

**MINUTES OF THE
KERRVILLE PUBLIC UTILITY BOARD
REGULAR MONTHLY MEETING
WEDNESDAY, FEBRUARY 22, 2023, AT 1:30 P.M.
KPUB CONFERENCE ROOM
KERRVILLE PUBLIC UTILITY BOARD OFFICES
2250 MEMORIAL BLVD.
KERRVILLE, TEXAS**

TRUSTEES PRESENT:

Mark Cowden
Larry Howard
Bill Thomas
Glenn Andrew
Mayor Judy Eychner

STAFF PRESENT:

Mike Wittler, General Manager and CEO
Amy Dozier, Director of Finance
Tammye Riley, Director of Operations
Allison Bueché, Director of Customer and Community Relations
Howard Hall, Field Services Supervisor
Jill Cook, Accounting Supervisor
Lidia S. Goldthorn, Assistant Secretary to the Board

TRUSTEES ABSENT:

OTHERS PRESENT:

John Davidson, Special Counsel (*Via teleconference*)
Gaines Griffin, Special Counsel (*Via teleconference*)
Richard Hettinger, Special Counsel (*Via teleconference*)
John Hornung

1. CALL TO ORDER:

Mr. Mark Cowden, Chairman, called the Regular Monthly Meeting to order at 1:34 p.m.

2. PLEDGE OF ALLEGIANCE

3. CITIZEN/CONSUMER OPEN FORUM:

Mr. John Hornung, 130 Wharton Rd., addressed the Board and requested reimbursement for charges he paid to have a pole moved off of his property line in order for him to install a fence. Staff stated that this item would be placed on a future Board agenda.

**Mr. Wittler requested Chairman Cowden proceed to item number 8 on the Agenda and go into Executive Session to allow teleconferencing with Special Counsel at this time. The Board agreed and Chairman Cowden proceeded to item number 8.*

8. MOTION TO VOTE AND RECESS THE PUBLIC MEETING AND RECONVENE IN AN EXECUTIVE CLOSED SESSION:

I. EXECUTIVE CLOSED SESSION – CONSULTATION WITH ATTORNEY:

In accordance with Texas Statutes Subchapter D, Chapter 551, Government Code Section §551.071, the Kerrville Public Utility Board will recess for the purpose of “Consultation With Attorney” regarding the following matter:

- A. Consultation with Attorney Regarding Pending or Contemplated Litigation – Mike Wittler, CEO

II. EXECUTIVE CLOSED SESSION – COMPETITIVE MATTERS:

In accordance with Texas Statutes Subchapter D, chapter 551, Government Code Section §551.086, the Kerrville Public Utility Board will recess to discuss and take any necessary action on the following “Competitive Matters”:

- A. Bidding and pricing information for purchased power, generation and fuel, and Electric Reliability Council of Texas bids, prices, offers, and related services and strategies; Risk management information, contracts, and strategies, including fuel hedging and storage;
 - (1) Discussion and Possible Action on Hedging Activities, ERCOT Invoicing and Purchased Power Contracts – Mike Wittler, CEO

Larry Howard, Vice Chairman made a motion that the Board convene in Executive Closed Session to discuss “Consultation With Attorney” in accordance with Texas Statutes Subchapter D, Chapter 551, Government Code Section §551.071, and “Competitive Matters” in accordance with Texas Statutes Subchapter D, Chapter 551, Government Code Section §551.086. Bill Thomas, Secretary, seconded the motion. Vote was by show of hands. Motion carried 5 – 0.

The Board entered Executive Closed Session at 1:40 p.m. Chairman Cowden adjourned the Executive Closed Session and reconvened into Open Session at 2:50 p.m.

9. CONSIDERATION AND ACTION AS A RESULT OF EXECUTIVE CLOSED SESSIONS:

No action taken by the Board.

**At this time, Chairman Cowden elected to proceed to item number 4 on the Agenda. The Board agreed and Chairman Cowden proceeded to item number 4.*

4. ANNOUNCEMENTS OF COMMUNITY INTEREST:

Ms. Bueché highlighted participation in events including the Leadership Kerr County Class Solar Field Tour, two Arc & Spark Demonstrations at Center Point and Hunt Elementary schools, Food Pantry Event and KPUB crew’s mutual aid assistance to CTEC. Howard Hall, Supervisor of Field Services, was the staff spotlight for the month. Mr. Hall has been with KPUB for twenty-eight years. She advised KPUB will be sponsoring another Blood Drive on March 23rd, as well as sponsoring the Economic Summit and Charity Ball. The Employee Picnic is scheduled for May 6th. Mr. Wittler noted the following upcoming board meetings tentatively scheduled for:

- *Wednesday, March 22, 2023 at 8:30 a.m. (one week later than normal)*
- *Wednesday, April 19, 2023 at 8:30 a.m.*
- *Wednesday, May 17, 2023 at 8:30 a.m.*

5. CONSENT AGENDA:

Glenn Andrew, Treasurer, made a motion to accept items in the consent agenda as presented. Mayor Judy Eychner, seconded the motion. Vote was by a show of hands. Motion carried 5 – 0.

5A. APPROVAL OF MINUTES.

5B. RESOLUTION NO. 23-03 – AMY DOZIER, DIRECTOR OF FINANCE. A Resolution approving payment to various providers of services or supplies.

5C. DECEMBER, 2022 QUARTERLY FUNDS REPORT – AMY DOZIER, DIRECTOR OF FINANCE. Acceptance of the December, 2022, Quarterly Funds Report as presented to the Investment Committee following the January 18, 2023, Board Meeting.

5D. APPROVAL AND REPORTING OF PURCHASES AND SALES:

1. Bid #3171 – Padmount Transformers (Damon Richardson, Purchasing Agent)
2. Bid #3175 – 1/0 Underground Primary Cable (Damon Richardson, Purchasing Agent)
3. Fleet Sales (Howard Hall, Field Services Supervisor)

END OF CONSENT AGENDA

6. DISCUSSION AND ACTION ON APPOINTMENTS TO SCHOLARSHIP COMMITTEE – ALLISON BUECHÉ, DIRECTOR OF CUSTOMER & COMMUNITY RELATIONS:

Ms. Bueché advised the KPUB Scholarship Program guidelines specify that a scholarship selection committee, appointed by the KPUB Board of Trustees, will choose the candidates and an alternate for the available scholarships to be awarded. She further advised the scholarship application deadline will close on Friday, February 24, 2023. The KPUB Board of Trustees will need to appoint new members to serve on the selection committee to choose this year’s candidates and alternate for the 2023 KPUB scholarship awards. In the past, that committee had been comprised of a KPUB Board Member, a KPUB staff member who oversees the scholarship committee, KISD representative and an Ingram ISD representative. Board Members suggested Mr. Howard continue to sit on the committee, to which he agreed. Ms. Bueche will coordinate with the KISD and Ingram ISD for their representative.

7. FINANCIAL REPORT – AMY DOZIER, DIRECTOR OF FINANCE:

Ms. Dozier presented the financial statements for the month of January 2023. Ms. Dozier noted a \$448K increase in net position; \$4.3M in operating revenue; \$3.9M in operating expense; \$404K in operating income; \$4.2M in over collected power cost adjustment as of January 31, 2023; and \$31.7M invested in investment pools, and an investment account at Happy State Bank. She advised the investment account at Happy State Bank is completely liquid, fully collateralized, and earning 4.66% as of February 13, 2023. The Power Cost Adjustment (PCA) was set at \$102.50 in November. On a YTD basis, actual power costs equate to a power cost adjustment factor of \$98.03. Ms. Dozier advised that even though actual costs are lower than billed costs through January, management recommends keeping the PCA at \$102.50 for February due to ongoing price volatility and continued pending litigation. She added that on February 13, 2023, KPUB received payment in full (\$100,589.03) from New Smyrna Beach for mutual aid provided after Hurricane Ian.

10. ADJOURNMENT

Chairman Cowden adjourned the Regular Board Meeting at 3:10 p.m.

Date Approved: _____

Mark Cowden, Chairman

ATTEST

Lidia S. Goldthorn, Assistant Secretary to the Board

MEMORANDUM

To: Mark Cowden
Larry Howard
Bill Thomas
Glenn Andrew
Mayor Judy Eychner

From: Mike Wittler

Date: March 17, 2023

Re: Agenda Item 5—Consideration of Customer Request for Refund of Service Fees for Pole Relocation

At last month's Board meeting Mr. John Hornung, 130 Wharton Rd., addressed the Board and requested a refund or partial refund for fees in the amount of \$1,451.00 that he was charged to have a pole moved from his property line to allow him to install a fence.

I have reviewed the issue and found the following:

- 130 Wharton Rd. is Lot 8-R of Riverbend Estates Subdivision.
- In May 1981 the plat for Riverbend Estates Subdivision was initially approved by the Kerr County Commissioners Court.
- On November 18, 1988 an Amended Plat for River Bend Estates was filed. That plat has notes that dedicate perpetual easements for the installation and maintenance of utilities... along and within ten feet of the rear, front and side lines of all lots.
- In 1998 a service was established on Lot 9 (230 Wharton Rd.) with a service pole installed in front of the side lot line for Lots 8 and 9.
- In June/July 2001 a service was established on Lot 7 (236 Wharton Rd.). The pole that Mr. Hornung had us move was installed for this service.
- On about February 14, 2020 Mr. Hornung bought Lots 8 and 9.
- On May 27, 2020 Mr. Hornung had electric service connected.
- On February 24, 2021 a plat was filed combining Lots 8 and 9 into Lot 8-R. The drawing for that plat shows ten-foot utility easements along the side lot lines and twenty-foot easements along the front and rear lot lines.
- On November 21, 2022, KPUB Engineering Technician Tom Alexander met with Mr. Hornung regarding moving the pole to the neighbor's side so he could build a fence. Tom stated that the pole was right on the existing fence line and that Mr. Hornung had a survey done and the property line was 1 ft or so off the fence line. Tom Alexander estimated the cost to move the pole at \$1,451.00.
- On November 22, 2022 Tom Alexander emailed Ricardo Berrios to let him know that Mr. Hornung would be calling him to discuss the cost to move the pole (18 inches).
- The KPUB Board approved Service Rules and Regulations allow for the relocation or removal of KPUB facilities and requires the requesting party to pay in advance the cost of relocating facilities (www.kpub.com/wp-content/uploads/2020/02/Tariff-Revised-2019.pdf pg. 37).

- In the vast majority of cases, KPUB relies on the developer/customer/property owner to identify property lines and approve the location of facilities to be installed. We normally place poles on one side or the other of property lines to avoid conflicts with fences.

I will have pictures and a map available at the Board meeting to help answer questions.

Waiving these costs will require Board action as they have been calculated and collected in accordance with Board established policy.

I will be happy to address any questions from the Board.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Wittler". The signature is stylized and cursive.

Mike Wittler, P.E.

MEMORANDUM

To: Mark Cowden
Larry Howard
Bill Thomas
Glenn Andrew
Mayor Judy Eychner

From: Amy Dozier

Date: March 14, 2023

Re: Agenda Item No. 6B – Resolution No. 23-04

In accordance with Board resolution 10-06 that requires monthly reporting of wire transfers exceeding \$20,000, this memo reports the following transfers between February 14, 2023 and March 14, 2023 for Board approval:

	<u>Vendor</u>	<u>Description</u>	<u>Amount</u>	<u>Date</u>
Purchased Power:				
1	CPS	January 2023	\$ 1,369,011.93	2/17/2023
2	NextEra	January 2023	485,088.00	2/17/2023
3	Concho Bluff	January 2023	59,908.39	2/22/2023
4	Engie	January 2023	58,526.03	2/23/2023
5	DG Solar	January 2023	42,456.33	2/24/2023
6	LCRA	January 2023	652,162.03	2/24/2023
7	Garland Power & Light	January 2023	167,266.44	2/28/2023
8	ERCOT	Annual - January 2025	108,099.69	3/6/2023
Payroll:				
1	Payroll	Pay period ending 2/11/2023	134,938.02	2/17/2023
2	Payroll	Pay period ending 2/25/2023	126,858.64	3/3/2023
3	Payroll Taxes	Pay period ending 2/11/2023	49,791.44	2/22/2023
4	Payroll Taxes	Pay period ending 2/25/2023	45,705.63	3/8/2023
Employee Benefits:				
1	TML	Health Insurance - March	75,102.07	3/1/2023
2	TMRS	Pension - February Payroll	74,774.36	3/8/2023
Investment Transfers (from Operating Account to Investment Account at Happy State Bank):				
1	Happy State Bank	Investment Transfer	600,000.00	2/17/2023
2	Happy State Bank	Investment Transfer	1,000,000.00	2/24/2023
3	Happy State Bank	Investment Transfer	500,000.00	2/28/2023
4	Happy State Bank	Investment Transfer	600,000.00	3/6/2023
5	Happy State Bank	Investment Transfer	350,000.00	3/10/2023
6	Happy State Bank	Investment Transfer	500,000.00	3/14/2023

I am happy to answer any questions regarding these transfers at your convenience.

Sincerely,

A handwritten signature in blue ink that reads "Amy Dozier". The signature is written in a cursive style with a light blue background behind the text.

Amy Dozier
Director of Finance

RESOLUTION NO. 23-04

A RESOLUTION OF THE KERRVILLE PUBLIC UTILITY BOARD CONFIRMING AND AUTHORIZING THE PAYMENTS OF INVOICES AS APPROVED AND PRESENTED BY THE CHIEF FINANCIAL OFFICER AND GENERAL MANAGER / CEO.

WHEREAS, the providers of services or material have submitted invoices for payment;
and

WHEREAS, the Chief Financial Officer or General Manager/CEO has reviewed the invoices and approved payments for services rendered or material received.

WHEREAS, the items marked "Paid" have been previously approved by the Board and are included in this Resolution for information; now, therefore,

BE IT RESOLVED BY THE KERRVILLE PUBLIC UTILITY BOARD THAT:

Section 1. That the Kerrville Public Utility Board review payment of the items set forth on the preceding Schedule.

Section 2. That the Kerrville Public Utility Board instructs the General Manager/CEO or his designee to make said payments and ratifies the payment of the items marked "Paid."

Section 3. This Resolution shall take effect immediately from and after its passage.

PASSED, APPROVED AND ADOPTED on this 22nd day of March, 2023

Mark Cowden, Chairman

ATTEST:

Bill Thomas, Secretary

MEMORANDUM

To: Mark Cowden
Larry Howard
Bill Thomas
Glenn Andrew
Mayor Judy Eychner

From: Amy Dozier

Date: March 10, 2023

Re: Agenda Item No. 6C – Professional Audit Services

On February 10, 2023, KPUB issued a request for proposals for professional audit services. The request was emailed to five audit firms as well as advertised on social media and posted on KPUB's website. On the proposal due date, proposals were received from two firms – BSGM (current auditor) and ABIP (regional CPA firm in San Antonio). Two firms (Forvis and Baker Tilly) responded to let us know that they were not able to submit a proposal at this time, but asked that they be considered again for future opportunities. This appears to be at least partially driven by significant staffing shortages currently seen at most accounting firms. One firm (RSM) did not respond.

The proposals received were reviewed by a committee made up of KPUB's CEO, Director of Finance and Accounting Supervisor. Both firms submitted high quality, professional proposals. After reviewing the proposals, the committee recommends choosing the BSGM proposal for the following reasons:

- Demonstrated industry expertise - 29 governments and 89 electric utilities as clients, experience with electric rates, work order system/capital assets, industry best practices and standards, FERC accounting and electric utility specific accounting including experience auditing entities with multiple PPAs and price hedging activities.
- Software expertise – BSGM's in-depth knowledge of the electric utility specific software KPUB uses (NISC) combined with KPUB's electronic record storage within the software allows BSGM to perform much of the audit within our software using read only access instead of requesting documents.
- KPUB's experience with BSGM – Since 2018, BSGM has provided excellent audit services to KPUB. The firm is professional, knowledgeable, organized, meets deadlines, is responsive to the client and provides significant partner involvement.
- Competitive pricing - \$115,500 for 3 years (\$38,500 per year) as opposed to \$121,400 for 3 years from ABIP.

Both proposals are attached for your review.

Staff recommends authorization to proceed with a three-year agreement, plus two optional one-year extensions with BSGM according to the terms of the attached proposal.

I am happy to address any questions regarding this recommendation.

Sincerely,



Amy Dozier
Director of Finance

KERRVILLE PUBLIC UTILITY BOARD

Request for Proposal - Professional Audit Services

Fiscal Years Ending September 30, 2023
Through September 30, 2025

Michael Del Toro, CPA
Partner

www.abipcpa.com
mdeltoro@abipcpa.com
(210) 341-2581

abip, PC
7330 San Pedro Avenue, Suite 901
San Antonio, Texas 78216

February 24, 2023



CLIENT **FOCUSED.** RELATIONSHIP **DRIVEN.**

February 24, 2023

Kerrville Public Utility Board
Purchasing Office
2250 Memorial Boulevard
Kerrville, Texas 78028

abip, PC is pleased to have the opportunity to submit this response to the request for proposals to provide professional auditing services to **Kerrville Public Utility Board** ("KPUB") for the fiscal years ending September 30, 2023 through September 30, 2025 with KPUB's option to extend for two one-year extensions. The remainder of this document highlights the qualifications and benefits **abip's** governmental professionals will provide to KPUB for an efficient, cost-effective audit.

Kerrville Public Utility Board needs an accounting firm that understands the challenges facing Texas governmental entities. You also want to work with professionals who share your same commitment to quality service and are dedicated to building a long-term, responsive relationship with your organization.

With **abip**, you get audit services from senior professionals who focus on Texas governmental entities. You also experience a collaborative culture, have direct access to top technical resources, and receive straightforward, proactive communication delivered through a centralized, committed, and knowledgeable client service team. In addition to addressing your immediate audit needs, **abip** is ready to leverage our resources and capabilities to support your financial and internal control strategies.

The Audit Will Be Performed in Accordance with the Following Standards:

- Generally Accepted Auditing Standards Adopted by the AICPA
- Governmental Accounting Standards Board Pronouncements
- State of Texas Public Funds Investment Act
- GFOA Certificate of Achievement in Financial Reporting
- Compliance with Policies and Procedures Established by KPUB
- Applicable State and Federal Laws and Regulations
- Federal Energy Regulatory Commission's Uniform System of Accounts and Methodology for Capitalization of Fixed Assets

abip's evaluation of KPUB's internal controls will provide public confidence that your financial statements are fairly stated and that KPUB has complied with relevant laws and regulations.

