	-	20,309	306,647
Investment income	280,286	200,639	86,544	567,469
Miscellaneous	375,514	67,228	16,596	459,338
Total revenues	28,656,347	3,325,191	5,782,802	37,764,340
<b>Expenditures</b>				
Current				
General government	5,265,667	230,435	1,046,378	6,542,480
Public safety	12,604,078	1,654	1,373,754	13,979,486
Culture and recreation	3,401,299	-	1,591,187	4,992,486
Public works	3,873,613	123,530	25,000	4,022,143
Capital outlay	1,441,493	5,921,281	171,380	7,534,154
Debt service				
Principal	-	-	1,915,000	1,915,000
Interest	-	-	851,628	851,628
Total expenditures	26,586,150	6,276,900	6,974,327	39,837,377
Excess (deficiency) of revenues over (under) expenditures	2,070,197	(2,951,709)	(1,191,525)	(2,073,037)
<b>Other Financing Sources (Uses)</b>				
Proceeds from issuance of long-term debt	-	-	3,285,000	3,285,000
Premium on issuance of debt	-	-	248,548	248,548
Payment to the refunded bond escrow agent	-	-	(2,435,000)	(2,435,000)
Bond issuance cost	-	-	(69,233)	(69,233)
Transfers in	2,344,998	2,102,825	80,030	4,527,853
Transfers out	(2,172,825)	(116,690)	(154,378)	(2,443,893)
Net other financing sources (uses)	172,173	1,986,135	954,967	3,113,275
<b>Net Change in Fund Balances</b>	2,242,370	(965,574)	(236,558)	1,040,238
<b>Fund Balances, Beginning of Year</b>	14,354,772	14,165,566	6,160,804	34,681,142
<b>Fund Balances, End of Year</b>	\$ 16,597,142	\$ 13,199,992	\$ 5,924,246	\$ 35,721,380

**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, 2020**

Exhibit A-6

Net change in fund balances – total governmental funds	\$ 1,040,238
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.	7,534,154
Depreciation expense on capital assets is reported in the statement of activities but does not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds.	(7,315,459)
The issuance of long-term debt (bonds and related premium and capital leases) provides current financial resources to governmental funds, but has no effect on net position.	(3,533,548)
Current year payments on long-term debt are reported as debt service in the governmental funds but are a reduction of the associated liability on the statement of net position.	4,350,000
Current year changes in joint venture equity are not reported in the governmental fund statements.	(194,713)
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.	204,982
Current year change in long-term liability for compensated absences do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.	(114,239)
Current year changes in accrued interest payable do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.	(22,984)
Current year pension & 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.	(840,175)
Current year changes in landfill post-closure costs do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.	2,114,699
Internal service funds are used by management to share the costs of certain activities including self-insurance and fleet maintenance to individual funds. This is a net loss for the year.	56,461
In the governmental fund financial statements the the effect of net book value of disposed assets is not shown. This value represents the net book value loss on disposal of capital assets.	(79,468)
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.	(32,922)
Change in net position of governmental activities	<u>\$ 3,167,026</u>

**City of Kerrville, Texas**  
**Statement of Net Position – Proprietary Funds**  
**September 30, 2020**

	<b>Business-type Activities – Enterprise Funds</b>			<b>Governmental Activities Internal Service Funds</b>
	<b>Water Fund</b>	<b>Nonmajor Golf Course Fund</b>	<b>Total Enterprise Funds</b>	
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 1,733,970	\$ 72,620	\$ 1,806,590	\$ 208,998
Investments	1,613,662	-	1,613,662	186,682
Receivables (net of allowances for uncollectibles)	1,628,313	-	1,628,313	-
Inventories	436,489	35,727	472,216	21,539
Total current assets	5,412,434	108,347	5,520,781	417,219
<b>Noncurrent Assets</b>				
Restricted assets				
Cash and cash equivalents	6,055,875	-	6,055,875	-
Investments	4,055,870	-	4,055,870	-
Total restricted assets	10,111,745	-	10,111,745	-
Capital assets				
Land	488,831	-	488,831	-
Buildings	3,803,928	374,668	4,178,596	159,000
Improvements other than buildings	111,765,551	2,488,855	114,254,406	-
Vehicles	1,522,108	10,360	1,532,468	18,056
Machinery and equipment	3,515,983	276,682	3,792,665	56,664
Office equipment	167,302	-	167,302	-
Construction in progress	11,334,900	-	11,334,900	-
Accumulated depreciation	(44,875,935)	(2,134,255)	(47,010,190)	(216,152)
Net capital assets	87,722,668	1,016,310	88,738,978	17,568
Total noncurrent assets	97,834,413	1,016,310	98,850,723	17,568
Total assets	103,246,847	1,124,657	104,371,504	434,787
<b>Deferred Outflows of Resources</b>				
Deferred outflows - pension	283,929	60,842	344,771	20,278
Deferred outflows - OPEB	35,592	7,628	43,220	2,541
Deferred charges for refunding	168,397	-	168,397	-
Total deferred outflows of resources	\$ 487,918	\$ 68,470	\$ 556,388	\$ 22,819

Exhibit A-7

	<b>Business-type Activities – Enterprise Funds</b>			<b>Governmental Activities Internal Service Funds</b>
	<b>Water Fund</b>	<b>Nonmajor Golf Course Fund</b>	<b>Total Enterprise Funds</b>	
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Accounts payable and accrued liabilities	\$ 1,007,488	45,114	\$ 1,052,602	\$ 12,620
Unearned revenue	1,266,436	40,150	1,306,586	-
Compensated absences – current	117,774	35,540	153,314	-
Due to other funds	49,145	8,434	57,579	4,758
Customer deposits	140,251	-	140,251	-
Bonds and notes – current	3,027,210	-	3,027,210	-
Total current liabilities	5,608,304	129,238	5,737,542	17,378
<b>Noncurrent Liabilities</b>				
Net pension liability	764,602	163,845	928,447	54,612
Total OPEB liability	188,315	40,354	228,669	13,450
Bonds and notes – noncurrent	46,110,757	-	46,110,757	-
Compensated absences – noncurrent	68,939	-	68,939	15,071
Total noncurrent liabilities	47,132,613	204,199	47,336,812	83,133
Total liabilities	52,740,917	333,437	53,074,354	100,511
<b>Deferred Inflows of Resources</b>				
Deferred inflows - pension	372,267	79,771	452,038	26,590
Deferred inflows - OPEB	15,215	3,260	18,475	1,087
Total deferred inflows of resources	387,482	83,031	470,513	27,677
<b>Net Position</b>				
Net investment in capital assets	45,849,592	1,016,310	46,865,902	17,568
Restricted for debt service	1,780,765	-	1,780,765	-
Unrestricted	2,976,009	(239,651)	2,736,358	311,850
Total net position	\$ 50,606,366	\$ 776,659	\$ 51,383,025	\$ 329,418

**City of Kerrville, Texas**  
**Statement of Revenues, Expenses and Changes**  
**in Net Position – Proprietary Funds**  
**Year Ended September 30, 2020**

Exhibit A-8

	<b>Business-type Activities – Enterprise Funds</b>			<b>Governmental Activities Internal Service Funds</b>
	<b>Water Fund</b>	<b>Nonmajor Golf Course Fund</b>	<b>Total Enterprise Funds</b>	
<b>Operating Revenues</b>				
Charges for services	\$ 12,650,578	\$ 862,482	\$ 13,513,060	\$ 3,557,592
Other charges	346,565	-	346,565	-
Total operating revenues	12,997,143	862,482	13,859,625	3,557,592
<b>Operating Expenses</b>				
Personnel services	3,505,060	524,217	4,029,277	329,276
Repairs and maintenance	1,108,469	65,022	1,173,491	3,880
Supplies and materials	598,642	166,534	765,176	20,724
Utilities	635,059	67,755	702,814	4,587
Depreciation	3,057,969	69,982	3,127,951	3,343
General administration	439,838	151,251	591,089	7,570
Premiums and other charges	-	-	-	3,131,751
Total operating expenses	9,345,037	1,044,761	10,389,798	3,501,131
Operating income (loss)	3,652,106	(182,279)	3,469,827	56,461
<b>Nonoperating Revenues (Expenses)</b>				
Investment income	176,897	77	176,974	-
Loss on disposal of assets	-	-	-	-
Miscellaneous revenue	-	6,338	6,338	-
Interest expense	(1,169,118)	-	(1,169,118)	-
Net nonoperating revenues (expenses)	(992,221)	6,415	(985,806)	-
Net income (loss) before contributions and transfers	2,659,885	(175,864)	2,484,021	56,461
<b>Capital Contributions and Transfers</b>				
Capital contributions	1,000,000	-	1,000,000	-
Transfers in	-	80,000	80,000	-
Transfers out	(2,163,960)	-	(2,163,960)	-
Capital contributions and net transfers	(1,163,960)	80,000	(1,083,960)	-
<b>Change in Net Position</b>	1,495,925	(95,864)	1,400,061	56,461
<b>Net Position, Beginning of Year</b>	49,110,441	872,523	49,982,964	272,957
<b>Net Position, End of Year</b>	\$ 50,606,366	\$ 776,659	\$ 51,383,025	\$ 329,418

**City of Kerrville, Texas**  
**Statement of Cash Flows – Proprietary Funds**  
**Year Ended September 30, 2020**

Exhibit A-9

	<b>Business-Type Activities – Enterprise Funds</b>			<b>Governmental Activities Internal Service Funds</b>
	<b>Water Fund</b>	<b>Nonmajor Golf Course Fund</b>	<b>Total Enterprise Funds</b>	
<b>Operating Activities</b>				
Cash received from customers	\$ 12,505,080	\$ 854,729	\$ 13,359,809	\$ 3,557,592
Cash payments to employees	(3,339,290)	(494,642)	(3,833,932)	(315,037)
Cash payments to other suppliers for goods and services	(3,310,118)	(412,591)	(3,722,709)	(3,162,950)
Other operating activities	873,543	-	873,543	-
Net cash provided by (used in) operating activities	6,729,215	(52,504)	6,676,711	79,605
<b>Noncapital Financing Activities</b>				
Transfers from other funds	-	77,189	77,189	-
Transfers to other funds	(2,163,960)	-	(2,163,960)	-
Proceeds from other nonoperating revenues	-	6,337	6,337	-
Net cash provided by (used in) noncapital financing activities	(2,163,960)	83,526	(2,080,434)	-
<b>Capital and Related Financing Activities</b>				
Capital contributions	1,000,000	-	1,000,000	-
Proceeds from issuance of debt	-	-	-	-
Principal and interest paid	(4,221,896)	-	(4,221,896)	-
Acquisition or construction of capital assets	(7,359,422)	-	(7,359,422)	(16,276)
Net cash provided by capital and related financing activities	(10,581,318)	-	(10,581,318)	(16,276)
<b>Investing Activities</b>				
Investment income	176,897	77	176,974	(7,578)
Sale of investments	-	-	-	(62,781)
Purchase of investments	(1,805,106)	-	(1,805,106)	-
Net cash provided by investing activities	(1,628,209)	77	(1,628,132)	(70,359)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(7,644,272)	31,099	(7,613,173)	(7,030)
<b>Cash and Cash Equivalents, Beginning of Year</b>	15,434,117	41,521	15,475,638	216,028
<b>Cash and Cash Equivalents, End of Year</b>	\$ 7,789,845	\$ 72,620	\$ 7,862,465	\$ 208,998
<b>Reconciliation to the Statement of Net Position</b>				
Cash and cash equivalents	\$ 1,733,970	\$ 72,620	\$ 1,806,590	\$ 208,998
Restricted cash and cash equivalents	6,055,875	-	6,055,875	-
	\$ 7,789,845	\$ 72,620	\$ 7,862,465	\$ 208,998
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</b>				
Operating income (loss)	\$ 3,652,106	\$ (182,279)	\$ 3,469,827	\$ 56,461
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	3,057,969	69,982	3,127,951	3,343
Change in assets and deferred outflows				
(Increase) decrease in receivables	(145,498)	-	(145,498)	-
(Increase) decrease in inventories	1,623	27,240	28,863	3,187
(Increase) decrease in prepaid expenses	-	-	-	-
(Increase) decrease in deferred pension outflows	535,966	114,849	650,815	38,284
(Increase) decrease in deferred OPEB outflows	(20,737)	(5,727)	(26,464)	(1,481)
Change in liabilities and deferred inflows				
Increase (decrease) in accounts payable	(461,506)	10,731	(450,775)	1,313
Increase (decrease) in accrued compensated absences	470,318	(8,916)	461,402	3,993
Increase (decrease) in due to other funds	10,760	-	10,760	1,062
Increase (decrease) in net pension liability	(747,143)	(160,100)	(907,243)	(53,368)
Increase (decrease) in total OPEB liability	29,550	6,332	35,882	2,111
Increase (decrease) in deferred pension inflows	340,749	73,017	413,766	24,700
Increase (decrease) in deferred OPEB inflows	5,058	2,367	7,425	-
Total adjustments	3,077,109	129,775	3,206,884	23,144
Net cash provided by (used in) operating activities	\$ 6,729,215	\$ (52,504)	\$ 6,676,711	\$ 79,605

**City of Kerrville, Texas**  
**Statements of Net Position – Component Units**  
**September 30, 2020**

Exhibit A-10

	Kerrville Economic Improvement Corporation (EIC)	Kerrville Public Utility Board (KPUB)	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 2,397,178	\$ 596,102	\$ 2,993,280
Investments	-	15,044,022	15,044,022
Receivables (net of allowances for uncollectible)	1,949	4,634,761	4,636,710
Due from other governments	687,746	-	687,746
Inventories	-	1,011,261	1,011,261
Restricted assets			
Investments	-	4,481,508	4,481,508
Advance to City of Kerrville	-	8,500,000	8,500,000
Capital assets nondepreciable			
Land	1,138,436	252,885	1,391,321
Construction in progress	-	4,386,814	4,386,814
Depreciable (net of accumulated depreciation)			
Buildings	-	2,468,773	2,468,773
Improvements other than buildings	-	37,195,586	37,195,586
Vehicles	-	1,733,584	1,733,584
Machinery and equipment	-	1,594,601	1,594,601
Total assets	<u>4,225,309</u>	<u>81,899,897</u>	<u>86,125,206</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows – pensions	-	1,926,012	1,926,012
Deferred outflows – OPEB	-	46,438	46,438
Total deferred outflows of resources	<u>-</u>	<u>1,972,450</u>	<u>1,972,450</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities	1,234	5,427,122	5,428,356
Payable from restricted assets			
Customer deposits	-	534,840	534,840
Bonds payable, current	-	401,000	401,000
Total current liabilities	<u>1,234</u>	<u>6,362,962</u>	<u>6,364,196</u>
<b>Noncurrent Liabilities</b>			
Net pension liability	-	1,150,256	1,150,256
Total OPEB liability	-	295,219	295,219
Bonds payable, net of current portion	-	3,680,000	3,680,000
Total noncurrent liabilities	<u>-</u>	<u>5,125,475</u>	<u>5,125,475</u>
Total liabilities	<u>1,234</u>	<u>11,488,437</u>	<u>11,489,671</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows – pensions	-	2,530,105	2,530,105
Deferred inflows – OPEB	-	10,711	10,711
Total deferred inflows of resources	<u>-</u>	<u>2,540,816</u>	<u>2,540,816</u>
<b>Net Position</b>			
Net investment in capital assets	1,138,436	43,551,243	44,689,679
Restricted for			
Debt service	-	367,619	367,619
Capital projects	-	-	-
Unrestricted	<u>3,085,639</u>	<u>25,924,232</u>	<u>29,009,871</u>
Total net position	<u>\$ 4,224,075</u>	<u>\$ 69,843,094</u>	<u>\$ 74,067,169</u>

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**City of Kerrville, Texas**  
**Statements of Activities – Component Units**  
**Year Ended September 30, 2020**

Exhibit A-11

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	EIC	KPUB
Kerrville Economic Improvement Corporation						
General government	\$ 6,376,165	\$ -	\$ 1,000,000	\$ -	\$ (5,376,165)	\$ -
Total EIC	6,376,165	-	1,000,000	-	(5,376,165)	-
Kerrville Public Utility Board						
Purchased power	27,568,854	41,672,978	-	279,482	-	14,383,606
Distribution	3,334,014	-	-	-	-	(3,334,014)
Administration and other	6,089,518	-	-	-	-	(6,089,518)
Depreciation and amortization	3,432,186	-	-	-	-	(3,432,186)
Total KPUB	40,424,572	41,672,978	0	279,482	-	1,527,888
Total Component Units	\$ 46,800,737	\$ 41,672,978	\$ 1,000,000	\$ 279,482	(5,376,165)	1,527,888
General Revenues						
					3,912,347	-
					33,402	360,848
					-	4,576
					3,945,749	365,424
Change in Net Position					(1,430,416)	1,893,312
Net Position, Beginning of Year					5,654,491	67,949,782
Net Position, End of Year					\$ 4,224,075	\$ 69,843,094



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## **Notes to Basic Financial Statements**

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**City of Kerrville, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2020**

**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 and fire), streets, culture and recreation, planning and zoning and general administrative services. In addition, the City provides water and sewer service as a proprietary function of the City.

The accounting policies of the City conform to generally accepted accounting principles issued by the Governmental Accounting Standards Board (GASB) which is the recognized financial accounting standard setting body for governmental entities. The notes to the financial statements are an integral part of the City's general purpose financial statements.

***Financial Reporting Entity***

The City is a home rule municipality governed by an elected mayor and a four-member City Council that appoints a City Manager. The City's (primary government) financial statements include its component units. The accompanying general purpose financial statements comply with the provisions of the GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 61, and GASB Statement No. 80, in that the financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either: (1) the City's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the City.

The Kerrville Public Utility Board (KPUB) – the electric utility, an entity legally separate from the City, is governed by a five-member board appointed by the City Council. For financial statement purposes, KPUB is reported as a discretely presented component unit of the City because the City appoints its governing body, is potentially obligated to finance any deficits that may occur, and receives significant franchise fees. Financial statements may be obtained from the Kerrville Public Utility Board, P.O. Box 294999, Kerrville, Texas 78029.

The Kerrville Economic Improvement Corporation (EIC) – an entity legally separate from the City, is governed by a seven-member board of directors appointed by the City Council. For financial statement purposes, EIC is reported as a discretely presented component unit of the City because the City appoints its governing body and is potentially able to impose its will. EIC collects a half cent sales tax per dollar of sales to support its activities. Separate financial statements are not prepared for EIC.

Kerrville Airport Joint Venture – The City and Kerr County operate a municipal airport under a joint venture agreement. Participants provide financial support and are entitled to an undivided 50% interest in net position. The City reports its interest as "Equity in Joint Venture."

**City of Kerrville, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2020**

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***Government-wide and Fund Financial Statements***

The government-wide financial statements (*i.e.*, the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. The effect of interfund activity has been removed from these statements.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

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

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

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

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

**City of Kerrville, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2020**

The City reports the following major governmental funds:

- **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.

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.
- **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.
- **Capital Projects Fund** – accounts for the acquisition or construction of governmental capital assets not recorded in the Government IP Fund.
- **Nonmajor Golf Course fund** – accounts for all activities of the City’s municipal golf course.
- **Internal Service Funds** – accounts for automotive maintenance and employee benefit services provided to other departments or agencies of the City.

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

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

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.

**City of Kerrville, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2020**

***Deposits and Investments***

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

State law and the City's investment policy restrict both time and demand deposits to those depositories doing business in the State of Texas and further require full insurance and/or pledging of collateral. CDs are limited to a stated maturity not exceeding 18 months. Pledged collateral, equal to 102% of the covered account balance is required for all deposits and is limited to obligations of the U.S. government or U.S. state, its agencies or instrumentalities and municipal obligations rated A or better by two nationally recognized rating agencies. Independent safekeeping is required outside the pledging bank's holding company with monthly reporting. Securities are monitored and priced at market on a daily basis as a contractual responsibility of the depository.

State law and the City's investment policy limit repurchase agreements to those with defined termination dates executed with a primary dealer (as defined by the Federal Reserve). The agreements require written master repurchase agreement with a defined termination date, secured by approved obligations, held by an independent third-party custodian with a final maturity not to exceed 90 days.

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

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

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

***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 either "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.

**City of Kerrville, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2020**

***Property Tax Calendar***

Property taxes are levied on October 1 by the City based on the January 1 property values as assessed by the Kerr Central Appraisal District. Taxes are due without penalty by January 31 of the next calendar year.

After January 31, the City has an enforceable lien with respect to both real and personal property. Under state law, property taxes levied on real property constitute a perpetual lien on the real property which cannot be forgiven without specific approval of the state legislature. Taxes applicable to personal property can be deemed uncollectible by the City.

***Inventories and Prepaid Expenses***

All inventories are valued at cost using the weighted-average cost method. The consumption method is used to account for governmental fund type inventories. Under the consumption method, inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in both government-wide and fund financial statements.

***Restricted Assets***

Certain proceeds of Governmental Activities, Water Fund and Component Unit bonds are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants. Customer deposits are also classified as restricted.

***Capital Assets***

Capital assets, which include property, plant, equipment and infrastructure assets (*e.g.*, roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000.

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.



**City of Kerrville, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2020**

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

Buildings	30 years
Improvements other than buildings	40 years
System infrastructure	40 years
Streets	20 years
Machinery and equipment	10 years
Office equipment	10 years
Vehicles	8 years
Drainage	50 years

In the case of the initial capitalization of general infrastructure assets (*i.e.*, streets and storm water drains), the City chose to include all such items regardless of their acquisition date or amount. The City was able to estimate the historical cost for the initial reporting of these assets through back trending (*i.e.*, estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the City constructs or acquires additional capital assets each year, including infrastructure assets, they are capitalized and reported at historical cost.

The KPUB utility plant computes depreciation using the straight-line method over the estimated service lives of the various classes of depreciable property. Rates will be changed as needed based upon period engineering studies. Depreciation as a percentage of average depreciable plant was 4.4% for the year ended September 30, 2020.

***Deferred Outflows of Resources***

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

***Compensated Absences***

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

***Unearned Revenue***

Enterprise funds report unearned revenue in connection with resources that have been received, but not yet earned. The Water Fund received funding for future capital projects from the Texas Water Development Board. These funds will be recognized as revenue as the City completes related capital projects for which these funds were provided. Prepayment for golf course fees within the nonmajor Golf Course Fund are reported as unearned.

**City of Kerrville, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2020**

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***Long-term Obligations***

In the government-wide financial statements, and proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable unamortized bond premium or discount balance at year end.

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

***Defined Benefit Pension Plan***

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

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.

**City of Kerrville, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2020**

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***Deferred Inflows of Resources***

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

***Classification of Fund Equity***

Fund balances are classified as nonspendable, restricted, committed, assigned or unassigned in governmental funds. Nonspendable fund balance cannot be spent, either because it is not in spendable form or because of legal or contractual requirements. Restricted fund balances have constraints for specific purposes which are externally imposed by providers, such as creditors, grantors or other governments or by enabling legislation of the City Council.

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

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

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 purpose for which amounts in any of those fund balance classifications could be used.

The propriety funds and government-wide financial statements have three classifications of equity: (1) net investment in capital assets; (2) restricted net position and (3) unrestricted net position. In the first category, capital assets are netted with related bonded and capital lease debt. Restricted net position includes debt service, grantor and other government restrictions for proprietary funds and the same categories as restricted fund balance for governmental activities.

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***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.

***Future Adoption of Accounting Principles***

The GASB has issued the following potentially significant statements which the City has not yet adopted, and which require adoption subsequent to September 30, 2020.

<u>Statement No.</u>	<u>Title</u>	<u>Adoption Required</u>
84	Fiduciary Activities	September 30, 2021
87	Leases	September 30, 2022
91	Conduit Debt Obligations	September 30, 2022

**Note 2: Deposits and Investments**

At year-end, the carrying amount of the City's cash on hand and deposits with financial institutions was \$8,779,007 (excluding certificates of deposits of \$1,480,000). At September 30, 2020, 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.

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Investments as of September 30, 2020, are as follows:

<b>Investment Type</b>	<b>Carrying Amount</b>	<b>Days to Maturity</b>	<b>Rating as of Year-End</b>
U.S. agency securities	\$ 4,768,682	557	AA+
Commercial paper	13,475,480	179	A-1
Equity securities	901,573	N/A	N/A
TexPool Prime local government pool	8,709,193	53	AAAm
Texas CLASS local government pool	6,487,708	22	AAAm
LOGIC local government pool	7,359,632	54	AAAm
Certificates of deposit	<u>1,480,000</u>	365	N/A
Total fair value – primary government	<u>\$ 43,182,268</u>		
Portfolio weighted-average maturity		153	

Deposits and investments as of September 30, 2020, are classified in the accompanying financial statements as follows:

**Statement of Net Position**

Cash and cash equivalents – primary government	\$ 6,617,056
Restricted cash and cash equivalents – primary government	22,181,057
Investments – primary government	5,910,415
Restricted investments – primary government	14,855,569
Cash and cash equivalents – EIC	<u>2,397,178</u>
Total cash, cash equivalents and investments	<u>\$ 51,961,275</u>

Deposits and investments as of September 30, 2020, consist of the following:

Deposits and investments as of September 30, 2020, consist of the following	
Deposits (excluding certificates of deposits)	\$ 8,779,007
Investments	<u>43,182,268</u>
Total deposits and investments	<u>\$ 51,961,275</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.

