



Fiscal Year 2023 Proposed Budget

September 7, 2022



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BUDGET MESSAGE



GENERAL MANAGER & CEO MESSAGE

September 2, 2022

Dear Kerrville Public Utility Board of Trustees,

In accordance with Board Policy 49, please find attached my submission of KPUB's Fiscal Year 2023 (FY2023) proposed budget.

The proposed budget reflects KPUB's mission to be a responsive and efficient, locally-owned provider of reliable, high-quality utility service at the lowest responsible price.

The budget was prepared over several months using input from staff, outside experts and extensive research on items ranging from energy futures to economic forecasts to construction in Kerrville.

FY2023 is an important time for KPUB as we anticipate significant progress on items such as:

- Litigation related to Winter Storm Uri
- A new power supply contract following the expiration of KPUB's current contract with CPS Energy that expires on 12/31/2023
- Continued evaluation of KPUB's hedge strategy given increased volatility in the energy markets, especially natural gas
- Extensive customer extensions based on current development plans potentially tempered by rising interest rates and changing economic conditions
- Radio system upgrade at the Hunt Substation
- Facility remodel projects
- Pole inspection and replacement project
- Construction projects at Clay St. and related to the new Public Safety Complex
- Consideration of changes to KPUB's rate structure using recommendations from the 2018 Cost of Service and Rate Design Study

In addition, attracting and retaining staff in a very competitive market continues to be a priority for KPUB. Accordingly, the budget presented includes recommendations from a compensation study completed in August 2022 as well as an average 9.7% merit increase and three new positions. The new positions will provide additional support for key accounts, operations safety and information technology. We anticipate keeping employee benefit levels the same, but expect to see increases in the cost of health insurance and pension contribution rates.



Despite market and economic challenges, KPUB's financial position continues to be strong. Our rates remain lower than almost all utilities in our region and are some of the most competitive across the entire United States. In addition, our financial metrics continue to be in line with or better than the American Public Power Association's (APPA) metrics for utilities of similar size or in a similar area (see page 17).

As required by policy, the attached pages present summary and detailed information regarding our operating and capital budget for FY2023. In addition, the five-year forecast information is less certain but presented for planning and discussion purposes.

The FY2023 proposed budget reflects fiscal discipline and continued focus on our mission. The budget provides the resources to accomplish significant projects while maintaining our excellent service reliability, world-class service and competitive rates for our customers.

As always, I look forward to the board's input and strategic guidance during the coming fiscal year.

Regards,

A handwritten signature in black ink, appearing to read 'Mike Wittler'.

Mike Wittler, P.E.
General Manager and CEO

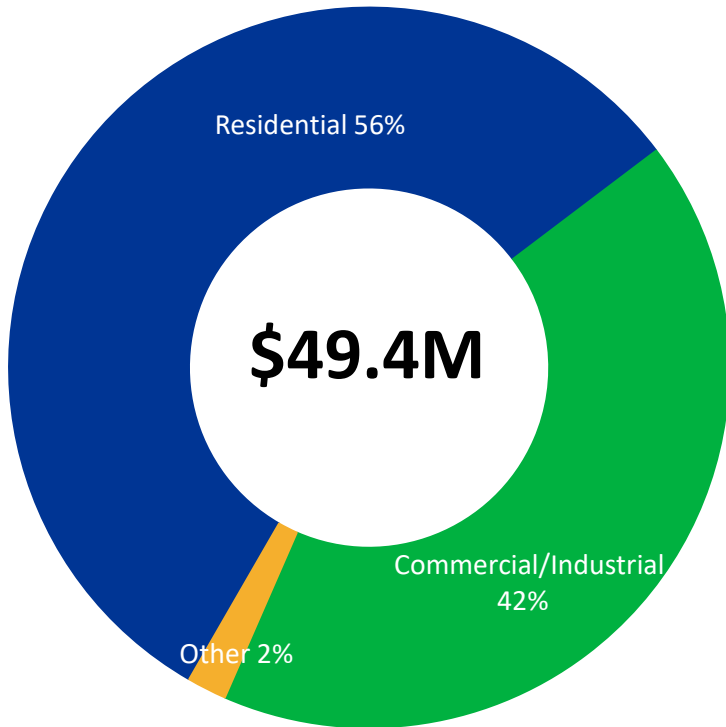


OPERATING BUDGET



BUDGET SUMMARY

KPUB's FY2023 proposed budget projects operating revenues of \$49.4M and operating expenses of \$48.9M. After adjustments for nonoperating items, the budget results in a \$0.2M decrease in net position.



OPERATING REVENUES - \$49.4M

Operating revenues are projected to be 7.4% higher than FY2022 revenues. A small portion of the increase is due to an increase in kilowatt hour (kWh) sales, which are projected to increase less than 1%. A projected 1.5% growth in customers is offset by a projection of lower per capita usage, assuming more normal temperatures in FY2023.

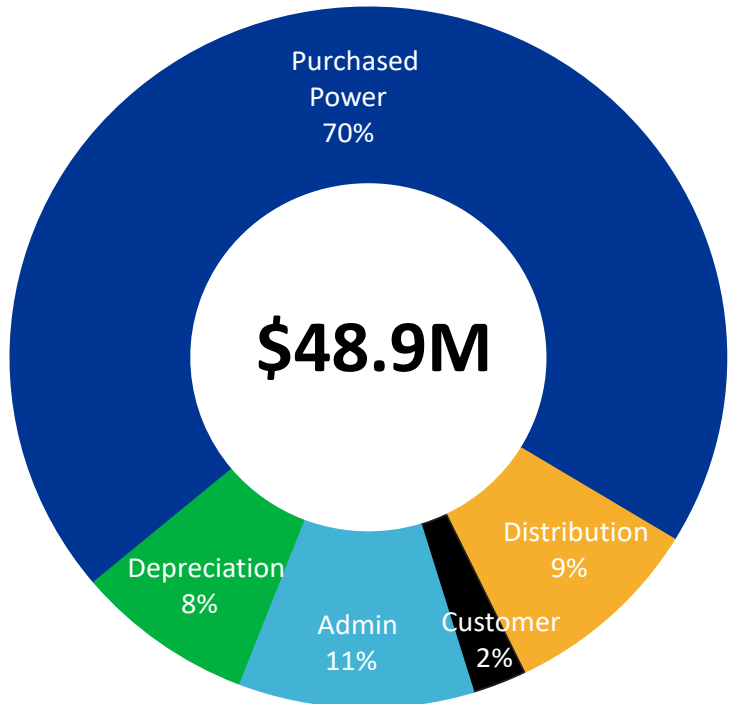
The revenue change is due primarily to increases in the cost to purchase power which are passed on to customers through the power cost adjustment factor. Tariff rates for customer and distribution charges are budgeted to remain unchanged in FY2023.