We are Different from Other Firms

Our Professionals are Focused on Texas Local Governments

- No need to train or educate our team on the basics of your organization
- Minimal interruptions to your staff's day-to-day operations
- Team member continuing education is focused on government accounting and auditing
- Federal and state agency experience you can rely on

Our Partners and Senior Managers are Actively Involved in all Aspects of the Engagement

- Engagement team stability
- No surprises – technical issues and questions are resolved during the audit
- Prompt and clear communication throughout the audit
- Year-round resource for information and advice

We are a Full-Service Firm with Extensive Resources Such as Cybersecurity and Forensics

- That makes **abip** a one-stop-shop for various resources

Members of the Special Review Committee for the Government Finance Officers Association of the Annual Comprehensive Financial Report Certificate Program


- Reviewing, editing, and confidence in retaining your Certificate of Achievement for Excellence in Financial Reporting

Your Engagement Team

Your team, led by Michael Del Toro, is made up of industry leaders who are experienced with complex assignments like yours. They understand that you have key concerns when it comes to choosing your accounting professionals and are dedicated to addressing your requirements.

Our office is located at 7330 San Pedro Avenue, Suite 901, San Antonio, Texas 78216, telephone **(210) 341-2581**, fax (210) 341-2588. I will serve as your engagement partner for the audit should we be selected as your independent auditors. As an authorized representative of the firm, I am empowered to submit this request for proposal and to sign a contract with KPUB. If we can be of any assistance or answer any questions concerning this request for proposal, please feel free to call or email me at **mdeltoro@abipcpa.com**.

Sincerely



Michael Del Toro, CPA
Partner

Table of Contents

Qualifications – Firm and Personnel	5
Firm Profile	5
Organizational Structure	5
History Servicing Texas Governmental Entities	6
Key Project Personnel	7
Introducing the key abip Texas Governmental Team	7
Continuing Professional Education of Audit Team	8
License to Practice in Texas	9
Why Choose abip?	10
abip's Commitment to Quality Control	11
abip Membership Affiliations and Participation	12
Specific Audit Approach and Strategy	13
Overall Audit Phases	13
Phase 1 – Planning & Risk Assessment	13
Analytical Procedures	14
Understanding the Internal Controls	15
Compliance with Laws and Regulations	15
Phase 2 – Audit Fieldwork	16
Sampling	17
Phase 3 – Audit Conclusion	17
Phase 4 – Audit Finalization	17
Proposed Segmentation of the Engagement	18
Remote vs. On-site Work	19
Assurances	19
Fees	20
References	21
Resumes of Key People	22

Qualifications – Firm and Personnel

Firm Profile

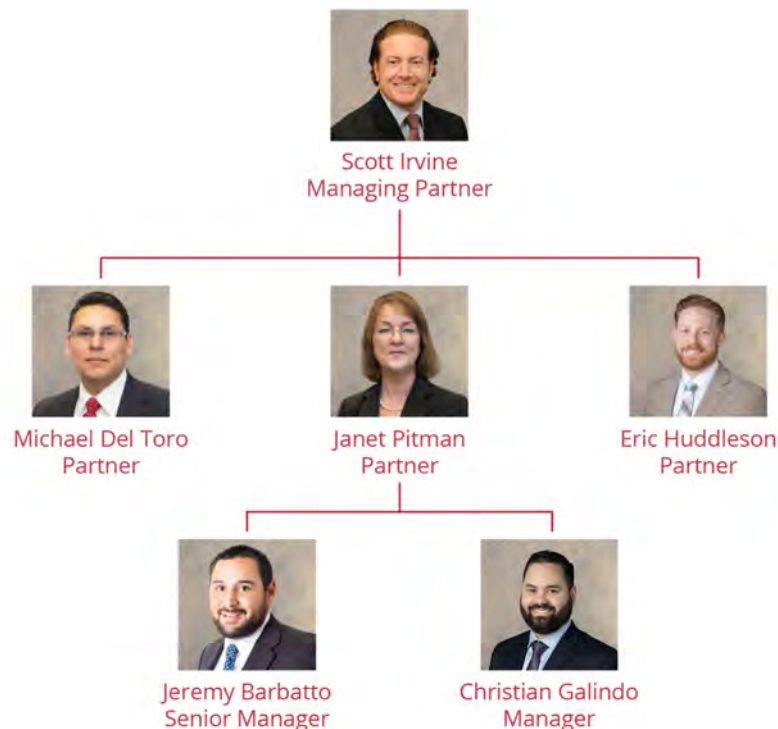
abip is a regional CPA and Advisory firm with fully staffed offices in Houston and San Antonio, Texas. The services you have requested will be coordinated from and provided by the San Antonio office. **abip** has over 100 employees on staff. **abip** provides accounting, auditing, consulting, and tax planning and preparation services to various industries such as nonprofit, governmental, employee benefit plans, real estate, oil and gas, health care, construction, manufacturing, technology, and professional service companies.

abip has been in existence since 2001. **abip's** Texas governmental audit team originated from the 2012 merger with the firm of Thompson, Williams, Biediger, Kastor, and Young, a CPA firm that provided financial audit services to governmental clients in the South and Central Texas area since the 1960s.

The partners of your engagement team have over 50 combined years of experience auditing clients similar to Kerrville Public Utility Board. Our partners and managers are highly involved in the day-to-day fieldwork which will allow us to supervise our staff, catch any major issue early and be available for questions from you.

Organizational Structure

The audit leadership team is made up of **3 Partners** (Michael Del Toro, Janet Pitman, and Eric Huddleson) and **1 Senior Manager and 1 Manager** (Jeremy Barbatto and Christian Galindo) overseen by our **Managing Partner**, Scott Irvine.



History Servicing Texas Governmental Entities

Local Government	Scope	Years	Partner	Total Hours
Hays County, TX	Financial, Federal & State Single Audit, TJJJ Audit ACFR GFOA Certificate Awarded	2013-Present	Janet Pitman	400
Contact: Marisol Villarreal-Alonzo, CPA, Hays County Auditor, (512) 393-2283				
Comal County, TX	Financial Audit, Federal Single Audit, TJJJ Audit ACFR GFOA Certificate Awarded	2013-Present	Janet Pitman	350
Contact: Jessie Rahe, CPA, Comal County Auditor, (830) 221-1200				
Karnes County, TX	Financial Audit, TJJJ Audit	2010-2020	Mike Del Toro Janet Pitman *	280
Contact: Tom Dupnick, CPA, Karnes County Auditor, (830) 780-2721				
City of Del Rio, TX	Financial and Federal Single Audit ACFR GFOA Certificate Awarded	2020-Present	Mike Del Toro	550
Contact: Alberta Barrett, CPA, Finance Director, (830) 774-8500				
City of San Marcos, TX	Financial and Federal Single Audit Utility Operations (Electric, Gas, Water and Wastewater, Stormwater, and Drainage) ACFR GFOA Certificate Awarded	2013-Present	Mike Del Toro Janet Pitman *	525
Contact: Ismael Garcia, CPA, Accounting Manager, (512) 393-8170				
City of Fredericksburg, TX	Financial Audit, Utility Operations (Electric, Water, Golf, Landfill, EMS and Drainage)	2018 - Present	Janet Pitman	300
Contact: Laura Hollenbeak, CPA, Finance Director, (830) 990-2015				
City of Boerne, TX	Financial and Federal Single Audit Utility Operations (Electric, Water, Wastewater, Gas, Solid Waste, and Stormwater) ACFR GFOA Certificate Awarded	2017-Present	Janet Pitman	500
Contact: Sarah Buckelew, CPA, Finance Director, (830) 249-9511				

Notes: All engagements listed above were serviced out of our San Antonio Location.

* Mike and Janet served as the Engagement Partners due to rotation requirements in their terms of engagement.

Key Project Personnel

Introducing the key abip Texas Governmental Team

Team Member	Title	Engagement Role	Experience Similar to Kerrville Public Utility Board
Michael Del Toro, CPA	Partner	<ul style="list-style-type: none"> Overall responsibility for the engagement Directing the planning, testing, communications, and financial statement decisions Provide accounting and auditing technical assistance Coordinate all meetings with management 	Hays County, TX * Comal County, TX * Karnes County, TX City of San Marcos, TX * City of Del Rio, TX * Guadalupe Blanco River Authority * City of Boerne, TX *
Janet Pitman, CPA	Concurring Partner	<ul style="list-style-type: none"> Review the audit to ensure it was performed in accordance with the firms quality control standards Provide accounting and auditing technical assistance Review final ACFR 	Hays County, TX * Comal County, TX * Karnes County, TX City of San Marcos, TX * City of Del Rio, TX * Guadalupe Blanco River Authority * City of Boerne, TX *
Jeremy Barbatto, CPA	Engagement Manager	<ul style="list-style-type: none"> Serve as the day-to-day contact for KPUB and manage the overall work plan developed by the Partner Oversee the staff on the engagement and filter questions from staff to KPUB Lead the audit planning and risk assessment for the financial audit and direct the staff through the process Provide technical assistance to the staff assigned to the engagement 	Hays County, TX * Comal County, TX * Karnes County, TX City of San Marcos, TX * City of Del Rio, TX * Guadalupe Blanco River Authority * City of Boerne, TX *
Christian Galindo	Assisting Manager	<ul style="list-style-type: none"> Serve as an additional resource for technical guidance to the engagement manager and staff Assist the engagement manager with reviewing staff work 	City of Eagle Pass, TX City of Eagle Pass, TX Water Works System City of Castle Hills, TX Maverick County Solid Waste Authority Bexar County ESD No. 2 / D2FR SAM Ministries Workforce Solutions Rural Capital Area North Central Texas Council of Governments (Transit Programs/Grants) Youth Empowerment Services – YES, Inc. Alliance of Community Assistance Ministries

* Denotes client who issues an Annual Comprehensive Financial Report and receives GFOA's Certificate of Achievement for Excellence in Financial Reporting.

Resumes for the above personnel, which include their education and professional licensing, start on page 23.

Continuing Professional Education of Audit Team

abip, PC requires all accountants that will be involved in local governmental audits to complete a minimum of 80 hours of continuing education in a two-year period in accounting and auditing with a minimum of 20 hours each year and with at least 24 hours of the 80 hours in governmental courses. This is done in order to comply with *Governmental Auditing Standards*. All employees have met or exceeded this requirement. Additional State Board requirements for all licensed professionals to have 120 hours every three years were also met.

Program Name	Completion Date	Michael Del Toro	Janet Pitman	Jeremy Barbatto	Christian Galindo
Ethics for Texas CPAs 2022	10/23/22	•			
2022 Governmental Accounting and Single Audits Conf.	09/26/22	•	•	•	•
AICPA and CIMA 2022 Governmental Accounting and Auditing Update	08/16/22				•
Preparing a ACFR in the Field of Accounting	07/26/22				•
2022 GFOA Annual Conference	06/8/22	•	•	•	
2022 Texas School District Accounting & Auditing Conf.	05/20/22	•	•	•	
2022 Annual Required GAQC Webcast	05/3/22	•	•	•	•
Impact of GASB Activities on State and Local	12/20/21				•
Yellow Book & Single Audit Deficiencies	11/24/21	•	•	•	
ARPA Funds: Non-Entitlement Units	11/16/21	•	•	•	
Ethics & Values for Texas CPA's & Accounting Professionals	11/10/21	•	•	•	
2021 Governmental Accounting & Single Audits Conf.	09/27/21	•	•	•	•
Comprehensive Example of Applying the New Lease Accounting Standard	08/26/21				•
2021 Compliance Supplement and Single Audit Update	07/27/21				•
2021 Texas School District Accounting & Auditing Conf.	06/07/21	•	•	•	
2021 TXCPA Nonprofit Organizations Conference	05/24/21				•
All about the Paycheck Protection Program (PPP)	05/21/21				•
2021 State and Local Government Audit Planning Considerations	05/20/21				•
Practical Applications of the Employee Retention Credit	05/19/21				•
2021 Annual Required GAQC Webcast	05/04/21	•	•	•	•
OMB Supplement Addendum and the Latest COVID-19 Single Audit Implications	12/10/20				•
COVID 19- Audit Implications	11/17/20				•
Beyond Googling- Leveraging Open- Source Intelligence in Investigations & Business Decisions	11/16/20				•

Program Name	Completion Date	Michael Del Toro	Janet Pitman	Jeremy Barbatto	Christian Galindo
25 th Annual Governmental GAAP Update	11/05/20	•	•	•	
2020 Governmental Accounting & Single Audit Conf.	09/29/20	•	•	•	
Nonprofit external financial statement walkthrough	09/16/20				•
2020 Supplement and COVID-19 single audit implications	09/9/20				•
Implementing the CARES Act Coronavirus Relief Fund	08/27/20	•	•	•	
Single Audit Fundamental Part 4	08/27/20				•
Single Audit Fundamental Part 3	08/27/20				•
Single Audit Fundamental Part 2	08/26/20				•
Single Audit Fundamental Part 1	08/26/20				•
2020 OMB Compliance Supplement & Single Audit Update	06/20/20	•	•	•	
2020 Texas School District Accounting & Auditing Conf.	06/02/20	•	•	•	
2020 GAQC Annual Update Webcast	05/05/20	•	•	•	
Fiduciary Activities Implementation Considerations	02/06/20	•			
Coronavirus/COVID-19-Business Planning & Impacts	03/20/20			•	
Ethics and Values for Texas CPA's and Accounting Prof.	12/9/19	•	•	•	
2018 Governmental Accounting and Single Audits Conf.	10/30/19	•	•	•	
Not-for-Profit Accounting and Auditing Update	08/22/19	•	•	•	
GASB Statement No. 87 Leases	06/14/19	•	•	•	
2019 Texas School District Accounting and Auditing Conf.	03/29/19	•	•	•	

License to Practice in Texas

abip and all key professional employees who will be assigned to the audit, should we be awarded the contract, are properly registered, and licensed to practice as a certified public accountant in the State of Texas.

Why Choose abip?

Your vote of approval for **abip** can be cast for the following reasons:

- ✓ Our partners and staff focus on governmental audits and have for many years – no need to train or educate our team.
- ✓ Our partners and staff have a reputation of excellent client retention, a strong indicator of client satisfaction.
- ✓ We are committed to quality, and we strive for excellence in all elements of our practice. Our peer reviews reflect this.
- ✓ We fully staff the block of time set aside for field work for timely completion and to be less disruptive to our audit clients.

We believe our experience and a record of providing quality service to other government clients clearly makes **abip** the best qualified firm to provide the services requested by KPUB.

Although we do not currently work with clients that use NISC's iVue software our team has experience using a range of different software packages on our audit engagements and we are confident we can easily adapt to the NISC's iVue software package.

abip's Commitment to Quality Control

The AICPA peer review involves a rigorous inspection of our engagements every three years. At the conclusion of the peer review, the peer reviewer expresses an opinion on the design of our quality control system for our accounting and auditing practice and our compliance with that system. Our latest peer review, conducted in 2020, received the highest possible rating of "pass." The peer review included a review of engagements performed under *Governmental Auditing Standards* (governmental engagements), including compliance audits under the Single Audit Act.



Report on the Firm's System of Quality Control

August 30, 2021

To the Shareholders of ABIP, PC
and the Peer Review Committee of the TSCPA

We have reviewed the system of quality control for the accounting and auditing practice of ABIP, PC (the firm) in effect for the year ended December 31, 2020. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

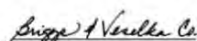
Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act and audits of employee benefit plans.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

ABIP, PC
August 30, 2021
Page | 2

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of ABIP, PC in effect for the year ended December 31, 2020, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. ABIP, PC has received a peer review rating of *pass*.


Briggs & Veselka Co.
Austin, Texas

www.bvccpa.com

Member of the Center for Public Company Audit Firms
of the American Institute of Certified Public Accountants



abip Membership Affiliations and Participation

The partners and manager on the audit team are active members of the GFOA and GFOAT. They are members of the Special Review Committee for the Annual Comprehensive Financial Report (ACFR) award program. They regularly review financial reports for local governments to determine if the government will be awarded the certificate of achievement.



Certificate of Achievement for Excellence in Financial Reporting Program

The GFOA established the Certificate of Achievement for Excellence in Financial Reporting Program (COA) in 1945 to encourage and assist state and local governments to go beyond the minimum requirements of generally accepted accounting principles to prepare annual comprehensive financial reports that evidence the spirit of transparency and full disclosure and then to recognize individual governments that succeed in achieving that goal. The goal of the program is not to assess the financial health of participating governments but rather to ensure that users of their financial statements have the information they need to do so themselves.

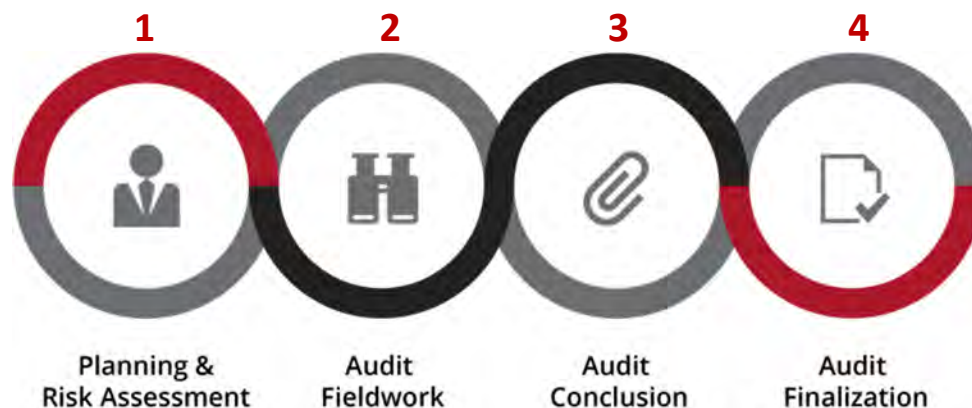


abip is a member of the Government Audit Quality Center (GAQC), a voluntary membership for CPA firms that perform governmental audits. The GAQC promotes the importance of quality governmental audits with access to valuable tools, alerts, and continuing education to its members.

Specific Audit Approach and Strategy

Overall Audit Phases

abip's audit approach is divided into four phases:



Phase 1 – Planning & Risk Assessment

Planning and risk assessment is essential to ensure a quality audit, efficient use of professional team members, timely delivery of reports and other letters, and to reach the objectives agreed to in the engagement letter. Efficient planning minimizes disruption to your operations.

Planning and risk assessment is performed as interim work.

Planning Procedures Include, But Are Not Limited To:

- Preliminary consideration of audit risk and materiality
- The effects of computer processing
- Understanding Kerrville Public Board Utility's:
 - Environment
 - Determining laws and regulations that affect KPUB's financial reporting and compliance that are material to the financial statements.
 - Operations
 - Organizational charts
 - Annual budget
 - Internal control structure over major financial process
- Preliminary analytical review of the current year financial statements to prior year results and the current year annual budget
- Review of KPUB's minutes from Board of Trustees meetings
- Consideration of risk of material misstatement due to fraud
- Identify the federal and state programs subject to audit in accordance with the OMB Uniform Guidance and Uniform Grants Management Standards of the State of Texas, if applicable.