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The City is invested in Texas Cooperative Liquid Assets Securities System (Texas CLASS) Trust. Texas CLASS was created as an investment pool for its participants pursuant to Section 2256.016 of the *Public Funds Investment Act*, Texas Government Code, or other laws of the State of Texas governing the investment of funds of a participant or funds under its control. Texas CLASS is administered by Public Trust Advisors, LLC with Wells Fargo Bank Texas, NA as the Custodian and is supervised by a Board of Trustees who are elected by the participants.

The City is invested in the Texas Local Government Investment Cooperative (LOGIC) Liquid Asset Portfolio. LOGIC is a AAA rated local government investment pool administered by Hilltop Securities and JPMorgan Chase. LOGIC investments are not categorized in accordance with GASB Statement No. 3 disclosure requirements since the City has not issued securities, but rather it owns an individual beneficial interest in the assets of the related investment pools. LOGIC uses amortized cost rather than market value to report net position to compute share prices. Accordingly, the fair value of the position in LOGIC is the same as the net asset value of LOGIC shares.

During 2020, the City became the trustee of an endowment fund trust for the library. The City amended its Investment Policy to establish a separate strategy for endowment funds. 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 investment policy has established limits 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	20%
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 two years, with a weighted-average maturity of one year for the total portfolio. Longer maturities may be utilized for bond proceeds, but only if matched to planned expenditures of the funds.
- **Custodial Credit Risk – Investments** –For an investment, this is the risk that, in the event of the failure of a counterparty which is holding the City’s securities as a custodian. The PFIA, Government Code 105 (depository law) and the City’s Investment Policy require that all securities purchased be delivered delivery versus payment to the custodian. Investment are then held in the City’s name. Failure of the custodian would not affect ownership or access to the investments. These guarantees and requirements prevent any custodial credit risk for the City.

**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	Other Governmental Funds	Total Governmental	Water	KPUB	EIC
Taxes receivable	\$ 536,062	\$ 94,775	\$ 630,837	\$ -	\$ -	\$ -
Allowance for uncollectible taxes	(180,845)	(25,285)	(206,130)	-	-	-
	355,217	69,490	424,707	-	-	-
Accounts receivable	2,495,113	-	2,495,113	1,921,003	4,721,105	-
Allowance for uncollectible accounts	(1,716,947)	-	(1,716,947)	(292,690)	(86,344)	-
	778,166	-	778,166	1,628,313	4,634,761	-
Other receivables	-	-	-	-	-	1,949
Allowance for uncollectible accounts	-	-	-	-	-	-
	-	-	-	-	-	1,949
Due from other governments	1,577,887	1,091,499	2,669,386	-	-	687,746
Total	\$ 2,711,270	\$ 1,160,989	\$ 3,872,259	\$ 1,628,313	\$ 4,634,761	\$ 689,695

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**Note 4: Capital Assets**

Capital asset activity for the year ended September 30, 2020, was as follows:

	Balance October 1, 2019	Additions	Sales or Other Dispositions	Adjustments/ Transfers	Balance September 30, 2020
<b>Governmental Activities</b>					
Capital assets not being depreciated					
Land and land improvements	\$ 7,535,757	\$ -	\$ -	\$ -	\$ 7,535,757
Construction in progress	990,746	4,146,793	-	(1,842,303)	3,295,236
Total capital assets not being depreciated	8,526,503	4,146,793	-	(1,842,303)	10,830,993
Capital assets being depreciated					
Buildings	19,657,747	6,600	-	-	19,664,347
Improvements other than buildings	38,036,378	2,226,820	-	-	40,263,198
Streets	34,622,034	1,430,414	-	-	36,052,448
Vehicles	7,744,459	1,092,854	(682,854)	-	8,154,459
Machinery and equipment	4,372,136	289,166	(32,184)	25,590	4,654,708
Office equipment	589,960	201,588	(5,075)	-	786,473
Total capital assets being depreciated	105,022,714	5,247,442	(720,113)	25,590	109,575,633
Less: accumulated depreciation for					
Buildings	(6,932,496)	(540,002)	-	-	(7,472,498)
Improvements other than buildings	(5,889,762)	(933,860)	-	-	(6,823,622)
Streets	(5,761,328)	(4,844,510)	-	-	(10,605,838)
Vehicles	(4,897,601)	(677,526)	606,834	-	(4,968,293)
Machinery and equipment	(2,923,201)	(265,624)	28,767	(25,590)	(3,185,648)
Office equipment	(316,022)	(57,280)	5,044	-	(368,258)
Total accumulated depreciation	(26,720,410)	(7,318,802)	640,645	(25,590)	(33,424,157)
Capital assets being depreciated, net	78,302,304	(2,071,360)	(79,468)	-	76,151,476
Governmental activities capital assets, net	\$ 86,828,807	\$ 2,075,433	\$ (79,468)	\$ (1,842,303)	\$ 86,982,469



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	Balance October 1, 2019	Additions	Sales or Other Dispositions	Adjustments/ Transfers	Balance September 30, 2020
<b>Business-type Activities</b>					
Capital assets not being depreciated					
Land	\$ 488,831	\$ -	\$ -	\$ -	\$ 488,831
Construction in progress	4,461,263	6,873,637	-	-	11,334,900
Total capital assets not being depreciated	4,950,094	6,873,637	-	-	11,823,731
Capital assets being depreciated					
Building	4,168,731	9,865	-	-	4,178,596
Improvements other than buildings	114,058,212	170,865	-	-	114,229,077
Streets	-	25,329	-	-	25,329
Vehicles	1,532,468	-	-	-	1,532,468
Machinery and equipment	3,731,498	247,373	(160,616)	(25,590)	3,792,665
Office equipment	134,948	32,354	-	-	167,302
Total capital assets being depreciated	123,625,857	485,786	(160,616)	(25,590)	123,925,437
Less: accumulated depreciation for					
Building	(1,331,369)	(121,941)	-	-	(1,453,310)
Improvements other than buildings	(38,626,154)	(2,667,514)	-	-	(41,293,668)
Streets	-	(633)	-	-	(633)
Vehicles	(1,178,506)	(95,480)	-	-	(1,273,986)
Machinery and equipment	(2,818,455)	(235,073)	160,616	25,590	(2,867,322)
Office equipment	(113,961)	(7,310)	-	-	(121,271)
Total accumulated depreciation	(44,068,445)	(3,127,951)	160,616	25,590	(47,010,190)
Capital assets being depreciated, net	79,557,412	(2,642,165)	-	-	76,915,247
Business-type activities capital assets, net	\$ 84,507,506	\$ 4,231,472	\$ -	\$ -	\$ 88,738,978

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

General government	\$ 720,139
Public safety	731,459
Culture and recreation	677,991
Public works	5,185,870
Total depreciation expense – governmental activities	<u>\$ 7,315,459</u>
Business-type activities	
Water Fund	\$ 3,057,969
Golf course	69,982
Total depreciation expense – business-type activities	<u>\$ 3,127,951</u>
Internal Service Fund	
Garage fund	<u>\$ 3,343</u>

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	Balance October 1, 2019	Additions	Sales or Other Dispositions	Adjustments/ Transfers	Balance September 30, 2020
<b>EIC</b>					
Land	\$ 1,138,436	\$ -	\$ -	\$ -	\$ 1,138,436
Total capital assets	<u>\$ 1,138,436</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,138,436</u>
	Balance October 1, 2019	Additions	Transfers	Retirements	Balance September 30, 2020
<b>KPUB</b>					
Capital assets, not being depreciated					
Land	\$ 233,398	\$ 19,487	\$ -	\$ -	\$ 252,885
Construction in progress	<u>4,154,160</u>	<u>4,868,420</u>	<u>(4,635,766)</u>	<u>-</u>	<u>4,386,814</u>
Total capital assets not being depreciated	<u>4,387,558</u>	<u>4,887,907</u>	<u>(4,635,766)</u>	<u>-</u>	<u>4,639,699</u>
Capital assets, being depreciated					
Buildings	6,894,394	-	496,070	20,794	7,369,670
Improvements other than buildings	68,698,361	-	3,611,072	402,738	71,906,695
Vehicles	3,006,656	-	114,631	44,657	3,076,630
Machinery and equipment	<u>1,737,207</u>	<u>-</u>	<u>413,993</u>	<u>-</u>	<u>2,151,200</u>
Total capital assets being depreciated	<u>80,336,618</u>	<u>-</u>	<u>4,635,766</u>	<u>468,189</u>	<u>84,504,195</u>
Less accumulated depreciation for					
Buildings	(4,573,312)	(348,379)	-	20,794	(4,900,897)
Improvements other than buildings	(32,305,782)	(3,000,063)	-	594,736	(34,711,109)
Vehicles	(1,159,988)	(227,715)	-	44,657	(1,343,046)
Machinery and equipment	<u>(472,832)</u>	<u>(83,767)</u>	<u>-</u>	<u>-</u>	<u>(556,599)</u>
Total accumulated depreciation	<u>(38,511,914)</u>	<u>(3,659,924)</u>	<u>-</u>	<u>660,187</u>	<u>(41,511,651)</u>
Total capital assets being depreciated, net	<u>41,824,704</u>	<u>(3,659,924)</u>	<u>4,635,766</u>	<u>1,128,376</u>	<u>42,992,544</u>
Business-type activities capital assets, net	<u>\$ 46,212,262</u>	<u>\$ 1,227,983</u>	<u>\$ -</u>	<u>\$ 1,128,376</u>	<u>\$ 47,632,243</u>

KPUB uses a composite rate to depreciate its investment in the electric plant. The composite rate was 4.4% for the year ended September 30, 2020.

**Construction Commitments**

The City has numerous active construction projects as of September 30, 2020. The projects include street, water and sewer projects, park and other improvements. These improvements are being paid with bond proceeds, EIC contributions and internally generated sources.

	Spent to Date	Remaining Commitments	Total Commitments
Governmental IP Fund			
River Trail-Schreiner University	\$ 1,272,656	\$ 15,050	\$ 1,287,706
Olympic Drive Extension	1,864,454	783,887	2,648,341
Street Reconstruction	873,756	1,988,862	2,862,618
Clock Tower Elevator Enclosure	-	348,242	348,242
	<u>\$ 4,010,866</u>	<u>\$ 3,136,041</u>	<u>\$ 7,146,907</u>
Water Fund			
TTHM Mitigation	\$ 3,885,229	\$ 162,253	\$ 4,047,482
	<u>\$ 3,885,229</u>	<u>\$ 162,253</u>	<u>\$ 4,047,482</u>

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**Note 5: Interfund Receivables, Payables, and Transfers**

Interfund receivables and payables:

Interfund Payable	Interfund Receivable General Fund
Water Fund	\$ 49,145
Nonmajor Enterprise Funds	8,434
Grant Fund	1,062,783
Internal Service Funds	4,758
	<u>\$ 1,125,120</u>

The interfund receivable and payable listed above was necessary due to timing of payroll reimbursement by the Water Fund, Golf Fund and Internal Service Fund and related to a pending reimbursement in the Grant Fund.

Interfund transfers:

Transfer Fund	Transfer In	Transfer Out	Purpose of Transfer
General	\$ 2,344,998	\$ 2,172,825	Budgetary
Governmental IP	2,102,825	116,690	Capital Projects
Library Memorial	76,690	-	Capital Projects
Hotel/Motel	3,340	40,000	Budgetary
Hotel Reserve	-	3,340	Operating
Grant	-	66,805	Operating
Debt Service	-	44,233	Budgetary and Debt Proceeds
Golf Course	80,000	-	Budgetary
Water	-	2,163,960	Budgetary
	<u>\$ 4,607,853</u>	<u>\$ 4,607,853</u>	

- **Eliminations** – Interfund transfers are reported in the governmental activities and business-type activities fund financial statements. In the government-wide financial statements, interfund transfers are eliminated within the governmental activities column and within the business-type column.
- **Purpose of Transfers** – Interfund transfers between the General Fund, Nonmajor Governmental Funds and the Governmental IP Fund relate to the funding of capital projects. The Water Fund provides transfers to the General Fund to pay for administrative services and street use. Debt Service Fund transfers relate to an interfund loan. The Hotel/Motel Fund transfer relates to funding for tourism events in other funds. The Golf Course Fund receives funding transfers for operational expenses.

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**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 December 2019 the City refunded the remaining principal balance of the Certificate of Obligation, Series 2011 and issued \$2,285,000 of Series 2019 General Obligation Refunding Bonds, with interest rates ranging from 2.0% to 5% at a premium of \$248,548.

In September 2020, City's EIC Component Unit borrowed \$1,000,000 from KPUB, with an interest rate of 2.0% payable with a balloon payment in 2023. The proceeds will be used to fund an economic development incentive project.

Debt Currently Outstanding:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Component Units</b>
<b>Certificates of Obligations</b>			
Combination Tax and Revenue Certificates of Obligation, Series 2008, 3.33%, maturing in annual installments of \$185,000 to \$225,000 through 2023	\$ -	\$ 655,000	\$ -
Combination Tax and Revenue Certificates of Obligation, Series 2012, 2.00% to 2.50%, maturing in annual installments of \$465,000 to \$645,000 through 2032	2,370,000	4,200,000	-
Combination Tax and Revenue Certificates of Obligation, Series 2013, 1.50% to 2.75%, maturing in annual installments of \$450,000 to \$610,000 through 2033	-	6,960,000	-
Combination Tax and Revenue Certificates of Obligation, Series 2015, 2% to 3.625%, maturing in annual installments of \$360,000 to \$585,000 through 2035	7,115,000	-	-
Combination Tax and Revenue Certificates of Obligation, Series 2016, 2% to 3.625%, maturing in annual installments of \$370,000 to \$610,000 through 2035	-	7,650,000	-
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.	-	8,000,000	-
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.	-	4,995,000	-
Combination Tax and Revenue Certificates of Obligation, Series 2019, 2% to 4.0%, maturing in annual installments of \$330,000 to \$635,000 through 2040	9,520,000	-	-
	<u>\$ 19,005,000</u>	<u>\$ 32,460,000</u>	<u>\$ -</u>

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	Governmental Activities	Business-type Activities	Component Units
<b>General Obligations</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	\$ 4,455,000	\$ 8,285,000	\$ -
General Obligation Refunding Bonds, Series 2019, 2.00% to 5.00%, maturing in annual installments of \$175,000 to \$245,000 through 2031	<u>2,275,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 6,730,000</u>	<u>\$ 8,285,000</u>	<u>\$ -</u>
<b>Revenue Bonds</b>			
City of Kerrville, Texas Electric System Revenue Refunding Bonds, Series 2013, 0.49% to 4.13%; maturing in annual installments of \$375,000 to \$520,000 through 2029	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,081,000</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	\$ -	\$ 7,500,000	\$ -
Kerrville Public Utility Board Loan, 2%, payable in one payment due in 2024	<u>1,000,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,000,000</u>	<u>\$ 7,500,000</u>	<u>\$ -</u>

During the year ended September 30, 2019, the following changes occurred in business-type and governmental activities long-term debt:

	Beginning of Year	Additions	Deletions	End of Year	Within One Year
<b>Governmental Activities</b>					
General obligation bonds	\$ 5,220,000	\$ 2,285,000	\$ 775,000	\$ 6,730,000	\$ 970,000
Certificates of obligation	22,580,000	-	3,575,000	19,005,000	910,000
Kerrville Public Utility Board note	-	1,000,000	-	1,000,000	-
Unamortized bond premium	<u>1,307,685</u>	<u>248,548</u>	<u>204,982</u>	<u>1,351,251</u>	<u>204,982</u>
Net bonds and notes payable	29,107,685	3,533,548	4,554,982	28,086,251	2,084,982
Compensated absences	1,003,698	662,497	544,265	1,121,930	608,377
Landfill closure and post-closure costs	<u>3,584,670</u>	<u>-</u>	<u>2,114,699</u>	<u>1,469,971</u>	<u>-</u>
Governmental activity long-term liabilities	<u>\$ 33,696,053</u>	<u>\$ 4,196,045</u>	<u>\$ 7,213,946</u>	<u>\$ 30,678,152</u>	<u>\$ 2,693,359</u>
<b>Business-type Activities</b>					
General obligation bonds	\$ 9,830,000	\$ -	\$ 1,545,000	\$ 8,285,000	\$ 1,315,000
Certificates of obligation	33,845,000	-	1,385,000	32,460,000	1,550,000
Kerrville Public Utility Board note	7,500,000	-	-	7,500,000	-
Unamortized bond premium	<u>1,055,177</u>	<u>-</u>	<u>162,210</u>	<u>892,967</u>	<u>162,210</u>
Net bonds and notes payable	52,230,177	-	3,092,210	49,137,967	3,027,210
Compensated absences	<u>201,089</u>	<u>127,723</u>	<u>106,559</u>	<u>222,253</u>	<u>153,314</u>
Business-type activity long-term liabilities	<u>\$ 52,431,266</u>	<u>\$ 127,723</u>	<u>\$ 3,198,769</u>	<u>\$ 49,360,220</u>	<u>\$ 3,180,524</u>
<b>Discrete Component Unit – KPUB</b>					
Revenue refunding bonds	<u>\$ 4,473,000</u>	<u>\$ -</u>	<u>\$ 392,000</u>	<u>\$ 4,081,000</u>	<u>\$ 401,000</u>

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For the governmental activities, compensated absences and landfill closure and post-closure costs are generally liquidated by the General Fund.

Annual debt service requirements to maturity for debt, excluding bond premium, is as follows:

Fiscal Years Ending September 30	Governmental Activities		
	Principal	Interest	Total
2021	\$ 1,880,000	\$ 836,224	\$ 2,716,224
2022	1,935,000	781,749	2,716,749
2023	1,540,000	731,571	2,271,571
2024	2,590,000	683,236	3,273,236
2025	1,645,000	613,105	2,258,105
2026-2030	8,320,000	2,157,163	10,477,163
2031-2035	5,810,000	912,219	6,722,219
2036-2040	3,015,000	193,863	3,208,863
Total	<u>\$ 26,735,000</u>	<u>\$ 6,909,130</u>	<u>\$ 33,644,130</u>

Fiscal Years Ending September 30	Business-type Activities		
	Principal	Interest	Total
2021	\$ 2,865,000	\$ 1,232,002	\$ 4,097,002
2022	3,160,000	1,158,125	4,318,125
2023	3,246,429	1,083,842	4,330,271
2024	3,416,429	1,004,915	4,421,344
2025	3,481,429	918,990	4,400,418
2026-2030	17,070,714	3,086,192	20,156,906
2031-2035	7,530,000	1,371,884	8,901,884
2036-2040	2,290,000	758,745	3,048,745
2041-2045	2,560,000	489,972	3,049,972
2046-2050	2,625,000	178,131	2,803,131
Total	<u>\$ 48,245,000</u>	<u>\$ 11,282,798</u>	<u>\$ 59,527,798</u>

Fiscal Years Ending September 30	KPUB		
	Principal	Interest	Total
2021	401,000	130,055	531,055
2022	411,000	120,325	531,325
2023	422,000	109,197	531,197
2024	434,000	96,584	530,584
2025	448,000	82,531	530,531
2026-2030	1,965,000	159,053	2,124,053
Total	<u>\$ 4,081,000</u>	<u>\$ 697,745</u>	<u>\$ 4,778,745</u>

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**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 \$1,469,971 as of September 30, 2020, is based on 11.9% usage (filled) of the landfill. It is estimated that an additional \$10,872,611 will be recognized as post-closure care expenses between the date of the statement of net position and the date the landfill is expected to be filled to capacity. The City received approval from the Texas Commission on Environmental Quality in fiscal year 2020 to greatly expand permitted capacity. The City expects the new capacity to be sufficient for 100 years. The City's estimated total cost of the landfill post-closure care of \$12,342,582 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, 2020. 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).

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***Contingent Liabilities and Commitments***

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

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

**Note 8: Employee Retirement Systems and Pension Plans**

***Plan Description***

The City and KPUB, one of its discretely presented component units, participate as two of 880 plans in the nontraditional, joint contributory, hybrid agent multiple-employer defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the *TMRS Act*, Subtitle G, Title 8, Texas Government Code (TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS' defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. The plan provisions as adopted by the City and KPUB are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by TMRS. This report may be obtained by writing to TMRS, P. O. Box 149153, Austin, Texas 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at [www.TMRS.com](http://www.TMRS.com).

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

For the year ended September 30, 2020, the City and KPUB reported the following:

	<b>City</b>	<b>KPUB</b>	<b>Entity</b>
Pension liability	\$ 5,461,433	\$ 1,150,256	\$ 6,611,689
Deferred outflows of resources	2,028,056	1,926,012	3,954,068
Deferred inflows of resources	2,659,051	2,530,105	5,189,156
Pension expense	2,773,131	519,777	3,292,908

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



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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

Employees Covered by Benefit Terms:

At the December 31, 2019, valuation and measurement date, the following employees were covered by the benefit terms:

	<u>City</u>	<u>KPUB</u>
Retirees or beneficiaries currently receiving benefits	245	39
Inactive employees entitled to but not yet receiving benefits	179	30
Active employees	<u>305</u>	<u>53</u>
Total	<u>729</u>	<u>122</u>

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**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, 2020, contributions of \$1,815,452 and \$558,073, 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, 2020, were measured as of December 31, 2019, 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, 2019, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year for the City and KPUB
Overall Payroll Growth	3.5% per year for the City and KPUB
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation for the City and KPUB

Salary increases were based on a service-related table. Mortality rates for active members, retirees and beneficiaries were based on the gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates are projected on a fully generational basis by scale UMP to account for future mortality improvements. For disabled annuitants, the mortality tables for healthy retirees is used with a four-year set-forward for males and a three-year set-forward for females.

Actuarial assumptions used in the December 31, 2019, valuations were based on the results of actuarial experience studies. This experience study was for the period December 31, 2014 through December 31, 2018. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2014 through 2018, and dated December 31, 2019. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return (Arithmetic)</b>
Global equity	30.0%	5.30%
Core fixed income	10.0%	1.25%
Non-core fixed income	20.0%	4.14%
Real return	10.0%	3.85%
Real estate	10.0%	4.00%
Absolute return	10.0%	2.48%
Private equity	10.0%	7.75%
Total	100%	

**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 employee contributions will remain at the current 7.00% and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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Changes in the City's Net Pension Liability:

	Increase (Decrease)		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) – (b)</b>
Balances as of October 1, 2019	\$ 82,717,176	\$ 71,919,013	\$ 10,798,163
Changes for the year:			
Service cost	2,639,179	-	2,639,179
Interest on total pension liability	5,537,157	-	5,537,157
Effect of difference in expected and actual experience	324,153	-	324,153
Effect of assumptions changes or inputs	287,290	-	287,290
Employer contributions	-	1,815,452	(1,815,452)
Member contributions	-	1,264,794	(1,264,794)
Benefit payments, including refunds of employee contributions	(4,009,623)	(4,009,623)	-
Net investment income	-	11,108,975	(11,108,975)
Administrative expenses	-	(62,825)	62,825
Other	-	(1,887)	1,887
Balances as of September 30, 2020	<u>\$ 87,495,332</u>	<u>\$ 82,033,899</u>	<u>\$ 5,461,433</u>

Changes in KPUB's Net Pension Liability:

	Increase (Decrease)		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) – (b)</b>
Balances as of December 31, 2018	\$ 28,178,787	\$ 24,878,818	\$ 3,299,969
Changes for the year:			
Service cost	635,605	-	635,605
Interest on total pension liability	1,888,697	-	1,888,697
Effect of difference in expected and actual experience	(6,158)	-	(6,158)
Changes of assumptions	(2,821)	-	(2,821)
Employer contributions	-	282,671	(282,671)
Member contributions	-	558,073	(558,073)
Net investment income	-	3,846,678	(3,846,678)
Benefit payments, including refunds of employee contributions	(1,031,788)	(1,031,788)	-
Administrative expenses	-	(21,733)	21,733
Other	-	(653)	653
Balances as of December 31, 2019	<u>\$ 29,662,322</u>	<u>\$ 28,512,066</u>	<u>\$ 1,150,256</u>

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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 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:

	<b>1% Decrease in Discount Rate (5.75%)</b>	<b>Current Discount Rate (6.75%)</b>	<b>1% Increase in Discount Rate (7.75%)</b>
City's net pension liability (asset)	\$ 17,494,789	\$ 5,461,433	\$ (4,469,068)
KPUB's net pension liability (asset)	\$ 5,439,179	\$ 1,150,256	\$ (2,365,114)

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.tmrs.com](http://www.tmrs.com).