The split between types of revenue is anticipated to remain similar to prior years with residential sales accounting for 56% and commercial sales accounting for 42% of revenue.

OPERATING EXPENSES - \$48.9M

Operating expenses are projected to increase by 13.0% compared to FY2022 expenses. The increase is primarily driven by purchased power which accounts for 70% of operating expenses. Energy markets, most notably the natural gas market, have seen incredible amounts of volatility and increase in 2022 driven by a myriad of factors, most notably the war in Ukraine. The purchased power budget was calculated using natural gas futures to estimate natural gas prices in FY2023.

Costs in distribution, administration and customer related expenses are increasing significantly due to inflation in personnel, services and material costs. KPUB completed a salary survey in August 2022. Based on the results of that survey and CPI changes for our area, management is recommending an average 9.7% merit increase in addition to some position-based market adjustments. The FY2023 budget also includes the addition of 3 new positions.





Kerrville Public Utility Board
Statement of Revenues, Expenses and Changes in Fund Net Position
FY2023 Budget

	FY2023 Budget	FY2022 Budget	% change	FY2022 Estimate	% change
OPERATING REVENUES:					
Residential	\$ 27,841,338	\$ 25,452,360	9.4%	\$ 26,189,954	6.3%
Commercial/Industrial	20,672,290	18,967,620	9.0%	18,827,481	9.8%
Sales to Public Authorities	258,000	252,000	2.4%	257,693	0.1%
Other	619,701	768,300	-19.3%	700,745	-11.6%
TOTAL OPERATING REVENUES	49,391,329	45,440,281	8.7%	45,975,872	7.4%
OPERATING EXPENSES:					
Purchased Power	34,134,413	30,525,183	11.8%	30,827,733	10.7%
Distribution	4,460,802	3,646,600	22.3%	3,558,099	25.4%
Customer Accounts	766,453	574,400	33.4%	579,984	32.2%
Customer Service, Informational & Sales	422,075	446,600	-5.5%	319,638	32.0%
Administrative Expenses	5,209,242	5,147,100	1.2%	4,243,624	22.8%
Depreciation	3,900,000	3,681,000	5.9%	3,724,836	4.7%
TOTAL OPERATING EXPENSES	48,892,985	44,020,883	11.1%	43,253,913	13.0%
OPERATING INCOME (LOSS)	498,343	1,419,398	-64.9%	2,721,959	-81.7%
NONOPERATING REVENUES (EXP):					
Interest Income - Investments	475,000	65,050	630.2%	265,512	78.9%
Interest Income - City of Kerrville	169,285	180,000	-6.0%	180,000	-6.0%
Interest Expense - Debt	(114,256)	(115,992)	-1.5%	(115,993)	-1.5%
Interest Expense - Customer Deposits	(5,000)	-		(925)	440.3%
City of Kerrville - General Fund Transfer	(1,495,990)	(1,365,100)	9.6%	(1,387,242)	7.8%
City of Ingram - Franchise Fee	(42,445)	(33,800)	25.6%	(35,000)	21.3%
Other - Net	32,000	17,160	86.5%	34,000	-5.9%
TOTAL NONOPERATING REVENUES (EXP)	(981,405)	(1,252,682)	21.7%	(1,059,647)	-7.4%
INCOME BEFORE CONTRIBUTIONS	(483,062)	166,716	-389.8%	1,662,312	-129.1%
CAPITAL CONTRIBUTIONS	300,000	108,000	177.8%	300,000	0.0%
CHANGE IN NET POSITION	\$ (183,062)	\$ 274,716	-166.6%	\$ 1,962,312	-109.3%
NET POSITION AT BEGINNING OF YEAR	\$ 74,072,646	\$ 72,110,334		\$ 72,110,334	
NET POSITION AT END OF YEAR	\$ 73,889,584	\$ 72,385,050		\$ 74,072,646	



Kerrville Public Utility Board
Budget Highlights
FY2023 Budget

Operating Revenues

- * Customer growth of 1.5%.
- * kWh sales based on historical average use per customer. FY2022 has seen higher than average use.
- * Proposed billed residential rate of \$102.50 per 1,000 kWh.
- * Budgeted actual residential cost of \$97.42 per 1,000 kWh.
- * Decreases in Other Operating Revenue category due to lower pole attachment rates (per FCC) and lower substation lease revenue due to expiration of temporary transmission cost recapture.

Purchased Power

- * Natural gas pricing based on natural gas futures.
- * Hedges based on historical effectiveness associated with natural gas prices.
- * Concho Bluff assumption - operation at 40% through July 2023.
- * No additional adjustment for gas locks.
- * No contractual changes assumed in FY2023.

Other Operating Expenses

- * Assumes full staffing.
- * 63 full time employees, 2 interns.
- * New positions:
 - Key Accounts and Education Specialist (9 months)
 - Safety and Training Supervisor (6 months)
 - Information Technology Supervisor (6 months)
- * 9.7% increase for employees plus adjustments related to compensation study.
- * 7% increase for health insurance benefits starting in January 2023.
- * \$210K for new radios. Current radios are beyond projected life and no longer supported.
- * \$50K for uncollectible accounts.
- * \$100K estimate for year end pension adjustment (noncash).

Nonoperating Revenues and Expenses

- * Interest income at 2.5%.
- * Customer Deposits rate is based on 13 week Treasury Bill less 25 basis points.
- * City of Kerrville transfer is 3% of revenues.
- * City of Ingram franchise fee is 2% of Ingram revenues.



