

**MINUTES OF THE
KERRVILLE PUBLIC UTILITY BOARD
REGULAR MONTHLY MEETING
WEDNESDAY, OCTOBER 18, 2023, AT 8:30 A.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
Robby McCutcheon, Director of IT (*via teleconference*)
Allison Bueché, Director of Customer and Community Relations
Ricardo Berrios, Distribution Engineer
Jill Cook, Accounting Supervisor
Howard Hall, Field Services Supervisor
Lidia S. Goldthorn, Assistant Secretary to the Board

TRUSTEES ABSENT:

OTHERS PRESENT:

Stephen Schulte, Legal Counsel
John Davidson, Special Counsel (*Via teleconference*)
Gaines Griffin, Special Counsel (*Via teleconference*)
Dalton Rice, Kerrville City Manager
Denny Foster

1. CALL TO ORDER:

Mr. Mark Cowden, Chairman, called the Regular Monthly Meeting to order at 8:30 a.m.

2. PLEDGE OF ALLEGIANCE

3. CITIZEN/CONSUMER OPEN FORUM:

There were no citizens/consumers to speak.

4. ANNOUNCEMENTS OF COMMUNITY INTEREST:

Ms. Bueché highlighted the Public Power Week Events hosted by KPUB ending with the Bucket Truck Ride Event. She added KPUB's float participation in Ingram and Center Point Homecoming Parades, as well as the Kerr County Emergency Preparedness Expo. Upcoming community events include Habitat for Humanity Golf Tournament on October 23rd, Family Fright Night on October 31st, Doyle Community Tent Outreach and Light on the Hill Harvest Festival both on November 4th, and Community Weatherization Event on November 9th. Ms. Bueché also announced KPUB received Top Work Place Award. Volunteer activities include the Kerrville Triathlon, Food Pantry Participation, Salvation Army Bell Ringing and upcoming Blood Drive scheduled for December 14th. Mr. Wittler noted the following upcoming board meetings tentatively scheduled for:

- *Wednesday, November 15, 2023 at 8:30 a.m.*
- *Wednesday, December 13, 2023 at 8:30 a.m. (with possibility of cancellation)*
- *Wednesday, January 17, 2024 at 8:30 a.m.*

5. CONSENT AGENDA:

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

5A. APPROVAL OF MINUTES.

5B. RESOLUTION NO. 23-16 – AMY DOZIER, DIRECTOR OF FINANCE. A Resolution approving payment to various providers of services or supplies.

5C. APPROVAL AND REPORTING OF PURCHASES AND SALES:

1. Cisco Nexus Switches (Robby McCutcheon, Director of Information Technology)
- 2a. Fleet Sales (Howard Hall, Field Services Supervisor)
- 2b. Fleet Purchase (Howard Hall, Field Services Supervisor)
3. Professional Services, Schneider Engineering (Mike Wittler, CEO)

5D. APPROVAL OF IDENTITY THEFT POLICY AND PROCEDURES – ALLISON BUECHÉ, DIRECTOR OF CUSTOMER & COMMUNITY RELATIONS:

END OF CONSENT AGENDA

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

Ms. Dozier presented the preliminary financial statements for the month of September 2023. She advised that because September is the fiscal year-end, there is a requirement to hold the books open longer to capture all FY2023 activity; with final numbers available after October 20, 2023, and audited FY2023 financial statements available by January. Ms. Dozier noted a \$1.4M increase in net position; \$1.6M in operating revenue; \$376K in operating expense; \$1.2M in operating income; \$12.6M in over collection power cost adjustment as of September 30, 2023; and \$40.6M 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 5.55% as of October 11, 2023. She added that rates on the investment pool accounts are 5.536% at LOGIC and 5.343% at TexPool as of October 11, 2023.