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended September 30, 2020, the City and KPUB recognized pension expense of \$2,773,131 and \$519,777, respectively.

At September 30, 2020, the City and KPUB reported deferred outflows of resources related to pensions 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	\$ 398,499	\$ 153,201	\$ -	\$ 145,951
Changes of assumptions	216,529	-	-	2,084
Differences between projected and actual investment earnings	-	2,505,850	1,513,469	2,382,070
Contributions subsequent to the measurement date through year-end	1,413,028	-	412,543	-
Total	<u>\$ 2,028,056</u>	<u>\$ 2,659,051</u>	<u>\$ 1,926,012</u>	<u>\$ 2,530,105</u>

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Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$1,413,028 and \$412,543 made by the City and KPUB, respectively, will be recognized as a reduction of the net pension liability for the year ending September 30, 2020.

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

Year Ended September 30	City	KPUB
2021	\$ (522,272)	\$ (352,525)
2022	(639,970)	(298,040)
2023	360,074	67,399
2024	<u>(1,241,855)</u>	<u>(433,470)</u>
Total	<u>\$ (2,044,023)</u>	<u>\$ (1,016,636)</u>

**Note 9: Other Postemployment Benefit Plan**

***Plan Description***

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

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

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***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 GASBS 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 GASBS No. 75 and are used to determine the benefit payments shown in the changes in the total OPEB liability.

Benefit terms are established under the TMRS Act. Participation in the retiree SDBF is optional and the employer may elect to opt out of (or opt into) coverage as of January 1 each year. KPUB's contribution rate for the retiree SDBF program is calculated annually on an actuarial basis and is equal to the cost of providing a one-year death benefit equal to \$7,500.

***Contributions***

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

***Employees Covered by Benefit Terms***

At the December 31, 2019, valuation and measurement date, the following employees were covered by the benefit terms:

	<u>City</u>	<u>KPUB</u>
Inactive employees or beneficiaries currently receiving benefits	199	37
Inactive employees entitled to but not yet receiving benefits	54	19
Active employees	<u>307</u>	<u>53</u>
Total employees	<u>560</u>	<u>109</u>

***Total OPEB Liability***

The City's total OPEB liability and KPUB's total OPEB liability at September 30, 2020, were measured as of December 31, 2019, and was determined by an actuarial valuation as of that date.

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**Actuarial Assumptions**

	<u>December 31, 2019</u>
Actuarial Cost Method	Individual Entry-Age
Discount Rate	2.75% as of December 31, 2019 (3.71% as of December 31, 2018)
Inflation	2.50%
Overall Payroll Growth	3.50% to 11.50%, including inflation
Administrative Expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality Rates – Service Retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality Rates – Disabled Retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year 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 Scale UMP to account for future mortality improvements subject to the floor.

The TMRS SDBF is treated as unfunded OPEB plan because the SDBF trust covers both actives and retirees and the assets are not segregated for these groups. Under GASBS No. 75 (paragraph 155), the discount rate for an unfunded OPEB plan should be based on 20-year tax-exempt AA or higher Municipal Bonds. Therefore, a discount rate 2.75% based on the 20 Year Bond GO Index published by bondbuyer.com is used as of the measurement date of December 31, 2019. At transition, GASBS No. 75 also requires that the Total OPEB Liability (TOL) as of the prior fiscal year end be estimated based on the 20 Year Bond GO Index.

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

	<u>Total OPEB Liability</u>
Balance as of October 1, 2018	\$ 1,134,035
Changes for the year:	
Service cost	36,128
Interest on total OPEB liability	42,542
Effect of differences between expected and actual experience	(72,096)
Effect of assumption changes and inputs	215,336
Benefit payments	<u>(10,839)</u>
Balance as of September 30, 2019	<u>\$ 1,345,106</u>



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

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

	<u><b>Total OPEB Liability</b></u>
Balance as of December 31, 2018	\$ 234,590
Changes for the year:	
Service cost	6,057
Interest on total OPEB liability	8,786
Effect of differences between expected and actual experience	(1,294)
Effect of assumption changes and inputs	48,695
Benefit payments	<u>(1,615)</u>
Balance as of December 31, 2019	<u>\$ 295,219</u>

***Sensitivity Analysis***

The following presents the Total OPEB Liability of the employer, calculated using the discount rate of 2.75%, as well as what the Total OPEB Liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.75%) or 1 percentage point higher (3.75%) 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.

	<u><b>1% Decrease in Discount Rate (1.75%)</b></u>	<u><b>Current Discount Rate (2.75%)</b></u>	<u><b>1% Increase in Discount Rate (3.75%)</b></u>
City's total OPEB liability	\$ 1,627,060	\$ 1,345,106	\$ 1,125,249
KPUB's total OPEB liability	\$ 357,078	\$ 295,219	\$ 246,851

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

For the year ended September 30, 2020, the City and KPUB recognized OPEB expense of \$110,318 and \$26,506, respectively.

At September 30, 2020, the City and KPUB reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	City		KPUB	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,357	\$ 58,770	\$ 67	\$ -
Changes of assumptions	215,370	49,910	34,420	-
Contributions subsequent to the measurement date through year-end	26,503	-	-	-
Total	<u>\$ 254,230</u>	<u>\$ 108,680</u>	<u>\$ 34,487</u>	<u>\$ -</u>

Contributions subsequent to the measurement date and before fiscal year-end will be recognized as a reduction of the total OPEB liability in the year ending September 30, 2020.

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

Year Ended	City	KPUB
2020	\$ 31,649	\$ 11,663
2021	31,649	10,061
2022	23,870	8,850
2023	21,024	3,913
2024	10,855	-
Total	<u>\$ 119,047</u>	<u>\$ 34,487</u>

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**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. The following is condensed financial information for the airport as of and for the year ended September 30, 2020:

<b>Assets</b>			
Cash	\$ 809,395	<b>Revenues</b>	
Accounts receivable, net	9,466	Operating grants and contributions	\$ 99,954
Prepaid items	9,762	Capital grants and contributions	123,034
Nondepreciable property		Charges for services	<u>469,921</u>
Land	2,872,627	<b>Total Revenues</b>	692,909
CIP	103,500		
Depreciable property, net		<b>Expenses</b>	
Buildings	3,348,122	Airport operations	<u>1,087,933</u>
Improvements	9,966,987	<b>Operating loss</b>	(395,024)
Furniture and equipment	7,791		
Vehicle	<u>5,121</u>	<b>General Revenues</b>	
Total assets	<u>17,132,771</u>	Extraordinary item, net	5,282
		Investment earnings	<u>317</u>
			5,599
<b>Liabilities and Net Position</b>		<b>Change in Net Position</b>	(389,425)
<b>Liabilities</b>		<b>Net Position, Beginning of Year</b>	<u>17,325,891</u>
Accounts payable	\$ 13,889	<b>Net Position, End of Year</b>	<u>\$ 16,936,466</u>
Wages and salaries payable	8,175		
Unearned revenue	154,931		
Other current liabilities	<u>19,310</u>		
Total liabilities	<u>196,305</u>		
<b>Net Position</b>			
Net investment in capital assets	16,304,148		
Restricted for capital projects	39,771		
Unrestricted	<u>592,547</u>		
Total net position	<u>\$ 16,936,466</u>		

**Note 11: Disclosures About Fair Value of Assets**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

**City of Kerrville, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2020**

***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, 2020:

		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Fair Value			
<b>Investments by fair value level</b>				
U.S. agency securities	\$ 4,768,682	\$ -	\$ 4,768,682	\$ -
Equity securities	901,573	901,573	-	-
Commercial paper	13,475,480	-	13,475,480	-
Total investments by fair value level	19,145,735	\$ 901,573	\$ 18,244,162	\$ -
<b>Investments measured at net asset value</b>				
LOGIC	\$ 7,359,632			
Texas CLASS	6,487,708			
	13,847,340			
<b>Investments measured at amortized cost</b>				
Texpool Prime	\$ 6,171,766			
Texpool Prime (EIC)	2,397,178			
Texpool Prime - Library	140,249			
Certificate of deposits	1,480,000			
	10,189,193			
Total investments	\$ 43,182,268			

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, 2020, no investments were classified within Level 3 of the fair value hierarchy.

**City of Kerrville, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2020**

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**Note 12: Subsequent Event**

In October 2020, the City issued \$11,245,000 of General Obligation Refunding bonds, Series 2020. The debt was issued to refund remaining principal amounts due for the Certificates of Obligation, Series 2012 and Certificates of Obligation, Series 2013. The refunding resulted in a net present value savings of \$815,993.

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**Required Supplementary Information**

**City of Kerrville, Texas**  
**Schedule of Changes in Net Pension Liability and Related Ratios – City**  
**Texas Municipal Retirement System**

**Exhibit B-1**

	Measurement Year 2014	Measurement Year 2015	Measurement Year 2016	Measurement Year 2017	Measurement Year 2018	Measurement Year 2019
<b>Total Pension Liability:</b>						
Service cost	\$ 1,951,508	\$ 2,199,722	\$ 2,302,945	\$ 2,369,887	\$ 2,516,755	\$ 2,639,179
Interest	4,299,140	4,537,125	4,749,013	5,033,587	5,299,675	5,537,157
Difference between expected and actual experience	224,385	833,034	752,018	413,315	(297,054)	324,153
Change of assumptions	-	1,401,697	-	-	-	287,290
Benefit payments, including refunds of employee contributions	(2,893,459)	(3,505,260)	(3,461,755)	(3,781,320)	(4,115,045)	(4,009,623)
<b>Net Change in Total Pension Liability</b>	<b>3,581,574</b>	<b>5,466,318</b>	<b>4,342,221</b>	<b>4,035,469</b>	<b>3,404,331</b>	<b>4,778,156</b>
<b>Total Pension Liability – Beginning</b>	<b>61,887,263</b>	<b>65,468,837</b>	<b>70,935,155</b>	<b>75,277,376</b>	<b>79,312,845</b>	<b>82,717,176</b>
<b>Total Pension Liability – Ending (a)</b>	<b>65,468,837</b>	<b>70,935,155</b>	<b>75,277,376</b>	<b>79,312,845</b>	<b>82,717,176</b>	<b>87,495,332</b>
<b>Plan Fiduciary Net Position:</b>						
Contributions – employer	1,285,810	1,333,494	1,326,321	1,572,311	1,713,463	1,815,452
Contributions – employee	1,033,371	1,087,221	1,103,361	1,141,721	1,206,664	1,264,794
Net investment income	3,552,041	95,956	4,323,251	9,313,809	(2,257,846)	11,108,975
Benefit payments, including refunds of employee contributions	(2,893,459)	(3,505,260)	(3,461,755)	(3,781,320)	(4,115,045)	(4,009,623)
Administrative expense	(37,086)	(58,447)	(48,835)	(48,283)	(43,661)	(62,825)
Other	(3,049)	(2,887)	(2,631)	(2,445)	(2,284)	(1,887)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>2,937,628</b>	<b>(1,049,923)</b>	<b>3,239,712</b>	<b>8,195,793</b>	<b>(3,498,709)</b>	<b>10,114,886</b>
<b>Plan Fiduciary Net Position – Beginning</b>	<b>62,094,512</b>	<b>65,032,140</b>	<b>63,982,217</b>	<b>67,221,929</b>	<b>75,417,722</b>	<b>71,919,013</b>
<b>Plan Fiduciary Net Position – Ending (b)</b>	<b>65,032,140</b>	<b>63,982,217</b>	<b>67,221,929</b>	<b>75,417,722</b>	<b>71,919,013</b>	<b>82,033,899</b>
<b>City's Net Pension Liability – Ending (a) - (b)</b>	<b>\$ 436,697</b>	<b>\$ 6,952,938</b>	<b>\$ 8,055,447</b>	<b>\$ 3,895,123</b>	<b>\$ 10,798,163</b>	<b>\$ 5,461,433</b>
Plan fiduciary net position as a percentage of total pension liability	99.3%	90.2%	89.3%	95.1%	86.9%	93.8%
Covered payroll	\$ 14,762,442	\$ 15,523,799	\$ 15,752,020	\$ 16,310,305	\$ 17,238,051	\$ 18,064,196
City's net pension liability as a percentage of covered payroll	3.0%	44.8%	51.1%	23.9%	62.6%	30.2%

**Other Information:**

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

The information in this schedule has been determined as of the measurement date (December 31) of the City's net pension liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provisions of GASB 68, only periods for which such information is available are presented.

**City of Kerrville, Texas**  
**Schedule of Contributions – City**  
**Texas Municipal Retirement System**

**Exhibit B-2**

	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020
Actuarially determined contribution	\$ 1,325,004	\$ 1,376,486	\$ 1,539,845	\$ 1,677,349	\$ 1,795,272	\$ 1,847,610
Contribution in relation of the actuarially determined contribution	1,325,004	1,376,486	1,539,845	1,677,349	1,795,272	1,847,610
<b>Contribution Deficiency (Excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Covered payroll	15,367,386	15,968,863	16,148,368	16,993,172	17,909,038	18,273,148
Contributions as a percentage of covered payroll	8.6%	8.6%	9.5%	9.9%	10.0%	10.1%

**Notes to Schedule:**

**Valuation Date:**

Actuarially determined contribution rates are calculated as of December 31<sup>st</sup> each year and become effective in January, 12 months and a day later.

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 11.5% 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 2019 valuation pursuant to an experience study of the period 2014-2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.  Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.



**City of Kerrville, Texas**  
**Schedule of Changes in Total OPEB Liability and Related Ratios - City**  
**Texas Municipal Retirement System**

Exhibit B-3

**Other Information:**

The information in this schedule has been determined as of the City's most recent fiscal year-end and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provisions of GASB 68, only periods for which such information is available are presented.

	Measurement Year 2017	Measurement Year 2018	Measurement Year 2019
<b>Total OPEB Liability:</b>			
Service cost	\$ 32,621	\$ 39,648	\$ 36,128
Interest	37,409	37,753	42,542
Difference between expected and actual experience	-	19,397	(72,096)
Change in assumptions	87,451	(78,350)	215,336
Benefit payments	(9,786)	(10,343)	(10,839)
<b>Net Change in Total OPEB Liability</b>	147,695	8,105	211,071
<b>Total OPEB Liability – Beginning</b>	978,235	1,125,930	1,134,035
<b>Total OPEB Liability – Ending</b>	<u>\$ 1,125,930</u>	<u>\$ 1,134,035</u>	<u>\$ 1,345,106</u>
<b>Covered Payroll</b>	16,310,305	17,238,051	18,064,196
<b>Total OPEB Liability as a Percentage of Covered Payroll</b>	6.90%	6.58%	7.45%

**City of Kerrville, Texas**  
**Schedule of Changes in Net Pension Liability and Related Ratios – KPUB**  
**Last Five Fiscal Years**

Exhibit B-4

**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.

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

**Other Information:**

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

The information in this schedule has been determined as of the measurement date (December 31) of KPUB's net pension liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provision of GASB 68, only periods for which such information is available are presented.

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

Exhibit B-5

	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019
Actuarially determined contribution	\$ 486,427	\$ 478,030	\$ 496,124	\$ 537,357	\$ 558,424
Contribution in relation of the actuarially determined contribution	<u>486,427</u>	<u>478,030</u>	<u>496,124</u>	<u>537,357</u>	<u>558,424</u>
<b>Contribution Deficiency (Excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Covered payroll	4,165,019	4,052,120	4,020,268	3,919,181	4,012,557
Contributions as a percentage of covered payroll	11.7%	11.8%	12.3%	13.7%	13.9%

**Notes to Schedule:**

**Valuation Date:**

Actuarial determined contribution rates are calculated as of December 31<sup>st</sup> each year and become effective in January, 12 months and a day later.

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 11.5% 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 2019 valuation pursuant to an experience study of the period 2014-2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.  Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

**Other Information:**

The information in this schedule has been determined as of KPUB's most recent fiscal year-end and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provision of GASB 68, only periods for which such information is available are presented.

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**City of Kerrville, Texas**  
**Schedule of Changes in Total OPEB Liability and Related Ratios – KPUB**  
**Texas Municipal Retirement System**

Exhibit B-6

	Measurement Year 2017	Measurement Year 2018	Measurement Year 2019
<b>Total OPEB Liability:</b>			
Service cost	\$ 5,999	\$ 6,629	\$ 6,057
Interest	7,837	7,918	8,786
Difference between expected and actual experience	-	1,880	(1,294)
Change in assumptions	18,923	(17,158)	48,695
Benefit payments	<u>(1,200)</u>	<u>(1,170)</u>	<u>(1,615)</u>
<b>Net Change in Total OPEB Liability</b>	31,559	(1,901)	60,629
<b>Total OPEB Liability – Beginning</b>	<u>204,932</u>	<u>236,491</u>	<u>234,590</u>
<b>Total OPEB Liability – Ending</b>	<u><u>\$ 236,491</u></u>	<u><u>\$ 234,590</u></u>	<u><u>\$ 295,219</u></u>
<b>Covered Payroll</b>	3,999,227	3,899,540	4,038,153
<b>Total OPEB Liability as a Percentage of Covered Payroll</b>	5.91%	6.02%	7.31%

**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, 2020**

	<b>Budgeted Amounts</b>			<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues</b>				
Taxes, penalties and interest	\$ 19,432,653	\$ 19,432,653	\$ 19,699,578	\$ 266,925
Intergovernmental	1,450,859	1,450,859	1,457,455	6,596
Licenses and permits	713,415	713,415	946,315	232,900
Charges for services	4,634,618	4,634,618	4,301,930	(332,688)
Fines and forfeitures	605,000	605,000	286,338	(318,662)
Grants	29,500	29,500	1,308,931	1,279,431
Investment income	267,200	267,200	280,286	13,086
Miscellaneous	354,727	419,092	375,514	(43,578)
Total revenues	27,487,972	27,552,337	28,656,347	1,104,010
<b>Expenditures</b>				
General government				
City council	12,789	11,367	8,088	3,279
City secretary	253,998	247,810	229,629	18,181
City attorney	291,830	278,386	278,084	302
Municipal court	446,032	426,695	399,434	27,261
City administration	760,995	741,104	740,156	948
Human resources	396,976	382,864	382,740	124
Finance	782,697	771,357	751,499	19,858
Information technology	1,320,847	1,252,907	1,231,681	21,226
General operations	1,365,392	3,362,470	1,244,356	2,118,114
Total general government	5,631,556	7,474,960	5,265,667	2,209,293
Public safety				
Police	6,294,078	5,979,671	4,468,094	1,511,577
Fire	5,147,189	5,257,985	5,257,547	438
Emergency management and training	223,056	167,508	164,498	3,010
Fire prevention	252,540	244,524	239,428	5,096
Emergency medical services	2,778,714	2,641,713	2,474,511	167,202
Total public safety	14,695,577	14,291,401	12,604,078	1,687,323
Public works				
Planning	279,646	229,382	228,752	630
Building services	437,664	445,668	445,269	399
Engineering	569,845	525,103	524,249	854
Streets	3,498,144	2,449,237	2,366,808	82,429
Solid waste	171,087	151,089	145,768	5,321
Code compliance	177,444	163,043	162,767	276
Total public works	5,133,830	3,963,522	3,873,613	89,909

Exhibit B-7

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Culture and recreation				
Kerrville-Schreiner Park	\$ 512,511	\$ 492,818	\$ 462,779	\$ 30,039
Tennis center	27,294	39,590	28,713	10,877
Aquatics	179,083	177,356	165,104	12,252
Parks maintenance	1,460,319	1,338,547	1,239,374	99,173
Sports Complex	609,983	573,257	525,188	48,069
Recreation	209,203	162,816	142,298	20,518
Community events	210,518	166,558	153,041	13,517
Library	716,308	706,851	684,802	22,049
Total culture and recreation	3,925,219	3,657,793	3,401,299	256,494
Capital outlay	1,436,224	1,506,080	1,441,493	64,587
Total expenditures	30,822,406	30,893,756	26,586,150	4,307,606
Excess (deficiency) of revenues over expenditures	(3,334,434)	(3,341,419)	2,070,197	5,411,616
<b>Other Financing Sources (Uses)</b>				
Transfers in	2,278,192	2,275,504	2,344,998	69,494
Transfers out	(170,000)	(2,172,825)	(2,172,825)	-
Total other financing sources	2,108,192	102,679	172,173	69,494
<b>Net Changes in Fund Balance</b>	(1,226,242)	(3,238,740)	2,242,370	5,481,110
<b>Fund Balance, Beginning of Year</b>	14,354,772	14,354,772	14,354,772	-
<b>Fund Balance, End of Year</b>	\$ 13,128,530	\$ 11,116,032	\$ 16,597,142	\$ 5,481,110



**City of Kerrville, Texas**  
**Notes to Required Supplementary Information**  
**September 30, 2020**

***Budgetary Information***

The City follows the following procedures in establishing the budgetary data reflected in the financial statements:

Prior to adoption of a formal budget, the City Manager must file by July 31 with the City Clerk a proposed operating budget for the year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.

A public hearing is conducted to obtain taxpayers' comments.

Prior to October 1 the budget is adopted and legally enacted through passage of an ordinance.

The City Manager is authorized to transfer budgeted amounts between accounts within a fund as long as the request results in a \$0 net impact to the fund. The City Council must authorize all changes to the budget that result in a change to the net position of a fund. Budgeted amounts in this report include transfers and revisions to the original appropriations ordinance; Most department budgets were modified during the year.

Formal budgetary integration is employed as a management control device during the year. The City uses the encumbrance basis which is comprised of GAAP basis transactions modified by encumbrances made for legal obligations incurred as of year-end. Annual budgets are not adopted for capital projects funds which use project length budgets for projects which encompass two or more fiscal years.

Budgets have been adopted for all City funds, including the Economic Improvement Corporation Component Unit fund.

Annual budgeted expenditures are adopted at the department level within funds. As described above, the City Manager is authorized to make transfers within a fund. Accordingly, the level at which expenditures cannot legally exceed appropriations is the fund level.

Appropriations for annually budgeted funds lapse at year-end.

***Excess of Expenditures Over Appropriations***

For the fiscal year ended September 30, 2020, the General Fund had no expenditures in excess of appropriations of the final adopted budget to actual.