Analytical Procedures

abip uses analytical procedures in the audit during the planning and risk assessment phase to obtain an understanding of financial results during the fiscal year and assess the risk of material misstatement based on knowledge obtained from KPUB. Analytical procedures are also used as an audit tool to quickly conclude whether an account is materially stated. Analytical procedures are typically used as follows:

Audit Area	Type of Procedure	Example
Planning of the Audit	Compare current year results to the prior year and the budget	Assessment of the variance for each account against expectation developed from knowledge of KPUB
Revenues & Expenses	Compare current year results to the prior year and the budget	Assessment of the variance for each account against expectations developed from knowledge of KPUB
	Reasonableness test of results based on nonfinancial factors	Revenues and expenses based on consumption data times rates appear reasonable
	Reasonable averages per transaction	Average utility charges by month appear reasonable
	Reasonableness of ratio to other account balances	Salary-related expense ratios appear reasonable compared to the prior year

Understanding the Internal Controls

abip will obtain an understanding of KPUB's internal control by performing the following:

Objective for Identifying Controls	Procedure
Identify the Significant Transaction Activities and Compliance Material to the Financial Statements	Perform preliminary analytics, assess prior knowledge of KPUB, review prior year financial reports, review KPUB's annual budget, read minutes of Board of Trustees and review the schedule of federal awards
Review KPUB's Written Policies and Procedures	Inquire of KPUB's management and staff of written policies and procedures and review minutes
Obtain an Understanding of KPUB's Environment, Significant Activities, and Compliance Material to the Financial Statements to Assess Controls	Make inquiries of management and others, observe entity procedures and controls, inspect documents and records, and trace sampled transactions through the system

Compliance with Laws and Regulations

abip will obtain an understanding of the laws and regulations that will be subject to the audit by performing the following:

Objective for Identifying Laws and Regulations	Procedure
Identify the Significant Operations and Sources of Revenue	Perform preliminary analytics, assess prior knowledge of KPUB, review prior year financial reports, review KPUB's annual budget, read minutes of Board of Trustees, review the schedule of federal awards, review notices of grant awards
Identify Regulatory Requirements	Read oversight reports and communications from Federal, State, and other government agencies
Reviewing Guidance Publications	<ul style="list-style-type: none"> • Texas Public Funds Investment Act • AICPA Audit Guide, Audits of State and Local Governmental Units • Texas Local Government Code • Federal Energy Regulatory Commission's Uniform System of Accounts and Methodology for Capitalization of Fixed Assets

Planning and risk assessment activities conclude with an audit strategy focused on areas of KPUB based on risk and/or materiality through a specifically tailored audit program.

Phase 2 – Audit Fieldwork

Audit fieldwork is the completion of the audit approach specifically tailored for KPUB through the risk assessment. The approach focuses on procedures to test management's assertions over the financial statements.

The Assertions Are:

Assertion	Description
Existence or Occurrence	Assets and liabilities actually exist at the balance sheet date, and transactions reported in the operating statement actually occurred during the period covered.
Completeness	Transactions and accounts that should be included in the financial statements are included, and there are no undisclosed assets, liabilities, or transactions.
Accuracy	Amounts and other data relating to recorded transactions and events have been recorded accurately.
Rights and Obligations	Clear title to the assets, the liabilities are obligations of KPUB, and KPUB was actually a party to the reported transactions.
Cutoff	Transactions and events have been recorded in the correct accounting period.
Valuation or Allocation	Assets and liabilities are valued properly, and the revenues and expenses are measured properly.
Presentation and Disclosure	Assets, liabilities, revenues, and expenses are properly described and disclosed in the financial statements.

Audit Procedures Include:

- Inquiry of personnel
- Analytical procedures
- Observation of processes
- Scanning general ledger activity
- Inspection of policies and procedures
- Reperformance of calculations
- Confirmation of accounts
- Inventory observation

Sampling

abip uses a comprehensive and systematic sampling plan that focuses directly on the assessment of audit risk and integrates statistical theory with the use of audit judgment. The sampling plan is taken from the guidance of the AICPA Audit Guide, *Governmental Auditing Standards*, and the OMB Uniform Guidance. Statistical sampling is used when the data set is in a logical order or sequence, and nonstatistical sampling is used if the data is not in sequential order.

The Sample Size is Based on Various Factors Such As:

- Size of the Data Set
- Audit Risk in the Sample
- Tolerable Misstatement
- Unusual Items in the Data Set
- Number of Exceptions Allowed from the Sample Test (if any)

Phase 3 – Audit Conclusion

The audit conclusion is the finalization of the audit approach. It consists of the following:

- Final reviews of the fieldwork procedures to ensure an effective audit in accordance with professional standards
- Summarize conclusions on the Financial Audit
- Final analytical review of financial reporting
- Conclude on audit completion checklists
- Preparation of the ACFR

Phase 4 – Audit Finalization

Audit finalization is formalizing the finale of the audit services. Finalization consists of:

- Finalize the annual comprehensive financial report
- Completion of the disclosure checklist
- Obtaining the representation letter from KPUB's management
- Finalizing the independent auditors reporting letters and the management letter
- Presentation of audit results and auditor reports to management and Board of Trustees

Proposed Segmentation of the Engagement

A detailed sequence for conducting and completing the audit follows:

PROCEDURE	PERSON RESPONSIBLE	TIMING
Engagement Letter	Del Toro and Pitman	July 2023
Meet With You and Discuss Audit Plan	Del Toro and Pitman	July 2023
Client Prepared Schedule List and Audit Plan to KPUB	Team Members	July 2023
Prepare Audit Planning, Risk Assessment and Interim Work	Team Members	August 2023
Inventory Observation	Team Members	September 2023
Perform Year-End Work, Reviews, and ACFR Preparation	Del Toro and Team Members	October 2023/ November 2023
Meet to Discuss Audit Adjusting and Closing Entries, Draft of Financial Statements (ACFR), and Management Letter	Del Toro and Pitman	December 2023
Prepare Final Financial Statements (ACFR), Management Letter, and Perform In-House Quality Review	Del Toro and Pitman	December 2023
Deliver Final Financial Statements (ACFR) and Management Letter	Del Toro and Pitman	January 2024
Present Reports and Management Letter to Board of Trustees	Del Toro and Pitman	January 2024

Remote vs. On-site Work

We make full use of information technology to help us improve the effectiveness and efficiency of our audits. **abip** uses a paperless audit tool to manage and coordinate the audit in a secure, cloud-based environment. The advantage of a paperless environment is that we do not maintain physical documents, and client information is not maintained locally on workstations. **abip** also utilizes electronic tools such as a trial balance software to manage the reporting and analytical review of KPUB's financial information, sampling tools, and risk assessment management. We prefer to perform most of our audit procedures on-site for improved engagement efficiency, however, if necessary, we can work remotely by providing your finance team access to a "Sharefile" to securely share electronic information between KPUB and our audit team. KPUB has 24/7 access to our online document portal to easily share files for the engagement.

Since we work in a cloud environment we would need access to the internet while in your offices.

Assurances

abip will work with the KPUB during the duration of the audit in order to ensure an effective and efficient audit and to ensure we meet your timeline in the request for proposals. We have found that frequent, open communication results in a better understanding of our client's financial affairs. Accordingly, we like to hold periodic progress meetings with the appropriate members of management. At a minimum we will have an entrance and exit conference with the KPUB management personnel, and weekly progress meetings starting at the beginning of the audit and concluding at the end of the audit with the Director of Finance or their designee. We are able and committed to meet the KPUB's timelines for completion of the audit as indicated in the request for proposals.

Our approach does not vary from the first year to subsequent years of an audit. There are however efficiencies for KPUB and for us in a multiple year contract because of familiarities developed with one another and our familiarity with KPUB's procedures. In addition, we prefer to be involved in issues throughout the year and not just at the time of the audit. As our references will attest, we provide assistance throughout the year on new pronouncements and other matters affecting KPUB.

Fees

	Fees
Total All-Inclusive Maximum Price for 2023 Audit	<u>\$38,500</u>

	Fees
Total All-Inclusive Maximum Price for 2024 Audit	<u>\$40,400</u>

	Fees
Total All-Inclusive Maximum Price for 2025 Audit	<u>\$42,500</u>

Any additional services requested by KPUB to either supplement the services requested in this proposal or to perform additional work as a result of specific recommendations will be billed at our standard hourly rates depending on the level of expertise to perform such services. New fee estimates for such services will be discussed and agreed upon with KPUB prior to incurring costs.

References

Contact Information			
City of San Marcos, Texas	Ismael Garcia, Accounting Manager	igarcia@sanmarcostx.gov	(512) 393-8170
City of Boerne, Texas	Sarah Buckelew, CPA Finance Director	sbuckelew@boerne-tx.gov	(830) 249-9511
City of Fredericksburg, Texas	Laura Hollenbeak, CPA Finance Director	lhollenbeak@fbgtx.org	(830) 990-2015

Resumes of Key People



Michael Del Toro, CPA

Partner

Educational Background

- Certified Public Accountant - Texas
- BBA in Accounting – University of the Incarnate Word, 1997

Career Experience

abip, PC

- Partner – January 2013 to Present

Thompson, Williams, Biediger, Kastor & Young, L.C.

- Partner – January 2009 to December 2012
- Audit Manager – January 2007 to December 2008
- Audit Supervisor – February 2005 to December 2006

Burnside & Risheberger, PLLC

- Audit Supervisor – March 2004 – January 2005

Harte–Hanks, Inc.

- Internal Audit – June 2001 – February 2004

Padgett, Stratemann & Co., LLP

- Audit In-Charge – January 1999 – May 2001

Garza Gonzales & Associates

- Staff Auditor – October 1997 – December 1998

Engagement Experience

Mike has over twenty-five (25) years of experience in auditing and accounting for government entities. He has been associated with the financial and compliance audits for Judson Independent School District, Comal Independent School District, San Marcos Consolidated Independent School District, Lago Vista Independent School District, Southwest Independent School District, Jourdanton Independent School District, Education Service Center, Region 20, Northside Independent School District, Southside Independent School District, Laredo Independent School District, City of San Marcos, Texas, Bexar County, Texas, VIA Metropolitan Transit, San Antonio River Authority, and various other government entities. Mike attends seminars of the Texas Association of School Business Officials and its local chapter, the Alamo Area Association of School Business Officials. In addition, Mike is a member of the Special Review Committee for the GFOA's Certificate of Achievement for Excellence in Financial Reporting.

PROFESSIONAL ASSOCIATIONS

- American Institute of Certified Public Accountants
- Texas Society of Certified Public Accountants
- Government Finance Officers Association
- Alamo Area Association of School Business Officials
- Texas Association of School Business Officials
- Government Finance Officers Association of Texas



Janet A. Pitman, CPA

Partner

Educational Background

- Certified Public Accountant - Texas
- BBA in Accounting – University of Texas at San Antonio – 1991

Career Experience

abip, PC

- Partner – January 2013 to Present

Thompson, Williams, Biediger, Kastor & Young, L.C.

- Partner – January 2009 to December 2012
- Manager – October 2003 to December 2008

Bexar County Auditor's Office

- Accounting Manager – May 2001 to September 2003

Padgett, Stratemann & Co., L.L.P.

- Manager – June 1996 to April 2001
- Audit Team Member – September 1991 to May 1996

Engagement Experience

Janet has over thirty (30) years of experience in auditing and accounting of government entities. She has been associated with the financial and compliance audits of Judson ISD, North East ISD, Comal ISD, San Marcos CISD, Navarro ISD, Marion ISD, Medina ISD, Southside ISD, Southwest ISD, Jourdanton ISD, Education Service Center, Region 20, Guadalupe-Blanco River Authority, and various other government entities. She has been the manager in charge of the financial and compliance audits for Southside ISD, Northside ISD, Randolph Field ISD, Fort Sam Houston ISD, Lackland ISD, LaVernia ISD, Bandera ISD, Schertz-Cibolo-Universal City ISD, Laredo ISD, and various other government entities. While at Bexar County, she was the project manager for the implementation of GASB 34. Janet has presented to and attends seminars of the Texas Association of School Business Officials and its local chapter, the Alamo Area Association of School Business Officials. In addition, Janet is a member of the Special Review Committee for the GFOA's Certificate of Achievement for Excellence in Financial Reporting.

PROFESSIONAL ASSOCIATIONS

- American Institute of Certified Public Accountants
- Texas Society of Certified Public Accountants
- San Antonio CPA Society, a Chapter of the Texas Society of CPAs
- Government Finance Officers Association
- Alamo Area Association of School Business Officials
- Texas Association of School Business Officials
- Government Finance Officers Association of Texas



Jeremy Barbatto, CPA

Senior Audit Manager

Educational Background

- Certified Public Accountant – Texas
- Masters in Accountancy – Texas State University, 2010
- BBA in Accounting – Texas State University, 2008

Career Experience

abip, PC

- January 2013 to Present

Thompson, Williams, Biediger, Kastor & Young, L.C.

- August 2010 to December 2012

Engagement Experience

Jeremy has over twelve (12) years of experience in auditing and accounting of government entities. Jeremy has been assigned to the financial and compliance audits for North East Independent School District, Comal Independent School District, San Marcos Consolidated Independent School District, Judson Independent School District, Southwest Winners, Education Service Center Region 20, Southwest Independent School District, Workforce Solutions – Alamo, Guadalupe-Blanco River Authority, City of Live Oak, Texas, City of Alamo Heights, Texas, City of Cibolo, Texas, City of Universal City, Texas, City of Hill Country Village, Texas, and various other government entities. In addition, Jeremy is a member of the Special Review Committee for the GFOA's Certificate of Achievement for Excellence in Financial Reporting.

PROFESSIONAL ASSOCIATIONS

- American Institute of Certified Public Accountants
- Texas Society of Certified Public Accountants
- San Antonio CPA Society, a Chapter of the Texas Society of CPAs
- Alamo Area Association of School Business Officials
- Government Finance Officers Association
- Government Officers Association of Texas



Christian Galindo

Audit Manager

Educational Background

- Graduated from Universidad Rafael Urdaneta, Venezuela with BS in Accounting - 2012
- CPA candidate

Career Experience

abip, PC

- Audit Manager - January 2023 to Present

Martinez, Rosario and Company, LLP

- Senior Manager – August 2020 to January 2023

Sentry Wellhead Systems, LLC

- Controller – October 2018 to August 2020

Infornet USA/One Stop Tax

- Office Manager – January 2017 to October 2018

Bahsas Group

- Chief Accountant - Venezuela

University Rafael Urdaneta (Venezuela)

- Professor of Accounting I and Accounting II

Engagement Experience

Christian has over 10 years of experience providing accounting and tax services, audits, compilations, process improvement, KPI analyses, financial statement analysis, gross margin and pricing analysis just to name a few. Christian works with numerous types of clients including non-profit organizations, local governments, healthcare, real estate, professional services, and oil and gas.

PROFESSIONAL ASSOCIATIONS

- American Institute of Certified Public Accountants
- Texas Society of Certified Public Accountants
- The Association of Certified Fraud Examiners
- Government Finance Officers Association

2023-2025 AUDIT PROPOSAL
KERRVILLE PUBLIC UTILITY BOARD

2250 MEMORIAL BLVD
KERRVILLE, TEXAS 78028

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

**8215 NASHVILLE AVENUE
LUBBOCK, TEXAS 79423
(806) 747-3806**

KERRVILLE PUBLIC UTILITY BOARD

AUDIT PROPOSAL

TABLE OF CONTENTS

	<u>Page</u>
Cover Letter	1
Part 1 - Qualifications	2
Part 2 – Audit Approach	4
Part 3 – Fees	5
Part 4 – References	5
Attachments:	
Peer Review Letter	
Electric Industry – Firm Brochure	

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

PHONE: (806) 747-3806

FAX: (806) 747-3815

8215 NASHVILLE AVENUE

LUBBOCK, TEXAS 79423-1954

February 18, 2023

Amy Dozier, CFO
Kerrville Public Utility Board
2250 Memorial Blvd
Kerrville, TX 78028

Re: 2023-2025 Professional Audit (and Attestation) Services Proposal

To Trustees of the Kerrville Public Utility Board (KPUB):

The scope of the engagement to perform audits and agreed upon procedures for KPUB, as outlined in the Request for Proposal, is understood by our firm. The work to be performed includes the audit of KPUB's enterprise fund, review of the Annual Comprehensive Financial Report (ACFR) prepared by KPUB's finance department and the performance of agreed-upon procedures related to the compliance with the Public Funds Investment Act. Our firm will be available for consultation or calculations related to financing activities and will also provide consultation on accounting matters, GASB pronouncements, and PUC issues that are requested.

We appreciate the opportunity to submit this proposal for audit and review services and look forward to your decision. Please contact me should you have any questions.

Sincerely,

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.

By: 

Tyler Canady, Audit Partner
8215 Nashville Ave.
Lubbock, TX 79423
806.747.3806 ext. 231

KERRVILLE PUBLIC UTILITY BOARD
AUDIT PROPOSAL
PAGE 2

Part 1 – Qualifications

Firm and Personnel Qualifications:

1. Firm Description

Bolinger, Segars, Gilbert & Moss L.L.P. (BSGM) was organized in 1954 with the formation of an accounting partnership by H.A. Bolinger and A.B. Segars and has continued in operation since its organization, with new partners added periodically. The firm currently consists of 15 partners and a total staff of approximately 80 people, all domiciled in the City of Lubbock, Texas. The partners are:

Tyler Canady	Robert Cobb
Krista Pauda	Greg Gilbert
Tim Baugh	Nathan Paden
Randy Robbins	Bill Miller
Adam Bailey	Trey Rowe
David Copeland	Matt Willis
Kacey Gast	Wade Wilson
Lauren Young	

BSGM has evolved into a multi-faceted organization. From our headquarters in Lubbock, Texas, BSGM provides a wide range of accounting services to customers in multiple industries throughout the nation, as well as tax and other services to individuals, businesses, partnerships, etc., located in Lubbock and the surrounding South Plains of West Texas. Obtaining and retaining the confidence of our clients and our peers is a fundamental goal of BSGM, one that has enabled us to achieve sustained growth since our inception.

2. Scope of Governmental and Electric Utility Clients

BSGM currently audits 29 governmental entities, 3 electric utility entities that report under Governmental Accounting Standards Board (GASB), and 89 electric utility entities that report under Financial Accounting Standards Board (FASB). We service all of our clients out of the Lubbock office.

BSGM has been growing slowly since creation in 1954 and along the way the firm has always audited both governments and electric utilities. We have been through major implementations such as GASB Statement No. 68 and 75. We believe we have sufficient knowledge and experience with both types of entities to accept audits and perform them capably.