Ms. Dozier advised that management uses the power cost adjustment factor to adjust the power cost portion of the rate depending on actual power cost. To make the rates easier to understand, an industry standard is to talk about rates in terms of what the total bill would be for a residential customer that uses 1,000 kWhs of electricity in a month. Since November 2022, this rate has been set at \$102.50. On a YTD

basis, actual power costs equate to a neutral rate of \$84.34; this rate resulting in no change to the over/under collected balance. Due to continued low power prices, management will lower the power cost adjustment factor in November 2023. In addition, the changes passed by the Board and City Council will take effect on November 1, 2023. Increases to the customer charge are offset by decreases to the distribution charge and a decrease in the power cost adjustment factor. The end result is that the monthly bill for 1,000 kWh of residential electricity usage will remain the same at \$102.50. A quarterly listing of vendor payments was provided for the Board's review. Ms. Dozier also provided a power point presentation with the month's highlights and financial metrics from her memo.

7. ENGINEERING AND OPERATIONS PROJECTS AND CAPITAL BUDGET REPORT – RICARDO BERRIOS, DISTRIBUTION ENGINEER:

Mr. Berrios presented the Projects and Capital Budget Reports for the fourth quarter of fiscal year end 2023. He presented major projects showing the name, location and number of units in various states of design. He highlighted some of the projects discussed in the report, those that have been completed, and active residential projects. Mr. Berrios also highlighted Customer Extensions; Clay Street Improvements; Pole Inspection Replacements, Jack Furman T2; Office Furniture, Facilities Improvements, and Radio System Upgrade at Hunt Sub.

8. QUARTERLY RELIABILITY REPORT – TAMMYE RILEY, DIRECTOR OF OPERATIONS:

Ms. Riley presented the fourth quarter Reliability Report for FY2022-2023 for the Board's review. She advised the report uses the System Average Interruption Durations Index (SAIDI), which is an industry standard metric. SAIDI shows how long on average, each customer was without power in each quarter throughout the fiscal year. She also reviewed outage information that affected reliability for the whole fiscal year. She noted that SAIDI is calculated by excluding Major Event Days (MEDs), as defined by the IEEE.

9. 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
- B. Related to plans, studies, proposals, and analyses for system improvements, additions, or sales
 - (1) Discussion and Possible Action on plans, studies, proposals and analyses for potential expansion of infrastructure and service – 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. Mr. Andrew seconded the motion. Vote was by show of hands. Motion carried 5 – 0.

The Board entered Executive Closed Session at 9:08 a.m. Chairman Cowden adjourned the Executive Closed Session and reconvened into Open Session at 11:37 a.m.

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

No action taken by the Board.

11. PRESENTATION FROM AMERICAN PUBLIC POWER ASSOCIATION GOVERNANCE ESSENTIALS – MIKE WITTLER, CEO:

Mr. Wittler elected to postpone this item.

12. ADJOURNMENT

Chairman Cowden adjourned the Regular Board Meeting at 11:37 a.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: Amy Dozier

Date: November 8, 2023

Re: Agenda Item No. 5B – Resolution No. 23-17

In accordance with Board Resolution No. 10-06 that requires monthly reporting of wire transfers exceeding \$20,000, this memo reports the following transfers between October 12, 2023 and November 8, 2023 for Board approval:

	<u>Vendor</u>	<u>Description</u>	<u>Amount</u>	<u>Date</u>
Purchased Power:				
1	NextEra	September 2023	469,440.00	10/19/2023
2	CPS	September 2023	1,102,179.41	10/20/2023
3	DG Solar	September 2023	58,757.89	10/24/2023
4	ERCOT	Monthly - November 2023	162,503.18	10/24/2023
5	Engie	September 2023	95,657.64	10/27/2023
6	Garland	September 2023	(1,495,884.28)	10/31/2023
7	LCRA	September 2023	636,411.36	10/31/2023
Payroll:				
1	Payroll	Pay period ending 10/07/2023	145,115.18	10/13/2023
2	Payroll	Pay period ending 10/21/2023	136,984.79	10/27/2023
3	Payroll Taxes	Pay period ending 10/07/2023	54,261.82	10/18/2023
4	Payroll Taxes	Pay period ending 10/21/2023	49,371.72	11/01/2023
Employee Benefits:				
1	TML	Health Insurance - November	78,370.83	11/01/2023
2	TMRS	Pension - September Payroll	112,871.76	10/16/2023
Investment Transfers (from Operating Account to Investment Account at Happy State Bank):				
1	Happy State Bank	Investment Transfer	450,000.00	10/13/2023
2	Happy State Bank	Investment Transfer	400,000.00	10/16/2023
3	Happy State Bank	Investment Transfer	600,000.00	10/20/2023
4	Happy State Bank	Investment Transfer	400,000.00	10/23/2023
5	Happy State Bank	Investment Transfer	1,000,000.00	10/30/2023
6	Happy State Bank	Investment Transfer	1,600,000.00	10/31/2023
Debt Payment:				
1	Broadway Bank	Debt Payment - November 2023	485,633.75	10/30/2023

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. 23-17

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 15th day of November, 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: November 9, 2023

Re: Agenda Item No. 6 – Financial Report

Attached please find the following financial reports:

1. Final financial statements for the fiscal year ended September 30, 2023
2. Financial statements for the month ended October 31, 2023

Financial statements for the fiscal year ended September 30, 2023:

- Year-end financial results have changed since the preliminary statements presented last month. The primary change relates to power bills for September received after the preliminary statements were prepared. The power cost is \$710K lower than the preliminary statement due to continued low natural gas prices and strong renewable performance.
- **\$4.4M increase in net position** for the year.
- **\$42.2M in operating revenue** for the year.
 - As discussed in October, operating revenue for the year is 15% below budget for the year due to lower than expected costs to purchase power.
- **\$38.8M in operating expense** for the year.
 - Operating expense is 20% less than budget due primarily to purchased power expense that finished the year 26% less than budget. The budget uses natural gas futures prices to predict costs for the year. In FY2023, actual natural gas prices have been unexpectedly low due primarily to a mild winter and LNG exports that were curtailed due to a plant explosion in 2022. In addition, prices in ERCOT's real time market soared during our unusually hot summer and due to new ERCOT regulations. This resulted in a situation where KPUB was able to sell our extra wind and solar power for significantly more than our contractual purchase price. The situation was so extreme, that for power purchased/sold in August (settled and recorded in September), KPUB actually received more for power sales than we paid for power purchases.
 - Staffing vacancies, mutual aid deployments (New Smyrna Beach and CTEC), and timing of purchases (such as LCRA radios) are contributing to the favorable budget variances in distribution, customer accounts, customer service and administrative expenses. In addition, new accounting rules were implemented for certain leases and subscription-based information technology arrangements during FY2023. The rules change shifted these items from a lease or IT expense category to depreciation expense.

- **\$3.4M in operating income** for the year.
- **\$12.5M in over collection of power cost adjustment** as of 9/30/2023.
- **\$40.6M invested** in municipal investment pools and a demand account at Happy State Bank as of 9/30/23.
- The Board will receive a draft of KPUB's annual report in December. Our auditors, BSG&M, will present the annual report at January's Board meeting.

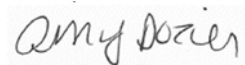
Financial statements for the month of October 2023:

- **\$152K increase in net position** for the month and year.
- **\$2.0M in operating revenue** for the month and year.
 - kWh sales were 1.2% above budget, but overall revenues were 50% below budget due to low power cost passed through to the customer as part of the rate.
- **\$2.0M in operating expense** for the month and year.
 - Operating expense is less than budget by \$1.7M or 45% due primarily to low power cost resulting from low natural gas prices and continued strong performance of renewable power sold on the ERCOT real time market at high prices.
- **\$7.8K in operating loss** for the month and year.
- **\$14.8M in over collection of power cost adjustment** as of 10/31/2023, an **increase of \$2.2M** from the prior month.
- **\$42.8M invested** in municipal investment pools and a demand account at Happy State Bank. The account at Happy State Bank is completely liquid, fully collateralized, and earning 5.54% as of November 9, 2023. Rates on the investment pool accounts are 5.56% at LOGIC and 5.36% at TexPool as of November 9, 2023.