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**Combining Statements and Budgetary Comparison  
Schedules as Supplementary Information**

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**City of Kerrville, Texas**  
**Combining Balance Sheet – Nonmajor Governmental Funds**  
**September 30, 2020**

	Special Revenue Funds				
	Library Memorial	Hotel/Motel Tax	Hotel Reserve Fund	History Center	Grant
<b>Assets</b>					
Cash and cash equivalents	\$ 2,771,390	\$ 711,510	\$ -	220,610	\$ -
Investments	-	635,536	-	-	-
Due from other governments	-	-	-	-	1,090,900
Taxes receivable	-	-	-	-	-
Total assets	<u>\$ 2,771,390</u>	<u>\$ 1,347,046</u>	<u>\$ -</u>	<u>\$ 220,610</u>	<u>\$ 1,090,900</u>
<b>Liabilities</b>					
Accounts payable and accrued expenses	31,081	\$ -	\$ -	705	25,000
Due to other funds	-	-	-	-	1,062,783
Total liabilities	<u>31,081</u>	<u>-</u>	<u>-</u>	<u>705</u>	<u>1,087,783</u>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue	-	-	-	-	-
<b>Fund Balances</b>					
Restricted	-	1,347,046	-	-	3,117
Committed	2,740,309	-	-	219,905	-
Total fund balances	<u>2,740,309</u>	<u>1,347,046</u>	<u>-</u>	<u>219,905</u>	<u>3,117</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,771,390</u>	<u>\$ 1,347,046</u>	<u>\$ -</u>	<u>\$ 220,610</u>	<u>\$ 1,090,900</u>

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## 2/17/21

### Exhibit C-1

Special Revenue Funds				Capital Projects Fund	Debt Service Fund	Total Nonmajor Funds
Police	PEG	Municipal Court	TIRZ	Parkland Dedication	Debt Service Fund	
\$ 64,992	\$ 27,163	\$ 56,834	\$ 22,915	\$ 68,253	\$ 619,404	\$ 4,563,071
58,053	24,263	50,766	-	60,965	553,266	1,382,849
-	-	-	-	-	599	1,091,499
-	15,000	-	-	-	54,490	69,490
<u>\$ 123,045</u>	<u>\$ 66,426</u>	<u>\$ 107,600</u>	<u>\$ 22,915</u>	<u>\$ 129,218</u>	<u>\$ 1,227,759</u>	<u>\$ 7,106,909</u>
\$ 10,903	\$ -	\$ 466	\$ -	\$ -	\$ -	\$ 68,155
-	-	-	-	-	-	1,062,783
<u>10,903</u>	<u>-</u>	<u>466</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,130,938</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,724</u>	<u>51,724</u>
112,142	66,426	107,134	22,914	-	1,176,035	2,834,814
-	-	-	-	129,218	-	3,089,432
<u>112,142</u>	<u>66,426</u>	<u>107,134</u>	<u>22,914</u>	<u>129,218</u>	<u>1,176,035</u>	<u>5,924,246</u>
<u>\$ 123,045</u>	<u>\$ 66,426</u>	<u>\$ 107,600</u>	<u>\$ 22,914</u>	<u>\$ 129,218</u>	<u>\$ 1,227,759</u>	<u>\$ 7,106,908</u>

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2/17/21

**City of Kerrville, Texas**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balances – Nonmajor Governmental Funds**  
**Year Ended September 30, 2020**

	<b>Special Revenue Funds</b>				
	<b>Library Memorial</b>	<b>Hotel/Motel Tax</b>	<b>Hotel Reserve Fund</b>	<b>History Center</b>	<b>Grant</b>
<b>Revenues</b>					
Taxes and penalties	\$ -	1,173,973	\$ -	\$ -	\$ -
License and permits	-	-	-	-	-
Charges for services	-	-	-	7	-
Fines and forfeitures	-	-	-	-	-
Intergovernmental / grant	165,944	-	-	-	1,479,891
Investment income	34,821	17,808	1,878	2,970	-
Miscellaneous	621	-	-	14,000	-
	<u>201,386</u>	<u>1,191,781</u>	<u>1,878</u>	<u>16,977</u>	<u>1,479,891</u>
Total revenues					
	<u>201,386</u>	<u>1,191,781</u>	<u>1,878</u>	<u>16,977</u>	<u>1,479,891</u>
<b>Expenditures</b>					
<b>Current</b>					
Culture and recreation	48,657	1,135,485	400,000	7,045	-
Public safety	-	-	-	-	1,338,561
Public works	-	-	-	-	25,000
General government	-	-	-	-	-
Capital outlay	121,855	-	-	-	49,525
<b>Debt Service</b>					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
	<u>170,512</u>	<u>1,135,485</u>	<u>400,000</u>	<u>7,045</u>	<u>1,413,086</u>
Total expenditures					
	<u>170,512</u>	<u>1,135,485</u>	<u>400,000</u>	<u>7,045</u>	<u>1,413,086</u>
Excess (deficiency) of revenues over expenditures	<u>30,874</u>	<u>56,296</u>	<u>(398,122)</u>	<u>9,932</u>	<u>66,805</u>
<b>Other Financing Sources (Uses)</b>					
Issuance of long-term debt	-	-	-	-	-
Premium on issuance of debt	-	-	-	-	-
Payment to the refunded bond escrow agent	-	-	-	-	-
Bond issuance cost	-	-	-	-	-
Transfers in	76,690	3,340	-	-	-
Transfers out	-	(40,000)	(3,340)	-	(66,805)
	<u>76,690</u>	<u>(36,660)</u>	<u>(3,340)</u>	<u>-</u>	<u>(66,805)</u>
Total other financing sources (uses)					
	<u>76,690</u>	<u>(36,660)</u>	<u>(3,340)</u>	<u>-</u>	<u>(66,805)</u>
<b>Net Change in Fund Balances</b>	<u>107,564</u>	<u>19,636</u>	<u>(401,462)</u>	<u>9,932</u>	<u>-</u>
<b>Fund Balances, Beginning of Year</b>	<u>2,632,745</u>	<u>1,327,410</u>	<u>401,462</u>	<u>209,973</u>	<u>3,117</u>
<b>Fund Balances, End of Year</b>	<u>\$ 2,740,309</u>	<u>\$ 1,347,046</u>	<u>\$ -</u>	<u>\$ 219,905</u>	<u>\$ 3,117</u>

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## 2/17/21

### Exhibit C-2

Special Revenue Funds				Capital Projects Fund	Debt Service Fund	Total Nonmajor Funds
Police	PEG	Municipal Court	TIRZ	Parkland Dedication	Debt Service Fund	
\$ -	\$ 61,047	\$ -	\$ 22,899	\$ -	\$ 1,579,214	\$ 2,837,133
-	-	-	-	15,126	-	15,126
44,812	-	-	-	-	-	44,819
-	-	20,309	-	-	-	20,309
5,040	-	-	-	-	1,111,400	2,762,275
1,516	516	1,400	15	1,696	23,924	86,544
1,975	-	-	-	-	-	16,596
<u>53,343</u>	<u>61,563</u>	<u>21,709</u>	<u>22,914</u>	<u>16,822</u>	<u>2,714,538</u>	<u>5,782,802</u>
-	-	-	-	-	-	1,591,187
21,042	-	14,151	-	-	-	1,373,754
-	-	-	-	-	-	25,000
-	46,378	-	-	-	1,000,000	1,046,378
-	-	-	-	-	-	171,380
-	-	-	-	-	1,915,000	1,915,000
-	-	-	-	-	851,628	851,628
<u>21,042</u>	<u>46,378</u>	<u>14,151</u>	<u>-</u>	<u>-</u>	<u>3,766,628</u>	<u>6,974,327</u>
<u>32,301</u>	<u>15,185</u>	<u>7,558</u>	<u>22,914</u>	<u>16,822</u>	<u>(1,052,090)</u>	<u>(1,191,525)</u>
-	-	-	-	-	3,285,000	3,285,000
-	-	-	-	-	248,548	248,548
-	-	-	-	-	(2,435,000)	(2,435,000)
-	-	-	-	-	(69,233)	(69,233)
-	-	-	-	-	-	80,030
-	-	-	-	-	(44,233)	(154,378)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>985,082</u>	<u>954,967</u>
32,301	15,185	7,558	22,914	16,822	(67,008)	(236,558)
<u>79,841</u>	<u>51,241</u>	<u>99,576</u>	<u>-</u>	<u>112,396</u>	<u>1,243,043</u>	<u>6,160,804</u>
<u>\$ 112,142</u>	<u>\$ 66,426</u>	<u>\$ 107,134</u>	<u>\$ 22,914</u>	<u>\$ 129,218</u>	<u>\$ 1,176,035</u>	<u>\$ 5,924,246</u>

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**City of Kerrville, Texas**  
**Library Memorial**  
**Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year Ended September 30, 2020**

Exhibit C-3

	<b>Budgeted Amounts</b>			<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues</b>				
Grants	61,000	61,000	\$ 165,944	\$ 104,944
Investment income	9,400	9,400	34,821	25,421
Miscellaneous	720	720	621	(99)
Total revenues	71,120	71,120	201,386	130,266
<b>Expenditures</b>				
Culture and recreation	16,895	59,895	48,657	11,238
Capital outlay	415,674	372,674	121,855	250,819
Total expenditures	432,569	432,569	170,512	262,057
<b>Other Financing Sources</b>				
Transfer from other funds	-	-	76,690	76,690
Total other financing sources	-	-	76,690	76,690
<b>Net Change in Fund Balance</b>	(361,449)	(361,449)	107,564	469,013
<b>Fund Balance, Beginning of Year</b>	2,632,745	2,632,745	2,632,745	-
<b>Fund Balance, End of Year</b>	\$ 2,271,296	\$ 2,271,296	\$ 2,740,309	\$ 469,013

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**City of Kerrville, Texas**  
**Hotel/Motel Tax**  
**Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year Ended September 30, 2020**

Exhibit C-4

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes and penalties	\$ 1,438,500	\$ 1,438,500	\$ 1,173,973	\$ (264,527)
Investment income	20,000	20,000	17,808	(2,192)
Total revenues	<u>1,458,500</u>	<u>1,458,500</u>	<u>1,191,781</u>	<u>(266,719)</u>
<b>Expenditures</b>				
Culture and recreation	<u>1,418,500</u>	<u>1,418,500</u>	<u>1,135,485</u>	<u>283,015</u>
Total expenditures	<u>1,418,500</u>	<u>1,418,500</u>	<u>1,135,485</u>	<u>283,015</u>
<b>Other Financing Uses</b>				
Transfer to other funds	(40,000)	(40,000)	(40,000)	-
Transfer from other funds	<u>-</u>	<u>3,340</u>	<u>3,340</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	-	3,340	19,636	16,296
<b>Fund Balance, Beginning of Year</b>	<u>1,327,410</u>	<u>1,327,410</u>	<u>1,327,410</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ 1,327,410</u>	<u>\$ 1,330,750</u>	<u>\$ 1,347,046</u>	<u>\$ 16,296</u>



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**City of Kerrville, Texas**  
**Hotel Reserve Fund**  
**Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year Ended September 30, 2020**

Exhibit C-5

	<u>Budgeted Amounts</u>			<b>Variance With Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Investment income	\$ 403	\$ 403	\$ 1,878	\$ 1,475
Total revenues	403	403	1,878	1,475
<b>Expenditures</b>				
Culture and recreation	400,000	400,000	400,000	-
<b>Other Financing Uses</b>				
Transfer to other funds	-	(3,340)	(3,340)	-
<b>Net Change in Fund Balance</b>	(399,597)	(402,937)	(401,462)	1,475
<b>Fund Balance, Beginning of Year</b>	401,462	401,462	401,462	-
<b>Fund Balance, End of Year</b>	<u>\$ 1,865</u>	<u>\$ (1,475)</u>	<u>\$ -</u>	<u>\$ 1,475</u>

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**City of Kerrville, Texas**  
**History Center**  
**Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year Ended September 30, 2020**

Exhibit C-6

	<u>Budgeted Amounts</u>			<b>Variance With Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Charges for services	\$ 75	\$ 75	\$ 7	\$ (68)
Investment income	4,200	4,200	2,970	(1,230)
Miscellaneous	<u>13,598</u>	<u>13,598</u>	<u>14,000</u>	<u>402</u>
Total revenues	<u>17,873</u>	<u>17,873</u>	<u>16,977</u>	<u>(896)</u>
<b>Expenditures</b>				
Cultural and recreation	<u>17,873</u>	<u>17,873</u>	<u>7,045</u>	<u>10,828</u>
Total expenditures	<u>17,873</u>	<u>17,873</u>	<u>7,045</u>	<u>10,828</u>
<b>Net Change in Fund Balance</b>	-	-	9,932	9,932
<b>Fund Balance, Beginning of Year</b>	<u>209,973</u>	<u>209,973</u>	<u>209,973</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ 209,973</u>	<u>\$ 209,973</u>	<u>\$ 219,905</u>	<u>\$ 9,932</u>

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**City of Kerrville, Texas**  
**Grant Fund**  
**Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year Ended September 30, 2020**

Exhibit C-7

	<u>Budgeted Amounts</u>			<b>Variance With Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Intergovernmental	\$ -	\$ 1,479,892	\$ 1,479,891	\$ (1)
Total revenues	-	1,479,892	1,479,891	(1)
<b>Expenditures</b>				
Public safety	-	1,413,086	1,338,561	74,525
Public works	-	25,000	25,000	-
Capital outlay	-	49,525	49,525	-
Total expenditures	-	1,487,611	1,413,086	74,525
<b>Other Financing Uses</b>				
Transfer out	-	(66,805)	(66,805)	-
Total expenditures	-	(66,805)	(66,805)	-
<b>Net Change in Fund Balance</b>	-	(74,524)	-	74,524
<b>Fund Balance, Beginning of Year</b>	3,117	3,117	3,117	-
<b>Fund Balance, End of Year</b>	<u>\$ 3,117</u>	<u>\$ (71,407)</u>	<u>\$ 3,117</u>	<u>\$ 74,524</u>

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**City of Kerrville, Texas**  
**Police Fund**  
**Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year Ended September 30, 2020**

Exhibit C-8

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for services	\$ 18,500	\$ 18,500	\$ 44,812	\$ 26,312
Intergovernmental	4,700	4,700	5,040	340
Investment income	1,800	1,800	1,516	(284)
Miscellaneous	<u>1,450</u>	<u>1,450</u>	<u>1,975</u>	<u>525</u>
Total revenues	<u>26,450</u>	<u>26,450</u>	<u>53,343</u>	<u>26,893</u>
<b>Expenditures</b>				
Public safety	<u>60,042</u>	<u>60,042</u>	<u>21,042</u>	<u>39,000</u>
Total expenditures	<u>60,042</u>	<u>60,042</u>	<u>21,042</u>	<u>39,000</u>
<b>Net Change in Fund Balance</b>	(33,592)	(33,592)	32,301	65,893
<b>Fund Balance, Beginning of Year</b>	<u>79,841</u>	<u>79,841</u>	<u>79,841</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ 46,249</u>	<u>\$ 46,249</u>	<u>\$ 112,142</u>	<u>\$ 65,893</u>

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**City of Kerrville, Texas**  
**PEG Fund**  
**Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year Ended September 30, 2020**

Exhibit C-9

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 56,000	\$ 56,000	\$ 61,047	\$ 5,047
Investment income	600	600	516	(84)
Total revenues	<u>56,600</u>	<u>56,600</u>	<u>61,563</u>	<u>4,963</u>
<b>Expenditures</b>				
General government	<u>56,600</u>	<u>56,600</u>	<u>46,378</u>	<u>10,222</u>
Total expenditures	<u>56,600</u>	<u>56,600</u>	<u>46,378</u>	<u>10,222</u>
<b>Net Change in Fund Balance</b>	-	-	15,185	15,185
<b>Fund Balance, Beginning of Year</b>	<u>51,241</u>	<u>51,241</u>	<u>51,241</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ 51,241</u>	<u>\$ 51,241</u>	<u>\$ 66,426</u>	<u>\$ 15,185</u>

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**City of Kerrville, Texas**  
**Municipal Court**  
**Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year Ended September 30, 2020**

Exhibit C-10

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Fines and forfeitures	\$ 34,900	\$ 34,900	\$ 20,309	\$ (14,591)
Investment income	<u>1,600</u>	<u>1,600</u>	<u>1,400</u>	<u>(200)</u>
Total revenues	<u>36,500</u>	<u>36,500</u>	<u>21,709</u>	<u>(14,791)</u>
<b>Expenditures</b>				
General government	<u>36,500</u>	<u>36,500</u>	<u>14,151</u>	<u>22,349</u>
Total expenditures	<u>36,500</u>	<u>36,500</u>	<u>14,151</u>	<u>22,349</u>
<b>Net Change in Fund Balance</b>	-	-	7,558	7,558
<b>Fund Balance, Beginning of Year</b>	<u>99,576</u>	<u>99,576</u>	<u>99,576</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ 99,576</u>	<u>\$ 99,576</u>	<u>\$ 107,134</u>	<u>\$ 7,558</u>

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**City of Kerrville, Texas**  
**TIRZ Fund**  
**Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year Ended September 30, 2020**

Exhibit C-11

	<u>Budgeted Amounts</u>			Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Taxes and penalties	\$ 30,051	\$ 30,051	\$ 22,899	\$ (7,152)
Investment income	<u>-</u>	<u>-</u>	<u>15</u>	<u>15</u>
Total revenues	<u>30,051</u>	<u>30,051</u>	<u>22,914</u>	<u>(7,137)</u>
<b>Expenditures</b>				
General government	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	30,051	30,051	22,914	(7,137)
<b>Fund Balance, Beginning of Year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ 30,051</u>	<u>\$ 30,051</u>	<u>\$ 22,914</u>	<u>\$ (7,137)</u>

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**City of Kerrville, Texas**  
**Parkland Dedication**  
**Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year Ended September 30, 2020**

Exhibit C-12

	<u>Budgeted Amounts</u>			Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
License and permits	\$ 24,000	\$ 24,000	\$ 15,126	\$ (8,874)
Investment income	<u>400</u>	<u>400</u>	<u>1,696</u>	<u>1,296</u>
Total revenues	<u>24,400</u>	<u>24,400</u>	<u>16,822</u>	<u>(7,578)</u>
<b>Expenditures</b>				
Capital outlay	<u>54,400</u>	<u>54,400</u>	<u>-</u>	<u>54,400</u>
Total expenditures	<u>54,400</u>	<u>54,400</u>	<u>-</u>	<u>54,400</u>
<b>Net Change in Fund Balance</b>	(30,000)	(30,000)	16,822	46,822
<b>Fund Balance, Beginning of Year</b>	<u>112,396</u>	<u>112,396</u>	<u>112,396</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ 82,396</u>	<u>\$ 82,396</u>	<u>\$ 129,218</u>	<u>\$ 46,822</u>



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**City of Kerrville, Texas**  
**Debt Service**  
**Budgetary Comparison Schedule**  
**Year Ended September 30, 2020**

Exhibit C-13

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Taxes and penalties	\$ 1,563,025	\$ 1,563,025	\$ 1,579,214	\$ 16,189
Intergovernmental	1,117,236	1,117,236	1,111,400	(5,836)
Investment income	23,600	23,600	23,924	324
Miscellaneous	-	-	-	-
Total revenues	2,703,861	2,703,861	2,714,538	10,677
<b>Expenditures</b>				
<b>Debt Service</b>				
Principal	1,875,000	1,875,000	1,915,000	(40,000)
Interest	871,855	871,855	851,628	20,227
Total expenditures	2,746,855	2,746,855	2,766,628	(19,773)
<b>Other Financing Uses</b>				
Issuance of long-term debt	-	-	3,285,000	3,285,000
Premium on issuance of debt	-	-	248,548	248,548
Payment to the refunded bond escrow agent	-	-	(2,435,000)	(2,435,000)
Bond issuance cost	-	-	(69,233)	(69,233)
Transfers to other funds	(44,233)	(44,233)	(44,233)	-
<b>Net Change in Fund Balance</b>	(87,227)	(87,227)	932,992	1,020,219
<b>Fund Balance, Beginning of Year</b>	1,243,043	1,243,043	1,243,043	-
<b>Fund Balance, End of Year</b>	\$ 1,155,816	\$ 1,155,816	\$ 2,176,035	\$ 1,020,219

**City of Kerrville, Texas**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**September 30, 2020**

Exhibit C-14

	Garage	Employee Benefit Trust	Total Internal Service Funds
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 38,389	\$ 170,609	\$ 208,998
Investments	34,290	152,392	186,682
Inventories	21,539	-	21,539
Total current assets	94,218	323,001	417,219
<b>Capital Assets</b>			
Buildings	159,000	-	159,000
Vehicles	18,056	-	18,056
Machinery and equipment	56,664	-	56,664
Accumulated depreciation	(216,152)	-	(216,152)
Net capital assets	17,568	-	17,568
Total assets	111,786	323,001	434,787
<b>Deferred Outflows of Resources</b>			
Deferred outflows - pension	20,278	-	20,278
Deferred outflows - OPEB	2,541	-	2,541
Total deferred outflows of resources	22,819	-	22,819
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities	9,939	2,681	12,620
Due to other funds	4,758	-	4,758
Total current liabilities	14,697	2,681	17,378
<b>Noncurrent Liabilities</b>			
Compensated absences	15,071	-	15,071
Net pension liability	54,612	-	54,612
Total OPEB liability	13,450	-	13,450
Total noncurrent liabilities	83,133	-	83,133
Total liabilities	97,830	2,681	100,511
<b>Deferred Inflows of Resources</b>			
Deferred inflows - pensions	26,590	-	26,590
Deferred inflows - OPEB	1,087	-	1,087
Total deferred outflows of resources	27,677	-	27,677
<b>Net Position</b>			
Net investment in capital assets	17,568	-	17,568
Unrestricted (deficit)	(8,470)	320,320	311,850
Total net position	\$ 9,098	\$ 320,320	\$ 329,418

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**City of Kerrville, Texas**  
**Combining Statement of Revenues, Expenses and**  
**Changes in Net Position**  
**Internal Service Funds**  
**Year Ended September 30, 2020**

Exhibit C-15

	<b>Garage</b>	<b>Employee Benefit Trust</b>	<b>Total Internal Service Funds</b>
<b>Revenues</b>			
Charges for services	\$ 361,340	\$ 3,196,252	\$ 3,557,592
Total revenues	<u>361,340</u>	<u>3,196,252</u>	<u>3,557,592</u>
<b>Operating Expenses</b>			
Personnel services	329,276	-	329,276
Repairs and maintenance	3,880	-	3,880
Supplies and materials	20,724	-	20,724
Utilities	4,587	-	4,587
Depreciation	3,343	-	3,343
Services	7,570	-	7,570
Premiums and other charges	<u>-</u>	<u>3,131,751</u>	<u>3,131,751</u>
Total operating expenses	<u>369,380</u>	<u>3,131,751</u>	<u>3,501,131</u>
<b>Change in Net Position</b>	(8,040)	64,501	56,461
<b>Net Position, Beginning of Year</b>	<u>17,138</u>	<u>255,819</u>	<u>272,957</u>
<b>Net Position, End of Year</b>	<u>\$ 9,098</u>	<u>\$ 320,320</u>	<u>\$ 329,418</u>

**City of Kerrville, Texas**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**Year Ended September 30, 2020**

Exhibit C-16

	<b>Garage</b>	<b>Employee Benefit Trust</b>	<b>Total Internal Service Funds</b>
<b>Operating Activities</b>			
Cash received from customers	\$ 361,340	\$ 3,196,252	\$ 3,557,592
Cash payments to employees	(315,037)	-	(315,037)
Cash payments to suppliers for goods and services	(33,667)	(3,129,283)	(3,162,950)
	<u>12,636</u>	<u>66,969</u>	<u>79,605</u>
Net cash provided by operating activities			
<b>Investing Activities</b>			
Sales of investments	-	(62,781)	(62,781)
Investment income	(7,578)	-	(7,578)
	<u>(7,578)</u>	<u>(62,781)</u>	<u>(70,359)</u>
Net cash provided by investing activities			
<b>Net Increase in Cash and Cash Equivalents</b>	(11,218)	4,188	(7,030)
<b>Cash and Cash Equivalents, Beginning of Year</b>	49,607	166,421	216,028
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 38,389</u>	<u>\$ 170,609</u>	<u>\$ 208,998</u>
<b>Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities</b>			
Operating income (loss)	\$ (8,040)	\$ 64,501	\$ 56,461
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation	3,343	-	3,343
Changes in assets and deferred outflows			
(Increase) decrease in inventories	3,187	-	3,187
(Increase) decrease in deferred pension outflows	38,284	-	38,284
(Increase) decrease in deferred OPEB outflows	(1,481)	-	(1,481)
Changes in liabilities and deferred inflows			
Increase (decrease) in accounts payable	(1,155)	2,468	1,313
Increase (decrease) in compensated absences	3,993	-	3,993
Increase (decrease) in net pension liability	(53,368)	-	(53,368)
Increase (decrease) in total OPEB liability	2,111	-	2,111
Increase (decrease) in deferred pension inflows	24,700	-	24,700
Increase (decrease) in due to other funds	1,062	-	1,062
	<u>20,676</u>	<u>2,468</u>	<u>23,144</u>
Total adjustments			
Net cash provided by (used in) operating activities	<u>\$ 12,636</u>	<u>\$ 66,969</u>	<u>\$ 79,605</u>

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**City of Kerrville, Texas**  
**Balance Sheet**  
**Economic Improvement Corporation**  
**September 30, 2020**

Exhibit C-17

**Assets**

Cash and cash equivalents	\$ 2,397,178
Other receivable	1,949
Due from other governments	<u>687,746</u>
Land	<u>-</u>
Total assets	<u><u>\$ 3,086,873</u></u>

**Liabilities**

Accounts payable and accrued liabilities	<u>\$ 1,234</u>
Total liabilities	<u><u>\$ 1,234</u></u>

**Fund Balances**

Unassigned	<u>\$ 3,085,639</u>
Total fund balance	<u>3,085,639</u>
Total liabilities and fund balance	<u><u>\$ 3,086,873</u></u>

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

Total fund balances – EIC balance sheet	\$ 3,085,639
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**Amounts Reported for Governmental Activities in the Discretely Presented  
Component Unit Statement of Net Position are Different Because**

Capital assets used in governmental activities are not reported in the funds	<u>1,138,436</u>
EIC net position	<u><u>\$ 4,224,075</u></u>

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**City of Kerrville, Texas**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balance**  
**Economic Improvement Corporation**  
**Year Ended September 30, 2020**

Exhibit C-18

**Revenues**

Sales and other taxes	\$ 3,912,347
Contributions	1,000,000
Investment income	<u>33,402</u>
Total revenues	<u>4,945,749</u>

**Expenditures**

General government	<u>6,376,165</u>
Total expenditures	<u>6,376,165</u>

Deficiency of revenues over expenditures	<u>(1,430,416)</u>
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<b>Net Change in Fund Balance</b>	(1,430,416)
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<b>Fund Balance, Beginning of Year</b>	<u>4,516,055</u>
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<b>Fund Balance, End of Year</b>	<u><u>\$ 3,085,639</u></u>
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**Reconciliation of EIC Statement of Revenues, Expenditures and Changes  
in Fund Balance to Discretely Presented Component**

**Unit Statement of Activities**

EIC change in fund balance	<u><u>\$ (1,430,416)</u></u>
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**Amounts Reported for Governmental Activities in the Discretely Presented**

EIC change in net position	<u><u>\$ (1,430,416)</u></u>
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**Statistical Section**



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## Statistical Section

This part of the City of Kerrville’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City’s overall financial health. The tables herein, are unaudited.