KERRVILLE PUBLIC UTILITY BOARD
AUDIT PROPOSAL
PAGE 3

Below is a list of Client's that are similar to the scope and nature of KPUB:

1. Jefferson County Public Utility District No. 1 – Port Townsend, Washington
2. Tohono O'odham Utility Authority – Sells, Arizona
3. Central Texas Electric Cooperative – Fredericksburg, Texas
4. Medina Electric Cooperative, Inc. – Hondo, Texas
5. Bandera Electric Cooperative, Inc. – Bandera, Texas

3. Audit Partner and Staff Members

The audit would be under the direct supervision of a partner of the firm. The partner in charge would be Tyler Canady. Tyler Canady, CPA, is an audit partner and has been actively involved in the governmental and electric utility industry for over 12 years. He is currently overseeing multiple engagements, including cities, counties, and utility clients.

Charlie Gorman, a manager at BSGM would be assisting Mr. Canady in the audit. He graduated from Baylor University with a Masters of Accountancy. He joined the firm in 2009 and obtained his CPA certificate in 2010. He is active in the firm's audit practice with emphasis in electric cooperatives, governments, and credit unions.

The balance of the audit team would be selected from our auditing staff with prior governmental and electric utility experience.

4. Affirmation of Ability to Practice

We affirm that both the partner, manager, and firm have active licenses in good standing to practice public accounting in the State of Texas.

5. Differences in Approach to Auditing

BSGM has implemented an approach to auditing that includes using third party services to access client software directly in a "read only" approach. This access enables us to have the ability to gather source documents on our own with out the use of client personnel, as deemed appropriate.

We also have recently implemented a more community-based report writing process that allows for more client involvement and ownership over the final production of their annual financial reports. We believe this adds the most value for clients that may not want to purchase report writing software of their own and has served as a great "middle ground" tool.

BSGM's main goal surrounding the audit process is to deliver a great audit service that impacts the client personnel the least amount possible while still focusing on auditing standards and the board's that hire us.

KERRVILLE PUBLIC UTILITY BOARD
AUDIT PROPOSAL
PAGE 4

6. Peer Review Results – Attachments

The most recent peer review of our firm was for the year ended May 31, 2020. On October 22, 2020 the review firm issued its report, giving our firm a peer review rating of *Pass*.

Part 2 – Audit Approach

Firm's Approach to Performing an Annual Audit

1. Work Plan with Estimated Dates:

Engagement Letter – May of Each Year

Request for Information (Preliminary and Audit) – June of Each Year

Preliminary Procedures – September of Each Year (Remote or Onsite)

Inventory Count – As close to year end as possible (Remote or Onsite)

Final Audit Fieldwork - Late October or Early November Each Year (Preferred Onsite)

Draft of ACFR – Early December Each Year

Final ACFR – End of December or Early January Each Year

Board Presentation – January Each Year

2. Remote vs. Onsite:

At BSGM we have implemented software and processes that give us the ability to be either onsite or remote to complete audit work as necessary. As such, we generally would request onsite or remote as we prepare for the audit each year based on our assessed risks at that time.

3. Information Technology Requirements

As mentioned previously BSGM uses a software called “Securelink” to gain access to our client’s software remotely. This allows us not only into the various modules within NISC, the software, but also into the “Document Vault” which also allows us to view invoices and other third-party documents that are stored there.

We would ask that we have access to NISC in order to be more efficient in our audit procedures.

KERRVILLE PUBLIC UTILITY BOARD
AUDIT PROPOSAL
PAGE 5

4. Methodology for Accomplishing Audit Requirements:

We believe that we provide a request for information that is thorough enough to provide us with a great start to data gathering prior to starting the audit process.

A firm understanding in reading trial balances combined with knowledge of electric utilities gives us the ability to see new areas of concern. This helps us avoid being caught unaware by a new or unique audit area that would prohibit us from moving the audit forward.

Finally, we believe that communication with the client and board is key to performing an audit. Without communication there is no way that an audit can be completed timely. We use a variety of phone calls, emails, onsite presence, and remote meetings to ensure that we are meeting all timeline goals with each engagement that we are a part of.

Part 3 - Fees

1. We propose a flat fee for the three years (2023-2025) of \$38,500, per year.

Part 4 - References

References of Tyler Canady's Clients

1. Central New Mexico Electric Cooperative, Inc. – Alexa Sandoval – CFO
Phone Number – 505-832-4483
2. Otero County Electric Cooperative, Inc. – Julie Walker-Grinder – CFO
Phone Number – 575-336-4550
3. Jefferson County Public Utility District No. 1 – Mike Bailey – CFO
Phone Number – 360-385-5800

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.

By:



Tyler Canady, Partner



CPAs • Tax • Audit & Accounting

Empowering Peace of Mind

Report on the Firm's System of Quality Control

To the Partners of Bolinger, Segars, Gilbert & Moss, LLP
and the Peer Review Committee of the Texas Society of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Bolinger, Segars, Gilbert & Moss, LLP (the firm) in effect for the year ended May 31, 2020. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, compliance audits under the Single Audit Act, and audits of employee benefit plans.

As part of our review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Bumgardner, Morrison & Company, LLP
Certified Public Accountants

Members: American Institute of Certified Public Accountants
Texas Society of Certified Public Accountants
AICPA Private Companies Practice Section
AICPA Employee Benefit Plan Audit Quality Center
AICPA Government Audit Quality Center

1501 E Mockingbird Lane, Suite 300
PO Box 3750
Victoria, Texas 77903-3750
Phone: 361.575.0271
Fax: 361.578.0880
Website: BMCcpa.com

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Bolinger, Segars, Gilbert & Moss, LLP in effect for the year ended May 31, 2020, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Bolinger, Segars, Gilbert & Moss, LLP has received a peer review rating of *pass*.

Bumgardner, Morrison & Company, LLP

BUMGARDNER, MORRISON & COMPANY, LLP

October 22, 2020



CERTIFIED PUBLIC ACCOUNTANTS

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

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2022 ELECTRIC BROCHURE

OUR HISTORY

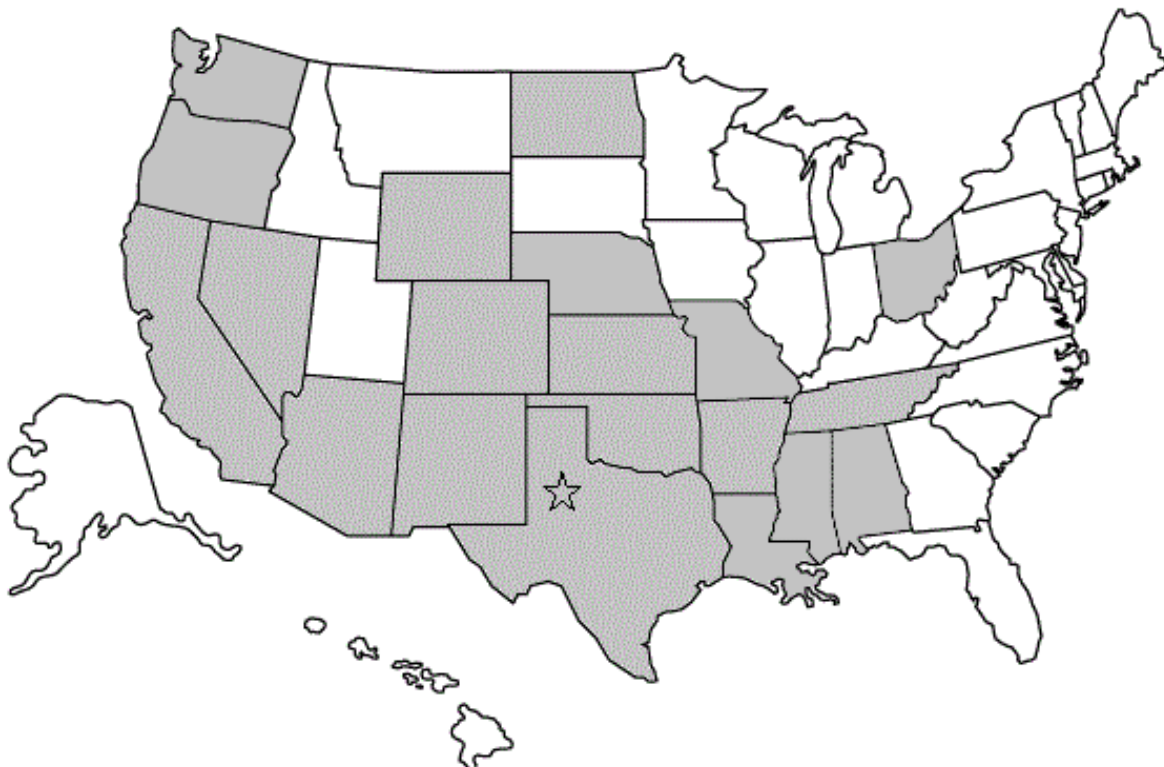
History

Bolinger, Segars, Gilbert & Moss, L.L.P. is a full service accounting firm providing our clients with quality services. The firm, located in Lubbock, Texas, provides auditing, tax, accounting, computer, and other special services.

The firm was organized on April 1, 1954, with the formation of an accounting partnership by H. A. Bolinger and A. B. Segars under the name of Bolinger and Segars. The firm has continued in operation since its organization as Bolinger, Segars & Burk (1958-1963), Bolinger, Segars & Company (1963-1968) and under the present name since 1968.

Bolinger, Segars, Gilbert & Moss, L.L.P. employs approximately 70 individuals including 17 partners. The firm and all certified public accountants are members of the American Institute of Certified Public Accountants and the Texas Society of Certified Public Accountants. The firm is also a member of the AICPA's Governmental Audit Quality Center (GAQC) and the Employee Benefit Plan Audit Quality Center (EBPAQC). Bolinger, Segars, Gilbert & Moss, L.L.P. is a member of an external quality control review organization (American Institute of Certified Public Accountants' Private Companies Practice Section). A copy of our latest report is included.

Our clients are located in several states - Alabama, Arizona, Arkansas, California, Colorado, Kansas, Louisiana, Mississippi, Missouri, Nevada, New Mexico, Nebraska, North Dakota, Ohio, Oklahoma, Oregon, Tennessee, Texas, Washington, and Wyoming. The firm is authorized to practice in each of the states and the required certificates have been obtained by the partners of the firm.



GENERAL INFORMATION

Information



AUDIT & ATTESTATION SERVICES for clients include audits, financial statement audits, attestation services, reviews and compilations, to name a few. Our expertise in auditing and compliance issues allows our team to knowledgeably locate areas for our clients where improvements are needed.

Our **AUDIT CLIENTS** are involved in the following industries and areas:

- ◆ Electric Generation and Distribution Cooperatives
- ◆ Telephone Cooperatives and Companies
- ◆ Independent School Districts and Education Service Centers
- ◆ Governmental Entities (Cities, Counties, Appraisal Districts)
- ◆ Financial Institutions Including Federal and State Credit Unions and Local Banks
- ◆ Farm and Other Cooperatives
- ◆ Not-for-profit Organizations, Including Churches, Foundations, Charitable Trusts
- ◆ Employee Benefit Plans
- ◆ Taxable Corporations, Partnerships and Other Entities

Our **TAX PRACTICE** is comprised of tax return preparation, consultation and tax planning for individuals, partnerships, corporations, fiduciaries, and other entities. We also have a division that specializes in utility tax issues.

Our **UTILITY TAX** division addresses areas, such as patronage capital, tax planning, as well as various other current issues affecting cooperatives and utility companies.

The **ACCOUNTING SERVICES** area includes the preparation of compilations and reviews, payroll tax and other tax filings and reports, monthly and quarterly bookkeeping services for a variety of proprietorships, corporations, partnerships, and fiduciaries.

SPECIAL SERVICES for clients include the preparation of financial projections, retail rate applications for Electric and Telephone Cooperatives for submission to State Regulatory Agencies.

We pride ourselves in being members of the **TELERGEE ALLIANCE**, a national network of CPA firms with expertise in serving the telecommunications industry. By leveraging the expertise of all the member firms, Telergree member firm clients have access to a wealth of knowledge, trends, and standards unparalleled in the industry.

ELECTRIC & TELEPHONE

Cooperatives

Bolinger, Segars, Gilbert & Moss, L.L.P. has extensive experience in electric and telephone cooperatives and related companies. We have conducted audits since the mid-1950's when RUS discontinued their procedures of performing audits for borrowers. Presently, we are independent auditors for over 80 electric cooperative organizations. The combined number of electric, telecom, and other utility related organizations that we currently serve in an audit capacity is in excess of 100.

Our firm is able to provide **ELECTRIC AND TELEPHONE COOPERATIVES AND COMPANIES** a broad range of related services including:

- ◆ Retail Rate Applications for submission to state regulatory agencies
- ◆ Financial Forecasts and Projections
- ◆ Tax Returns
- ◆ Tax Research
- ◆ Utility Commission Year End Reports

Our focus in the audit process is to provide our clients with efficient, partner-led audit teams that produce high-quality audits in accordance with applicable standards. Our staff has vast experience with the major electric cooperative software providers, NISC, Daffron, SEDC, and ATS, as well as systems such as SAP and Oracle, which enhances the quality of the audit along with the efficiency of the overall audit process.

We provide ongoing assistance to clients by making ourselves available for inquiries and assistance throughout the year. Unless this contact results in unusual problems involving significant research or time consuming procedures, no charge is made for these services. Also, we periodically provide information pertaining to accounting and tax matters to our clients. Our website, www.bsgm.com, provides information related to payroll tax updates and other IRS updates.

Members of our firm regularly attend conferences and meetings of the national, regional, state, and group associations to stay current with industry trends and developments. Frequently, members of our organization present programs on accounting, tax and related issues.

We meet all requirements necessary to be approved for audits of RUS and supplemental borrowers. Our audits are done under the direct supervision of a partner, and members of the audit team will have varied experience and a vast understanding of FERC and FCC accounting procedures. Our commitment to quality control is further shown by requiring professional staff to obtain 40 hours of continuing professional education annually, of which the majority is specific to the industries they practice in.

MEET OUR PARTNERS

Partners



BOB BEAM

Born in Fort Carson, Colorado, graduated from high school in Eufaula, Alabama, and received a BS degree from University of Alabama where he was member of Beta Alpha Psi honorary fraternity. Joined the firm in 1978, obtained CPA certificate in 1981, holding certificates in Texas and New Mexico, and has been a partner since April, 1985. Served on the TSCPA Public Utilities Accounting and Ratemaking Committee. Currently serving on the TSCPA Peer Review Committee and the COCPA Peer Review Committee. Active in firm's auditing and special service areas, and has provided rate application assistance to clients and appeared before State Public Utility Commissions.



ROBERT COBB

Robert Cobb was raised in Southern California, graduated from Bell Gardens High School, and received a Bachelor of Science degree from Lubbock Christian College. He began his career at BSGM in 1980 and became a partner in 1987. He served as managing partner from 2000 through June of 2015, and remains a member of the firm's management committee.

He is involved with the firm's audit practice, with a current emphasis in utility related audits and special projects. Robert holds CPA certificates in several states and is a past member of the AICPA Public Utilities Committee based in Washington, D.C. In addition, he is a current member of several professional organizations. He frequently participates in utility industry seminars and conferences as a speaker.

Robert and his wife Lisa live in Lubbock and their two children and their families also reside in Texas. Robert enjoys all sports with a special interest in golf. He also enjoys reading, history and geography.



WADE WILSON

Born in Slaton, Texas, graduated from Coronado High School in Lubbock, Texas, and received a BBA degree in Accounting from Texas Tech University in December, 1982. Joined the firm in December, 1982, obtained CPA certificate in 1986, and has been a partner since January, 1992. Active in firm's auditing and tax services, specializing in the area of telecommunications. Served on the TSCPA Continuing Professional Education Review Committee, and the Accounting Advisory Council to Texas Tech University.



GREG GILBERT

Born in Lubbock, Texas, graduated from Lubbock Monterey High School and received a BBA in Accounting from Tarleton State University in Stephenville, Texas. Joined the firm in 1985 after working three years for a San Angelo CPA firm. Obtained CPA certificate in 1988 and has been a partner in the firm since January, 1996. Active in the firm's audit practice with extensive experience in school districts and electric cooperatives.

MEET OUR PARTNERS

Partners



TIM BAUGH

Born in Lubbock, Texas, graduated from Coronado High School in Lubbock, Texas, and received a BBA in Accounting from Texas Tech University in 1984. Joined the firm in 1986 after working two years for a Levelland CPA firm. Obtained CPA certificate in March of 1989 and became a partner in the firm effective January, 2000. Served on the Board of South Plains Chapter of the TSCPA and the Texas Tech Accounting Advisory Council. Active in the firm's tax and accounting services practice.



NATHAN PADEN

A native of Glasgow, Montana, graduated from Glasgow High School. Graduated Summa Cum Laude with a Bachelor of Science degree in Accounting from Lubbock Christian University in 1990, and was a member of Alpha Chi Honor Society. Employed by Bolinger, Segars, Gilbert & Moss in October, 1990, obtained CPA certificate in March, 1993, and became a partner in the firm effective January, 2000. He also obtained his Advanced Defined Contribution Plans Audit Certificate. Currently active in audit and tax areas with emphasis in employee benefit plans, telephone, electric, agriculture cooperatives, and other not-for-profit organizations.



RANDY ROBBINS

Born in Lubbock, Texas, graduated from Monterey High School and received a BS from Lubbock Christian University in 1991 where he played baseball. Joined the firm in October, 1991, obtained CPA certificate in February, 1996, became a partner January, 2001. Holds CPA certificates in Texas, Colorado and Hawaii. Active in the firm's audit practice with emphasis in financial institutions, electric cooperatives and not-for-profit agencies.



BILL MILLER

Born in Irving, Texas, graduated from high school in Cleburne, Texas; graduated from the University of Texas at Austin in 1992 with a BBA in Accounting. Joined the firm in November, 1992 and obtained CPA certificate in 1998 and became a partner in 2004. Experience includes all aspects of firm's practices and currently leads the firm's utility and cooperative tax practice with an emphasis in patronage capital consulting, cooperative, corporate and partnership taxation. Bill is past president of the National Society of Accountants for Cooperatives. He also frequently participates in utility industry seminars and conferences as a speaker.

MEET OUR PARTNERS

Partners



DAVID COPELAND

Native of Lubbock, Texas. Joined the firm in 1997 after graduating from Texas Tech University with a Bachelor of Business Administration in Accounting and Finance, obtained CPA certificate in 2003, and joined partnership in 2014. Active in the firm's audit practice with emphasis in electric, governmental, nonprofit, and agricultural areas of our audit practice.



TREY ROWE

Born in Amarillo, Texas, graduated from Amarillo High School. Graduated Cum Laude from Texas Tech University in 1999 with a BBA in Accounting as well as a Masters of the Science in Accounting. Joined the firm in 2000, obtained CPA certificate in 2002, and joined the partnership in 2014. Active in the firm's audit practice with emphasis in electric cooperatives, school districts, not-for-profit organizations and employee benefit plans.