Kerrville Public Utility Board
Statement of Revenues, Expenses and Changes in Fund Net Position
Five-Year Forecast

	FY2022 Estimate	FY2023 Budget	FY2024 Forecast	FY2025 Forecast	FY2026 Forecast	FY2027 Forecast
OPERATING REVENUES:						
Residential	\$ 26,189,954	\$ 27,841,338	\$ 32,227,492	\$ 34,000,266	\$ 37,682,910	\$ 39,723,820
Commercial/Industrial	18,827,481	20,672,290	24,984,698	25,742,136	28,554,698	30,058,838
Sales to Public Authorities	257,693	258,000	263,160	268,423	273,792	279,267
Other	700,745	619,701	650,686	683,220	717,381	753,250
TOTAL OPERATING REVENUES	45,975,872	49,391,329	58,126,036	60,694,046	67,228,780	70,815,176
OPERATING EXPENSES:						
Purchased Power	30,827,733	34,134,413	40,592,608	43,424,903	46,454,841	49,696,215
Distribution	3,558,099	4,460,802	4,747,367	4,889,788	5,036,481	5,187,576
Customer Accounts	579,984	766,453	826,826	851,631	877,180	903,495
Customer Service, Informational & Sales	319,638	422,075	448,429	461,882	475,738	490,010
Administrative Expenses	4,243,624	5,209,242	5,572,604	5,851,235	6,143,796	6,450,986
Depreciation	3,724,836	3,900,000	4,095,000	4,299,750	4,514,738	4,740,474
TOTAL OPERATING EXPENSES	43,253,913	48,892,985	56,282,834	59,779,188	63,502,774	67,468,757
OPERATING INCOME (LOSS)	2,721,959	498,343	1,843,202	914,858	3,726,006	3,346,419
NONOPERATING REVENUES (EXP):						
Interest Income - Investments	265,512	475,000	182,500	130,000	105,000	137,500
Interest Income - City of Kerrville	180,000	169,285	147,857	122,143	96,429	70,714
Interest Expense - Debt	(115,993)	(114,256)	(96,584)	(82,531)	(67,041)	(49,999)
Interest Expense - Customer Deposits	(925)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)
City of Kerrville - General Fund Transfer	(1,387,242)	(1,495,990)	(1,749,256)	(1,824,721)	(2,020,013)	(2,128,580)
City of Ingram - Franchise Fee	(35,000)	(42,445)	(49,951)	(52,158)	(57,774)	(60,856)
Other - Net	34,000	32,000	35,000	35,000	35,000	35,000
TOTAL NONOPERATING REVENUES (EXP)	(1,059,647)	(981,405)	(1,535,434)	(1,677,267)	(1,913,399)	(2,001,221)
INCOME BEFORE CONTRIBUTIONS	1,662,312	(483,062)	307,768	(762,409)	1,812,607	1,345,198
CAPITAL CONTRIBUTIONS	300,000	300,000	300,000	300,000	300,000	300,000
CHANGE IN NET POSITION	\$ 1,962,312	\$ (183,062)	\$ 607,768	\$ (462,409)	\$ 2,112,607	\$ 1,645,198
NET POSITION AT BEGINNING OF YEAR	\$ 72,110,334	\$ 74,072,646	\$ 73,889,584	\$ 74,497,352	\$ 74,034,942	\$ 76,147,549
NET POSITION AT END OF YEAR	\$ 74,072,646	\$ 73,889,584	\$ 74,497,352	\$ 74,034,942	\$ 76,147,549	\$ 77,792,748



Kerrville Public Utility Board
Forecast Assumptions
Five-Year Forecast

Operating Revenues

- * Customer growth of 1.5%.
- * 2% rate increase in FY2024 using rate structure proposed for 2021 from 2018 cost of service and rate design study.
- * 5.4% rate increase in FY2026.
- * Power Cost Adjustment Factor (PCAF) increases due to increased cost for purchase power. See detail on page 16.
- * Even with rate increases and purchased power adjustments, rates remain below 2021 average Texas rate until FY2026 and the projected rate in FY2027 is 7% below the 2021 national average rate.

Purchased Power

- * Assumes a 20% increase in purchased power costs in FY2024.
- * Assumes a 5% increase in purchased power costs for FY2025-FY2027.
- * Assumes a 7% increase in LCRA transmission costs based on historical averages.

Other Operating Expenses

- * Assumes full staffing.
- * 63 full time employees, 2 interns.
- * Assumes full year staffing for FY2023 new employees.
- * 5% salary adjustments plus 2nd year of compensation study adjustments in FY2024.
- * 3% salary adjustments annually in FY2025 to FY2027.

Nonoperating Revenues and Expenses

- * Interest income at 2.5% in all years.
- * Customer Deposits rate is based on 13 week Treasury Bill less 25 basis points.
- * City of Kerrville transfer is 3% of revenues.
- * City of Ingram franchise fee is 2% of Ingram revenues.



Kerrville Public Utility Board
kWh Sales
Five-Year Forecast

	FY2022 Estimate	FY2023 Budget	FY2024 Forecast	FY2025 Forecast	FY2026 Forecast	FY2027 Forecast
RESIDENTIAL	289,248,190	291,450,000	295,821,750	300,259,076	304,762,962	309,334,407
COMMERCIAL:						
Small Commercial	161,298,688	161,387,610	163,808,425	166,265,551	168,759,534	171,290,927
Large Commercial-Primary	12,718,016	12,190,700	12,373,560	12,559,163	12,747,551	12,938,764
Large Commercial-Secondary	46,472,787	48,236,690	48,960,240	49,694,644	50,440,064	51,196,665
COMMERCIAL	220,489,491	221,815,000	225,142,225	228,519,358	231,947,149	235,426,356
STREET & SECURITY LIGHT	1,204,331	1,200,000	1,206,000	1,212,030	1,218,090	1,224,181
TOTAL SALES	510,942,012	514,465,000	522,169,975	529,990,465	537,928,201	545,984,943
% CHANGE		0.7%	1.5%	1.5%	1.5%	1.5%