### Table of Contents

	<u>Page</u>
<b>Financial Trends.....</b>	<b>97</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>105</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>112</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>117</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>121</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 comprehensive annual 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)**

Table D-1

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Governmental Activities</b>										
Net investment in capital assets	\$ 49,627	\$ 57,920	\$ 61,342	\$ 60,765	\$ 61,339	\$ 64,579	\$ 69,695	\$ 71,382	\$ 67,741	\$ 67,070
Restricted	6,251	1,509	1,434	1,386	1,324	1,165	1,139	1,144	1,243	1,176
Unrestricted	10,097	15,355	15,684	18,595	22,953	25,343	27,133	24,490	23,353	27,258
Total governmental activities net position	\$ 65,975	\$ 74,784	\$ 78,460	\$ 80,746	\$ 85,616	\$ 91,087	\$ 97,967	\$ 97,016	\$ 92,337	\$ 95,504
<b>Business-type Activities</b>										
Net investment in capital assets	\$ 38,078	\$ 38,404	\$ 38,699	\$ 37,157	\$ 39,106	\$ 41,630	\$ 37,218	\$ 45,057	\$ 45,521	\$ 46,866
Restricted	-	2,898	4,105	3,789	3,451	1,675	1,805	1,805	1,744	1,781
Unrestricted	8,641	4,739	5,064	8,143	7,773	6,619	11,349	5,550	2,718	2,736
Total business-type activities net position	\$ 46,719	\$ 46,041	\$ 47,868	\$ 49,089	\$ 50,330	\$ 49,924	\$ 50,372	\$ 52,412	\$ 49,983	\$ 51,383
<b>Primary Government</b>										
Net investment in capital assets	\$ 87,705	\$ 96,324	\$ 100,041	\$ 97,922	\$ 100,445	\$ 106,209	\$ 106,913	\$ 116,439	\$ 113,262	\$ 113,936
Restricted	6,251	4,407	5,539	5,175	4,775	2,840	2,944	2,949	2,987	2,957
Unrestricted	18,738	20,094	20,748	26,738	30,726	31,962	38,482	30,040	26,071	29,994
Total primary government net position	\$ 112,694	\$ 120,825	\$ 126,328	\$ 129,835	\$ 135,946	\$ 141,011	\$ 148,339	\$ 149,428	\$ 142,320	\$ 146,887

Note: 2013 net position has been adjusted due to implementation of GASB Statements 65.  
2015 net position has been adjusted due to implementation of GASB Statements 68.  
2018 net position has been adjusted due to implementation of GASB Statements 75.

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

	Fiscal Year			
	2011	2012	2013	2014
<b>Expenses</b>				
<b>Governmental Activities</b>				
General government	\$ 4,022	\$ 4,077	\$ 4,667	\$ 5,159
Public safety	12,632	11,312	11,631	12,365
Culture and recreation	3,461	3,082	3,371	3,066
Public works	3,104	3,004	3,327	3,159
Business programs	177	167	-	-
Interest on long-term debt	717	645	566	564
Total governmental activities expenses	24,113	22,287	23,562	24,313
<b>Business-type Activities</b>				
Water and sewer services	8,198	8,737	8,442	8,984
Kerrville-Schreiner Park	1	-	-	-
Golf course	952	1,041	934	908
Total business-type activities expenses	9,151	9,778	9,376	9,892
Total primary government expenses	\$ 33,264	\$ 32,065	\$ 32,938	\$ 34,205
<b>Program Revenues</b>				
<b>Governmental Activities</b>				
Charges for services				
General government	\$ 2,638	\$ 2,126	\$ 1,054	\$ 100
Public safety	2,225	1,327	2,442	3,391
Cultural and recreation	75	583	410	425
Public works	435	470	359	519
Operating grants and contributions	1,461	303	719	72
Capital grants and contributions	2,959	5,553	2,000	971
Total governmental activities program revenues	9,793	10,362	6,984	5,478
<b>Business-type Activities</b>				
Charges for services				
Water and sewer services	10,536	10,009	11,072	11,080
Kerrville-Schreiner Park	-	-	-	-
Golf course	903	1,031	877	884
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	-	508	10
Total business-type activities program revenues	11,439	11,040	12,457	11,974
Total primary government program revenues	\$ 21,232	\$ 21,402	\$ 19,441	\$ 17,452
<b>Net (Expense)/Revenue</b>				
Governmental activities	\$ (14,320)	\$ (11,925)	\$ (16,578)	\$ (18,835)
Business-type activities	2,288	1,262	3,081	2,082
Total primary government net expense	\$ (12,032)	\$ (10,663)	\$ (13,497)	\$ (16,753)

Table D-2

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 6,272	\$ 6,107	\$ 5,805	\$ 6,988	\$ 7,901	\$ 7,855
13,169	12,933	14,240	14,243	14,984	14,996
3,405	3,701	4,543	5,112	5,242	5,743
3,490	3,404	4,002	5,617	11,661	7,120
-	-	-	-	-	-
519	818	722	606	633	738
26,855	26,963	29,312	32,566	40,421	36,452
8,241	9,753	8,997	9,579	13,402	10,514
-	-	-	-	-	-
863	926	1,090	1,046	1,108	1,045
9,104	10,679	10,087	10,625	14,510	11,559
\$ 35,959	\$ 37,642	\$ 39,399	\$ 43,191	\$ 54,931	\$ 48,011
\$ 24	\$ 1	\$ 1	\$ 1	\$ 1	\$ 207
4,340	3,672	4,353	4,233	4,214	4,125
465	520	599	613	650	678
1,169	1,241	1,537	1,528	1,818	2,002
141	759	348	273	863	2,627
772	2,626	2,595	1,314	3,463	4,527
6,911	8,819	9,433	7,962	11,009	14,166
11,118	11,329	11,885	11,885	11,798	12,997
-	-	-	-	-	-
784	743	864	855	838	862
-	-	-	-	-	-
-	19	1,500	1,500	1,000	1,000
11,902	12,091	14,249	14,240	13,636	14,859
\$ 18,813	\$ 20,910	\$ 23,682	\$ 22,202	\$ 24,645	\$ 29,025
\$ (19,944)	\$ (18,144)	\$ (19,879)	\$ (24,604)	\$ (29,412)	\$ (22,286)
2,798	1,412	4,162	3,615	(874)	3,300
\$ (17,146)	\$ (16,732)	\$ (15,717)	\$ (20,989)	\$ (30,286)	\$ (18,986)

**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			
	2011	2012	2013	2014
<b>Net (Expense)/Revenue</b>				
Governmental activities	\$ (14,320)	\$ (11,925)	\$ (16,578)	\$ (18,835)
Business-type activities	2,288	1,262	3,081	2,082
Total primary government net expense	(12,032)	(10,663)	(13,497)	(16,753)
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities				
Taxes				
Property taxes levied for general purposes	8,255	8,314	8,439	8,427
Property taxes levied for debt service	1,301	1,242	1,216	1,262
Sales and use taxes	4,537	4,773	5,120	5,554
Hotel occupancy taxes	873	846	854	958
Franchise taxes	1,764	1,836	1,826	1,716
Alcoholic beverage taxes	60	58	53	55
Investment earnings	78	52	56	44
Miscellaneous income	229	1,427	1,257	1,322
Gain/(loss) on sale of assets	(19)	-	(235)	-
Transfers	447	4,259	2,149	1,250
Total governmental activities	17,525	22,807	20,735	20,588
Business-type Activities				
Unrestricted investment earnings	72	9	23	50
Miscellaneous income	226	69	186	333
Transfers	(447)	(4,259)	(2,149)	(1,250)
Total business-type activities	(149)	(4,181)	(1,940)	(867)
Total primary government	\$ 17,376	\$ 18,626	\$ 18,795	\$ 19,721
<b>Change in Net Position</b>				
Governmental activities	\$ 3,205	\$ 10,882	\$ 4,157	\$ 1,753
Business-type activities	2,139	(2,919)	1,141	1,215
Total primary government	\$ 5,344	\$ 7,963	\$ 5,298	\$ 2,968

Table D-3

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ (19,944)	\$ (18,144)	\$ (19,879)	\$ (24,604)	\$ (29,412)	\$ (22,286)
2,798	1,412	4,162	3,615	(874)	3,300
(17,146)	(16,732)	(15,717)	(20,989)	(30,286)	(18,986)
8,459	8,765	8,963	9,321	9,531	10,008
1,293	1,343	1,390	1,448	1,459	1,579
5,787	6,201	6,427	6,722	6,900	7,826
1,046	1,081	1,107	1,219	1,334	1,174
1,776	1,742	1,580	1,734	1,950	1,852
68	74	74	72	87	100
58	57	130	244	391	567
1,509	2,789	2,033	2,064	1,153	264
-	-	-	-	-	-
1,125	1,802	1,910	3,934	1,641	2,084
21,121	23,854	23,614	26,758	24,446	25,454
66	49	92	222	229	177
197	-	-	-	-	7
(1,125)	(1,802)	(1,910)	(3,934)	(1,641)	(2,084)
(862)	(1,753)	(1,818)	(3,712)	(1,412)	(1,900)
\$ 20,259	\$ 22,101	\$ 21,796	\$ 23,046	\$ 23,034	\$ 23,554
\$ 1,177	\$ 5,710	\$ 3,735	\$ 2,154	\$ (4,966)	\$ 3,168
1,936	(341)	2,344	(97)	(2,286)	1,400
\$ 3,113	\$ 5,369	\$ 6,079	\$ 2,057	\$ (7,252)	\$ 4,568



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

Table D-4

	Fiscal Year				
	2011	2012	2013	2014	2015
General fund					
Reserved					
Unreserved					
<i>Post—GASB 54</i>					
Nonspendable	\$ 35	\$ 33	\$ 35	\$ 17	\$ 22
Restricted	1,667	2,340	2,657	2,476	3,079
Committed	715	666	580	633	311
Unassigned	3,719	5,701	6,294	5,969	6,786
Total general fund	<u>\$ 6,136</u>	<u>\$ 8,740</u>	<u>\$ 9,566</u>	<u>\$ 9,095</u>	<u>\$ 10,239</u>
All other governmental funds					
Reserved					
Unreserved, reported in					
Special revenue funds					
Capital projects funds					
<i>Post—GASB 54</i>					
Restricted	\$ 1,901	\$ 9,266	\$ 8,923	\$ 5,946	\$ 11,593
Committed	5,093	762	1,638	3,289	4,040
	-	-	-	-	(3)
Total all other governmental funds	<u>\$ 6,994</u>	<u>\$ 10,028</u>	<u>\$ 10,561</u>	<u>\$ 9,235</u>	<u>\$ 15,630</u>
	Fiscal Year				
	2016	2017	2018	2019	2020
General fund					
Nonspendable	\$ 18	\$ 19	\$ 12	\$ 14	\$ 12
Restricted	3,912	3,361	3,501	3,682	5,088
Committed	428	1,633	3,117	2,082	2,216
Assigned	42	10	-	-	-
Unassigned	7,880	8,417	8,419	8,577	9,281
Total general fund	<u>\$ 12,280</u>	<u>\$ 13,440</u>	<u>\$ 15,049</u>	<u>\$ 14,355</u>	<u>\$ 16,597</u>
All other governmental funds					
Restricted	\$ 9,835	\$ 2,640	\$ 2,901	\$ 3,206	\$ 2,835
Committed	4,450	7,232	4,986	17,120	16,289
Unassigned	-	-	-	-	-
Total all other governmental funds	<u>\$ 14,285</u>	<u>\$ 9,872</u>	<u>\$ 7,887</u>	<u>\$ 20,326</u>	<u>\$ 19,124</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			
	2011	2012	2013	2014
<b>Revenues</b>				
Taxes and penalties	\$ 17,026	\$ 17,558	\$ 17,981	\$ 18,526
Licenses and permits	366	328	359	519
Intergovernmental	2,364	1,535	1,120	1,004
Charges for services	2,629	2,549	2,564	2,261
Grants	484	786	719	1,005
Fines and forfeitures	656	467	433	355
Investment income	52	56	44	58
Miscellaneous	1,270	1,211	1,405	1,479
Total revenues	24,847	24,490	24,625	25,207
<b>Expenditures</b>				
General government	3,704	3,716	4,360	4,534
Public safety	11,591	10,666	11,138	12,001
Culture and recreation	3,071	2,815	3,163	3,155
Public works	2,724	2,806	2,992	3,007
Business programs	177	167	-	-
Capital outlay	841	6,536	1,519	4,497
Debt service				
Principal	582	725	754	779
Interest	719	619	590	565
Other charges	-	155	-	-
Total expenditures	23,409	28,205	24,516	28,538
Excess (deficiencies) of revenues over expenditures	1,438	(3,715)	109	(3,331)
<b>Other Financing Sources (Uses)</b>				
Proceeds from debt issuance	1,983	6,965	-	284
Bond premium	151	138	-	-
Payment to refunded bond escrow agent	(2,090)	-	-	-
Transfers in	2,070	2,856	2,523	3,582
Transfers out	(1,164)	(606)	(1,273)	(2,332)
Total other financing sources (uses)	950	9,353	1,250	1,534
Net change in fund balances	\$ 2,388	\$ 5,638	\$ 1,359	\$ (1,797)
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	5.9%	7.4%	5.9%	5.7%

Table D-5

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 19,113	\$ 19,500	\$ 20,430	\$ 21,152	\$ 21,831	\$ 22,537
551	480	549	627	694	961
1,523	1,348	3,827	2,651	2,220	7,277
3,488	3,425	4,044	4,214	4,276	4,347
552	781	321	259	3,466	1,309
351	549	631	612	518	307
57	130	243	391	619	567
1,838	1,923	2,338	1,453	497	459
27,473	28,136	32,383	31,359	34,121	37,764
5,656	4,367	5,186	5,985	6,179	6,542
12,678	12,303	12,651	13,124	13,762	14,004
3,383	3,476	3,837	4,545	4,676	4,993
3,162	3,017	3,373	5,206	4,992	3,997
-	-	-	-	-	-
4,939	3,645	11,969	1,955	2,817	7,534
1,393	1,736	1,833	2,018	1,907	1,915
520	818	722	618	703	851
-	-	-	-	-	-
31,731	29,362	39,571	33,451	35,036	39,836
(4,258)	(1,226)	(7,188)	(2,092)	(915)	(2,072)
9,746	-	-	6,750	9,895	3,285
249	-	-	458	759	179
-	-	-	(7,133)	-	(2,435)
2,897	3,349	7,170	3,444	3,531	4,527
(1,094)	(1,428)	(3,236)	(1,803)	(1,525)	(2,444)
11,798	1,921	3,934	1,716	12,660	3,112
\$ 7,540	\$ 695	\$ (3,254)	\$ (376)	\$ 11,745	\$ 1,040
7.3%	9.9%	9.9%	8.4%	8.8%	8.8%

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

Table D-6

<b>Fiscal Years</b>	<b>Property Tax</b>	<b>Sales &amp; Use Tax</b>	<b>Occupancy Tax</b>	<b>Franchise Tax</b>	<b>Mixed Beverage Tax</b>	<b>Total</b>
2011	9,512	4,772	854	1,829	58	17,025
2012	9,703	5,120	854	1,829	53	17,559
2013	9,699	5,554	958	1,716	55	17,981
2014	9,849	5,855	1,046	1,776	69	18,594
2015	10,015	6,230	1,081	1,793	74	19,193
2016	10,303	6,427	1,107	1,632	74	19,542
2017	10,736	6,722	1,219	1,734	72	20,482
2018	10,882	6,899	1,334	1,951	87	21,152
2019	11,062	7,297	1,416	1,943	113	21,831
2020	11,587	7,826	1,174	1,852	100	22,539

**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 Years</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>
2011	1,882,517	622,484	1,260,033	0.5625	1,260,033	100%
2012	1,883,208	613,787	1,269,421	0.5625	1,269,421	100%
2013	1,898,458	618,795	1,279,663	0.5625	1,279,663	100%
2014	1,896,723	621,753	1,274,970	0.5625	1,274,970	100%
2015	2,024,552	661,361	1,363,191	0.5625	1,363,191	100%
2016	2,019,808	664,840	1,354,968	0.5625	1,354,968	100%
2017	2,079,313	673,968	1,405,346	0.5625	1,405,346	100%
2018	2,202,697	716,902	1,485,795	0.5514	1,485,795	100%
2019	2,249,471	751,499	1,497,972	0.5514	1,497,972	100%
2020	2,426,500	832,974	1,593,526	0.5400	1,593,526	100%

Source: Kerr Central Appraisal District

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

Table D-8

Fiscal Years	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	
2011	0.4890	0.0735	0.5625	1.1800	0.4443	0.0324	2.2192
2012	0.4890	0.0735	0.5625	1.1800	0.4443	0.0324	2.2192
2013	0.4890	0.0735	0.5625	1.1800	0.4443	0.0324	2.2192
2014	0.4890	0.0735	0.5625	1.1800	0.4443	0.0318	2.2186
2015	0.4890	0.0735	0.5625	1.1800	0.4850	0.0318	2.2593
2016	0.4890	0.0735	0.5625	1.1800	0.4850	0.0318	2.2593
2017	0.4890	0.0735	0.5625	1.1800	0.5000	0.0318	2.2743
2018	0.4779	0.0735	0.5514	1.1800	0.5000	0.0309	2.2623
2019	0.4779	0.0735	0.5514	1.1800	0.5150	0.0302	2.2766
2020	0.4665	0.0735	0.5400	1.1700	0.5150	0.0288	2.2538

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	2020			2011		
	Assessed Value	Rank	Percentage of Total City Assessed Value	Assessed Value	Rank	Percentage of Total City Assessed Value
James Avery Craftsman	52,105,709	1	2.15%			
Mooney International Corporation	14,502,403	2	0.60%			
Atmos Energy/Mid-Tex Distribution	11,768,721	3	0.49%	4,647,132	9	0.25%
Wal-Mart Stores Inc.	8,561,493	4	0.35%	7,784,640	4	0.41%
S-H Forty-Nine Properties LLC	8,202,220	5	0.34%			
CC Butt Grocery Company	8,116,950	6	0.33%			
Wal-Mart Stores Inc # 508	7,458,190	7	0.31%	6,841,869	5	0.36%
Emerald Cottages of Kerrville, LLC	6,734,106	8	0.28%			
Home Depot, USA Inc.	6,322,572	9	0.26%	6,694,883	6	0.36%
Comanche Trace Ranch & Golf	6,290,218	10	0.26%	8,182,769	3	0.43%
Windstream				24,521,054	1	1.30%
Sunswest Management Inc.				9,115,001	2	0.48%
Lowe's Home Centers, Inc.				6,270,099	7	0.33%
Kerrville Rio Verde, LTD				4,917,452	8	0.26%
Atek Plastics				4,496,647	10	0.24%
<b>Total Top 10</b>	130,062,582		5.36%	83,471,546		4.43%
All Other	2,296,437,649		94.64%	1,799,045,948		95.57%
Total	2,426,500,231		100.00%	1,882,517,494		100.00%

Source: Kerr Central Appraisal District



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

Table D-10

Fiscal Years	Taxes Levied for the Fiscal Year	Collected Within Year of the Levy			Total Collections to Date	
		Current Year Amount	Percentage of Levy	Delinquent Collections in Subsequent Years	Combined Amount	Percentage of Levy
2011	9,439	9,298	98.51%	124	9,422	99.82%
2012	9,537	9,412	98.69%	101	9,513	99.75%
2013	9,679	9,443	97.56%	209	9,652	99.71%
2014	9,688	9,545	98.53%	109	9,655	99.66%
2015	10,024	9,840	98.16%	149	9,988	99.65%
2016	10,320	10,132	98.18%	142	10,274	99.55%
2017	10,653	10,491	98.48%	102	10,593	99.44%
2018	10,951	10,774	98.38%	110	10,884	99.39%
2019	11,108	10,939	98.48%	84	11,023	99.23%
2020	11,648	11,455	98.34%	32	11,487	98.62%

Source: Kerr Central Appraisal District

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

Type	Fiscal Year			
	2011	2012	2013	2014
Accommodation/Food Services	\$ 75,367,568	\$ 77,902,407	\$ 80,993,418	\$ 86,829,574
Admin/Support/Waste Mgmt/Remediation Svcs	20,060,075	18,874,150	21,314,998	22,289,923
Agriculture/Forestry/Fishing/Hunting	33,643	352,751	714,641	563,751
Arts/Entertainment/Recreation	10,203,919	5,331,787	4,692,190	4,631,153
Construction	78,350,310	72,304,961	92,022,514	98,816,059
Educational Services	27,269,909	31,052,368	30,859,006	32,115,711
Finance/Insurance	6,275	12,973	58,606	89,760
Health Care/Social Assistance	3,614,412	3,540,104	13,049,140	4,821,994
Information	23,979,339	23,287,473	23,351,651	25,079,857
Manufacturing	39,636,780	45,929,975	45,808,283	52,060,982
Mining/Quarrying/Oil and Gas Extraction	-	-	-	-
Other Services (Except Public Administration)	44,651,159	45,168,666	44,899,714	51,180,278
Professional/Scientific/Technical Services	17,100,198	17,224,688	17,807,087	18,519,033
Public Administration	38,957,201	44,214,112	41,666,600	42,307,481
Real Estate/Rental/Leasing	2,848,689	8,313,596	4,201,799	12,231,231
Retail Trade	672,668,692	680,086,182	730,374,049	838,913,172
Transportation/Warehousing	2,877,438	3,122,381	3,269,255	3,835,865
Wholesale Trade	48,756,748	52,800,978	50,622,313	46,402,764
Total	<u>\$ 1,106,382,355</u>	<u>\$ 1,129,519,552</u>	<u>\$ 1,205,705,264</u>	<u>\$ 1,340,688,588</u>
Direct sales tax rate	1.50%	1.50%	1.50%	1.50%

Source: Texas Comptroller of Public Accounts

\*\*\* Fourth quarter not available

**Table D-11**

Fiscal Year						
2015	2016	2017	2018	2019	***2020	
\$ 90,808,253	\$ 99,768,744	\$ 103,430,428	\$ 105,539,617	\$ 111,974,706	\$ 83,775,039	
20,465,440	20,904,166	21,426,494	14,572,883	11,782,070	9,727,481	
899,054	843,386	1,026,297	845,740	690,136	774,696	
5,151,160	4,867,665	5,007,627	4,810,259	5,012,938	3,524,878	
101,873,825	156,396,169	133,145,615	103,404,904	101,183,251	55,985,404	
33,054,086	35,228,505	36,301,968	38,184,943	35,547,507	20,411,123	
83,638	97,335	217,055	388,912	385,181	389,538	
4,313,333	4,022,867	3,713,659	4,195,709	5,608,243	4,883,686	
26,097,466	25,910,010	24,105,256	23,277,197	23,729,450	17,617,016	
61,045,814	62,392,882	58,198,653	72,164,556	65,854,610	43,847,978	
-	-					
53,106,519	46,838,152	40,228,943	39,856,344	40,062,823	28,178,790	
20,179,472	18,449,324	20,889,638	17,584,712	19,546,971	17,164,732	
43,510,601	38,010,491	38,842,343	43,789,470	41,260,070	30,308,447	
7,666,292	3,873,704	11,637,480	12,379,884	21,292,018	10,636,162	
799,284,207	867,204,733	836,748,834	849,115,911	877,742,974	676,951,475	
2,386,422	2,346,229	1,717,323	1,723,837	12,530,821	6,552,016	
47,227,827	44,107,128	44,770,943	49,878,321	41,585,378	34,325,921	
<u>\$ 1,317,153,409</u>	<u>\$ 1,431,261,490</u>	<u>\$ 1,381,408,556</u>	<u>\$ 1,381,713,199</u>	<u>\$ 1,415,789,147</u>	<u>\$ 1,045,054,382</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)**

Table D-12

Governmental Activities							
Fiscal Years	General Obligation Bonds	Certificates of Obligation	Bank Loans & Promissory Note	Capital Leases			
2011	4,566	6,878	716	-			
2012	4,539	13,230	631	-			
2013	4,163	12,940	542	-			
2014	3,933	12,757	735	-			
2015	3,519	21,260	1,384	-			
2016	3,092	20,271	1,034	-			
2017	2,557	19,189	680	-			
2018	6,443	13,702	322	-			
2019	5,527	23,581	-	-			
2020	7,189	19,897	1,000	-			

Business-type Activities							
Fiscal Years	General Obligation Bonds	Certificates of Obligation	Bank Loans and Notes	Total Primary Government	Percentage of Personal Income	Per Capita	
2011	\$ 5,694	\$ 17,022	\$ 585	\$ 35,461	7.22%	\$ 1,587	
2012	5,661	22,195	516	46,772	8.70%	2,086	
2013	5,192	31,060	444	54,341	9.40%	2,364	
2014	4,911	29,933	368	52,637	8.88%	2,234	
2015	4,390	28,287	290	59,130	9.82%	2,484	
2016	3,853	36,119	7,708	72,077	11.96%	2,989	
2017	3,295	33,976	7,623	67,321	11.64%	2,771	
2018	11,239	23,290	7,535	62,530	9.96%	2,522	
2019	10,460	34,271	7,500	81,338	11.87%	3,263	
2020	8,795	32,843	7,500	77,224	10.79%	3,069	

Note: Premiums on bonds payable is presented starting with fiscal year 2015.