MATT WILLIS

Native of Comanche, Texas, graduated from Comanche High School in 1991. Received a BS in Agricultural Systems Management from Texas Tech University in 1995. Joined the firm and obtained CPA certificate in 2001 and joined partnership in 2014. Currently active in the firm's tax and accounting services area, with emphasis in non-profit and individual taxation.



CLAY ADRIAN

Native of Lockney, Texas, graduated from Lockney High School in 1988 and then received a BBA in Accounting from Texas Tech University in 1992. Obtained a CPA certificate and securities licenses Series 6 and 63 in 1996. Joined the firm in October of 1999. Experience includes all aspects of the firm's practice but is currently active in the area of tax and accounting services.

MEET OUR PARTNERS

Partners



KACEY GAST

Native of Farwell, Texas, graduated from Farwell High School in 2001. Graduated Magna Cum Laude from Texas Tech University in 2006 with a BBA in Accounting and a Master of Science in Accounting. Joined the firm in 2006 and obtained CPA certificate in 2007. Active in the firm's audit practice with emphasis in electric cooperatives, school districts, and non-profits.



ADAM BAILEY

Native of Shamrock Texas, Adam Bailey has been a partner since 2018. He is a CPA and a 2004 graduate of Texas Tech University with a dual degrees in accounting and finance. Adam is active in the firm's financial statement audit practice specializing in auditing electric cooperatives, financial institutions and also single audits associated with federal grants and awards.

In the course of performing an audit, Adam is very involved in working directly with various electric cooperative software vendors as a way for the firm to more efficiently conduct the audit. Through these efforts, he has assisted with developing specific reports tailored to the needs of auditors and electric cooperative clients alike. Adam is also involved in developing industry specific audit programs and training for use by the firm's staff in conducting audits of electric cooperatives and financial institutions.

In his free time, Adam enjoys traveling to various parts of the country with friends and family as well as attending various sporting events.



KRISTA PAUDA

A native of Springlake, Texas, graduated from Springlake—Earth High School. Graduated Magna Cum Laude in 2008 with a BBA in Accounting and then received a Master of Science in Accounting in 2009, both from Texas Tech University. Employed by Bolinger, Segars, Gilbert & Moss in January 2010 and obtained her CPA certificate in January 2011. She has also obtained her Advanced Defined Contribution Plans Audit Certificate. Krista became a firm partner in 2022. She is active in the firm's audit practice with an emphasis in not-for-profit organizations, employee benefit plans, and HUD housing projects.

MEET OUR PARTNERS

Partners



TYLER CANADY

Native of Azle, Texas, graduated from Azle High School in 2004 and Tarleton State University with BBA in 2009; former member of Delta Mu Delta accounting fraternity. Obtained CPA certificate in 2013 and joined Bolinger, Segars, Gilbert & Moss in 2011. Active in the firm's audit practice with emphasis in electric cooperatives, single audits, and local governments.



LAUREN YOUNG

Native of Houston, Texas, graduated from Jersey Village High School in 2000. Graduated from Texas Tech University in May of 2008 with a BBA in Accounting. Joined the firm in October of 2011 and obtained her CPA certificate in September of 2015. She is active in the firm's audit practice with emphasis in telecommunications, non-profits, and employee benefit plans.



E.L. "JACK" MOSS - LEGACY PARTNER

Native of Klondike, Texas and graduate of McMurry University. Began his career at BSGM in 1959 and was heavily involved in all aspects of the electric cooperative industry. Jack and his wife Sandra are lifetime residents of the Lubbock area.

MEET OUR MANAGERS



CHARLIE GORMAN

Native of Snyder, Texas, graduated from Snyder High School in 2002. Graduated Cum Laude from Baylor University in May of 2008 with a BBA in Accounting and a Master of Accountancy. Joined the firm in June of 2008 and obtained his CPA certificate in April of 2010. Active in the firm's audit practice with emphasis in electric cooperatives, school districts, and non-profits.

JARROD BRYANT

Native of Brownfield, Texas, graduated from Brownfield High School in 2003. Graduated from Texas Tech University in 2008 with a BBA in Accounting and a Master of Science in Accounting. Joined the firm and obtained CPA certificate in 2010. Active in the firm's audit practice with emphasis in electric cooperatives, single audits, and school districts.

JASON MILLER

Native of Plainview, Texas, graduated from Plainview High School in 2010. Graduated Summa Cum Laude from Texas Tech University in August 2014 with a BBA in Accounting and a Master of Science in Accounting. Joined the firm in June of 2013 obtained his CPA certificate in January 2016. Active in the firm's audit practice with emphasis in the telecommunications industry, school districts, and single audits.

KENDRA CALDWELL

Native of Oklahoma, but moved to Lubbock, TX at the age of 13. Graduated from Coronado High School in 1997. Graduated from Lubbock Christian University in May of 2004 with a Bachelor of Science in Accounting and graduated from Texas Tech University in December 2005 with a Master of Science in Accounting. Joined the firm in June of 2006 and is active in the firms tax practice and accounting services.

ERIN DIPPREY

Native of Shallowater, Texas and graduated from Shallowater High School in 2005. Graduated Summa Cum Laude from Texas Tech University in 2009 with a BBA in Accounting and a Master of Science in Accounting. Obtained CPA certificate in 2011 and joined the firm in 2013. Active in the area of tax and accounting services.

CLAY MORELAND

Native of Lubbock, Texas, and graduated from Lubbock-Cooper High School in 2001 and holds certifications in several ongoing information technology fields. Joined BSGM in 2008 and actively supports and manages the firm's I.T. department and related activities year-round.

BOBBY RAMAGE

Native of Olton, Texas, and graduated from Olton High School in 1994. Graduated from McMurry University in 1998 with a BBA and obtained Masters of Science in Accounting from Texas Tech University in 1999. Obtained CPA certificate in 2002 and joined the firm in December of 2003. Active in the Utility Tax Department with an emphasis in Telephone Coops.

JOSH LINK

Native of Aledo, Texas, graduated from Aledo High School in 2008. Graduated from Texas Tech University in May 2014 with a BBA in Accounting and a Master of Science in Accounting. Obtained his CPA Certificate in March 2016 and joined the firm in December 2017. Active in firm's audit practice with emphasis in electric cooperatives, employee benefit plans, and financial institutions including Bank Secrecy Act and ACH audits.

MEET OUR MANAGERS

Managers

KRISTY FRYE

Native of Cotton Center, Texas, graduated from Cotton Center High School in 1993. Graduated Magna Cum Laude from Texas Tech University in May 1998 with a BBA in accounting and a Master of Science in Accounting. Obtained CPA certificate in February 2000 and joined the firm in November 2021. Active in the firm's audit practice with emphasis in school districts, local governments, single audits, and not-for-profit organizations.

ELECTRIC CLIENTS



ELECTRIC AUDIT CLIENTS

Amplex Electric, Inc. - Luckey, Ohio
Anza Electric Cooperative, Inc. - Anza, California
Bailey County Electric Cooperative Association - Muleshoe, Texas
Bandera Electric Cooperative, Inc. - Bandera, Texas
Bartlett Electric Cooperative, Inc. - Bartlett, Texas
Big Country Electric Cooperative, Inc. - Roby, Texas
Bluebonnet Electric Cooperative, Inc. - Bastrop, Texas
CKenergy Electric Cooperative, Inc. – Binger, Oklahoma
Carroll Electric Cooperative Corporation – Berryville, Arkansas
Central NM Electric Cooperative, Inc. – Mountainair, New Mexico
Central Rural Electric Cooperative, Inc. - Stillwater, Oklahoma
Central Texas Electric Cooperative, Inc. – Fredericksburg, Texas
Central Valley Electric Cooperative, Inc. - Artesia, New Mexico
Choctaw Electric Cooperative, Inc. - Hugo, OK
Cimarron Electric Cooperative, Inc. - Kingfisher, Oklahoma
Coleman County Electric Cooperative, Inc. – Coleman, Texas
Columbus Electric Cooperative, Inc. – Deming, New Mexico
Comanche County Electric Cooperative, Inc. - Comanche, Texas
Concho Valley Electric Cooperative, Inc. – San Angelo, Texas
Continental Divide Electric Cooperative, Inc. – Grants, New Mexico
Cookson Hills Electric Cooperative, Inc. - Stigler, Oklahoma
Deaf Smith Electric Cooperative, Inc. – Hereford, Texas
Delta-Montrose Electric Association – Montrose, Colorado
Denton County Electric Cooperative, Inc. dba CoServ Electric – Corinth, Texas
Dixie Electric Membership Corporation – Greenwell Springs, Louisiana
Duncan Valley Electric Cooperative, Inc. – Duncan, Arizona
Fannin County Electric Cooperative, Inc. – Bonham, Texas
Farmers Electric Cooperative, Inc. of New Mexico – Clovis, New Mexico
Farmers Electric Cooperative, Inc. of Texas - Greenville, Texas
Fayette Electric Cooperative, Inc. – La Grange, Texas
First Electric Cooperative Corporation – Jacksonville, Arkansas
Fort Belknap Electric Cooperative, Inc. – Olney, Texas
Graham County Electric Cooperative, Inc. – Pima, Arizona
Grayson-Collin Electric Cooperative, Inc. – Van Alstyne, Texas
Greenbelt Electric Cooperative, Inc. – Wellington, Texas
Guadalupe Valley Electric Cooperative, Inc. – Gonzales, Texas
Hamilton County Electric Cooperative Association – Hamilton, Texas

ELECTRIC CLIENTS - CONT.

Electric

Harmon Electric Association – Hollis, Oklahoma
High West Energy, Inc. – Pine Bluffs, Wyoming
HILCO Electric Cooperative - Itasca, Texas
Jasper-Newton Electric Cooperative, Inc. - Kirbyville, Texas
Karnes Electric Cooperative, Inc. - Karnes City, Texas
Kay Electric Cooperative, Inc. - Blackwell, Oklahoma
Lamb County Electric Cooperative, Inc. - Littlefield, Texas
Lane-Scott Electric Cooperative, Inc. - Dighton, Kansas
Lea County Electric Cooperative, Inc. - Lovington, New Mexico
Lighthouse Electric Cooperative, Inc. - Floydada, Texas
Lyntegar Electric Cooperative, Inc. - Tahoka, Texas
Mt. Wheeler Power, Inc. - Ely, Nevada
Magic Valley Electric Cooperative, Inc. - Mercedes, Texas
Medina Electric Cooperative, Inc. - Hondo, Texas
Mid-South Electric Cooperative Association - Navasota, Texas
Mora-San Miguel Electric Cooperative, Inc. - Mora, New Mexico
Mountain Parks Electric Cooperative - Granby, Colorado
Mountain View Electric Association, Inc. - Limon, Colorado
Navarro County Electric Cooperative, Inc. - Corsicana, Texas
Navasota Valley Electric Cooperative, Inc. - Franklin, Texas
North Plains Electric Cooperative, Inc. - Perryton, Texas
Northwestern Electric Cooperative, Inc. - Woodward, Oklahoma
Nueces Electric Cooperative, Inc. - Robstown, Texas
Otero County Electric Cooperative, Inc. - Cloudcroft, New Mexico
PenTex Energy – Muenster, Texas
Pedernales Electric Cooperative, Inc. – Johnson City, Texas
Petit Jean Electric Cooperative Corporation - Clinton, Arkansas
Prairie Land Electric Cooperative, Inc. - Norton, Kansas
Rayburn Country Electric Cooperative, Inc. - Rockwall, Texas
Rita Blanca Electric Cooperative, Inc. - Dalhart, Texas
Roosevelt County Electric Cooperative, Inc. - Portales, New Mexico
Rural Electric Cooperative, Inc. - Lindsay, Oklahoma
San Bernard Electric Cooperative, Inc. - Bellville, Texas
San Patricio Electric Cooperative, Inc. - Sinton, Texas
Sierra Electric Cooperative, Inc. - Elephant Butte, New Mexico
Socorro Electric Cooperative, Inc. - Socorro, New Mexico
South Plains Electric Cooperative, Inc. - Lubbock, Texas
Southwest Texas Electric Cooperative, Inc. - Eldorado, Texas
Springer Electric Cooperative, Inc. - Springer, New Mexico

ELECTRIC CLIENTS - CONT.

Electric

Sulphur Springs Valley Electric Cooperative, Inc. - Willcox, Arizona

Swisher Electric Cooperative, Inc. - Tulia, Texas

Tanner Electric Cooperative - North Bend, Washington

Taylor Electric Cooperative, Inc. - Merkel, Texas

Tohono O'odham Utility Authority - Sells, Arizona

Trico Electric Cooperative, Inc. - Marana, AZ

Trinity Valley Electric Cooperative, Inc. - Kaufman, Texas

Victoria Electric Cooperative, Inc. - Victoria, Texas

The Victory Electric Cooperative, Inc. - Dodge City, Kansas

Wells Rural Electric Company - Wells, Nevada

Wheatland Electric Cooperative, Inc. - Scott City, Kansas

Wise Electric Cooperative, Inc. - Decatur, Texas

Wood County Electric Cooperative, Inc. - Quitman, Texas

Yampa Valley Electric Association, Inc - Steamboat Springs, Colorado

STATE ASSOCIATIONS & OTHER CLIENTS

Other

CoServ Gas - Corinth, Texas

Graham County Utilities - Pima, Arizona

Grand Canyon State Electric Cooperative Association, Inc. - Tempe, Arizona

HILCO United Services, Inc. - Itasca, Texas

National Information Solutions Cooperative - Mandan, North Dakota

Nevada Rural Electric Association - Carson City, Nevada

New Mexico Rural Electric Cooperative Association - Santa Fe, New Mexico

Nire Holdings Corporation - Lubbock, Texas

Oklahoma Association of Electric Cooperatives - Oklahoma City, Oklahoma

Rural Friends of Electric Cooperative - Austin, Texas

Texas Electric Cooperatives, Inc. - Austin, Texas

Texas Statewide Telephone Cooperative, Inc. - Austin, Texas

Texas Telephone Association - Austin, Texas

Western United Electric Supply Corporation - Brighton, Colorado

TELECOMMUNICATION CLIENTS

Telecommunications

TELECOMMUNICATION CLIENTS

Airlink Rural Broadband, LLC - Salisbury, Missouri
Belzoni Cable, LLC - Belzoni, Mississippi
Big Bend Telephone Company - Alpine, Texas
Big Bend Telecommunications, LLP - Alpine, Texas
Caprock Telephone Cooperative, Inc. - Spur, Texas
Coleman County Telecommunications, Inc. - Santa Anna, Texas
Coleman County Telephone Cooperative, Inc. - Santa Anna, Texas
Cyberbroadband, Inc. - Cullman, Alabama
Dell Telephone Cooperative, Inc. - Dell City, Texas
ENMR Telephone Cooperative, Inc. - Clovis, New Mexico
Five Area Long Distance, Inc. - Muleshoe, Texas
Five Area Systems, Inc. - Muleshoe, Texas
Five Area Telephone Cooperative, Inc. - Muleshoe, Texas
Fuego Wireless, LLC - Artesia, New Mexico
Ganado Telephone Co. - Ganado, Texas
GCEC Technologies, Inc. - Van Alstyne, Texas
HOPI Telecommunications, Inc. - Flagstaff, Arizona
Imagine Networks, LLC - Troy, Ohio
Innovative Financial Technologies, LLC dba AW Broadband - Amarillo, Texas
Inventive Wireless of Nebraska dba Vistabeam - Gering, Nebraska
La Ward Telephone Exchange, Inc. - La Ward, Texas
Little Star Communications - Flagstaff, Arizona
LTD Broadband, LLC - Las Vegas, Nevada
Mescalero Apache Telecom, Inc. - Mescalero, New Mexico
Mid-Plains Rural Telephone Cooperative, Inc. - Tulia, Texas
Nevill Holdings, Inc. - Alpine, Texas
Nexstream, LLC - Fredricksburg, Texas

TELECOMMUNICATION CLIENTS - CONT.

Telecommunications

Poka Lambro Fiber, Inc. - Tahoka, Texas
PVT Networks - Artesia, New Mexico
PVT Wireless Limited Partnership - Artesia, New Mexico
Poka Lambro Rural Telephone Cooperative, Inc. - Tahoka, Texas
Poka Lambro Telecommunications, Inc. - Tahoka, Texas
Roosevelt County Rural Telephone Cooperative, Inc. - Portales, New Mexico
San Carlos Telecommunications Utility, Inc. - San Carlos, Arizona
South Plains Telephone Cooperative, Inc. - Lubbock, Texas
S.P.A.C.E. - Lubbock, Texas
SPPL, Inc. - Tahoka, Texas
Taylor Telecommunications, Inc. - Merkel, Texas
Taylor Telephone Cooperative, Inc. - Merkel, Texas
TecInfo Communications, LLC - Leland, Mississippi
Texoma Communications, LLC dba TecWav - Sherman, Texas
Tohono O'Odham Utility Authority - Sells, Arizona
Tularosa Basin Telephone Company - Tularosa, New Mexico
Warm Springs Telecommunications Company - Warm Springs, Oregon
West Plains Telecommunications, Inc. - Muleshoe, Texas
West Texas Rural Telephone Cooperative, Inc. - Hereford, Texas
W.T. Services, Inc. - Hereford, Texas
Wes-Tex Telecommunications, Ltd. - Stanton, Texas
Wes-Tex Telephone Cooperative, Inc. - Stanton, Texas
Yucca Telecommunications System, Inc. - Portales, New Mexico
YK Communications - Ganado, Texas

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

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8215 NASHVILLE AVENUE

LUBBOCK, TEXAS 79423-1954

March 3, 2023

Board of Trustees
Kerrville Public Utility Board
2250 Memorial Blvd.
Kerrville, Texas 78028

We have been asked to propose an audit fee for each of the next three years (with the option of two additional years) beginning with the September 30, 2023 engagement. Please consider this letter our formal commitment to provide audit and agreed upon procedure services for the next three years at the proposed fee below.

For the years ending September 30, 2023 through 2025, we propose a fee of \$38,500 per year for the audit and agreed upon procedure services. This proposal includes all related out of pocket expenses.

The partner in charge of the audit would be Tyler Canady for the next three years.

Auditing standards are continually evolving and at times include changes to what must be addressed in an engagement letter. For this reason, we propose to provide engagement letters on an annual basis so that we can insure we are in compliance with standards. This letter serves as our commitment though to lock in the audit fee for the three year period.

If you have any questions or need further information from our firm please feel free to contact us. As in the past, we look forward to working with Kerrville Public Utility Board for the next three to five years.

Very truly yours,

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.