Kerrville Public Utility Board
Operations & Maintenance Detail
FY2023 Budget

	FY2023 Budget	FY2022 Budget	% change	FY2022 Estimate	% change
DISTRIBUTION EXPENSE					
OPERATION EXPENSE					
580 Operation Supervision & Engineering	\$ 51,110	\$ 1,600	96.9%	\$ 21,839	134.0%
581 Load Dispatching	17,000	10,000	41.2%	8,019	112.0%
582 Station Expense	110,397	52,900	52.1%	82,810	33.3%
583 Overhead Line Expense	-	600		200	-100.0%
585 Street Lighting & Signal Expense	-	4,200		3,055	-100.0%
586 Meter Expense	301,203	201,800	33.0%	202,649	48.6%
588 Misc. Distribution Expense	1,034,158	689,200	33.4%	608,810	69.9%
589 Rent Expense	14,000	15,000	-7.1%	16,323	-14.2%
Total Operation Expense	1,527,868	975,300	36.2%	943,703	61.9%
MAINTENANCE EXPENSE					
590 Maintenance Supervision & Engineering	150,678	119,600	20.6%	127,699	18.0%
591 Maintenance of Structures	-	4,900		900	-100.0%
592 Maintenance of Station Equipment	406,724	420,000	-3.3%	335,578	21.2%
593 Maintenance of Overhead Lines	2,164,346	1,959,000	9.5%	1,907,320	13.5%
594 Maintenance of Underground Lines	147,522	64,900	56.0%	116,087	27.1%
595 Maintenance of Line Transformers	1,000	6,200	-520.0%	4,422	-77.4%
596 Maintenance of Street Lights & Signals	-	100		94	-100.0%
597 Maintenance of Meters	52,664	91,400	-73.6%	113,772	-53.7%
598 Miscellaneous Maintenance Expense	10,000	5,200	48.0%	8,525	17.3%
Total Maintenance Expense	2,932,934	2,671,300	8.9%	2,614,396	12.2%
Total Distribution Expense	4,460,802	3,646,600	18.3%	3,558,099	25.4%
CUSTOMER ACCOUNTS EXPENSE					
901 Supervision	31,070	26,500	14.7%	24,925	24.7%
902 Meter Reading	-	6,000		5,838	-100.0%
903 Customer Records & Collection	685,383	480,900	29.8%	537,705	27.5%
904 Uncollectible Accounts	50,000	61,000	-22.0%	11,516	334.2%
Total Customer Accounts Expense	766,453	574,400	25.1%	579,984	32.2%
CUSTOMER SERVICE, INFORMATIONAL & SALES EXPENSE					
907 Supervision	64,384	41,900	34.9%	45,235	42.3%
908 Customer Assistance	181,861	274,100	-50.7%	141,650	28.4%
909 Informational & Instructional	12,000	-	100.0%	3,245	269.8%
910 Miscellaneous Customer Service Expense	-	20,000		3,400	-100.0%
912 Demonstrating & Selling Expense	1,100	-	100.0%	-	
913 Advertising	162,730	110,600	32.0%	126,107	29.0%
Total CS, Informational & Sales Expense	422,075	446,600	-5.8%	319,638	32.0%



Kerrville Public Utility Board
Operations & Maintenance Detail
FY2023 Budget

	FY2023 Budget	FY2022 Budget	% change	FY2022 Estimate	% change
ADMINISTRATIVE & GENERAL EXPENSE					
920 Administrative & General Salaries	1,197,967	1,256,500	-4.9%	986,691	21.4%
921 Office Supplies & Expenses	870,340	649,700	25.4%	785,475	10.8%
923 Outside Services Employed	363,000	592,000	-63.1%	452,298	-19.7%
924 Property Insurance	55,000	50,000	9.1%	47,969	14.7%
925 Injuries & Damages	86,686	74,200	14.4%	51,054	69.8%
926 Employee Pensions & Benefits	2,368,200	2,220,000	6.3%	1,675,597	41.3%
930 Miscellaneous General Expenses	161,849	93,000	42.5%	146,384	10.6%
931 Rents	10,700	39,100	-265.4%	21,141	-49.4%
935 Maintenance of General Plant	95,500	12,000	87.4%	77,015	24.0%
Total Administrative & General Expense	\$ 5,209,242	\$ 4,986,500	4.3%	\$ 4,243,624	22.8%

Community Support Detail

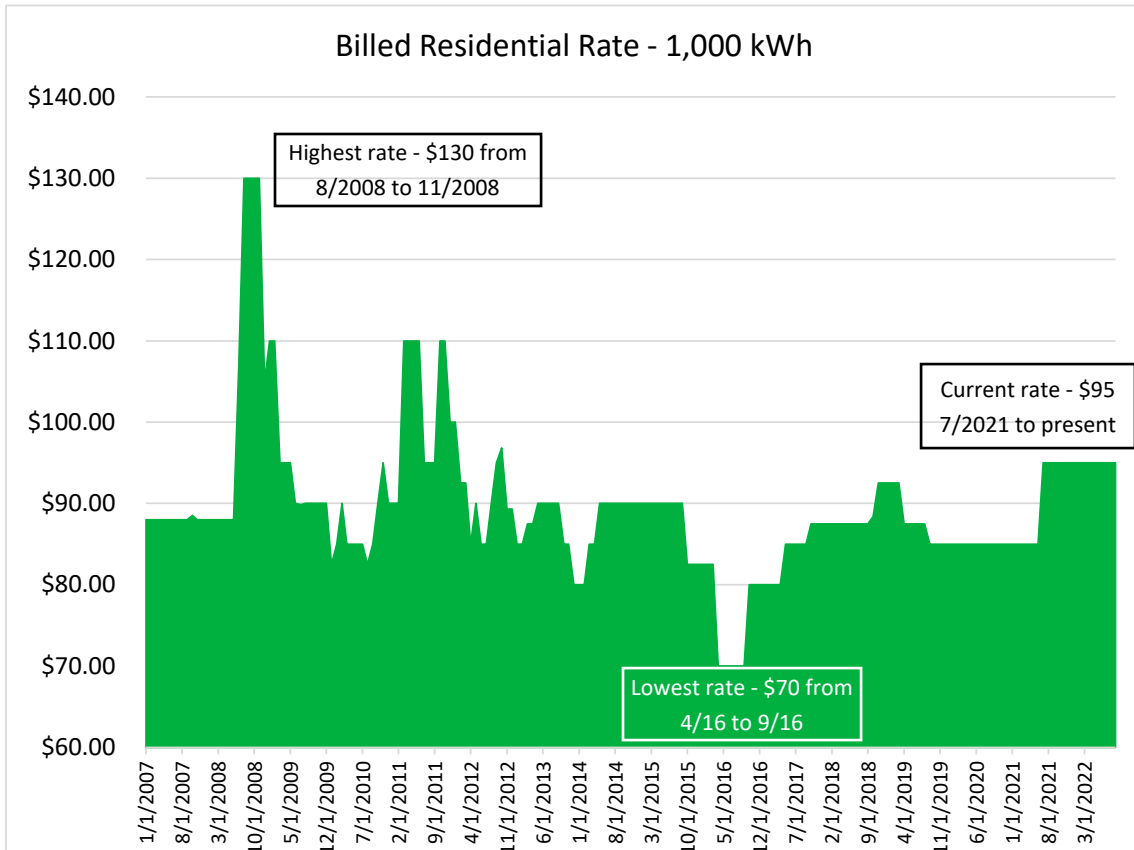
Account 930 - Miscellaneous General Expenses:

Kerrville Economic Development Corp	\$ 62,500
Community Support Sponsorships	50,000
Community Support Projects - Labor & OH	28,349
Scholarships	13,000
Community Event Meters	5,000
Other Supplies & Materials	<u>3,000</u>
Total 930 - Miscellaneous General Expenses	\$ 161,849