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

Table D-13

Fiscal Years	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Less: Amounts Available In Debt Service Fund	Total		
2011	10,260	2,632	7,628	0.61%	341
2012	10,200	4,144	6,056	0.48%	270
2013	9,355	5,443	3,912	0.31%	170
2014	8,844	5,162	3,682	0.29%	156
2015	7,909	4,770	3,140	0.23%	132
2016	6,945	2,513	4,432	0.33%	184
2017	5,852	2,536	3,317	0.24%	137
2018	17,682	2,074	15,607	1.05%	629
2019	15,987	2,580	13,406	0.89%	538
2020	15,984	2,543	13,441	0.84%	534

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>
<b>Debt Repaid with Property Taxes</b>			
Kerrville ISD	\$ 90,575,411	66.56%	\$ 60,286,994
Kerr County	29,885,000	42.84%	<u>12,802,734</u>
<b>Subtotal, Overlapping Debt</b>			73,089,728
<b>City of Kerrville Direct Debt</b>	28,086,250	100%	<u>28,086,250</u>
<b>Total Direct and Overlapping Debt</b>			<u><u>\$ 101,175,978</u></u>
<b>Average Debt Per Capita</b>			\$ 4,058

Sources: Municipal Advisory Council of Texas

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

**Table D-15**

	Fiscal Year				
	2011	2012	2013	2014	2015
Total Taxable Assessed Value	\$ 1,260,033	\$ 1,269,421	\$ 1,279,663	\$ 1,274,970	\$ 1,363,191
Annual payment	8,400	8,463	8,531	8,500	9,088
Debt limit	126,003	126,942	127,966	127,497	136,319
Total net debt applicable to limit	4,566	4,539	2,826	2,826	2,826
Legal debt margin	121,437	122,403	125,140	124,671	133,493

	Fiscal Year				
	2016	2017	2018	2019	2020
Total taxable assessed value	\$ 1,354,968	\$ 1,405,346	\$ 1,485,795	\$ 1,497,972	\$ 1,593,526
Annual payment	9,033	9,369	9,905	9,986	10,624
Debt limit	135,497	140,535	148,580	149,797	159,353
Total net debt applicable to limit	5,783	7,470	16,538	14,744	14,744
Legal debt margin	129,714	133,065	132,042	135,053	144,608

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

Assessed value	\$ 2,426,500
Exempt real property	(832,974)
	<u>1,593,526</u>
Debt limit (10% of assessed value)	<u>159,353</u>
Debt applicable to limit	
General obligation bonds	15,984
Less: Amount set aside for repayment of general obligation debt	<u>1,240</u>
Total net debt applicable to limit	<u>14,744</u>
Legal debt margin	<u>\$ 144,608</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%.



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

Table D-16

Water and Sewer Revenue Bonds											
Fiscal Years	Utility Service Charges		Less		Net Available Revenue	Debt Service			Coverage		
			Operating Expenses*			Principal	Interest				
2011	\$	10,536	\$	6,459	\$	4,077	\$	-	\$	-	N/A
2012		10,009		5,843		4,166		-		-	N/A
2013		11,072		5,311		5,761		-		-	N/A
2014		11,080		5,512		5,568		-		-	N/A
2015		10,904		5,204		5,700		-		-	N/A
2016		11,157		6,277		4,880		-		-	N/A
2017		11,656		5,753		5,903		-		-	N/A
2018		11,743		5,987		5,756		-		-	N/A
2019		11,290		8,112		3,178		-		-	N/A
2020		12,651		9,345		3,306		-		-	N/A

\* Total operating expense excluding depreciation

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

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

**Table D-17**

	Fiscal Year				
	2011	2012	2013	2014	2015
Population	22,347	22,347	22,983	23,558	23,808
Personal income (000s)	\$ 490,848	\$ 492,940	\$ 578,275	\$ 592,968	\$ 602,414
Per capita personal income	\$ 24,871	\$ 23,965	\$ 25,161	\$ 25,171	\$ 25,303
Median age	44.5	46.0	45.7	45.7	46.5
Education level in years of schooling					
Percentage with high school diploma or greater	85.1%	85.6%	87.5%	85.1%	85.4%
School enrollment	5,200	4,923	5,031	5,038	5,029
Unemployment rate	6.3%	6.9%	5.6%	4.8%	3.8%

	Fiscal Year				
	2016	2017	2018	2019	2020
Population	24,111	24,292	24,796	24,931	25,162
Personal income (000s)	\$ 602,699	\$ 578,394	\$ 627,501	\$ 685,029	\$ 715,392
Per capita personal income	\$ 24,997	\$ 23,810	\$ 25,307	\$ 27,477	\$ 28,432
Median age	46.0	46.5	47.3	46.7	46.2
Education level in years of schooling					
Percentage with high school diploma or greater	88.6%	85.7%	86.1%	88.5%	88.4%
School enrollment	5,018	5,004	4,951	4,828	4,800
Unemployment rate	3.9%	3.2%	3.3%	2.9%	5.6%

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

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

Table D-18

Employer	2020			2011		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Peterson Health	1,200	1	5.77%	976	1	4.41%
Kerrville ISD	700	2	3.36%	725	2	3.27%
HEB Grocery & Foundation	630	3	3.03%	350	8	1.58%
Kerrville State Hospital	600	4	2.88%	534	3	2.41%
James Avery Craftsman	600	5	2.88%	345	6	1.56%
Kerrville VA Hospital	400	6	1.92%	425	4	1.92%
City of Kerrville	300	7	1.44%	306	7	1.38%
Kerr County	300	8	1.44%	290	9	1.31%
Wal-Mart	290	9	1.39%	375	5	1.69%
Brookdale Senior Services	150	10	0.72%			
Sava Senior Center				278	10	1.25%
	5,170		24.85%	4,604		20.78%
All others	15,634		75.15%	17,549		79.22%
Total employed	20,804		100.00%	22,153		100.00%

Source: Kerr Economic Development Corporation

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

	Fiscal Year			
	2011	2012	2013	2014
<b>General Fund</b>				
City secretary	2	2	2	2
City attorney	2	2	2	2
City administration	4	4	4	5
Human resources	4	4	4	4
Finance	6	5	5	5
Information technology	4	5	5	5
Purchasing	-	-	-	-
Municipal court	4	5	5	5
Kerrville-Schreiner Park	6	6	6	6
Police	71	71	71	68
Fire	49	49	49	49
Emergency management and training	-	-	-	-
Fire prevention	1	2	2	2
Emergency Medical Services	27	27	27	27
Solid waste	5	5	5	5
Planning	3	2	2	2
Building services	5	5	5	4
Code compliance	3	2	2	2
Environment health	-	-	-	-
Business programs	2	2	2	-
Parks and recreation	-	-	-	-
Aquatics	1	-	-	-
Parks maintenance	14	12	12	13
Recreation	2	1	1	2
Community events	-	-	-	-
Sports Complex	-	-	-	-
Engineering	21	21	21	3
Streets	-	-	-	16
Library	10	10	10	11
General operations	-	-	-	-
Total general fund	246	242	242	238
<b>Water and Sewer Fund</b>				
Utility billing	8	8	8	9
Utility administration	4	4	4	5
Water production	11	11	11	11
Water distribution	9	9	9	9
Water reclamation	14	14	17	14
Utility information system	-	-	-	-
Utility laboratory	4	4	4	4
Total water fund	50	50	53	52
<b>Golf Course Fund</b>				
Golf course maintenance	8	8	8	8
Pro shop	6	3	3	3
Total golf course fund	14	11	11	11
<b>Garage</b>	4	4	4	4
Grand total	314	307	310	305

Source: City Budget Book

Note: Kerrville-Schreiner Park was moved to general fund in fiscal year 2011.

Solid Waste was moved to general fund in fiscal year 2015.

Table D-19

Fiscal Year					
2015	2016	2017	2018	2019	2020
2	2	2	2	2	3
1	2	1	1	1	1
6	6	6	6	5	5
4	4	4	4	4	4
5	5	5	5	5	5
5	5	5	6	6	7
-	-	-	-	-	-
5	5	6	6	6	6
6	6	7	7	8	8
70	71	71	72	72	72
48	49	49	49	48	48
-	-	-	-	1	1
2	2	2	2	2	2
28	27	27	26	26	26
5	1	1	1	1	1
2	2	3	2	2	2
4	5	5	5	6	6
2	1	2	2	2	2
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
18	19	19	20	20	21
1	2	2	2	2	2
-	-	-	-	1	1
-	-	2	4	6	6
4	4	4	5	5	6
18	18	18	18	19	18
9	9	9	9	9	9
-	-	-	-	1	1
245	245	250	254	260	263
8	8	8	7	7	8
3	3	-	-	-	-
11	11	12	13	13	13
9	9	9	9	10	10
14	14	15	15	15	15
-	-	-	-	-	-
4	4	4	4	4	4
49	49	48	48	49	50
7	7	7	7	7	5
3	3	3	3	3	2
10	10	10	10	10	7
4	4	4	5	5	5
308	308	312	317	324	325

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

**Table D-20**

Function/Program	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Police</b>										
Calls for service	15,308	15,937	16,126	14,820	16,220	17,040	17,164	14,534	14,247	13,404
Avg. response time per call (minutes)	8.0	8.0	9.0	6.2	8.3	7.4	6.2	6.5	6.4	5.2
Clearance rate	67%	62%	54%	55%	54%	58%	52%	58%	70%	73%
<b>Fire</b>										
Fire response time (minutes)	4.0	4.4	N/A	4.2	4.3	4.6	4.7	5.0	4.8	4.9
First responder response time (min)	8.0	7.9	N/A	8.9	8.1	6.2	8.7	4.0	4.3	4.0
EMS response time - City (minutes)	5.0	5.1	N/A	5.3	5.0	4.9	5.2	5.4	5.1	5.0
Inspections	471	568	458	393	429	491	593	802	647	680
<b>Highway and Streets</b>										
Street maintenance – man hours	1,391	2,000	1,749	6,224	4,161	4,128	4,789	6,785	4,912	5,940
Pothole repairs	1,459	1,800	1,323	2,109	2,273	2,250	2,208	1,234	1,553	915
Traffic control (signs) – man hours	1,625	1,722	1,804	1,722	1,777	2,185	2,110	2,111	2,114	2,156
<b>Solid Waste</b>										
Annual tonnages at landfill	7,939	8,000	7,500	8,279	8,242	9,259	8,932	9,839	8,591	9,908
Annual tonnages at transfer station*	46,086	46,767	48,402	50,175	55,528	66,162	72,773	68,460	72,510	81,694
Annual tonnages - recycling program*	1,908	1,700	1,200	1,383	669	1,508	1,595	1,643	1,561	1,172
<b>Culture and Recreation</b>										
Park maintenance – man hours	19,148	20,785	17,675	25,033	27,622	29,450	29,198	33,781	34,291	30,703
Golf course – rounds of golf played	33,270	36,262	32,509	29,489	27,111	26,252	25,979	23,468	21,744	24,111
Swimming pool attendance	9,071	7,613	9,719	15,290	17,118	10,158	13,024	13,867	14,178	8,461
<b>Kerrville-Schreiner Park</b>										
Reservations processed	4,183	5,407	7,263	12,507	13,369	14,333	15,749	16,783	15,291	14,574
<b>Water</b>										
Water meters read	115,295	115,777	116,563	117,459	119,126	120,053	120,836	121,081	120,998	122,160
Work orders processed	10,281	10,221	10,672	10,737	10,748	11,191	12,013	11,256	9,574	11,114
Water main breaks	71	53	42	21	28	19	-	-	-	-
Water main break calls**	-	-	-	-	-	-	100	62	107	84
Total water consumption (thousands of gallons)	1,368,522	1,289,982	1,302,333	1,243,039	1,072,229	1,206,145	1,347,170	1,281,620	1,128,810	1,365,368
Cost per thousand gallons	\$ 1.03	\$ 1.10	\$ 1.07	\$ 1.22	\$ 1.55	\$ 1.30	\$ 1.24	\$ 1.53	\$ 1.69	\$ 1.46
<b>Wastewater</b>										
Average daily sewage treatment (thousands of gallons)	2,016	2,148	2,199	2,132	2,044	2,484	2,054	2,010	2,165	2,033

\* Transfer station began operation in 2011. Revised recycling program began in 2015.

\*\* In 2017, the metric was changed to show how many calls for main breaks the public works department resolved.

**City of Kerrville, Texas**  
**Capital Asset Statistics by Function/Program**  
**Last Ten Fiscal Years**

**Table D-21**

Function/Program	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Public Safety</b>										
Police stations	1	1	1	1	1	1	1	1	1	1
Fire stations	4	4	4	4	4	4	4	4	4	4
<b>Highway and Streets</b>										
Streets (lane miles)	282	282	282	282	282	282	282	282	282	285
Area in square miles	21.1	21.1	21.1	21.27	21.8	22.2	22.2	22.4	22.4	22.4
<b>Culture and Recreation</b>										
Parks acreage	937	937	937	937	937	937	1,041	1,041	1,046	1,048
Swimming pools	1	1	1	1	1	1	1	1	1	1
Picnic areas and playgrounds	22	23	23	23	23	23	23	23	23	23
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
<b>Water</b>										
Water main (miles)	238	241	246	249	253	253	255	257	258	262
Average daily consumption (millions of gallons)	3.24	3.82	3.88	3.166	3.67	2.85	3.01	3.86	3.33	3.27
<b>Sewer</b>										
Sanitary sewers (miles)	202	194	214	209	227	227	227	227	227	227
Storm sewers (miles)	7	7	7	7	7	7	7	8	8	8
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

Sources: Various city departments



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**Single Audit Section**

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**Report on Internal Control over Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial Statements Performed  
in Accordance with *Government Auditing Standards***

**Independent Auditor's Report**

The Honorable Mayor and City Council  
City of Kerrville, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, 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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 23, 2021. Our report also includes a reference to other auditors who audited the financial statements of the Kerrville Public Utility Board (KPUB) and Kerrville-Kerr County Airport Board (Airport), a joint venture between the City and Kerr County, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of KPUB, a component unit included in the financial statements of the aggregate discretely presented component units, were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with KPUB.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dallas, Texas  
February 23, 2021

**Report on Compliance for the Major Federal Program;  
Report on Internal Control Over Compliance; and Report on  
Schedules of Expenditures of Federal Awards  
Required by the Uniform Guidance**

**Independent Auditor's Report**

The Honorable Mayor and City Council  
City of Kerrville, Texas

**Report on Compliance for the Major Federal Program**

We have audited the City of Kerrville, Texas (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended September 30, 2020. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards, the Uniform Guidance, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

### ***Opinion on the Major Federal Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2020.

### **Report on Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

***Report on Schedules of Expenditures of Federal Awards Required by the Uniform Guidance***

We have audited the financial statements of the government-wide activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated February 9, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedules of expenditures of federal awards are presented for purposes of additional analysis as required by the Uniform Guidance 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 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 schedules of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Dallas, Texas  
February 23, 2021



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**City of Kerrville, Texas**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2020**

<b>Federal Grantor/ Pass-Through Grantor/Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Passed Through to Subrecipients</b>	<b>Total Federal Expenditures</b>
U.S. Department of the Treasury/Texas Department of Emergency Management (TDEM)/2020 Coronavirus Relief Fund	21.019	265390400	\$ -	\$ 1,332,275
U.S. Department of Justice, Office of Justice Programs, Bureau of Justice Assistance/Patrick Leahy Bulletproof Vest Partnership Program (BVP)	16.607		-	6,187
U.S. Department of Justice, Office of Justice Programs, Bureau of Justice Assistance/ Texas Office of the Governor/ DJ-Edward Byrne Memorial Justice Assitance Grant Program	16.738		-	49,525
			<u>\$ -</u>	<u>\$ 1,387,987</u>

**City of Kerrville, Texas**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2020**

***Notes to Schedule***

1. The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of City of Kerrville under programs of the federal government for the year ended September 30, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Kerrville, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Kerrville.
2. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and other regulatory guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The City of Kerrville has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.
3. The City of Kerrville did not have any federal loan programs during the year ended September 30, 2020.

**City of Kerrville, Texas**  
**Schedule of Findings and Questioned Costs**  
**Year Ended September 30, 2020**

**Summary of Auditor's Results**

*Financial Statements*

1. The type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) was:

☒ Unmodified      ☐ Qualified      ☐ Adverse      ☐ Disclaimer

2. The independent auditor's report on internal control over financial reporting disclosed:

Significant deficiency(ies)?

☐ Yes      ☒ None reported

Material weakness(es)?

☐ Yes      ☒ No

3. Noncompliance considered material to the financial statements was disclosed by the audit?

☐ Yes      ☒ No

*Federal Awards*

4. The independent auditor's report on internal control over compliance for major federal awards program disclosed:

Significant deficiency(ies)?

☐ Yes      ☒ None reported

Material weakness(es)?

☐ Yes      ☒ No

5. The opinion expressed in the independent auditor's report on compliance for major federal and state awards was:

☒ Unmodified      ☐ Qualified      ☐ Adverse      ☐ Disclaimer

6. The audit disclosed findings required to be reported by 2 CFR 200.516(a)?

☐ Yes      ☒ No

**City of Kerrville**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended September 30, 2020**

- 7 The City's major federal program was:

**Cluster/Program**

**CFDA Number**

COVID-19 – Coronavirus Relief Fund

21.019

- 8 The threshold used to distinguish between Type A and Type B programs as those terms are defined in the Uniform Guidance was \$750,000.

9. City of Kerrville qualified as a low-risk auditee for federal purposes?

☐ Yes

☒ No

**Findings Required to be Reported by Government Auditing Standards**

**Reference  
Number**

**Finding**

No matters are reportable.

**City of Kerrville**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended September 30, 2020**

**Findings Required to be Reported by the Uniform Guidance**

<b>Reference Number</b>	<b>Finding</b>
-----------------------------	----------------

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No matters are reportable.

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**City of Kerrville**  
**Summary Schedule of Prior Audit Findings**  
**Year Ended September 30, 2020**

<b>Reference Number</b>	<b>Summary of Finding</b>	<b>Status</b>
-----------------------------	---------------------------	---------------

No matters are reportable.

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PRESENTATION TO  
**CITY COUNCIL**



# Agenda



Audit Results



Required Communications



Findings



Financial Trends



New GASB Standards

# Audit Results



# Audit Results

REPORT	RESULTS
Financial Statement Opinion	Unmodified
Internal Control over Financial Reporting and on Compliance and Other Matters	No findings reported
Report on Compliance for the Major Federal Program; Report on Internal Control over Compliance; and Report on Schedules of Expenditures of Federal Awards Required by Uniform Guidance	Unmodified, No findings reported

# Audit Areas Of Emphasis

AUDIT AREA	STEPS PERFORMED
All significant transaction cycles	Gained understanding of internal control design and operation
Cash/Investments	Confirmed material balances, reviewed outstanding checks/deposits, tested classifications and fair values
Revenue/Expense Fluctuation Analysis	Reviewed changes from prior year based on expectation from COVID.
Single Audit (TDEM Covid money)	Reviewed for allowability of expenses and adequate reporting

# Required Communications



REQUIRED COMMUNICATION	BKD'S RESPONSE
Significant Estimates	<ul style="list-style-type: none"> <li>• AR Allowance</li> <li>• Depreciable Lives</li> <li>• Actuarial Assumptions Used in the Pension and OPEB liabilities</li> </ul>
Quality of Accounting Principles	<ul style="list-style-type: none"> <li>• Significant Accounting Policies</li> <li>• Alternative Accounting Treatments</li> </ul>
Financial Statement Disclosures	<ul style="list-style-type: none"> <li>• Capital assets</li> <li>• Pension and OPEB Plans</li> <li>• Landfill Closure and Post-Closure</li> </ul>
Auditor's Judgments About the Quality of Client's Accounting Policies	None
Other Information in Documents Containing Audited Financial Statements	None

## REQUIRED COMMUNICATION

## BKD'S RESPONSE

Disagreements with Management

None

Consultations with Other Accountants

None

Significant Issues Discussed with Management

None

Difficulties or Disagreements while Performing the Audit

None

Substantial Doubt About the Entity's Ability to Continue  
as a Going Concern

None

Other Material Communications

None



# Findings



# Findings Reporting in CY



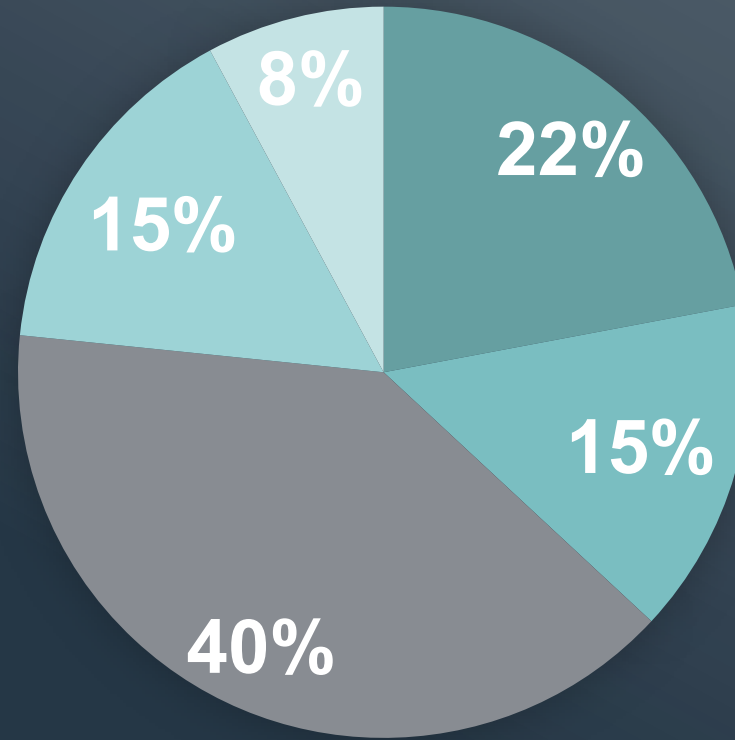
- Material Weakness – none identified
- Significant Deficiency – none identified
- Control Deficiency – none identified
- Other Noncompliance – none identified

# Financial Trends



# Kerrville Government-wide Revenues by Source

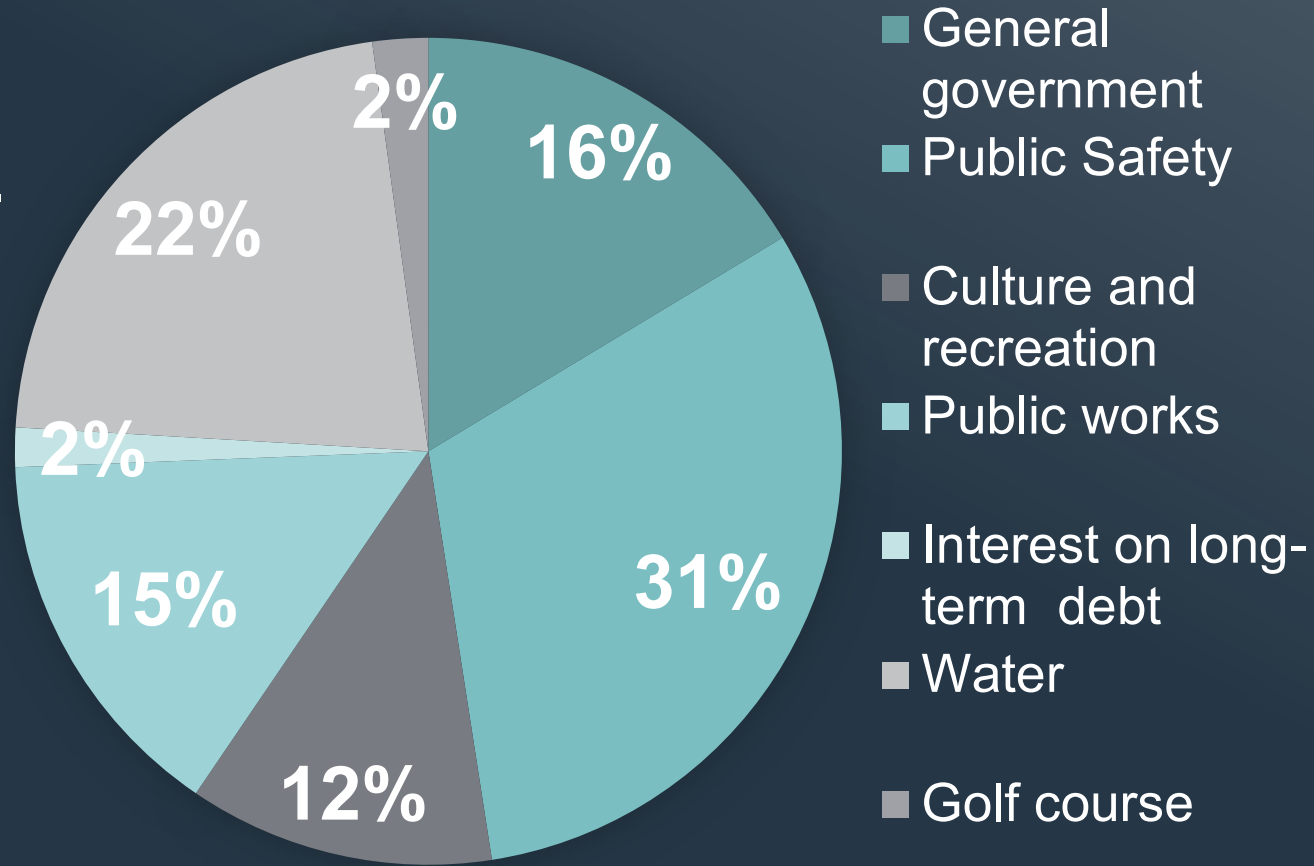
\$52.6 million



- Property Tax
- Sales and Use Taxes
- Charges for Services
- Operating and Capital Grants and Contributions
- Other