By:



Tyler Canady, Partner

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

PHONE: (806) 747-3806

FAX: (806) 747-3815

8215 NASHVILLE AVENUE

LUBBOCK, TEXAS 79423-1954

March 3, 2023

Board of Trustees
Kerrville Public Utility Board
2250 Memorial Blvd.
Kerrville, Texas 78028

We submit the enclosed audit agreement for the year ended September 30, 2023. If the terms are acceptable, please have the agreement signed by an officer and return a copy to us.

We appreciate the opportunity to be your auditor. If you have any questions or need additional information, please let us know.

Very truly yours,

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.

By:



Tyler Canady, Partner

Enclosures

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

PHONE: (806) 747-3806

FAX: (806) 747-3815

8215 NASHVILLE AVENUE

LUBBOCK, TEXAS 79423-1954

March 3, 2023

Board of Trustees
Kerrville Public Utility Board
2250 Memorial Blvd.
Kerrville, Texas 78028

We are pleased to confirm our understanding of the services we are to provide for Kerrville Public Utility Board for the year ended September 30, 2023.

Audit Scope and Objectives

We will audit the financial statements, including the related notes to the financial statements, which collectively comprise the basic financial statements of Kerrville Public Utility Board as of and for the year ended September 30, 2023. Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement Kerrville Public Utility Board's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to Kerrville Public Utility Board's RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by GAAP and will be subjected to certain limited procedures, but will not be audited: See Attachment A.

In connection with our audit of the basic financial statements, we will read the statistical section information and consider whether a material inconsistency exists between this information and the basic financial statements, or this information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of this information exists, we are required to describe it in our report. See Attachment A for a list of the statistical section information.

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP, and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS and will include tests of your accounting records of the Kerrville Public Utility Board and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, creditors, and financial institutions. We may request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry

Our audit of financial statements does not relieve you of your responsibilities.

Audit Procedures—Internal Controls

We will obtain an understanding of the government and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

We have identified the following significant risk(s) of material misstatement as part of our audit planning:

1. Management override of controls.
2. Improper revenue recognition due to fraud or error.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Kerrville Public Utility Board's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Other Services

We will also assist in preparing the financial statements of the Kerrville Public Utility Board in conformity with accounting principles generally accepted in the United States of America based on information provided by you. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

You agree to assume all management responsibilities for the financial statement preparation services and any other nonaudit services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America with the oversight of those charged with governance.

Management is responsible for making drafts of financial statements, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements and related matters.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, and regulations.

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with accounting principles generally accepted in the United States of America (GAAP). You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to [include the audited financial statements with any presentation of the supplementary information that includes our report thereon OR make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon]. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Engagement Administration, Fees, and Other

The audit documentation for this engagement is the property of Bolinger, Segars, Gilbert & Moss, L.L.P. and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to a federal agency providing direct or indirect funding. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Bolinger, Segars, Gilbert & Moss, L.L.P. personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party contesting the audit finding for guidance prior to destroying the audit documentation.

Tyler Canady is the engagement partner and is responsible for supervising the engagement and signing the report, and whom any complaints or disputes should be directed.

The fee for these services will be \$38,500 including travel and other out-of-pocket costs such as report reproduction, word processing, postage, travel, copies, telephone, etc. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation.

Our most recent peer review report accompanies this letter.

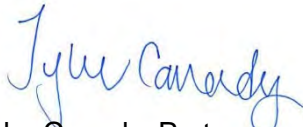
Reporting

We will issue a written report upon completion of our audit of the Kerrville Public Utility Board's financial statements. Our report will be addressed to Board of Trustees of the Kerrville Public Utility Board. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinion, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or issue reports, or we may withdraw from this engagement.

We appreciate the opportunity to be of service to Kerrville Public Utility Board and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.

By: 
Tyler Canady, Partner

RESPONSE:

This letter correctly sets forth the understanding of Kerrville Public Utility Board.

By: _____

Title: _____

Date: _____

Attachment A

REQUIRED SUPPLEMENTARY INFORMATION

- Management Discussion and Analysis
- Schedule of Changes in Net Pension Liability and Related Ratios
- Schedule of Contributions
- Schedule of Changes in the Total OPEB Liability and Related Ratios

STATISTICAL SECTION

- Schedule of Net Position by Component
- Schedule of Changes in Net Position
- Principal Customers, Current Year and Nine Years Ago
- Schedule of Revenue by Sources
- Schedule of Expenses by Function
- Schedule of Pledged-Revenue Coverage and Ratios, Last Ten Fiscal Years
- Demographic and Economic Statistics, Last Ten Fiscal Years
- Principal Employers, Current Year and Nine Years Ago
- Full-Time Equivalent KPUB Employees by Function, Last Ten Years
- Operating Indicators by Function/Program, Last Ten Fiscal Years
- Capital Assets Statistics by Function/Program, Last Ten Fiscal Years
- Schedule of Additions to Utility Plant



CPAs • Tax • Audit & Accounting

Empowering Peace of Mind

Report on the Firm's System of Quality Control

To the Partners of Bolinger, Segars, Gilbert & Moss, LLP
and the Peer Review Committee of the Texas Society of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Bolinger, Segars, Gilbert & Moss, LLP (the firm) in effect for the year ended May 31, 2020. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, compliance audits under the Single Audit Act, and audits of employee benefit plans.

As part of our review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Bumgardner, Morrison & Company, LLP
Certified Public Accountants

Members: American Institute of Certified Public Accountants
Texas Society of Certified Public Accountants
AICPA Private Companies Practice Section
AICPA Employee Benefit Plan Audit Quality Center
AICPA Government Audit Quality Center

1501 E Mockingbird Lane, Suite 300
PO Box 3750
Victoria, Texas 77903-3750
Phone: 361.575.0271
Fax: 361.578.0880
Website: BMCcpa.com

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Bolinger, Segars, Gilbert & Moss, LLP in effect for the year ended May 31, 2020, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Bolinger, Segars, Gilbert & Moss, LLP has received a peer review rating of *pass*.

Bumgardner, Morrison & Company, LLP

BUMGARDNER, MORRISON & COMPANY, LLP

October 22, 2020

MEMORANDUM

To: Mark Cowden
Larry Howard
Bill Thomas
Glenn Andrew
Mayor Judy Eychner

From: Howard Hall

Date: March 15, 2023

Re: Agenda Item No. 6D.1 – Approval and Reporting of Purchases and Sales

Presented for your consideration and review are the recommendations for purchase of goods or services.

Construction Services. Staff recommends approval of a purchase order for \$750,000 to LineTec Construction for the primary purpose of replacing utility poles that failed inspection but may include other distribution, substation, or communication projects. This scope of work was bid in 2022 with LineTec being awarded the contract and this will be an extension to that. We plan to release them by the end of this calendar year and KPUB crews will resume with the work. LineTec was brought in temporarily to catch us up for pole replacements from 2011 to present.

Please let me know if you have any questions or concerns.

Sincerely,

Howard Hall
Supervisor, Field Services

MEMORANDUM

To: Mark Cowden
Larry Howard
Bill Thomas
Glenn Andrew
Mayor Judy Eychner

From: Brian Mikulencak

Date: March 14, 2023

Re: Agenda Item No. 6D.2 – Jack Furman T-2 Foundation Work

On December 8th the Board approved Schneider Engineering (SE) to proceed with the T2 transformer addition design at the Jack Furman substation. SE has recently prepared the construction drawings and received approval from LCRA to install the transformer pad per their design. SE has also released the bids for this foundation work to 3 separate contractors and have suggested to award the bid to Lambda Construction, which KPUB also agrees on.

Lambda has years of experience, knowledge of this work, good workmanship and agrees to the specifications and bid documentation requirements. Lambda has quoted a price of \$197,000 to install the transformer pad and footings for the high-side circuit switcher and air-switch.

Approval of this Lambda construction work will allow KPUB to move forward on installing the KPUB owned T2 transformer in the Jack Furman substation.

Sincerely,

Brian Mikulencak
Supervisor of Substation Services



Schneider Engineering, LLC
191 Menger Springs Parkway - Boerne, TX 78006
830.249.3887 // www.se-texas.com
Offices: Boerne, TX and College Station, TX



March 10, 2023

Mr. Brian Mikulencak
Kerrville Public Utility Board
2250 Memorial Blvd.
Kerrville TX 78028

Re: **Jack Furman Transformer Addition-Foundation Work (R00000001114)**
Bid Proposal Recommendation

Dear Mr. Mikulencak:

Bid requests for the Jack Furman Transformer Addition-Foundation Work project were sent out on February 8th with a submittal deadline of March 3rd. A total of four (4) bids were requested and three (3) responses were received from the below listed Contractors. All bids appear to be complete with all required items included. Below you will find the bid tabulation with results included for each.

Name of Bidder	Bid Proposal Amount
Lambda Construction	\$197,000.00
Power Standard	\$214,594.36
Primoris	\$489,776.00

Lambda Construction submitted the lowest bid. Lambda agrees to comply with the project's proposed schedule of construction and takes no exception to the specifications/bid documentation. Based on lowest evaluated cost, we recommend that KPUB engage Lambda Construction as the contractor for this project. Please review and let us know your comments on this recommendation.

After your consideration and decision, the Contract documents will be sent to you for execution and sent to the winning Bidder. We look forward to hearing from you soon. Please call if you have any questions or require anything further.

Sincerely,

Anup Mazumder, P.E.

Texas Firm Reg. #: F-1594

KERRVILLE PUBLIC UTILITIES
 JACK FURMAN
 TRANSFORMER ADDITION - FOUNDATION WORK
 PROPOSAL SUMMARY

RECAPITULATION OF GROUPS:

	CONTRACTOR LABOR PRICE	CONTRACTOR MATERIAL PRICE	TOTAL UNIT PRICE
GROUP L	\$153,735.00	\$43,265.00	\$197,000.00
SUBSTATION SUBTOTALS			\$197,000.00

TOTAL CONTRACTOR LABOR		\$153,735.00
TOTAL CONTRACTOR MATERIAL		\$43,265.00
SUBTOTAL		\$197,000.00
TOTAL CONTRACT		\$197,000.00

LAMBDA CONSTRUCTION I, LTD.
 (BIDDER)

BY: RYAN MECHLER 

DATE: 3/3/2023

**KERRVILLE PUBLIC UTILITIES
 JACK FURMAN TRANSFORMER ADDITION
 FOUNDATION WORK
 UNIT PROPOSAL**

UNIT L - FOUNDATIONS							
UNIT	DESCRIPTION	QTY	UNIT	LABOR	MATERIALS	TOTAL UNIT PRICE	EXTENDED PRICE
L2.10	FOUNDATION; CIRCUIT SWITCHER, HIGH VOLTAGE	2	EA	\$8,719.41	\$765.00	\$9,484.41	\$18,968.82
L4.20	FOUNDATION; GENERAL SUBSTATION STRUCTURE, HIGH VOLTAGE	4	EA	\$5,434.46	\$1,077.50	\$6,511.96	\$26,047.86
L5.10	FOUNDATION; TRANSFORMER STRUCTURE	2	EA	\$8,475.91	\$622.50	\$9,098.41	\$18,196.82
L7.10	FOUNDATION; POWER TRANSFORMER - OIL CONTAINMENT	1	EA	\$97,606.51	\$36,180.00	\$133,786.51	\$133,786.51
GROUP L TOTAL							\$197,000.00

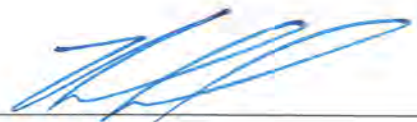
TOTAL PROJECT AMOUNT	\$197,000.00
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KPUB - JACK FURMAN T2 FOUNDATIONS

CLARIFICATIONS

1. Bid units are for payment purposes only. They will not be used for adding or deleting items.
2. Payment and Performance Bond is included in total Lump Sum Price.
3. Rock excavation is excluded from our bid being it looks as if the location of the transformer is in a fill area.





CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

3/2/2023

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER IBTX Risk Services 32335 US Hwy 281 N. Suite #1201 Bulverde TX 78163	CONTACT NAME: Rosa Maughan	
	PHONE (A/C, No, Ext): 210-697-2218	FAX (A/C, No): 210-696-8144
E-MAIL ADDRESS: rmaughan@ib-tx.com		
INSURER(S) AFFORDING COVERAGE		NAIC #
INSURER A : Texas Mutual Insurance Company		22945
INSURER B : Evanston Insurance Company		35378
INSURER C : The Continental Insurance Company		35289
INSURER D :		
INSURER E :		
INSURER F :		

INSURED
 Lambda Construction I, Ltd.
 211 Jesse's Circle
 New Braunfels TX 78132

LAMBCON-02

COVERAGES

CERTIFICATE NUMBER: 2008200379

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
C	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> XCU GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input checked="" type="checkbox"/> PROJECT <input type="checkbox"/> LOC OTHER:			6079559473	11/1/2022	11/1/2023	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000 MED EXP (Any one person) \$ 15,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000 \$
C	<input checked="" type="checkbox"/> AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS ONLY <input checked="" type="checkbox"/> NON-OWNED AUTOS ONLY			6079559456	11/1/2022	11/1/2023	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
C	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> DED <input checked="" type="checkbox"/> RETENTION \$ 10,000			6079559490	11/1/2022	11/1/2023	EACH OCCURRENCE \$ 10,000,000 AGGREGATE \$ 10,000,000 \$
A	<input checked="" type="checkbox"/> WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N N	N/A	0002069404	11/1/2022	11/1/2023	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
B	<input type="checkbox"/> Pollution/ Professional incl Transportation & Mold			CPLMOL113807	11/1/2022	11/1/2023	Aggregate Limit 2,000,000 Per Occurrence Limit 2,000,000 Deductible 10,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

The General Liability, Auto, and Pollution policies include blanket additional insured endorsements (CNA75079XX 10/16, CA2048 10/13, MEEI0007 1117) as required in a written contract with the Named Insured. The General Liability, Auto, Work Comp & Pollution policies include a blanket waiver of subrogation endorsement (CNA74705XX 1/15, CA0444 10/13 & WC420304B, MEEI2592 08/19) as required in a written contract with the Named Insured. Primary Non-Contributory wording per attached endorsements (CNA75079XX 10/16, CNA63359XX, MEI12591 08/19). Cancellation provisions-see attached (CNA74702XX, CNA68021XX 02/13, MEI1233 11/13). Umbrella is follow form of the General Liability, Auto and Work Compensation policies subject to policy terms and conditions.

CERTIFICATE HOLDER**CANCELLATION**

For Bidding Purposes

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

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U.S. Department of Agriculture
Rural Utilities Service

BID BOND

1. *KNOW ALL PERSONS* that we, Lambda Construction I, Ltd
_____ as Principal, and
Hartford Fire Insurance Company

as Surety, are held and firmly bound unto Kerrville Public Utility Board (hereafter called the "Owner") in the penal sum of five percent (5%) of the amount of the bid referred to in paragraph 2 below, but not to exceed Five Percent Of Amount Bid dollars (\$ 5%), as hereinafter set forth and for the payment of which sum well and truly to be made we bind ourselves, our executors, administrators, successors and assigns, jointly and severally, by these presents;

2. *WHEREAS*, the Principal has submitted a bid to the Owner for the construction of the Rural Utilities Service project known as Jack Furman Transformer Addition-Foundation Work

3. *NOW, THEREFORE*, the condition of this obligation is such that if the Owner shall accept the bid of the Principal, and
a. the Principal shall execute such contract documents, if any, as may be required by the terms of the bid and give such Contractor's Bond or Bonds for the performance of the contract and for the prompt payment of labor and material furnished for the project as may be specified in the bid, or
b. in the event of the failure of the Principal to execute such contract documents, if any, and give such Contractor's Bond or Bonds, if the Principal shall pay to the Owner the difference, not to exceed the penal sum hereof, between the amount specified in the bid and such larger amount for which the Owner may in good faith contract with another party to construct the project, then this obligation shall be void, otherwise to remain in full force and effect.

IN WITNESS WHEREOF, the undersigned have caused this instrument to be executed and their respective corporate seals to be affixed and attested by their duly authorized representatives this 28th day of February, 2023.

Lambda Construction I, Ltd - (Seal)
Principle

By [Signature]

RYAN MECHLER

Printed Name

V.P.

Title

ATTEST:

[Signature]
Secretary

Hartford Fire Insurance Company - (Seal)
Surety

By [Signature]

Betty J. Reeh

Printed Name

Attorney-in-Fact

Title

ATTEST:

[Signature]
~~Secretary~~ Witness

POWER OF ATTORNEY

Direct Inquiries/Claims to:

THE HARTFORD
 BOND, T-11
 One Hartford Plaza
 Hartford, Connecticut 06155
Bond.Claims@thehartford.com

call: 888-266-3488 or fax: 860-757-5835

KNOW ALL PERSONS BY THESE PRESENTS THAT:

Agency Name: IBTX RISK SERVICES
 Agency Code: 46-504858

- Hartford Fire Insurance Company**, a corporation duly organized under the laws of the State of Connecticut
- Hartford Casualty Insurance Company**, a corporation duly organized under the laws of the State of Indiana
- Hartford Accident and Indemnity Company**, a corporation duly organized under the laws of the State of Connecticut
- Hartford Underwriters Insurance Company**, a corporation duly organized under the laws of the State of Connecticut
- Twin City Fire Insurance Company**, a corporation duly organized under the laws of the State of Indiana
- Hartford Insurance Company of Illinois**, a corporation duly organized under the laws of the State of Illinois
- Hartford Insurance Company of the Midwest**, a corporation duly organized under the laws of the State of Indiana
- Hartford Insurance Company of the Southeast**, a corporation duly organized under the laws of the State of Florida

having their home office in Hartford, Connecticut, (hereinafter collectively referred to as the "Companies") do hereby make, constitute and appoint, **up to the amount of Unlimited** :

Andrew Addison, Bryan K. Moore, Elizabeth Ortiz, Betty J. Reeh, Ana Tomes, Gary W. Wheatley of SAN ANTONIO Texas, Patrick Coyle of ADDISON, Texas

their true and lawful Attorney(s)-in-Fact, each in their separate capacity if more than one is named above, to sign its name as surety(ies) only as delineated above by , and to execute, seal and acknowledge any and all bonds, undertakings, contracts and other written instruments in the nature thereof, on behalf of the Companies in their business of guaranteeing the fidelity of persons, guaranteeing the performance of contracts and executing or guaranteeing bonds and undertakings required or permitted in any actions or proceedings allowed by law.

In Witness Whereof, and as authorized by a Resolution of the Board of Directors of the Companies on May 23, 2016 the Companies have caused these presents to be signed by its Assistant Vice President and its corporate seals to be hereto affixed, duly attested by its Assistant Secretary. Further, pursuant to Resolution of the Board of Directors of the Companies, the Companies hereby unambiguously affirm that they are and will be bound by any mechanically applied signatures applied to this Power of Attorney.