Kerrville Public Utility Board
Purchased Power Metrics
Five-Year Forecast

	FY2022 Estimate	FY2023 Budget	FY2024 Forecast	FY2025 Forecast	FY2026 Forecast	FY2027 Forecast
1 Total Customers	23,814	24,170	24,533	24,901	25,274	25,653
2 kWh Sales	510,940,712	514,465,000	522,163,975	529,978,435	537,910,111	545,960,763
3 Line Loss	5%	6%	6%	6%	6%	6%
4 kWh Purchased	537,832,328	547,303,191	555,493,590	563,806,845	572,244,799	580,809,322
5 Purchased Power Cost	\$ 30,827,733	\$ 34,134,413	\$ 40,592,608	\$ 43,424,903	\$ 46,454,841	\$ 49,696,215
6 Cost per kWh - purchased	0.05732	0.06237	0.07307	0.07702	0.08118	0.08556
7 Cost per kWh - sold	0.06034	0.06635	0.07774	0.08194	0.08636	0.09103
8 Power Cost Adjustment Factor	1.5202	1.6717	1.9587	2.0644	2.1759	2.2934
9 Residential Rate - 1,000 kWh	\$ 91.27	\$ 97.42	\$ 111.57	\$ 115.87	\$ 126.80	\$ 131.57
10 Billed Residential Rate - 1,000 kWh	\$ 95.00	\$ 102.50	\$ 112.00	\$ 116.00	\$ 127.00	\$ 132.00
11 % Change - Power Cost		10.7%	18.9%	7.0%	7.0%	7.0%
12 % Change - Cost per kWh - purchased		8.8%	17.2%	5.4%	5.4%	5.4%
13 % Change - Cost per kWh - sold		10.0%	17.2%	5.4%	5.4%	5.4%
14 % Change - Residential Rate		6.7%	14.5%	3.8%	9.4%	3.8%
15 % Change - Billed Residential Rate		7.9%	9.3%	3.6%	9.5%	3.9%





Kerrville Public Utility Board
Industry Comparison Metrics
FY2023 Budget

	FY2022 Estimate	FY2023 Budget	APPA - 20,000 to 50,000 customers (2022 report based on 2020 data)	APPA - Southwest (2022 report based on 2020 data)	APPA - No Generation (2022 report based on 2020 data)
1 Operating Ratio (Op Expense / Op Revenue)	0.860	0.911	0.860	0.774	0.870
2 O&M per kWh sales	\$ 0.077	\$ 0.087	\$ 0.087	\$ 0.075	\$ 0.087
3 O&M per customer	\$ 365.38	\$ 449.26	\$ 499.00	\$ 746.00	n/a
4 Distribution per customer	\$ 149.41	\$ 184.56	\$ 185.00	\$ 179.00	n/a
5 Customer Accts, Service, Sales per customer	\$ 37.78	\$ 49.17	\$ 58.00	\$ 58.00	n/a
6 Administrative & General per customer	\$ 178.20	\$ 215.53	\$ 145.00	\$ 229.00	n/a
7 Capital Expenditures to depreciation expense	1.21	1.50	1.16	1.11	1.20

	FY2023 KPUB Budget	APPA - 2020 Public Power Average	APPA - 2020 Cooperative Average	APPA 2020 Investor- Owned Utility Average
8 Residential Rate per 1,000 kWh usage	\$102.50	\$121.70	\$118.20	\$137.00



CAPITAL BUDGET



Kerrville Public Utility Board
Capital Budget
Five-Year Forecast

	FY2023 Budget	FY2024 Forecast	FY2025 Forecast	FY2026 Forecast	FY2027 Forecast
METERS					
Existing AMR Systems	\$ 190,000	\$ 75,000	\$ 67,259	\$ 68,951	\$ 70,643
Total Meters	190,000	75,000	67,259	68,951	70,643
LINE CONSTRUCTION					
Ordinary Replacements	110,382	113,142	115,971	118,870	121,842
Customer Extensions	1,470,820	1,506,805	1,543,710	1,581,600	1,620,425
System Improvements	233,700	591,325	573,950	614,092	473,000
New Ingram Circuit	-	-	638,880	-	-
Pole Inspection Replacements	620,400	450,000	300,000	300,000	300,000
Power Factor Improvement	42,833	43,904	45,002	46,127	47,280
Contingency Development	110,382	113,142	115,971	118,870	121,842
Padmount Refurbish & Replacements	-	197,260	198,120	199,020	199,940
Street lights	15,840	16,240	16,640	17,040	17,480
Clay Street Improvements	250,000	-	-	-	-
KPD/Sheriff's Office/KPUB Reliability Project	100,000	200,000	-	-	-
Total Line Construction	2,954,357	3,231,818	3,548,244	2,995,619	2,901,809
HEAVY EQUIPMENT & VEHICLES					
Bucket/Derrick Truck	250,134	569,000	430,500	220,000	414,000
Small Vehicles	176,929	84,376	296,750	80,000	104,000
Total Heavy Equipment & Vehicles	427,063	653,376	727,250	300,000	518,000
GENERAL PLANT/OTHER					
Normal IT	25,000	25,000	25,000	25,000	25,000
Major IT	430,000	390,000	399,750	409,744	419,988
FiberOptic Communications	60,000	60,000	61,500	63,038	64,614
Radio System Upgrade at Hunt Substation	762,372	-	-	-	-
Office Furniture	50,000	50,000	10,000	10,000	10,000
Facilities Improvements	655,000	50,000	50,000	50,000	50,000
Energy Efficiency	75,000	50,000	50,000	50,000	50,000
Capital Tools	50,000	25,000	45,485	40,769	45,000
Total General Plant / Other	2,107,372	650,000	641,735	648,551	664,602
SUBSTATIONS					
Ingram Transformer Replacement	-	-	1,500,000	-	-
Minor Improvements	150,000	150,000	265,000	265,000	240,000
DA Equipment Deployment	25,000	100,000	100,000	-	-
SCADA Upgrades	15,000	15,375	15,759	16,153	16,557
Total Substations	190,000	265,375	1,880,759	281,153	256,557
TOTAL CAPITAL BUDGET	\$ 5,868,792	\$ 4,875,569	\$ 6,865,247	\$ 4,294,274	\$ 4,411,611