# KERRVILLE GOVERNMENT-WIDE EXPENSES BY FUNCTION/PROGRAM

Total Government-Wide Expense  
\$48.0 million

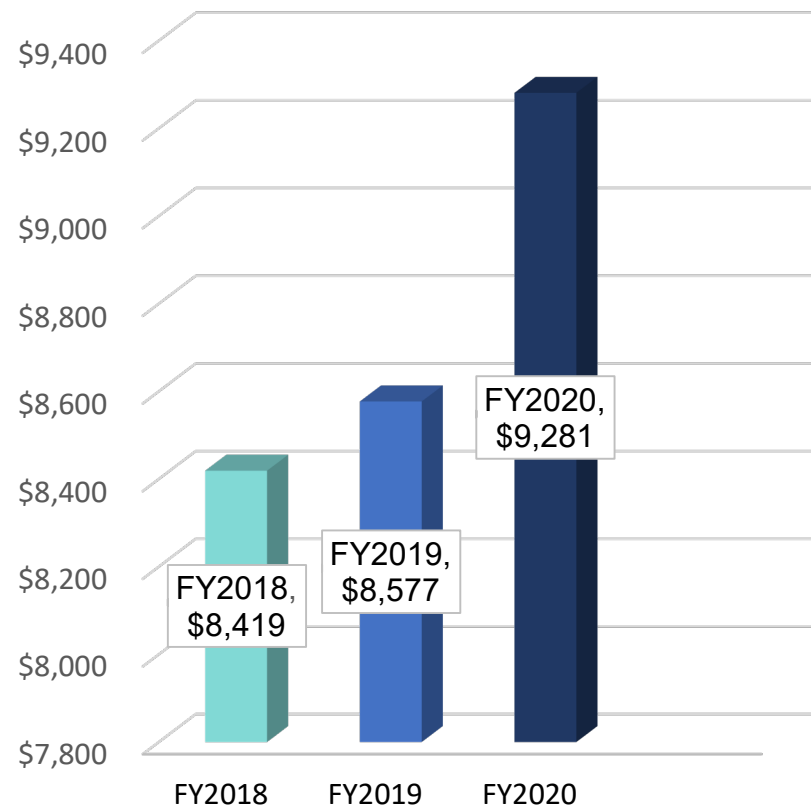


# Pension - Texas Municipal Retirement System – Primary Government

	FY 2018	FY 2019	FY 2020
Net Pension Liability	\$3.9M	\$10.8M	\$5.5M
Plan fiduciary net position as a % of the total pension liability	95.1%	86.9%	93.8%
Sensitivity of NPL FY 2020			
	1% Decrease (5.75%)	Current Assumption (6.75%)	1% Increase (7.75%)
	\$17.49m	\$5.46m	(\$4.47m)

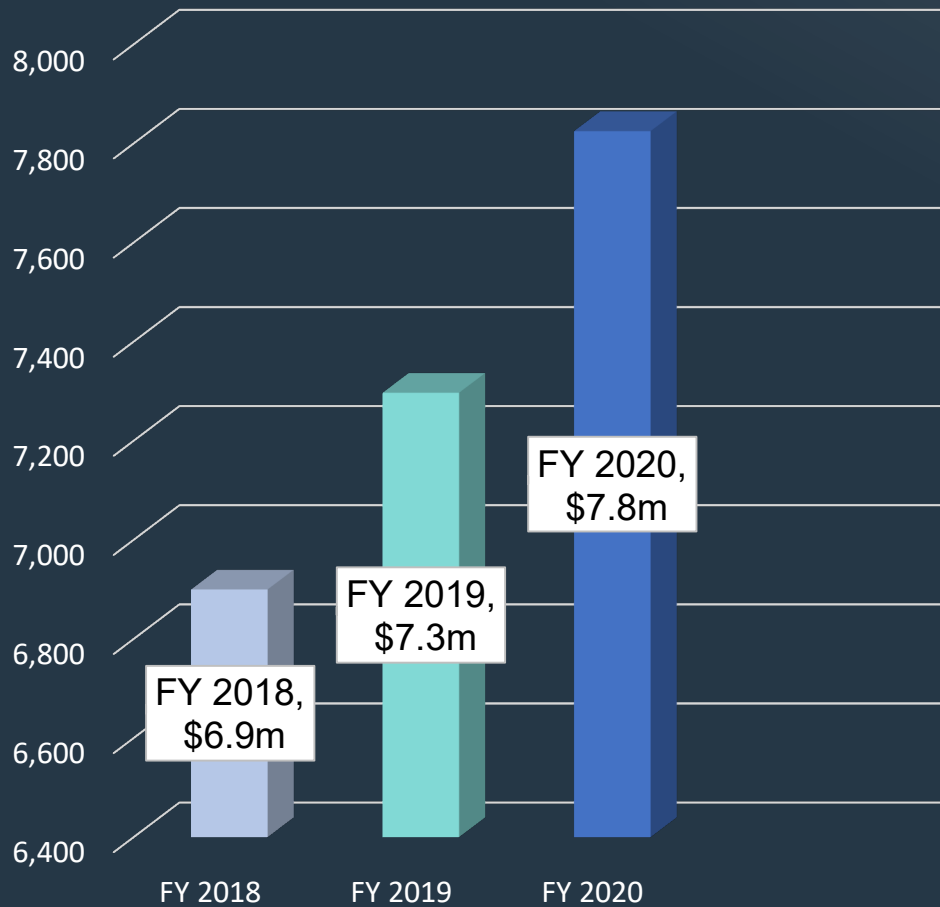
# GENERAL FUND – FUND BALANCE

## Unassigned Fund Balance (In Thousands)



- ▶▶ Ending unassigned fund balance for the General Fund was \$9.28M
- ▶▶ Total fund balance increased \$693,949 or 15.6% from FY2019
- ▶▶ Unassigned fund balance is equal to 34.9% of FY2020 General Fund expenditures

# Sales and Use Tax



- Sales and Use taxes have increased 7.2% from PY.
- Sales and Use taxes for FY 2020 make up 34.7% of total taxes.





# New GASB Standards



# New GASB Standards

- GASB Statement No. 84, Fiduciary Activities
  - Effective for the City's fiscal year ended September 30, 2021
- GASB Statement No. 87, Leases
  - Effective for the City's fiscal year ended September 30, 2022

# Questions?

# Connect with Us

**Danny Martinez, CPA, CGFM**

[dmartinez@bkd.com](mailto:dmartinez@bkd.com)

972-702-8262

LinkedIn – dannymartinezcpa

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**TO BE CONSIDERED BY THE CITY COUNCIL  
CITY OF KERRVILLE, TEXAS**

**SUBJECT:** Purchase of 60 Taser electronic control devices and training from Axon Enterprise Inc (BuyBoard contract #606-20) for a total price not to exceed \$191,480.60.

**AGENDA DATE OF:** February 23, 2021    **DATE SUBMITTED:** Feb 05, 2021

**SUBMITTED BY:** Chris McCall

**EXHIBITS:** [20210223\\_ConsiderationandAction\\_Taser.pdf](#)  
[20210223\\_Consideration\\_Buyboard Contract.pdf](#)

<b>Expenditure Required:</b>	<b>Remaining Budget Balance in Account:</b>	<b>Amount Budgeted:</b>	<b>Account Number:</b>
\$191,480.60 (Year 1- \$26,883.80, Year 2- \$34,996.80, Year 3- \$43,200, Year 4- \$43,200, Year 5- \$43,200)	\$26,883.80 in FY2021 (using unallocated FY2020 year end budget transfer)	\$26,883.80 in FY2021 (using unallocated FY2020 year end budget transfer)	18-1813-1100

**PAYMENT TO BE MADE TO:** Axon Enterprise Inc.

<b>Kerrville 2050 Item?</b>	No
<b>Key Priority Area</b>	N/A
<b>Guiding Principle</b>	F2. Place the highest priority on public safety (police, fire, EMS).
<b>Action Item</b>	N/A

**SUMMARY STATEMENT:**

This item is for the purchase of 60 Taser electronic control devices and related training from Axon Enterprise Inc (Formerly Taser Inc). This purchase is recommended using the best pricing through BuyBoard contract #603-20. The proposed purchase includes 60 Taser 7 devices, batteries, docking stations, holsters, replacement close quarter and stand off cartridges, training cartridges, three Master Instructor school vouchers, a Taser 7 Instructor course, online training content access, and warranties on equipment. The deployment of Tasers to Officers of the Kerrville Police Department will move the agency forward in providing additional safety to citizens and to police officers alike.

This will be the beginning step in giving KPD Officers additional options when faced with dangerous situations requiring intervention. The process of deploying the equipment to officers, will be accompanied by the development of policy to give guidance and direction for the use of the tool, as well as training related directly to the appropriate deployment in the field. The additional options provided by the availability of this tool during dangerous encounters can have a dramatic effect related to the number of force encounters, we also hope to see a reduced potential for injury to officers and suspects involved in a force encounter.

**RECOMMENDED ACTION:**

Approval of the purchase of Tasers and associated training for deployment to police officers.



**Axon Enterprise, Inc.**  
17800 N 85th St.  
Scottsdale, Arizona 85255  
United States  
Phone: (800) 978-2737

**Q-284439-44221.734JM**

Issued: 01/25/2021

Quote Expiration: 03/31/2021

Account Number: 109242

Payment Terms: Net 30  
Delivery Method: Fedex - Ground

**SHIP TO**

Jon Cline  
Kerrville Police Dept. - TX  
429 SIDNEY BAKER  
Kerrville, TX 78028  
US

**BILL TO**

Kerrville Police Dept. - TX  
429 SIDNEY BAKER  
Kerrville, TX 78028  
US

**SALES REPRESENTATIVE**

Jason Maxwell  
Phone: (480) 502-6201  
Email: jmaxwell@taser.com  
Fax: (480) 378-6152

**PRIMARY CONTACT**

Jon Cline  
Phone: 830-257-8181  
Email: jonathan.cline@kerrvilletx.gov

**Year 1**

Item	Description	Term (Months)	Quantity	List Unit Price	Net Unit Price	Total (USD)
<b>Axon Plans &amp; Packages</b>						
20141	TASER 7 EVIDENCE.COM LICENSE		60	0.00	0.00	0.00
20140	TASER 7 DUTY CARTRIDGE REPLENISHMENT PROGRAM		60	0.00	0.00	0.00
<b>Hardware</b>						
20008	TASER 7 HANDLE, YLW, HIGH VISIBILITY (GREEN LASER), CLASS 3R		60	0.00	0.00	0.00
20040	TASER 7 HANDLE WARRANTY, 4-YEAR		60	0.00	0.00	0.00
20042	TASER 7 DOCK & CORE WARRANTY, 4-YEAR		1	0.00	0.00	0.00
22175	TASER 7 LIVE CARTRIDGE, STANDOFF (3.5-DEGREE) NS		180	0.00	0.00	0.00
22176	TASER 7 LIVE CARTRIDGE, CLOSE QUARTERS (12-DEGREE) NS		180	0.00	0.00	0.00
20018	TASER 7 BATTERY PACK, TACTICAL		72	0.00	0.00	0.00
20041	TASER 7 BATTERY PACK WARRANTY, 4-YEAR		72	0.00	0.00	0.00
20160	TASER 7 HOLSTER - SAFARILAND, RH+CART CARRIER		60	0.00	0.00	0.00
74200	TASER 7 6-BAY DOCK AND CORE		1	0.00	0.00	0.00
20050	HOOK-AND-LOOP TRAINING (HALT) SUIT		1	0.00	0.00	0.00
22179	TASER 7 INERT CARTRIDGE, STANDOFF (3.5-DEGREE) NS		50	0.00	0.00	0.00

## Year 1 (Continued)

Item	Description	Term (Months)	Quantity	List Unit Price	Net Unit Price	Total (USD)
<b>Hardware (Continued)</b>						
22181	TASER 7 INERT CARTRIDGE, CLOSE QUARTERS (12-DEGREE) NS		50	0.00	0.00	0.00
70033	WALL MOUNT BRACKET, ASSY, EVIDENCE.COM DOCK		1	0.00	0.00	0.00
22175	TASER 7 LIVE CARTRIDGE, STANDOFF (3.5-DEGREE) NS		120	0.00	0.00	0.00
22176	TASER 7 LIVE CARTRIDGE, CLOSE QUARTERS (12-DEGREE) NS		120	0.00	0.00	0.00
22177	TASER 7 HOOK-AND-LOOP TRN (HALT) CARTRIDGE, STANDOFF NS		120	0.00	0.00	0.00
22178	TASER 7 HOOK-AND-LOOP TRN (HALT) CARTRIDGE, CLOSE QUART NS		120	0.00	0.00	0.00
<b>Other</b>						
20119	TASER 7 MASTER INSTRUCTOR SCHOOL VOUCHER		2	1,495.00	0.00	0.00
20144	2019 - TASER 7 CERTIFICATION PLAN		60	0.00	0.00	0.00
80087	TASER 7 TARGET, CONDUCTIVE, PROFESSIONAL (RUGGEDIZED)		1	0.00	0.00	0.00
20146	TASER 7 ONLINE TRAINING CONTENT ACCESS: 5 YEAR		60	0.00	0.00	0.00
20120	TASER 7 INSTRUCTOR COURSE VOUCHER		1	0.00	0.00	0.00
20119	TASER 7 MASTER INSTRUCTOR SCHOOL VOUCHER		1	0.00	0.00	0.00
20088	2019 - TASER 7 CERTIFICATION PLAN YEAR 1 PAYMENT		60	720.00	402.23	24,133.80
<b>Services</b>						
85147	CEW STARTER		1	2,750.00	2,750.00	2,750.00
					Subtotal	26,883.80
					Estimated Shipping	0.00
					Estimated Tax	0.00
					Total	26,883.80

## Spares

Item	Description	Term (Months)	Quantity	List Unit Price	Net Unit Price	Total (USD)
<b>Hardware</b>						
20008	TASER 7 HANDLE, YLW, HIGH VISIBILITY (GREEN LASER), CLASS 3R		2	0.00	0.00	0.00



## Spares (Continued)

Item	Description	Term (Months)	Quantity	List Unit Price	Net Unit Price	Total (USD)
<b>Hardware (Continued)</b>						
20040	TASER 7 HANDLE WARRANTY, 4-YEAR		2	0.00	0.00	0.00
					Subtotal	0.00
					Estimated Tax	0.00
					Total	0.00

## Year 2

Item	Description	Term (Months)	Quantity	List Unit Price	Net Unit Price	Total (USD)
<b>Hardware</b>						
22175	TASER 7 LIVE CARTRIDGE, STANDOFF (3.5-DEGREE) NS		120	0.00	0.00	0.00
22176	TASER 7 LIVE CARTRIDGE, CLOSE QUARTERS (12-DEGREE) NS		120	0.00	0.00	0.00
<b>Other</b>						
20120	TASER 7 INSTRUCTOR COURSE VOUCHER		1	0.00	0.00	0.00
20119	TASER 7 MASTER INSTRUCTOR SCHOOL VOUCHER		1	0.00	0.00	0.00
20089	2019 - TASER 7 CERTIFICATION PLAN YEAR 2 PAYMENT		60	720.00	583.28	34,996.80
					Subtotal	34,996.80
					Estimated Tax	0.00
					Total	34,996.80

## Year 3

Item	Description	Term (Months)	Quantity	List Unit Price	Net Unit Price	Total (USD)
<b>Hardware</b>						
22175	TASER 7 LIVE CARTRIDGE, STANDOFF (3.5-DEGREE) NS		120	0.00	0.00	0.00
22176	TASER 7 LIVE CARTRIDGE, CLOSE QUARTERS (12-DEGREE) NS		120	0.00	0.00	0.00
22177	TASER 7 HOOK-AND-LOOP TRN (HALT) CARTRIDGE, STANDOFF NS		120	0.00	0.00	0.00
22178	TASER 7 HOOK-AND-LOOP TRN (HALT) CARTRIDGE, CLOSE QUART NS		120	0.00	0.00	0.00
<b>Other</b>						
20120	TASER 7 INSTRUCTOR COURSE VOUCHER		1	0.00	0.00	0.00
20119	TASER 7 MASTER INSTRUCTOR SCHOOL VOUCHER		1	0.00	0.00	0.00

### Year 3 (Continued)

Item	Description	Term (Months)	Quantity	List Unit Price	Net Unit Price	Total (USD)
<b>Other (Continued)</b>						
20090	2019 - TASER 7 CERTIFICATION PLAN YEAR 3 PAYMENT		60	720.00	720.00	43,200.00
					Subtotal	43,200.00
					Estimated Tax	0.00
					Total	43,200.00

### Year 4

Item	Description	Term (Months)	Quantity	List Unit Price	Net Unit Price	Total (USD)
<b>Hardware</b>						
22175	TASER 7 LIVE CARTRIDGE, STANDOFF (3.5-DEGREE) NS		120	0.00	0.00	0.00
22176	TASER 7 LIVE CARTRIDGE, CLOSE QUARTERS (12-DEGREE) NS		120	0.00	0.00	0.00
<b>Other</b>						
20120	TASER 7 INSTRUCTOR COURSE VOUCHER		1	0.00	0.00	0.00
20119	TASER 7 MASTER INSTRUCTOR SCHOOL VOUCHER		1	0.00	0.00	0.00
20091	2019 - TASER 7 CERTIFICATION PLAN YEAR 4 PAYMENT		60	720.00	720.00	43,200.00
					Subtotal	43,200.00
					Estimated Tax	0.00
					Total	43,200.00

### Year 5

Item	Description	Term (Months)	Quantity	List Unit Price	Net Unit Price	Total (USD)
<b>Hardware</b>						
22175	TASER 7 LIVE CARTRIDGE, STANDOFF (3.5-DEGREE) NS		120	0.00	0.00	0.00
22176	TASER 7 LIVE CARTRIDGE, CLOSE QUARTERS (12-DEGREE) NS		120	0.00	0.00	0.00
<b>Other</b>						
20120	TASER 7 INSTRUCTOR COURSE VOUCHER		1	0.00	0.00	0.00
20119	TASER 7 MASTER INSTRUCTOR SCHOOL VOUCHER		1	0.00	0.00	0.00

Year 5 (Continued)

Item	Description	Term (Months)	Quantity	List Unit Price	Net Unit Price	Total (USD)
Other (Continued)						
20092	2019 - TASER 7 CERTIFICATION PLAN YEAR 5 PAYMENT		60	720.00	720.00	43,200.00
					Subtotal	43,200.00
					Estimated Tax	0.00
					Total	43,200.00
					Grand Total	191,480.60

## Discounts (USD)

Quote Expiration: 03/31/2021

List Amount	221,740.00
Discounts	30,259.40
<b>Total</b>	<b>191,480.60</b>

*\*Total excludes applicable taxes*

## Summary of Payments

Payment	Amount (USD)
Year 1	26,883.80
Spares	0.00
Year 2	34,996.80
Year 3	43,200.00
Year 4	43,200.00
Year 5	43,200.00
<b>Grand Total</b>	<b>191,480.60</b>

## Notes

BuyBoard 603-20 used for pricing and purchasing justification.

Purchase of TASER 7 are governed by the TASER 7 Agreement located at <https://www.axon.com/legal/sales-terms-and-conditions> and not the Master Services and Purchasing Agreement referenced below.

Tax is subject to change at order processing with valid exemption.

## Axon's Sales Terms and Conditions

This Quote is limited to and conditional upon your acceptance of the provisions set forth herein and Axon's Master Services and Purchasing Agreement (posted at [www.axon.com/legal/sales-terms-and-conditions](http://www.axon.com/legal/sales-terms-and-conditions)), as well as the attached Statement of Work (SOW) for Axon Fleet and/or Axon Interview Room purchase, if applicable. Any purchase order issued in response to this Quote is subject solely to the above referenced terms and conditions. By signing below, you represent that you are lawfully able to enter into contracts. If you are signing on behalf of an entity (including but not limited to the company, municipality, or government agency for whom you work), you represent to Axon that you have legal authority to bind that entity. If you do not have this authority, please do not sign this Quote.

<b>Signature:</b>	_____	<b>Date:</b>	_____
<b>Name (Print):</b>	_____	<b>Title:</b>	_____
<b>PO# (Or write N/A):</b>	_____		

Please sign and email to Jason Maxwell at [jmaxwell@taser.com](mailto:jmaxwell@taser.com) or fax to (480) 378-6152

Thank you for being a valued Axon customer. For your convenience on your next order, please check out our online store [buy.axon.com](http://buy.axon.com)

The trademarks referenced above are the property of their respective owners.

### \*\*\*Axon Internal Use Only\*\*\*

		SFDC Contract #:
		Order Type:
		RMA #:
		Address Used:
		SO #:
Review 1	Review 2	
Comments:		



## Vendor Contract Information Summary

Vendor Name Axon Enterprise, Inc.  
Contact Alissa McDowell  
Phone Number 8009782737  
Email amcdowell@axon.com  
Website www.axon.com  
Federal ID 86-0741227  
Accepts RFQs Yes  
Address Line 1 17800 N. 85th St.  
Vendor City Scottsdale  
Vendor Zip 85255  
Vendor State AZ  
Vendor Country USA  
Delivery Days 45  
Freight Terms FOB Destination  
Payment Terms Net 30 days  
Shipping Terms Common Carrier  
Ship Via Common Carrier  
Is Designated Dealer No  
EDGAR Forms Received Yes  
Service-Disabled Veteran Owned No  
Minority Owned No  
Women Owned No  
Is National Yes  
No Excluded Foreign Terrorist Orgs Yes  
No Israel Boycott Certificate Yes  
Is MWBE No  
Regions Served All Texas Regions  
States Served All States  
Contract Name Public Safety and Firehouse Supplies and Equipment  
Contract # 603-20  
Effective Date 04/01/2020  
Expiration Date 03/31/2023  
Quote Reference Number 603-20  
Return Policy All sales are final; however, Axon will repair/replace any goods that are defective pursuant to its warranty policy.



**TO BE CONSIDERED BY THE CITY COUNCIL  
CITY OF KERRVILLE, TEXAS**

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**SUBJECT:** Seventh Amendment to Development Agreement by and between Comanche Trace Ranch and Golf Club, LLLP, a Colorado Limited Liability Limited Partnership; and the City of Kerrville, Texas, for Comanche Trace Ranch and Golf Club.

**AGENDA DATE OF:** February 23, 2021    **DATE SUBMITTED:** Jan 29, 2021

**SUBMITTED BY:** EA Hoppe

**EXHIBITS:** [20210223\\_Agreement\\_Comanche Trace 7th Amendment 021921 DRAFT.pdf](#)  
[20210223\\_Map\\_Comanche Trace Master Plan\\_Oct 2020\\_low res.pdf](#)

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<b>Expenditure Required:</b>	<b>Remaining Budget Balance in Account:</b>	<b>Amount Budgeted:</b>	<b>Account Number:</b>
N/A	N/A	N/A	N/A

**PAYMENT TO BE MADE TO:** N/A

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<b>Kerrville 2050 Item?</b>	Yes
<b>Key Priority Area</b>	H - Housing
<b>Guiding Principle</b>	H1. Provide a diverse range of housing options to meet the needs and desires of all age groups, income levels, and lifestyles
<b>Action Item</b>	H1.12 - Streamline development processes to encourage development of desired housing products

---

**SUMMARY STATEMENT:**

The City has had a Development Agreement with Comanche Trace since the 1999 timeframe. Various amendments have been made over the last 20 years, but this latest amendment is an attempt to modernize the Agreement in a number of ways. Specifically, it extends the Agreement for another 20 years, provides for an updated Concept Plan to better match the existing and planned development footprint, brings the applicable regulatory codes up to modern standards, and cleans up several previously contemplated property and infrastructure transactions. A revised Concept Plan for the build out of the property, which contemplates 1,300 residential units, is provided as an attachment. The current development has approximately 700 existing residential property units.