Shelby Wiggins

Shelby Wiggins, Assistant Secretary

Joelle L. LaPierre

Joelle L. LaPierre, Assistant Vice President

STATE OF FLORIDA

COUNTY OF SEMINOLE

ss. Lake Mary

On this 13th day of February, 2020, before me personally came Joelle LaPierre, to me known, who being by me duly sworn, did depose and say: that (s)he resides in Seminole County, State of Florida; that (s)he is the Assistant Vice President of the Companies, the corporations described in and which executed the above instrument; that (s)he knows the seals of the said corporations; that the seals affixed to the said instrument are such corporate seals; that they were so affixed by authority of the Boards of Directors of said corporations and that (s)he signed his/her name thereto by like authority.



Jessica Ciccone

Jessica Noelle Ciccone
 My Commission #FF029702
 Expires June 20, 2021

I, the undersigned, Assistant Vice President of the Companies, DO HEREBY CERTIFY that the above and foregoing is a true and correct copy of the Power of Attorney executed by said Companies, which is still in full force effective as of February 28, 2023

Signed and sealed in Lake Mary, Florida.



Keith D. Dozois

Keith D. Dozois, Assistant Vice President

IMPORTANT NOTICE

To obtain information or make a complaint:

You may contact your agent.

You may call Hartford Insurance Group at the toll free telephone number for information or to make a complaint at:

1-800-392-7805

You may also write to The Hartford:

**The Hartford
Hartford Financial Products
2 Park Avenue, 5th Floor
New York, New York 10016
1-212-277-0400**

You may contact the Texas Department of Insurance to obtain information on companies, coverages, rights or complaints at:

1-800-252-3439

You may write the Texas Department of Insurance

P.O. Box 149104
Austin, TX 78714-9104
Fax Number (512) 475-1771
Web: <http://www.tdi.state.tx.us>
E-mail: ConsumerProtection@tdi.state.tx.us

PREMIUM OR CLAIMS DISPUTES: Should you have a dispute concerning your premium or about a claim you should contact the agent first. If the dispute is not resolved, you may contact the Texas Department of Insurance.

ATTACH THIS NOTICE TO YOUR POLICY: This notice is for your information only and does not become a part or condition of the attached document.

AVISO IMPORTANTE

Para obtener informacion o para someter una queja.

Puede comunicarse con su agente.

Usted puede llamar al numero de telefono gratis de The Hartford Insurance Group para informacion o para someter una queja al

1-800-392-7805

Usted tambien puede escribir a The Hartford.

**The Hartford
Hartford Financial Products
2 Park Avenue, 5th Floor
New York, New York 10016
1-212-277-0400**

Puede comunicarse con el Departamento de Seguros de Texas para obtener informacion acerca de compañías, coberturas, derechos o quejas al:

1-800-252-3439

Puede escribir al Departamento de Seguros de Texas

P.O. Box 149104
Austin, TX 78714-9104
Fax Number (512) 475-1771
Web: <http://www.tdi.state.tx.us>
E-mail: ConsumerProtection@tdi.state.tx.us

DISPUTAS SOBRE PRIMAS O RECLAMOS: Si tiene una disputa concerniente a su prima o a un reclamo, debe comunicarse con su agente primero. Si no se resuelve la disputa, puede entonces comunicarse con el departamento (TDI).

UNA ESTE AVISO A SU POLIZA: Este aviso es solo para proposito de informacion y no se convierte en parte o condicion del documento adjunto.

The Bidder represents that to the extent required by Executive Orders 12549 (3 CFR, 1985-1988 Comp., p. 189) and 12689 (3 CFR, 1989 Comp., p. 235). Debarment and Suspension, and 7 CFR part 3017, it has submitted to the Owner a duly executed certification in the form prescribed in 7 CFR part 3017.

The Bidder represents that, to the extent required, it has complied with the requirements of Pub. L. 101-121, Section 319, 103 Stat. 701, 750-765 (31 U.S. C. 1352), entitled "Limitation on use of appropriated funds to influence certain Federal contracting and financial transactions," and any rules and regulations issued pursuant thereto.

Section 6. Equal Opportunity Provisions.

a. Bidder's Representations.

The Bidder represents that:

It has _____, does not have X, 100 or more employees, and if it has, that it has _____, has not X, furnished the Equal Employment Opportunity-Employers Information Report EEO-1, Standard Form 100, required of employers with 100 or more employees pursuant to Executive Order 11246 of September 24, 1965, and Title VII of the Civil Rights Act of 1964.

The Bidder agrees that it will obtain, prior to the award of any subcontract for more than \$10,000 hereunder to a subcontractor with 100 or more employees, a statement, signed by the proposed subcontractor, that the proposed subcontractor has filed a current report on Standard Form 100.

The Bidder agrees that if it has 100 or more employees and has not submitted a report on Standard Form 100 for the current reporting year and that if this Contract will amount to more than \$10,000, the Bidder will file such report, as required by law, and notify the owner in writing of such filing prior to the Owner's acceptance of this Proposal.

b. Equal Opportunity Clause. During the performance of this Contract, the Bidder agrees as follows:

- (1) The Bidder will not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. The Bidder will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to, the following: Employment, upgrading, demotions or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection of training, including apprenticeship. The Bidder agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided setting forth the provisions of this Equal Opportunity Clause.*
- (2) The Bidder will, in all solicitations or advertisements for employees placed by or on behalf of the Bidder, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.*
- (3) The Bidder will send to each labor union or representative of workers, with which it has a collective bargaining agreement or other contract or understanding, a notice to be provided advising the said labor union or workers' representative of the Bidder's commitments under this section, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.*
- (4) The Bidder will comply with all provisions of Executive Order 11246 of September 24, 1965, and the rules, regulations and relevant orders of the Secretary of Labor.*

If the Bidder, with the consent of the Owner and any Surety or Sureties on the Contractor's Bond or Bonds, shall enter into a subcontract with any subcontractor for the performance of any part of this Contract, the Bidder shall be as fully responsible to the Owner and the Government for the acts and omissions of such subcontractor and of persons employed by such subcontractor as the Bidder would be for its own acts and omissions and those of persons directly employed by it.

Section 9. Successors and Assigns. Each and all of the covenants and agreements herein contained shall extend to and be binding upon the successors and assigns of the parties hereto. The Owner and Bidder acknowledge that this Contract is assigned to the Government acting through the Administrator, for security purposes under the Owner's mortgage and security instrument.

Section 10. Independent Contractor. The Bidder shall perform the work as an independent contractor, not as a subcontractor, agent, or employee of the Owner. Upon acceptance of this Proposal, the successful Bidder shall be the Contractor and all references in the Proposal to the Bidder shall apply to the Contractor.

Section 11. Approval by the Administrator: This contract does _____ does not _____, require approval of the Administrator. No acceptance of a Proposal for a contract upon which approval of the Administrator is required shall become effective until the contract has been approved by the Administrator; provided that no obligation shall arise hereunder unless such approval is given within one-hundred twenty (120) days after the date set for the opening of the proposals. The acceptance of a Proposal for a contract upon which approval of the Administrator is not required shall become effective the date of acceptance by the Owner.

ATTEST



WAYLAN SIMMONS
Secretary

Dated 3-3-23

LAMBDA CONSTRUCTION I, LTD



Bidder
VICE PRESIDENT
Title

211 JESSES'S CIRCLE, NEW BRAUNFELS, TX 78132
Address

The Proposal must be signed with the full name of the Bidder. If the Bidder is a partnership, the Proposal must be signed in the partnership name by a partner. If the Bidder is a corporation, the Proposal must be signed in the corporate name by a duly authorized officer and the corporate seal affixed and attested by the Secretary of the Corporation.

ADDENDUM

TO ELECTRIC SYSTEM CONSTRUCTION CONTRACT
SITE SPECIFIC CONSTRUCTION BETWEEN KERRVILLE PUBLIC UTILITY BOARD
AND LAMBDA CONSTRUCTION I, LTD.

This Addendum supplements and/or amends and forms a part of the Electric System Construction Contract Non-Site Specific Construction and modifies the preceding Bid/Contract document between KERRVILLE PUBLIC UTILITY BOARD (hereinafter referred to as OWNER) and LAMBDA CONSTRUCTION I, LTD. (hereinafter referred to as BIDDER AND/OR CONTRACTOR) dated 3-3-23, as follows:

1. SUPPLEMENT/AMENDMENT TO INDEMNIFICATION PROVISIONS:

Defend, Indemnify, and Hold Harmless. Article IV, Section 1, of Form 830, (*Protection to Persons and Property*), subpart g.(i), is hereby amended by deleting subpart g.(i) in its entirety and replacing it with the following provision:

(A) TO THE MAXIMUM EXTENT PERMITTED BY LAW, INCLUDING BUT NOT LIMITED TO SECTION 151.103, TEXAS INSURANCE CODE, BIDDER SHALL INDEMNIFY, PROTECT, DEFEND, AND HOLD HARMLESS, OWNER, ITS LENDERS AND THEIR RESPECTIVE AFFILIATED COMPANIES, PARTNERS, SUCCESSORS, ASSIGNS, LEGAL REPRESENTATIVES, OFFICERS, DIRECTORS, MEMBERS, SHAREHOLDERS, EMPLOYEES, CONSULTANTS AND AGENTS, (EACH, WHETHER PAST OR PRESENT AT ANY TIME, INDIVIDUALLY, AN "INDEMNITEE" AND COLLECTIVELY, THE "INDEMNITEES") FROM AND AGAINST ALL CLAIMS, CAUSES OF ACTION, LOSSES, LIABILITIES, AND EXPENSES (INCLUDING, BUT NOT LIMITED TO, REASONABLE ATTORNEYS' FEES) FOR PERSONAL LOSS, INJURY, OR DEATH TO PERSONS (INCLUDING, BUT NOT LIMITED TO, BIDDER'S EMPLOYEES) AND LOSS, DAMAGE TO OR DESTRUCTION OF OWNER'S PROPERTY OR THE PROPERTY OF ANY OTHER PERSON OR ENTITY (INCLUDING BUT NOT LIMITED TO BIDDER'S PROPERTY BUT EXCLUDING THE WORK) IN ANY MANNER ARISING OUT OF OR CONNECTED WITH THE CONTRACT, OR THE MATERIALS OR EQUIPMENT SUPPLIED OR SERVICES PERFORMED BY BIDDER, ITS SUBCONTRACTORS AND SUPPLIERS OF ANY TIER. NOTHING HEREIN SHALL BE CONSTRUED AS MAKING BIDDER LIABLE FOR ANY INJURY, DEATH, LOSS, DAMAGE, OR DESTRUCTION TO THE EXTENT CAUSED BY THE NEGLIGENT ACTS OR OMISSIONS OF OWNER OR ITS AGENTS, EMPLOYEES OR THIRD-PARTIES UNDER OWNER'S CONTROL OR SUPERVISION, OTHER THAN THE BIDDER OR ITS AGENTS, EMPLOYEES, OR SUBCONTRACTORS OF ANY TIER (COLLECTIVELY, THE "BIDDER PARTIES") AND REGARDLESS OF WHETHER OR NOT SUCH CLAIM, DAMAGE, LOSS OR EXPENSE IS CAUSED IN PART BY THE CONCURRENT OR PARTIAL NEGLIGENCE OF A PARTY INDEMNIFIED HEREUNDER. THE BIDDER'S DUTY UNDER THIS PARAGRAPH (A) TO DEFEND THE OWNER AND THE OTHER PARTIES INDEMNIFIED HEREUNDER IN A CLAIM OR ACTION AND OBLIGATION TO INDEMNIFY THE OWNER AND THE OTHER PARTIES INDEMNIFIED HEREUNDER FOR THEIR COSTS OF DEFENSE (INCLUDING REASONABLE ATTORNEYS' FEES) SHALL ARISE FOR ALL CLAIMS RESULTING FROM OR ARISING OUT OF THE PERFORMANCE OF THE WORK OF THE BIDDER, EXCEPT TO THE EXTENT SUCH CLAIM OR ACTION IS CAUSED BY THE NEGLIGENCE OR FAULT OF THE OWNER OR ITS AGENTS, EMPLOYEES OR THIRD PARTIES UNDER THE OWNER'S CONTROL OR SUPERVISION, OTHER THAN ANY BIDDER PARTY.

(B) IN ADDITION TO THE FOREGOING INDEMNITY AND TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, INCLUDING, BUT NOT LIMITED TO, SECTION 151.103, TEXAS INSURANCE CODE, BIDDER SHALL INDEMNIFY, PROTECT, DEFEND, AND HOLD HARMLESS, THE INDEMNITEES FOR, FROM, AND AGAINST, ALL LIABILITIES, CLAIMS, DAMAGES, LOSSES, COSTS, CAUSES OF ACTION, SUITS, JUDGMENTS, AND EXPENSES, INCLUDING REASONABLE ATTORNEYS' FEES, FOR THE PERSONAL OR BODILY INJURY OR DEATH OF ANY EMPLOYEE OF THE BIDDER PARTIES ("EMPLOYEE PERSONAL INJURY CLAIM"), EVEN TO THE EXTENT SUCH EMPLOYEE PERSONAL INJURY CLAIM IS CAUSED OR ALLEGED TO HAVE BEEN CAUSED IN WHOLE OR IN PART BY THE SOLE, COMPARATIVE, OR CONCURRENT NEGLIGENCE, STRICT LIABILITY, AND/OR THE GROSS NEGLIGENCE OF ANY INDEMNITEE. THIS INDEMNIFICATION SHALL NOT BE LIMITED TO DAMAGES, COMPENSATION, OR BENEFITS PAYABLE UNDER INSURANCE POLICIES, WORKERS COMPENSATION ACTS, DISABILITY BENEFIT ACTS, OR OTHER EMPLOYEES BENEFIT ACTS. THE BIDDER'S DUTY UNDER THIS PARAGRAPH (B) TO DEFEND THE OWNER AND THE OTHER PARTIES INDEMNIFIED

an Additional Insured to the full extent of the CONTRACTOR'S indemnity obligations set forth in Article IV, Section 1 above, on a primary and non-contributory basis. It is the intent of CONTRACTOR and OWNER that this Additional Insured status shall include coverage for completed operations and for the CONTRACTOR'S and the other Indemnitees concurrent and sole negligence to the extent (if any) indemnification is required in Article IV, Section 1 above, but only to the extent not prohibited by Chapter 151 of the Texas Insurance Code. CONTRACTOR must furnish such Additional Insured coverage by endorsement or express policy language in a form approved by The Texas Department of Insurance and consistent with CONTRACTOR'S indemnity obligations hereunder. Notwithstanding any other requirements for proof of insurance hereunder, CONTRACTOR shall furnish the form of Additional Insured endorsement or applicable policy language to OWNER prior to commencement of the work for OWNER'S review and approval.

The Bidder shall also take out and maintain through the period of this Agreement:

- a. Statutory Coverage Workers' Compensation Insurance (including Occupational Disease Coverage) in accordance with the laws of the states where the Services are to be performed.*
- b. Employer's Liability Insurance with limits of not less than \$1,000,000 Bodily Injury by Accident; and \$1,000,000 by Disease each employee; \$1,000,000 Bodily Injury by Disease Policy Limit.*

Owner _____

By: _____

Title

Date

Bidder/Contractor LAMBDA CONSTRUCTION I, LTD

By: RYAN MECHLER 

V.P.
Title

3-3-23
Date

MEMORANDUM

To: Mark Cowden
Larry Howard
Bill Thomas
Glenn Andrew
Mayor Judy Eychner

From: Amy Dozier

Date: March 15, 2023

Re: Agenda Item No. 7 – Financial Report

Attached please find financial statements for the month of February 2023.

Highlights include:

- **\$274K increase in net position** for the month, **\$1.0M increase** in net position on a year-to-date (YTD) basis. Operating income is close to budget, but the change in net position is better than budget due primarily to better than budget interest income due to interest rates that continue rising.
- **\$4.0M in operating revenue** for the month, **\$19.3M** on a YTD basis.
 - Operating revenue is very close to budget (1.2% less) for the month of February. The primary difference from budget is in the Other category and relates to pole attachments. Each year, KPUB bills 3rd parties such as telephone companies and cable companies for attaching cables to KPUB poles. The annual billing was budgeted to occur in February, but the bills totaling \$120K were recorded at the end of January instead.
- **\$3.8M in operating expense** for the month, **\$18.5M** on a YTD basis.
 - Operating expense is 3.5% higher than budget for the month due primarily to purchased power. For the month of February, kWh's purchased and price were higher than the monthly budget. Due to volatility in both quantity and price on a monthly basis, it is difficult to split the annual budget into monthly amounts. Looking at purchased power on a YTD basis is more helpful. On a YTD basis, purchased power cost is very close to budget (0.4% higher).
- **\$244K in operating income** for the month, **\$865K in operating income** on a YTD basis.
- **\$4.5M in over collection of power cost adjustment** as of 2/28/2023, an **increase of \$332K** from the prior month. This increase is in keeping with our plan to continue adding some to this account each month to smooth the potential impact of pending litigation or price volatility for our customers.
- **\$32.0M invested** in investment pools and an investment account at Happy State Bank. The investment account at Happy State Bank is completely liquid, fully collateralized, and earning 4.835% as of March 15, 2023.

The Power Cost Adjustment (PCA) was set at \$102.50 in November. On a YTD basis, actual power costs equate to a power cost adjustment factor of \$97.36. Even though actual costs are lower than billed costs through February, management recommends keeping the PCA at \$102.50 for March due to ongoing price volatility and continued pending litigation.

Sincerely,

A handwritten signature in black ink that reads "Amy Dozier". The signature is written in a cursive style and is placed on a light gray rectangular background.