CASH FLOW FORECAST



Kerrville Public Utility Board
Cash Flow Forecast
Five-Year Forecast

	FY2022 Estimate	FY2023 Budget	FY2024 Forecast	FY2025 Forecast	FY2026 Forecast	FY2027 Forecast
BALANCE AT BEGINNING OF YEAR	\$ 29,400,069	\$ 29,530,154	\$ 27,585,368	\$ 27,036,096	\$ 23,469,289	\$ 25,006,967
CASH INFLOWS:						
Cash from Operations	5,803,140	3,831,194	4,799,352	3,919,871	6,694,385	6,435,671
Pension Adjustment (noncash)		100,000	105,000	110,250	115,763	121,551
Capital Contributions	300,000	300,000	300,000	300,000	300,000	300,000
Advance to City of Kerrville	180,000	1,244,999	1,219,285	1,193,571	1,167,858	1,142,143
Interest Income	265,512	475,000	182,500	130,000	105,000	137,500
Total Inflows	6,548,652	5,951,193	6,606,137	5,653,692	8,383,006	8,136,865
CASH OUTFLOWS:						
Winter Storm Uri		TBD				
General Fund Transfer	1,387,242	1,495,990	1,749,256	1,824,721	2,020,013	2,128,580
Debt Repayment	531,325	531,197	530,584	530,531	531,041	530,999
Capital Spending	4,500,000	5,868,792	4,875,569	6,865,247	4,294,274	4,411,611
Total Outflows	6,418,567	7,895,979	7,155,409	9,220,499	6,845,328	7,071,190
NET CHANGE IN CASH	130,085	(1,944,786)	(549,272)	(3,566,807)	1,537,678	1,065,675
BALANCE AT END OF YEAR	\$ 29,530,154	\$ 27,585,368	\$ 27,036,096	\$ 23,469,289	\$ 25,006,967	\$ 26,072,642



Kerrville Public Utility Board
 Bonds Payable and Advance Receivable Schedules
 As of September 2022

Bonds Payable:

Series 2013 Revenue Bonds
 Original Principal: \$6,300,000
 Interest Rate: 1.01% to 4.13%, overall 3.16%
 Semiannual Payments on May 1 and November 1

Maturity Schedule:

Fiscal Year	Principal	Interest	Total
FY2022	\$ 411,000	\$ 120,325	\$ 531,325
FY2023	422,000	109,197	531,197
FY2024	434,000	96,584	530,584
FY2025	448,000	82,531	530,531
FY2026	464,000	67,041	531,041
FY2027	481,000	49,999	530,999
FY2028	500,000	31,276	531,276
FY2029	520,000	10,738	530,738
TOTAL	\$ 3,680,000	\$ 567,691	\$ 4,247,691

Advance Receivable:

City of Kerrville
 Original Principal: \$7,500,000
 Interest Rate: 2.4%
 Semiannual Payments on February 1 and August 1

Maturity Schedule:

Fiscal Year	Principal	Interest	Total
FY2022	\$ -	\$ 180,000	\$ 180,000
FY2023	1,071,428	173,571	1,244,999
FY2024	1,071,428	147,857	1,219,285
FY2025	1,071,428	122,143	1,193,571
FY2026	1,071,429	96,429	1,167,858
FY2027	1,071,429	70,714	1,142,143
FY2028	1,071,429	45,000	1,116,429
FY2029	1,071,429	19,286	1,090,715
TOTAL	\$ 7,500,000	\$ 855,000	\$ 8,355,000



DEBT SERVICE COVERAGE



Kerrville Public Utility Board
Debt Service Coverage
Five-Year Forecast

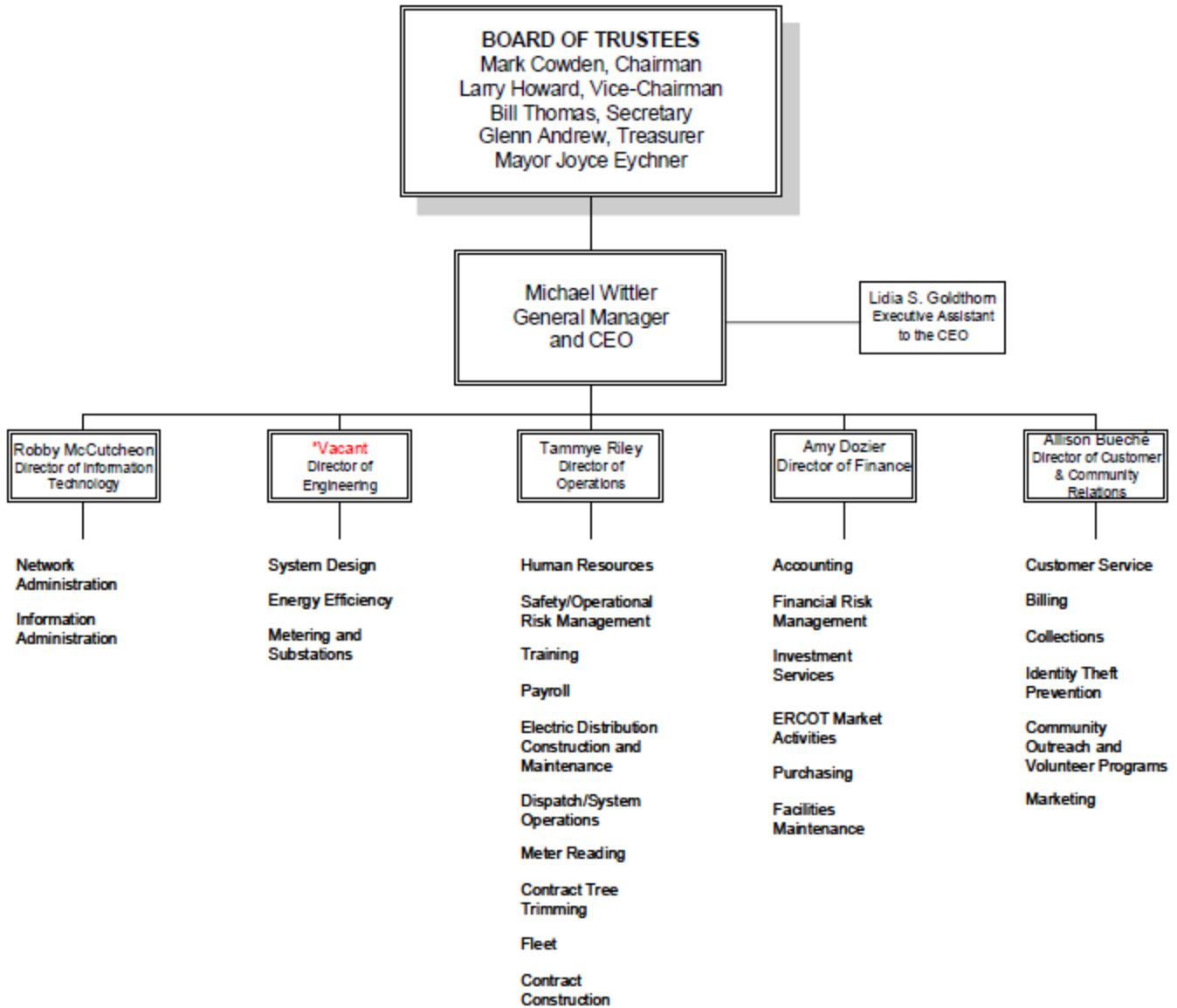
	FY2022 Estimate	FY2023 Budget	FY2024 Forecast	FY2025 Forecast	FY2026 Forecast	FY2027 Forecast
CHANGE IN NET POSITION	\$ 1,962,312	\$ (183,062)	\$ 607,768	\$ (462,409)	\$ 2,112,607	\$ 1,645,198
PLUS:						
Interest Expense (net of amortizations)	115,993	114,256	96,584	82,531	67,041	49,999
Depreciation Expense	3,724,836	3,900,000	4,095,000	4,299,750	4,514,738	4,740,474
Numerator	5,803,140	3,831,194	4,799,352	3,919,871	6,694,385	6,435,671
DIVIDED BY:						
Interest Expense (net of amortizations)	115,993	114,256	96,584	82,531	67,041	49,999
Principal Payment Due	421,083	433,000	446,833	462,667	479,583	498,417
Denominator	\$ 537,076	\$ 547,256	\$ 543,417	\$ 545,197	\$ 546,624	\$ 548,415
DEBT SERVICE COVERAGE RATIO	10.81	7.00	8.83	7.19	12.25	11.74