**RECOMMENDED ACTION:**

Authorize the City Manager to finalize and execute the Development Agreement in significantly the same form as presented.



# DRAFT 2/19/21

## SEVENTH AMENDMENT TO DEVELOPMENT AGREEMENT BY AND BETWEEN COMANCHE TRACE RANCH AND GOLF CLUB, LLLP, A COLORADO LIMITED LIABILITY LIMITED PARTNERSHIP; AND THE CITY OF KERRVILLE, TEXAS, FOR COMANCHE TRACE RANCH AND GOLF CLUB

**THIS SEVENTH AMENDMENT TO DEVELOPMENT AGREEMENT** (“Amendment”) is made and entered into as of the \_\_\_\_ day of \_\_\_\_\_, 2021, by and between **Comanche Trace Ranch and Golf Club, LLLP**, a Colorado limited liability limited partnership, acting by and through its General Partner, (“Developer”), whose offices are located at 3074 Bandera Highway, Kerrville, Texas 78028; and the **City of Kerrville, Texas**, whose offices are located at 701 Main Street, Kerrville, Texas 78028, (“City”), a Texas home rule municipal corporation.

### I. RECITALS

**WHEREAS**, on or about January 26, 1999, City and Developer entered into that certain *Development Agreement by and Between Comanche Trace Ranch and Golf Club, LLLP, a Colorado Limited Liability Limited Partnership and the City of Kerrville, Texas, for Comanche Trace Ranch and Golf Club*, which the parties have previously amended (hereafter collectively referred to as “the Agreement”); and

**WHEREAS**, the parties are interested in extending the term and amending the Agreement in other ways as specified herein; and

**NOW, THEREFORE**, in consideration of the recitals stated above, and the covenants, conditions, and promises contained herein, the properties and rights hereby vested and created as herein provided and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Developer and City hereby agree that the Agreement shall be amended as follows:

1. Section II.A. of the Agreement shall be amended by adding new language as indicated by underlining ([added language](#)) as follows:

“A. **Consistency With Concept Plan**: On August 20, 1998, the Commission approved a concept plan for the Property in accordance

# DRAFT 2/19/21

with the Subdivision Regulations (“the Concept Plan”). Developer agrees that all future applications for subdivisions of the Property shall be substantially consistent with the Concept Plan except to the extent otherwise authorized by City or the Commission, whichever is appropriate. Attached as Exhibit 1, Developer has submitted an updated and revised Concept Plan to City, which replaces the plan referenced in the Agreement. The revised Concept Plan indicates the anticipated build-out for the Property and includes a proposed public roadway access from the Property to connect the Property into Lower Turtle Creek Road. The Concept Plan also specifies the housing types, number of residential units, and housing densities for each proposed phase, along with proposed general deadlines for commencement of development for each phase, subject to market conditions. The Concept Plan also includes an estimate of total proposed residential units and a current perimeter boundary for the Property. Should additional land be added to the Property, Developer shall submit a revised Concept Plan to the City within 60 days of acquiring such land. As part of its preparation of the revised Concept Plan, Developer shall share any engineering analysis it uses or acquires as to the use and capacity of each lift station that serves the Property with the City.

2. Section II.E. of the Agreement shall be amended with new language indicated by underlining (added language) and deletions indicating with red, strike-out (~~deletions~~) as follows:

“E. ~~Developer Election of~~ **Applicable Regulations**: In the event City amends in whole or in part the Subdivision Regulations or the Public Improvement Specifications or its building codes, City ~~agrees that Developer may elect to~~ may apply the ~~amended~~ most current regulations to the development of the Property, provided, however, that the application of such regulations: (1) is necessary to ensure the public health and safety and complies with state law; and (2) does not conflict with the City’s agreement in Section II.B. to provide a predictable regulatory environment and stability in the design of subdivisions and the design and construction of public improvements related thereto in support of the feasibility of the development of the Property ~~to the extent~~

# DRAFT 2/19/21

~~that such amendments are less strict than the regulations in effect prior to the adoption of the amending ordinance.”~~

3. Article IV of the Agreement shall be amended by adding a new subsection N., such new language as indicated by underlining (added language) as follows:

**“N. Annexation of Additional Land:** Developer, before the end of 2021 and in accordance with this section, shall begin the process of seeking annexation from City for portions of the Property that have yet to be annexed. Developer may seek such annexations in separate requests consisting of areas approximately 50 acres or more. Such requests for annexation shall comply with state law and continue with Developer’s obligations under the Agreement to request annexation for the entire Property and, closing and minimizing gaps of land in accordance with state law (Section 43.057, Texas Local Government Code). To the extent a conflict arises between this section and other sections of the Agreement, this section shall control.”

4. Section V.E. of the Agreement shall be amended by adding new language as indicated by underlining (added language) as follows:

**“E. Exclusive Agreement for Water and Wastewater Service:** As additional consideration for City’s agreement to construct the City Improvements, Developer grants to City the sole and exclusive right to provide water and wastewater services to the Property. Upon the written request of Developer, City may, at its sole discretion, waive its right to serve specific areas with water and or wastewater services in favor of another service provider. Furthermore, the exclusive service agreement set forth in this section shall not be construed as prohibiting Developer from granting easements or rights-of-ways to other water or wastewater service providers for the location of transmission mains constructed to service areas outside the Property. The following provisions apply to the use, operation, and necessary expansion, if any, to the wastewater lift station generally located adjacent to Bandera Highway (State HWY 173) near the main vehicular access to Comanche Trace (the “Lift Station”):

# DRAFT 2/19/21

1. Developer hereby acknowledges, affirms, and agrees that the “Lift Station”, which it previously designed, built, and then transferred ownership of to the City pursuant to the Agreement, has the capacity to serve a total of 1,300 living unit equivalents on the Property.
2. Developer acknowledges and agrees that the City has not reserved nor will it reserve the Lift Station to solely serve the Property. Notwithstanding that statement, City has reserved and maintains existing capacity in the Lift Station to serve the portion of the Property that the City has annexed and that has been platted, in an amount to serve approximately 600 more living unit equivalents, as part of the 1,300 total units referenced above.
3. Where Developer, based upon engineering analysis confirmed by City, increases the likelihood that capacity in the Lift Station will need to be increased beyond the capacity of serving 1,300 living unit equivalents, Developer shall be solely responsible for all costs of doing so. Such costs shall include the design, construction, and any property acquisition as required for an expansion to the Lift Station; or alternatively, any other way of serving the Property with wastewater services in accordance with City’s ordinances and specifications, to include the use of a new lift station.
4. Comanche Trace shall not be responsible for costs associated with any expansion of the Lift Station or any alternative service for wastewater as may be caused by conditions beyond those contemplated in section V.E.3., above, and which occur because of development outside of the Property.”
5. Section V.H. of the Agreement shall be amended in its entirety by adding new language as indicated by underlining (added language) as follows:
  - “H. **Fire Station/Police Substation Site:** Developer, in consultation with the City Manager, previously conveyed to City in infeasible fee simple title by special warranty deed, a 2-acre site dedicated for use by the City as a fire and/or police station. The parties agree that the exterior architecture of any structure constructed by City on the site shall have

# DRAFT 2/19/21

a design compatible with the existing sales center located at 2801 Comanche Trace Drive, and subject to approval by Developer, which approval shall not be unreasonably withheld, conditioned, or delayed. The parties may agree, in writing, to another use for the site provided that: (1) any such use will clearly benefit at least a portion of the Property and its residents; and (2) the City will cooperate with Comanche Trace to publicly record in the County Clerk's land records a description of the limits associated with such use."

6. Article V of the Agreement shall be amended by adding a new section J. as indicated by underling (added language) as follows:

"**J. Optional Property:** Developer shall convey to City, in indefeasible fee simple title, a 1-acre site located adjacent to the site previously conveyed to City as described in Section V.H., in lieu of complying with its obligations with respect to Water Well No. 2 and Water Well No. 3 pursuant to Sections V.C.1, V.C.2, V.C.3, and V.D. The approximate site of the 1-acre tract is depicted on the attachment at **Exhibit 2**. Developer shall coordinate the specific timing of the conveyance with the City Manager, but the conveyance shall occur on or before October 1, 2025. The conveyance shall consist of a general warranty deed on a form approved as to form by City, such approval not to be unreasonably withheld."

7. Pursuant to Article VII, Section A. of the Agreement, the Agreement is hereby extended through December 31, 2040.

8. The definition of "Property" in the Agreement (*see* I.E.) is hereby amended to mean the tract of land in Kerr County, Texas, described in **Exhibit A** attached to this Seventh Amendment.

9. Except as amended hereby, City and Developer agree that the remaining provisions of the Agreement are not otherwise amended and are hereby agreed to be in full force and effect.

**EXECUTED** in duplicate the day and year first above written.  
*(signatures begin on following page)*

# DRAFT 2/19/21

CITY OF KERRVILLE, TEXAS

COMANCHE TRACE RANCH AND  
GOLF CLUB, LLLP, a Colorado  
limited liability limited partnership  
BY: COMANCHE TRACE, LLC, a  
Colorado limited liability company,  
General Partner

By: \_\_\_\_\_  
\_\_\_\_\_, Manager

By: \_\_\_\_\_  
Mark McDaniel, City Manager

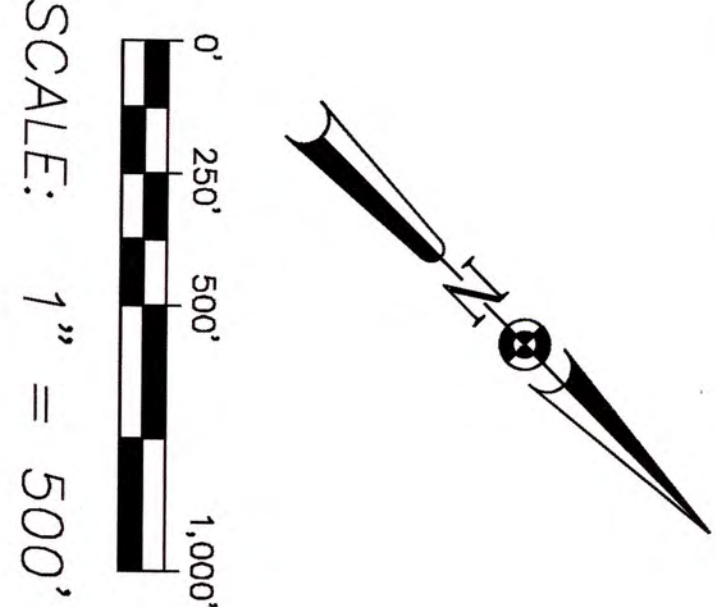
ATTEST:

\_\_\_\_\_  
Shelley McElhannon, City Secretary

APPROVED AS TO FORM:

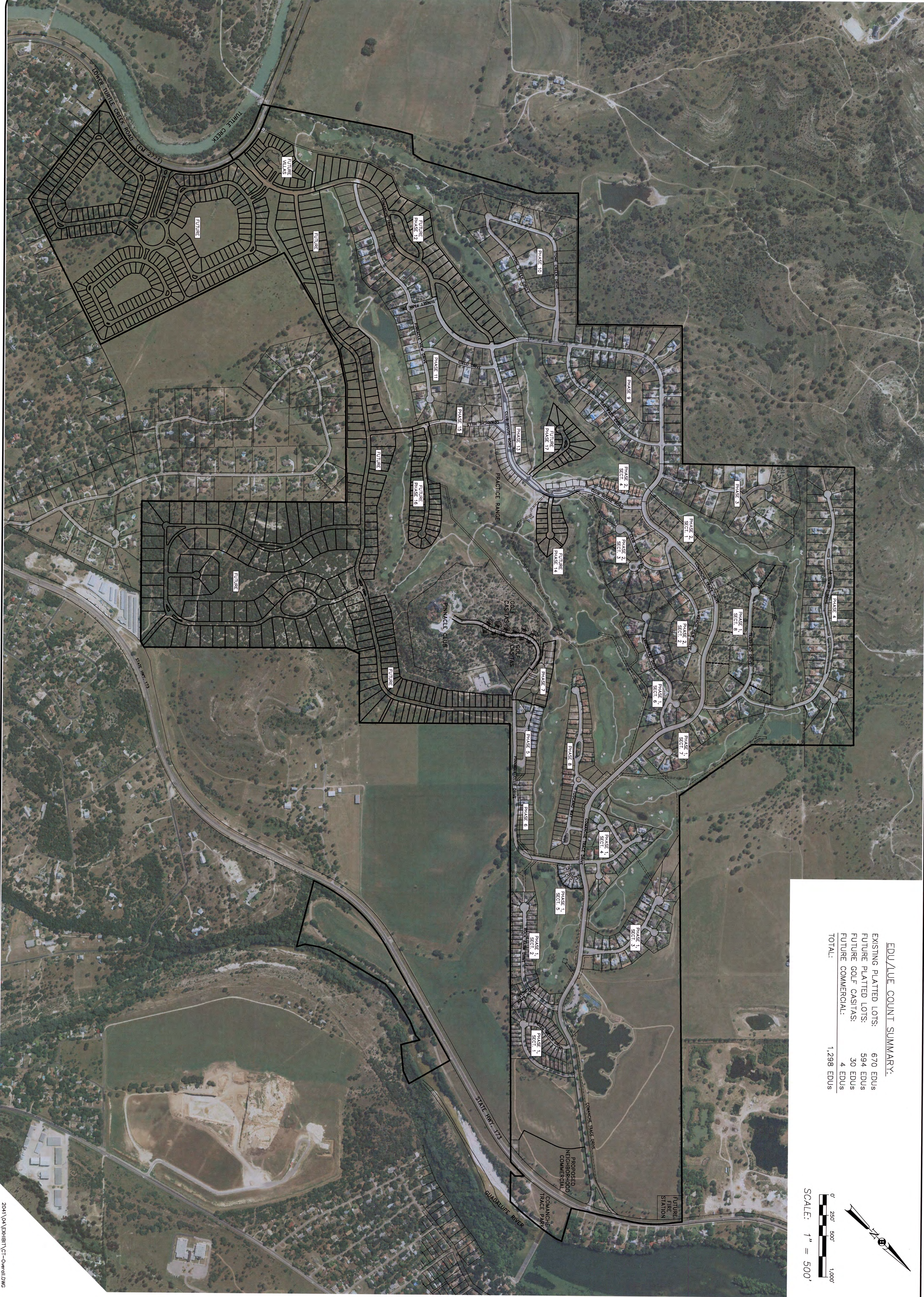
\_\_\_\_\_  
Michael C. Hayes, City Attorney





EDU/LUE COUNT SUMMARY:

EXISTING PLATTED LOTS:	670 EDUS
FUTURE PLATTED LOTS:	594 EDUS
FUTURE GOLF CASTAS:	30 EDUS
FUTURE COMMERCIAL:	4 EDUS
TOTAL:	1,298 EDUS



COMANCHE TRACE RANCH  
OVERALL MASTER PLAN EXHIBIT  
FOR  
COMANCHE TRACE RANCH & GOLF CLUB  
KERRVILLE, TEXAS

**MATKINHOOVER**  
ENGINEERING & SURVEYING

P.O. BOX 54  
8 SPENCER ROAD SUITE 100  
BOERNE, TEXAS 78006  
OFFICE: 830.249.0500 FAX: 830.249.0099  
TEXAS REG. BOARD #F-004512  
CIVIL ENGINEERS SURVEYORS LAND PLANNERS CONSTRUCTION MANAGERS CONSULTANTS

UPDATED OCT. 2020

JOB NO. 2041.04

DATE FEB. 2010

DESIGNED CDK

CHECKED KBK

SHEET 1 OF 1





**TO BE CONSIDERED BY THE CITY COUNCIL  
CITY OF KERRVILLE, TEXAS**

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**SUBJECT:** City's ongoing preparedness and response to COVID-19 (Coronavirus); and Declaration of local state of disaster due to a public health emergency, March 20, 2020.

**AGENDA DATE OF:** February 23, 2021    **DATE SUBMITTED:** Jan 29, 2021

**SUBMITTED BY:** Mark McDaniel

**EXHIBITS:** [20200922\\_Resolution\\_16-2020 Extending Mayor's Disaster Declaration Covid-19 7-28-20.pdf](#)

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<b>Expenditure Required:</b>	<b>Remaining Budget Balance in Account:</b>	<b>Amount Budgeted:</b>	<b>Account Number:</b>
N/A	N/A	N/A	N/A

**PAYMENT TO BE MADE TO:** N/A

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<b>Kerrville 2050 Item?</b>	No
<b>Key Priority Area</b>	N/A
<b>Guiding Principle</b>	N/A
<b>Action Item</b>	N/A

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**SUMMARY STATEMENT:**

This is the regular briefing on the responsiveness to changing conditions and situations related to Covid 19, as well as an opportunity to review the the Disaster Declaration revised March 20, 2020.

**RECOMMENDED ACTION:**

Discussion and possible review of the declaration.



**CITY OF KERRVILLE, TEXAS  
RESOLUTION NO. 16-2020**

**A RESOLUTION AUTHORIZED BY SECTION  
418.108(B) OF THE TEXAS GOVERNMENT CODE  
EXTENDING THE MAYOR'S DECLARATION THAT  
COVID-19 (CORONAVIRUS) POSES AN IMMINENT  
THREAT OF DISASTER WITHIN THE CITY OF  
KERRVILLE AND DECLARING A STATE OF  
DISASTER WITHIN THE CITY**

**WHEREAS**, on March 16, 2020, Mayor Bill Blackburn, acting in accordance with authority granted to him under the City's Charter and Section 418.108(a) of the Texas Government Code, declared a local state of disaster ("disaster declaration") for the City due to concerns related to the coronavirus disease 2019 (COVID-19); and

**WHEREAS**, the Mayor revised and reissued the disaster declaration on March 18, 2020 and March 19, 2020 to account for new information and health recommendations; and

**WHEREAS**, Section 418.108(b) of the Texas Government Code provides that the disaster declaration may not be continued for a period of more than seven days except with the consent of City Council; and

**WHEREAS**, City Council, pursuant to its adoption of Resolution No. 06-2020 consented to the Mayor's declaration and extended it in accordance with state law; and

**WHEREAS**, the Mayor, on today's date, has issued a revised declaration, which revises his previously issued declaration to update it to current conditions and needs; and

**WHEREAS**, City Council believes that the conditions necessitating the disaster declaration will continue to exist for a period of more than seven days; and

**WHEREAS**, City Council supports the disaster declaration signed by Mayor Bill Blackburn on July 28, 2020, and consents to its continuation for a period of more than seven days;

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF KERRVILLE:**

City Council hereby ratifies the disaster declaration signed by Mayor Bill Blackburn on July 28, 2020 and consents to its continuation indefinitely or until such time as it is terminated by order of the Council. Said declaration is attached hereto as **Exhibit A**.

**PASSED AND APPROVED ON this the 28 day of July, A.D., 2020.**

**ATTEST:**

  
Shelley McElhannon, City Secretary

  
Bill Blackburn, Mayor

**APPROVED AS TO FORM:**

  
Michael C. Hayes, City Attorney

**DECLARATION OF LOCAL STATE OF DISASTER DUE TO A PUBLIC  
HEALTH EMERGENCY – EXTENDED (4<sup>th</sup> Declaration)**

**A DECLARATION OF THE MAYOR OF THE CITY OF  
KERRVILLE, TEXAS, DECLARING THAT COVID-19  
(CORONAVIRUS) REMAINS AN IMMINENT THREAT OF  
DISASTER WITHIN THE CITY OF KERRVILLE AND  
EXTENDING THE DECLARATION OF A STATE OF DISASTER  
WITHIN THE CITY; AND PROVIDING AN EFFECTIVE DATE**

**WHEREAS**, the City of Kerrville, Texas (the “City”) from on or before the 16<sup>th</sup> day of March 2020, prepared for damage, injury, or loss of life resulting from the novel coronavirus (COVID-19), which has been recognized globally as a contagious respiratory virus; and

**WHEREAS**, it is critical that the City continue taking actions to respond to and mitigate the spread of COVID-19 to protect the health and welfare of the public; and

**WHEREAS**, extending the City’s *Declaration of Local State of Disaster Due to a Public Health Emergency* will continue to help facilitate and expedite the use and deployment of resources to enhance the City’s ongoing response and mitigation to COVID-19; and

**WHEREAS**, on March 13, 2020, the Governor of the State of Texas certified that COVID-19 poses an imminent threat of disaster and declared a state of disaster for all counties in Texas, has extended his declaration several times, and to date, has issued approximately twenty-two orders, many of which remain in effect, in an effort to mitigate said disaster; and

**WHEREAS**, the Texas Department of State Health Services (“DSHS”) has previously determined, including an updated declaration issued on May 15, 2020, that as of March 19, 2020, COVID-19 represented and continues to represent a public health disaster within the meaning of Chapter 81 of the Texas Health and Safety Code; and

**WHEREAS**, the Mayor urges all citizens of Kerrville and this community to continue to monitor government websites such as the Centers of Disease Control and Prevention (“CDC”), DSHS, and the Texas Governor as well as news sources in an attempt to remain aware and vigilant about COVID-19 and the evolving situation; and

**WHEREAS**, the Mayor, in seeking information from national, state, and local experts continues to believe that extraordinary measures must continue to be taken to respond to and to mitigate the spread of COVID-19 and its impact to the public health and welfare;

**NOW, THEREFORE, BE IT PROCLAIMED BY THE MAYOR OF KERRVILLE:**

**SECTION ONE. Extending Declaration of Local State of Disaster.** A local state of disaster (“disaster declaration”) was previously declared for the City of Kerrville, Texas, pursuant to Section 418.108(a), Texas Government Code, on March 16, 2020, and then revised on March 18, 2020 and March 19, 2020. The Mayor hereby extends the March 19, 2020, declaration in accordance with law.

**SECTION TWO. Duration of Local State of Disaster.** Pursuant to Section 418.108(b), Texas Government Code, the state of disaster shall continue for a period of not more than seven days from the date of this declaration unless continued or renewed by Kerrville City Council.

**SECTION THREE. Publicity and Filing.** Pursuant to Section 418.108(c), Texas Government Code, this declaration of a local state of disaster shall be given prompt and general publicity and shall be filed promptly with the City Secretary, to include posting it on the City’s website.

**SECTION FOUR. Continuing the Activation of the City Emergency Management Plan.** Pursuant to Section 418.108(d), Texas Government Code, this declaration of a local state of disaster continues the activation of the City’s Emergency Management Plan.

**SECTION FIVE. Public Meetings - Audience and presenter social distancing; public testimony and public hearing input.** City Council meetings and meetings of other City Boards and Commissions may be delayed, rescheduled, or conducted in accordance with alternate measures as permitted by law. To reduce the chance of COVID-19 transmission, the City shall hold its public meetings in a manner intended to separate, to the maximum practical extent, audience and presenters from personal contact with other members of the community, City Council and other Board and Commission members, and City staff. Public testimony and public hearing input for public comment and on all items on the agenda at public meetings of the City Council and City Boards and Commissions shall be provided in a manner that best serves these purposes, but balancing the right of a person to make a public statement, orally and in person, virtually, or in writing but keeping in mind the public health and safety. The City shall establish and provide notice of its *Council Meeting Procedures during Disaster Period* and shall also provide notice on its website of the meeting schedule for City Council and its other Boards and Commissions and the health measures applicable to each.

**SECTION SIX. Municipal Court.** All court proceedings in the City’s Municipal Court may be altered or even postponed in accordance with state law, including orders and direction from the Texas Supreme Court and the state’s Office of Court Administration.

**SECTION SEVEN. City Manager Authority.** The City Manager, or designee, is authorized to take the following actions, but shall provide notice of such to City Council following such action:

- a. make application for local, state, and federal assistance as necessary and/or applicable;
- b. accept on behalf of the City services, gifts, grants, equipment, supplies, and/or materials from private, nonprofit, or government sources;
- c. suspend disconnections, fees, and penalties related to the City's provision of services.

**SECTION EIGHT. Limitation of Declaration.** This disaster declaration does not extend to law enforcement activities, emergency responses, or to school districts or private school facilities within the City.

**SECTION NINE. Effective Date.** This proclamation shall take effect immediately from and after its issuance. This disaster declaration supersedes all previous declarations on this matter.

**ORDERED and REVISED** this the 28 day of July, 2020.

THE CITY OF KERRVILLE, TEXAS

  
Bill Blackburn, Mayor

APPROVED AS TO FORM:

  
Michael C. Hayes, City Attorney

ATTEST:

  
Shelley McElhannon, City Secretary