A new rate structure was implemented on November 1, 2023. The overall residential bill for 1,000 kWh of power remains at \$102.50, but the power cost portion of the bill was reduced from \$72.95 to \$70.45 by reducing the power cost adjustment factor. We will continue to monitor over-collection closely, however, we expect to see power costs increase over the next few months. Prices in the ERCOT real time market are considerably lower in the mild fall months, which means KPUB's does not expect to receive large receipts related to the sale of renewable power.

I am happy to answer any questions regarding KPUB's financial results.

Sincerely,



Amy Dozier
Director of Finance

Kerrville Public Utility Board
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Month Ended September 30, 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	\$ 931,499	\$ 2,545,384	\$ (1,613,885)	-63.40%	\$ 2,963,685	\$ (2,032,187)	-68.57%
Commercial/Industrial	595,535	1,848,355	(1,252,819)	-67.78%	2,215,708	(1,620,173)	-73.12%
Sales to Public Authorities	21,641	21,500	141	0.66%	21,550	91	0.42%
Other	44,853	39,926	4,927	12.34%	41,131	3,722	9.05%
TOTAL OPERATING REVENUES	1,593,528	4,455,165	(2,861,636)	-64.23%	5,242,075	(3,648,546)	-69.60%
OPERATING EXPENSES:							
Purchased Power	(1,993,811)	2,956,418	4,950,229	167.44%	4,448,419	6,442,231	144.82%
Distribution	335,014	378,357	43,342	11.46%	431,721	96,707	22.40%
Customer Accounts	72,347	65,929	(6,418)	-9.73%	67,380	(4,967)	-7.37%
Customer Service, Informational & Sales	54,420	35,913	(18,506)	-51.53%	27,584	(26,836)	-97.29%
Administrative Expenses	1,025,330	775,490	(249,840)	-32.22%	21,251	(1,004,079)	-4724.90%
Depreciation & Amortization	338,281	327,914	(10,367)	-3.16%	342,776	4,495	1.31%
TOTAL OPERATING EXPENSES	(168,420)	4,540,019	4,708,439	103.71%	5,339,130	5,507,550	103.15%
OPERATING INCOME (LOSS)	1,761,948	(84,855)	1,846,803	-2176.42%	(97,055)	1,859,003	-1915.41%
NONOPERATING REVENUES (EXP):							
Interest Income - Investments	170,857	18,750	152,107	811.24%	75,299	95,558	126.91%
Interest Income - City of Kerrville	12,857	12,857	(0)	0.00%	15,000	(2,143)	-14.29%
Interest Expense	(18,357)	(9,986)	(8,371)	83.83%	(12,148)	(6,210)	51.12%
City of Kerrville - General Fund Transfer	(58,934)	(134,217)	75,284	-56.09%	(158,819)	99,885	-62.89%
City of Ingram - Franchise Fee	(3,962)	(3,844)	(118)	3.08%	(3,069)	(894)	29.12%
Other - Net	11,532	2,667	8,866	332.47%	2,004	9,528	475.44%
TOTAL NONOPERATING REVENUES (EXP)	113,993	(113,774)	227,767	-200.19%	(81,732)	195,725	-239.47%
INCOME BEFORE CONTRIBUTIONS	1,875,941	(198,629)	2,074,570	1044.45%	(178,788)	2,054,729	-1149.26%
CAPITAL CONTRIBUTIONS	291,574	25,000	266,574	1066.29%	82,427	209,147	253.74%
CHANGE IN NET POSITION	\$ 2,167,515	\$ (173,629)	\$ 2,341,144	1348.36%	\$ (96,361)	\$ 2,263,875	2349.38%
NET POSITION AT BEGINNING OF MONTH	\$ 76,166,627				\$ 74,070,063		
NET POSITION AT END OF MONTH	\$ 78,334,141				\$ 73,973,702		