ORGANIZATION CHARTS

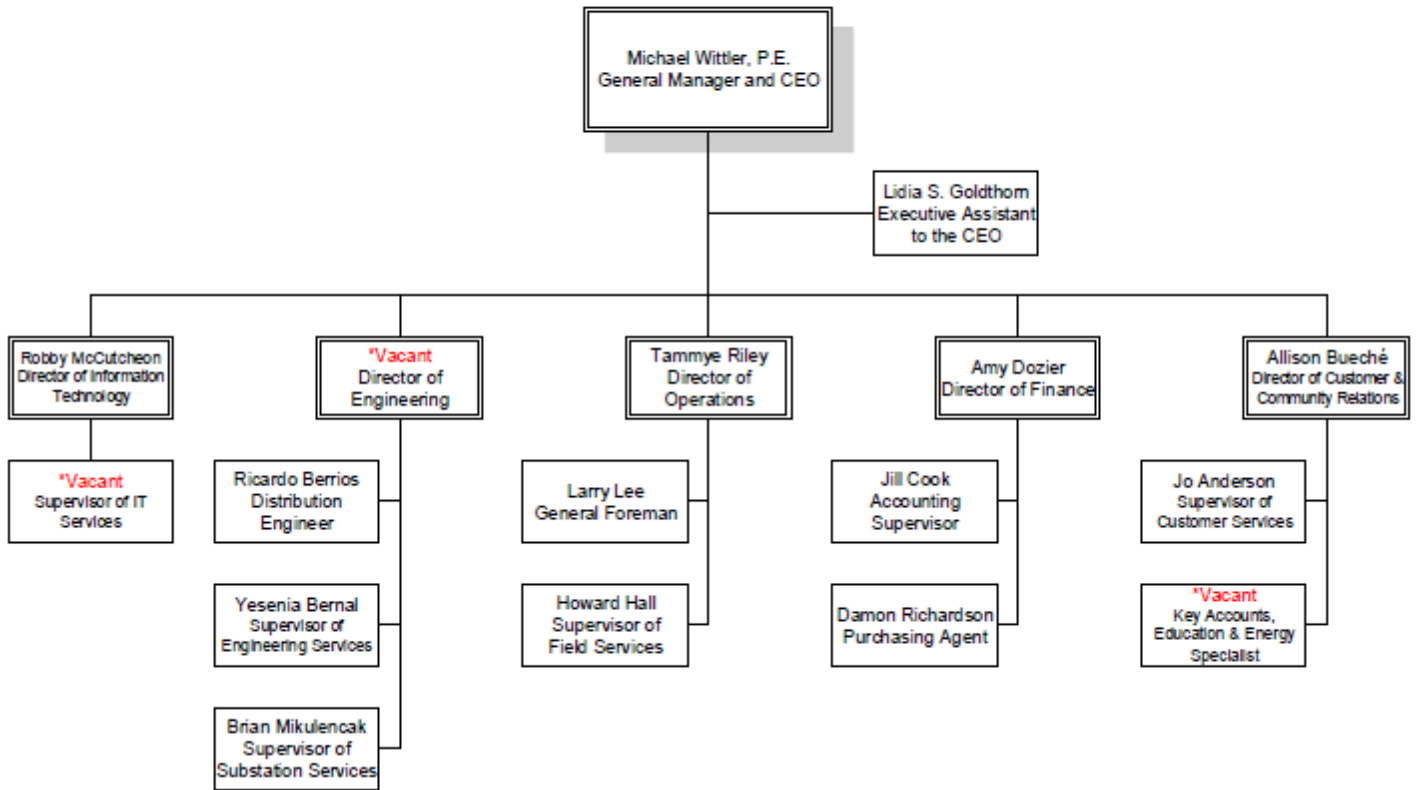


Kerrville Public Utility Board
2022 Board Organization Chart
October 01, 2022



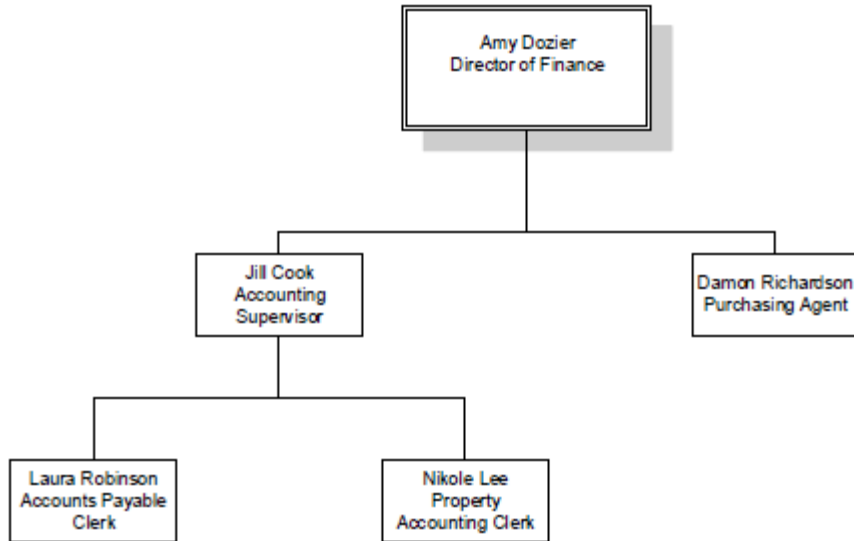


Kerrville Public Utility Board
2022 Organization Chart
October 01, 2022



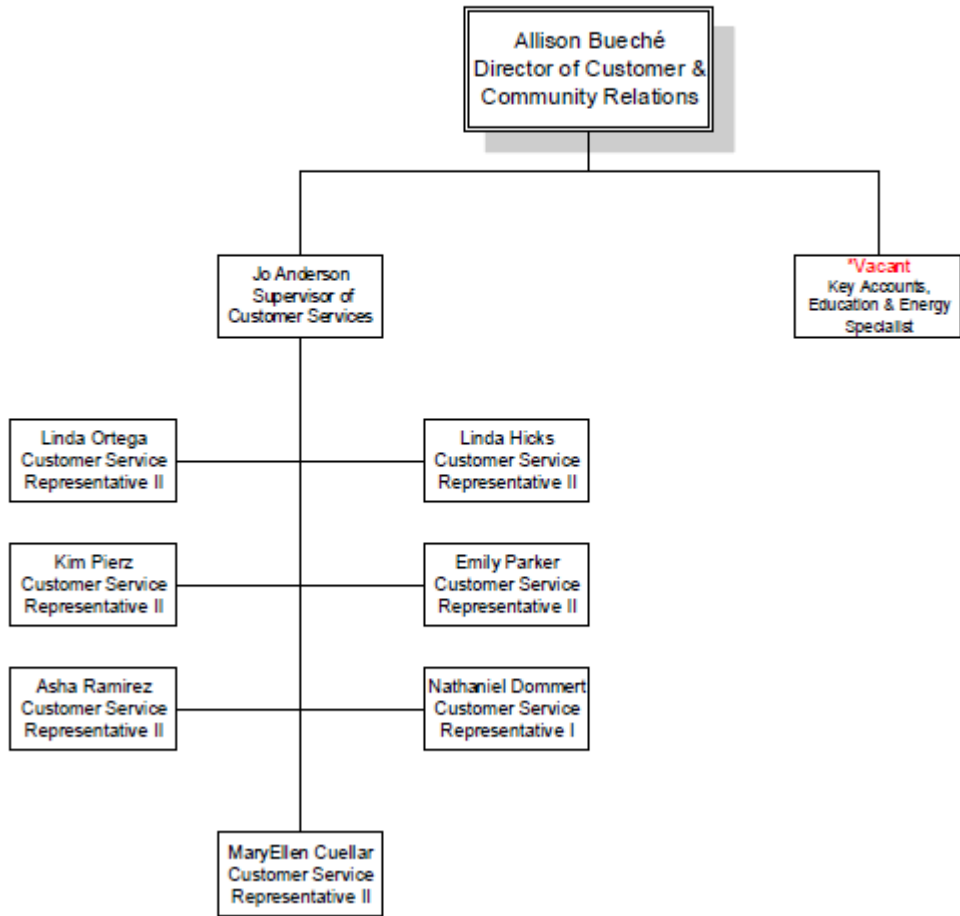