Amy Dozier
Director of Finance

Kerrville Public Utility Board
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Month Ended February 28, 2023
(Unaudited)

	Comparison to Budget				Comparison to Last Year		
	Current Month	Current Month Budget Amount	Variance Favorable (Unfavorable)	Percentage Variance	Current Month Last Year Amount	Variance Favorable (Unfavorable)	Percentage Variance
OPERATING REVENUES:							
Residential	\$ 2,507,679	\$ 2,551,416	\$ (43,737)	-1.71%	\$ 2,813,052	\$ (305,373)	-10.86%
Commercial/Industrial	1,467,178	1,397,408	69,770	4.99%	1,534,844	(67,666)	-4.41%
Sales to Public Authorities	21,794	21,500	294	1.37%	21,640	154	0.71%
Other	41,614	114,858	(73,244)	-63.77%	163,847	(122,233)	-74.60%
TOTAL OPERATING REVENUES	4,038,265	4,085,182	(46,917)	-1.15%	4,533,383	(495,118)	-10.92%
OPERATING EXPENSES:							
Purchased Power	2,787,306	2,461,532	(325,774)	-13.23%	3,037,047	249,741	8.22%
Distribution	263,719	368,698	104,979	28.47%	283,822	20,103	7.08%
Customer Accounts	45,595	64,614	19,019	29.43%	42,121	(3,474)	-8.25%
Customer Service, Informational & Sales	19,783	35,063	15,280	43.58%	15,571	(4,212)	-27.05%
Administrative Expenses	355,358	411,628	56,270	13.67%	348,235	(7,123)	-2.05%
Depreciation & Amortization	322,264	324,205	1,942	0.60%	310,749	(11,515)	-3.71%
TOTAL OPERATING EXPENSES	3,794,025	3,665,741	(128,285)	-3.50%	4,037,546	243,520	6.03%
OPERATING INCOME (LOSS)	244,240	419,441	(175,201)	-41.77%	495,838	(251,598)	-50.74%
NONOPERATING REVENUES (EXP):							
Interest Income - Investments	117,426	60,417	57,009	94.36%	6,272	111,154	1772.22%
Interest Income - City of Kerrville	13,929	13,929	0	0.00%	15,000	(1,071)	-7.14%
Interest Expense	(8,742)	(9,986)	1,244	-12.46%	(9,620)	878	-9.13%
City of Kerrville - General Fund Transfer	(124,671)	(124,368)	(303)	0.24%	(136,191)	11,520	-8.46%
City of Ingram - Franchise Fee	(3,360)	(3,455)	95	-2.74%	(3,617)	257	-7.11%
Other - Net	852	2,667	(1,814)	-68.04%	1,317	(465)	-35.29%
TOTAL NONOPERATING REVENUES (EXP)	(4,566)	(60,797)	56,231	-92.49%	(126,839)	122,272	-96.40%
INCOME BEFORE CONTRIBUTIONS	239,674	358,644	(118,971)	33.17%	368,999	(129,325)	-35.05%
CAPITAL CONTRIBUTIONS	34,370	25,000	9,370	37.48%	34,060	310	0.91%
CHANGE IN NET POSITION	\$ 274,044	\$ 383,644	\$ (109,600)	28.57%	\$ 403,059	\$ (129,015)	32.01%
NET POSITION AT BEGINNING OF MONTH	\$ 74,703,727				\$ 72,359,475		
NET POSITION AT END OF MONTH	\$ 74,977,771				\$ 72,762,534		

Kerrville Public Utility Board
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Month Ended February 28, 2023
(Unaudited)

	Comparison to Budget				Comparison to Last Year		
	Year to Date	Year to Date		Percentage Variance	Year to Date Last Year Amount	Variance	
		Budget Amount	Variance Favorable (Unfavorable)			Favorable (Unfavorable)	Percentage Variance
OPERATING REVENUES:							
Residential	\$ 11,144,163	\$ 11,500,380	\$ (356,218)	-3.10%	\$ 10,024,679	\$ 1,119,484	11.17%
Commercial/Industrial	7,692,913	8,144,627	(451,713)	-5.55%	7,080,546	612,367	8.65%
Sales to Public Authorities	105,251	107,500	(2,249)	-2.09%	107,943	(2,691)	-2.49%
Other	404,370	327,797	76,573	23.36%	405,963	(1,593)	-0.39%
TOTAL OPERATING REVENUES	19,346,697	20,080,304	(733,607)	-3.65%	17,619,131	1,727,566	9.81%
OPERATING EXPENSES:							
Purchased Power	13,259,614	13,204,428	(55,186)	-0.42%	11,606,110	(1,653,504)	-14.25%
Distribution	1,372,231	1,831,262	459,031	25.07%	1,426,222	53,991	3.79%
Customer Accounts	266,114	298,048	31,933	10.71%	235,407	(30,707)	-13.04%
Customer Service, Informational & Sales	136,275	173,612	37,338	21.51%	116,777	(19,498)	-16.70%
Administrative Expenses	1,847,814	2,037,413	189,599	9.31%	1,733,263	(114,550)	-6.61%
Depreciation & Amortization	1,600,016	1,615,729	15,713	0.97%	1,539,379	(60,637)	-3.94%
TOTAL OPERATING EXPENSES	18,482,064	19,160,492	678,428	3.54%	16,657,159	(1,824,905)	-10.96%
OPERATING INCOME (LOSS)	864,633	919,812	(55,178)	-6.00%	961,972	(97,339)	-10.12%
NONOPERATING REVENUES (EXP):							
Interest Income - Investments	547,645	302,083	245,562	81.29%	32,504	515,141	1584.84%
Interest Income - City of Kerrville	73,929	73,929	0	0.00%	75,000	(1,071)	-1.43%
Interest Expense	(44,748)	(49,353)	4,604	-9.33%	(49,634)	4,886	-9.84%
City of Kerrville - General Fund Transfer	(596,830)	(611,472)	14,641	-2.39%	(529,550)	(67,280)	12.71%
City of Ingram - Franchise Fee	(14,474)	(17,188)	2,714	-15.79%	(13,654)	(820)	6.01%
Other - Net	7,550	13,333	(5,783)	-43.38%	12,941	(5,391)	-41.66%
TOTAL NONOPERATING REVENUES (EXP)	(26,929)	(288,667)	261,737	-90.67%	(472,393)	445,464	-94.30%
INCOME BEFORE CONTRIBUTIONS	837,704	631,145	206,559	32.73%	489,579	348,125	71.11%
CAPITAL CONTRIBUTIONS	166,365	125,000	41,365	33.09%	162,620	3,745	2.30%
CHANGE IN NET POSITION	\$ 1,004,069	\$ 756,145	\$ 247,924	32.79%	\$ 652,199	\$ 351,870	53.95%
NET POSITION AT BEGINNING OF YEAR	\$ 73,973,702				\$ 72,110,335		
NET POSITION AT END OF MONTH	\$ 74,977,771				\$ 72,762,534		

Kerrville Public Utility Board
Balance Sheet
As of February 28, 2023

Assets and Deferred Outflows	February 28, 2023 (Unaudited)	September 30, 2022	Net Position, Liabilities and Deferred Inflows	February 28, 2023 (Unaudited)	September 30, 2022
Utility Plant:					
Utility Plant in Service	\$ 95,577,107	\$ 93,982,686	Total Net Position	\$ 74,977,771	\$ 73,973,702
Less: Accumulated Depreciation	(47,094,692)	(46,827,910)			
Net Utility Plant in Service	48,482,415	47,154,776			
Construction Work in Progress	1,213,812	1,834,762	Liabilities:		
Total Utility Plant	49,696,227	48,989,538	Current Liabilities:		
Restricted and Noncurrent Assets:			Current Maturities of Long-Term Liabilities	449,108	437,108
Customer Deposits	477,534	463,149	Accrued Interest Payable	35,106	48,046
Interest and Sinking Fund	179,089	434,802	Accounts Payable - Purchased Power	10,817,424	10,817,424
Emergency, Repair, Replace, Contingency Fund	3,648,473	3,585,091	Accounts Payable - Other	900,171	1,369,794
Advance to City of Kerrville, net of current portion	5,892,858	6,428,572	Over Collection of Power Cost Adjustment	4,493,775	3,846,149
Net Pension Asset	677,020	677,020	Total Current Liabilities	16,695,584	16,518,522
Total Restricted and Noncurrent Assets	10,874,974	11,588,634	Noncurrent Liabilities:		
Current Assets:			2013 Revenue Bonds, net of current portion	2,413,000	2,847,000
Revenue Fund:			Lease Liability	108,000	108,000
Cash and Cash Equivalents	728,802	606,004	Customer Deposits	477,534	463,149
Investments	23,000,964	23,084,450	Interest on Customer Deposits	2,229	2,437
Less: Customer Deposits	(477,534)	(463,149)	Total OPEB Liability	382,619	382,619
Total Revenue Fund	23,252,232	23,227,305	Total Long-Term Liabilities	3,383,382	3,803,205
Construction Fund:			Total Liabilities	20,078,966	20,321,726
Cash and Cash Equivalents	5,227	5,135	Deferred Inflows of Resources - Pension & OPEB	2,044,144	2,044,144
Investments	1,482,743	1,456,985			
Total Construction Fund	1,487,971	1,462,120			
Rate Stabilization Fund:					
Investments	1,951,286	1,917,388			
Total Rate Stabilization Fund	1,951,286	1,917,388			
Long Term Rate Stabilization Fund:					
Investments	1,742,689	1,094,339			
Total Rate Stabilization Fund	1,742,689	1,094,339			
Customer Accounts Receivable, net of allowance	4,094,186	4,055,633			
Current Portion - Advance to City of Kerrville	1,071,428	1,071,428			
Materials and Supplies	1,151,854	1,135,750			
Other	876,264	895,666			
Total Current Assets	35,627,910	34,859,629			
Deferred Outflow of Resources - Pension & OPEB	901,771	901,771			
Total Assets and Deferred Outflows	\$ 97,100,881	\$ 96,339,572	Total Net Position, Liabilities and Deferred Inflows	\$ 97,100,881	\$ 96,339,572

Kerrville Public Utility Board
Invested Funds Detail
For the Month Ended February 28, 2023

	Date	Revenue Fund	Restricted					Total Funds Invested	
			Construction Fund	Rate Stabilization Fund	Long Term Rate Stabilization Fund	Debt Reserve Fund	Interest & Sinking Fund		Emergency Repair, Replacement & Contingency Fund
Beginning Fund Balance		\$ 22,794,641	\$ 1,477,393	\$ 1,944,245	\$ 1,736,401	\$ -	\$ 134,317	\$ 3,635,308	\$ 31,722,305
Withdrawals:									
Happy Investment - TML	02/01/23	(74,515)							(74,515)
Happy Investment - TMRS	02/14/23	(73,200)							(73,200)
Happy Investment - ERCOT	02/14/23	(446)							(446)
Happy Investment - NextEra	02/17/23	(485,088)							(485,088)
Happy Investment - CPS	02/17/23	(1,369,012)							(1,369,012)
Happy Investment - Concho Bluff	02/22/23	(59,908)							(59,908)
Happy Investment - ERCOT	02/23/23	(58,526)							(58,526)
Happy Investment - Engie	02/24/23	(42,456)							(42,456)
Happy Investment - DG Solar	02/24/23	(652,162)							(652,162)
Happy Investment - LCRA	02/28/23	(167,266)							(167,266)
Investments:									
Happy Investment	02/06/23	550,000							550,000
Happy Investment	02/10/23	500,000							500,000
Happy Investment	02/17/23	600,000							600,000
Happy Investment	02/24/23	1,000,000							1,000,000
Happy Investment	02/28/23	500,000							500,000
Fund Balance after Withdrawals & Investments		22,962,060	1,477,393	1,944,245	1,736,401	-	134,317	3,635,308	31,889,725
Allocation of:									
Interest Income	02/28/23	83,169	5,350	7,041	6,288	-	507	13,165	115,519
Total Interest Allocation		83,169	5,350	7,041	6,288	-	507	13,165	115,519
Fund Balance After Allocations		23,045,229	1,482,743	1,951,286	1,742,689	-	134,824	3,648,473	32,005,244
Interfund Transfers :									
Debt Service	02/28/23	(44,265)					44,265		-
Ending Fund Balance		\$ 23,000,964	\$ 1,482,743	\$ 1,951,286	\$ 1,742,689	\$ -	\$ 179,089	\$ 3,648,473	\$ 32,005,244

Kerrville Public Utility Board
 Computation of the Monthly and Annual Debt Service Coverage
 For the Month Ended February 28, 2023

Description	Current Month	Fiscal Year	Previous 12 Months
CHANGE IN NET POSITION	\$ 274,044	\$ 1,004,069	\$ 2,201,495
PLUS:			
Interest Expense (net of amortizations)	8,742	44,748	115,409
Depreciation & Amortization Expense	<u>322,264</u>	<u>1,600,016</u>	<u>3,814,971</u>
Numerator	605,050	2,648,834	6,131,875
DIVIDED BY:			
Interest Expense (net of amortizations)	8,742	44,748	115,409
Principal Payment Due	<u>36,167</u>	<u>179,833</u>	<u>426,000</u>
Denominator	\$ 44,909	\$ 224,582	\$ 541,409
DEBT SERVICE COVERAGE RATIO	<u>13.47</u>	<u>11.79</u>	<u>11.33</u>

Minimum Requirement per Bond Covenant	1.35	times Debt Service
Minimum Requirement Established by KPUB Board for Good Business Practices	1.65	times Debt Service

MEMORANDUM

To: Mark Cowden
Larry Howard
Bill Thomas
Glenn Andrew
Mayor Judy Eychner

From: Mike Wittler

Date: March 17, 2023

Re: Agenda Item 8—Discussion on Plan to Review Board Policies

Attached is a list of our Board Policies along with revision date. I would like to start an effort to significantly revise these policies and then review them on a regular ongoing basis. There are a total of 33 policies, 25 of which have not been revised in 20 years. In addition to these formal Board Policies there are a number of other policies that have been established by Resolution of the Board (the Rate Stabilization Policy for example).

I have two suggestions on approach for the effort:

1. Staff led effort with updates and approvals taken to the full Board every two-three months, or
2. Staff led effort with updates and approvals taken to a Board Committee periodically with final approval by the full Board.

Proposed initial steps:

- Perform search for utility board policy examples and best practices (Sacramento Municipal Utility District (SMUD), LCRA, etc.).
- Develop comprehensive master index of existing KPUB policies (Board Policies, Board Resolutions establishing policy, other Board approved standards, rules, rates and regulations, Management Directives, and other management approved policies, plans and documents).
- Establish definition, purpose, and periodic review requirement for each type of KPUB policy document.
- Establish action plan for revision of policies in the master index.

I'm looking forward to receiving feedback and suggestions from the Board on this topic.

Sincerely,



Mike Wittler, P.E.



KERRVILLE PUBLIC UTILITY BOARD
BOARD POLICIES
TABLE OF CONTENTS

<u>NUMBER</u>	<u>TITLE</u>	<u>DATE</u>
BP 10	Bylaws of the Kerrville Public Utility Board	Interim 08/06/87 Revised effective 10/01/88
BP 11	Rules of order for Meetings of the Kerrville Public Utility Board	Interim 08/06/87 Revised effective 10/01/88
BP 12	Board Responsibilities	Effective 10/01/88
BP 15	Management Responsibility	Effective 10/01/88
BP 16	Public Records	Effective 10/01/88
BP 17	Employee Training Room Use	Effective 09/01/90 (Resolution 90-17) *Replaced by vote 06/28/99
BP 18	Discretionary Spending	Effective 06/21/12 (Resolution 12-14)
BP 19	Committee and Task Force Appointments	Effective 05/15/2019
BP 20	General Manager Executive Succession Policy (*Integrated & approved by vote) General Manager	Effective 10/01/88 Approved 11/21/05 *Reaffirmed 12/15/08
BP 30	Employment	Effective 10/01/88 Effective 02/19/14 (Resolution 14-03) Effective 03/19/14 (Resolution 14-05)
BP 31	Working Conditions	Effective 10/01/88
BP 32	Vacations, Holidays, and Absences	Effective 10/01/88 Effective 07/15/91 (Resolution 91-12)

		Effective 01/19/11 (Resolution 11-02) Effective 03/23/11 (Resolution 11-05) Effective 08/17/16 (Resolution 16-25) Effective 03/17/21 (Resolution 21-07)
BP 33	Compensation and Benefit Program	Effective 10/01/88 Effective 10/18/12 (Resolution 12-24) Effective 06/22/16 (Resolution 16-15)
BP 33.50	Education Assistance	Effective 09/18/89
BP 34	Discipline and Grievances	Effective 10/01/88
BP 40	Accounting Practices and Procedures	Effective 10/01/88
BP 41	Bad Debt / Uncollectible account	New - Effective 08/20/90 (Resolution 90-14)
BP 42	Purchasing and Procurement Policy	Effective 10/01/88 Effective 01/01/90 (by CEO memo) Effective 03/19/90 (Resolution 90-04) Effective 04/17/95 (Resolution 95-07) Effective 05/17/10 (Resolution 10-10) Effective 11/16/16 (Resolution 16-25)
BP 44	Investment Policy <i>*This policy is reviewed and / or revised annually</i>	Effective 10/01/88
	Revised 02/19/90 (Resolution 90-03)	Effective 03/19/90 (Resolution 90-06) *Never signed
	Effective 09/16/96 (Resolution 96-16)	No Change 1991-1995 No Change 1997 Effective 04/13/98 (Resolution 98-06)
	Effective 04/19/99 (Resolution 99-07)	Effective 04/13/2000 (Resolution 00-07) Effective 04/16/01 (Resolution 01-07)
	Effective 09/17/01 (Resolution 01-17)	Effective 02/18/02 (Resolution 02-04) Effective 06/23/03 (Resolution 03-10)
	Effective 09/17/01 (Resolution 01-17)	Effective 02/18/02 (Resolution 02-04) Effective 06/23/03 (Resolution 03-10)

	Effective 03/15/04 (Resolution 04-04)	Effective 08/15/05 (Resolution 05-13)	Effective 03/20/06 (Resolution 06-04)
	Effective 04/16/07 (Resolution 07-05)	Effective 04/21/08 (Resolution 08-05)	Effective 04/19/10 (Resolution 10-08)
	Effective 04/20/11 (Resolution 11-07)	Effective 04/18/12 (Resolution 12-07)	Effective 04/18/13 (Resolution 13-07)
	Effective 05/21/14 (Resolution 14-08)	Effective 04/15/15 (Resolution 15-05)	Effective 02/17/16 (Resolution 16-06)
	Effective 02/22/17 (Resolution 17-04)	Effective 02/21/18 (Resolution 18-03)	Effective 03/27/19 (Resolution 19-06)
	Effective 02/19/20 (Resolution 20-04)	Effective 02/24/21 (Resolution 21-03)	Effective 12/15/21 (Resolution 21-31)
	Effective 12/14/22 (Resolution 22-19)		
BP 45	Treasury Policies		Effective 10/01/88
BP 46	Audit Policy		Effective 10/01/88
BP 47	Days Cash on Hand		Effective 05/17/12 (Resolution 12-09)
BP 49	Budgets		Effective 10/01/88
BP 50	System Design		Effective 10/01/88
BP 51	System Maintenance		Effective 10/01/88
BP 52	Conservation and Resources		Effective 10/01/88
BP 53	Environmental Statement		Effective 10/01/88
BP 54	System Operations		Effective 10/01/88
BP 55	System Planning		Effective 10/01/88
BP 56	Emergency Planning		Effective 10/01/88
BP 57	Safety		Effective 10/01/88
BP 58	Electric and Magnetic Fields		New - Effective 08/15/94 (Resolution 94-15)
BP 60	Customer Service Policies		Effective 4/17/95 (Resolution 95-08)