Kerrville Public Utility Board
Accounting
October 01, 2022



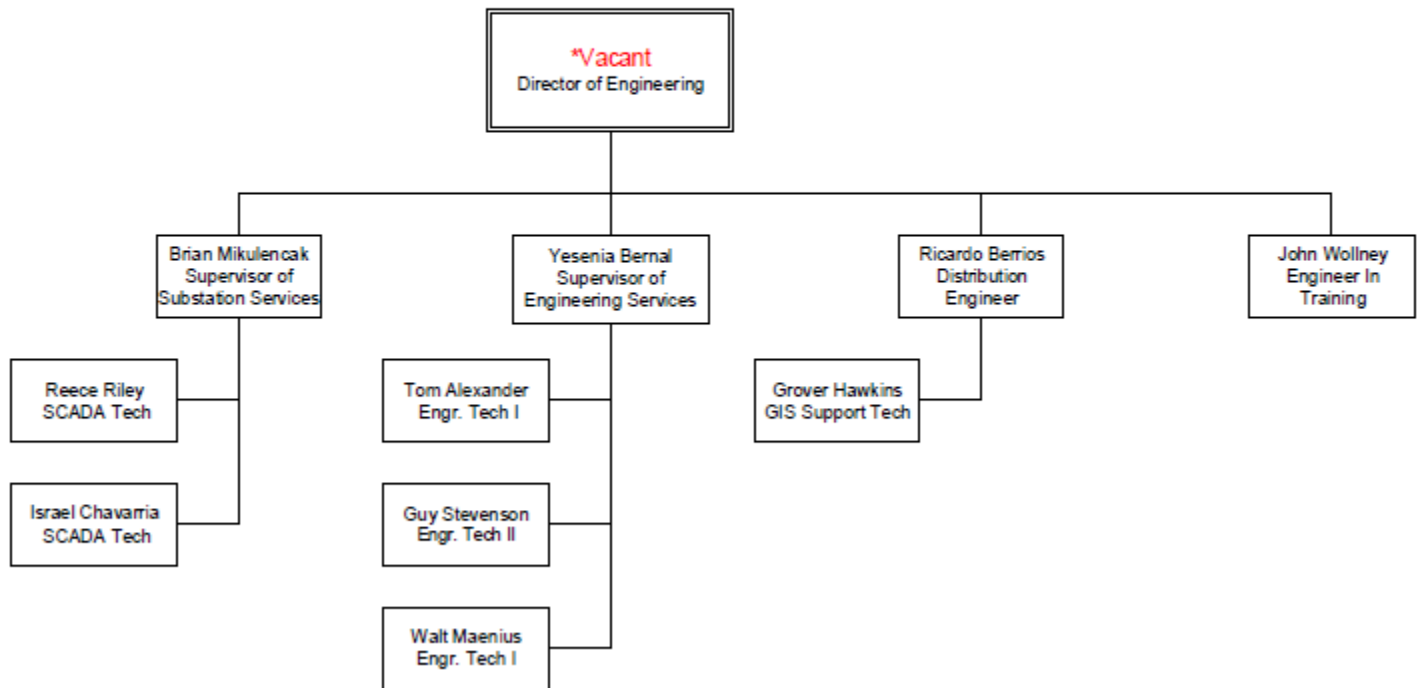


Kerville Public Utility Board
Customer Service
October 01, 2022





Kerrville Public Utility Board
Engineering
October 01, 2022





Kerrville Public Utility Board
 Operations
 October 01, 2022