Kerrville Public Utility Board
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Month Ended September 30, 2023
(Unaudited)

	Comparison to Budget				Comparison to Last Year		
	Year to Date	Year to Date Budget Amount	Variance		Year to Date Last Year Amount	Variance	
			Favorable (Unfavorable)	Percentage Variance		Favorable (Unfavorable)	Percentage Variance
OPERATING REVENUES:							
Residential	\$ 23,974,296	\$ 27,841,338	\$ (3,867,042)	-13.89%	\$ 26,342,474	\$ (2,368,177)	-8.99%
Commercial/Industrial	17,277,444	20,672,290	(3,394,846)	-16.42%	18,903,954	(1,626,510)	-8.60%
Sales to Public Authorities	257,293	258,000	(707)	-0.27%	258,799	(1,506)	-0.58%
Other	706,716	619,701	87,016	14.04%	682,023	24,694	3.62%
TOTAL OPERATING REVENUES	42,215,750	49,391,329	(7,175,579)	-14.53%	46,187,250	(3,971,500)	-8.60%
OPERATING EXPENSES:							
Purchased Power	25,399,493	34,134,413	8,734,920	25.59%	31,668,574	6,269,081	19.80%
Distribution	3,537,029	4,451,024	913,994	20.53%	3,660,906	123,877	3.38%
Customer Accounts	636,866	755,007	118,142	15.65%	595,267	(41,598)	-6.99%
Customer Service, Informational & Sales	348,036	422,076	74,040	17.54%	311,682	(36,353)	-11.66%
Administrative Expenses	4,746,041	5,182,799	436,758	8.43%	3,709,025	(1,037,017)	-27.96%
Depreciation & Amortization	4,181,961	3,900,000	(281,961)	-7.23%	3,764,140	(417,821)	-11.10%
TOTAL OPERATING EXPENSES	38,849,425	48,845,318	9,995,893	20.46%	43,709,594	4,860,169	11.12%
OPERATING INCOME (LOSS)	3,366,324	546,010	2,820,314	516.53%	2,477,656	888,669	35.87%
NONOPERATING REVENUES (EXP):							
Interest Income - Investments	1,579,051	475,000	1,104,051	232.43%	301,427	1,277,624	423.86%
Interest Income - City of Kerrville	169,286	169,285	0	0.00%	180,000	(10,714)	-5.95%
Interest Expense	(127,298)	(119,256)	(8,042)	6.74%	(119,496)	(7,802)	6.53%
City of Kerrville - General Fund Transfer	(1,325,675)	(1,495,990)	170,315	-11.38%	(1,393,958)	68,283	-4.90%
City of Ingram - Franchise Fee	(36,498)	(42,445)	5,947	-14.01%	(34,786)	(1,712)	4.92%
Other - Net	49,396	32,000	17,396	54.36%	31,471	17,926	56.96%
TOTAL NONOPERATING REVENUES (EXP)	308,262	(981,405)	1,289,667	-131.41%	(1,035,342)	1,343,604	-129.77%
INCOME BEFORE CONTRIBUTIONS	3,674,586	(435,395)	4,109,981	-943.97%	1,442,313	2,232,273	154.77%
CAPITAL CONTRIBUTIONS	685,853	300,000	385,853	128.62%	421,055	264,798	62.89%
CHANGE IN NET POSITION	\$ 4,360,440	\$ (135,395)	\$ 4,495,835	3320.54%	1,863,368	\$ 2,497,071	134.01%
NET POSITION AT BEGINNING OF YEAR	\$ 73,973,702				\$ 72,110,335		
NET POSITION AT END OF MONTH	\$ 78,334,141				\$ 73,973,702		

Kerrville Public Utility Board
Balance Sheet
As of September 30, 2023

Assets and Deferred Outflows	September 30, 2023	September 30, 2022	Net Position, Liabilities and Deferred Inflows	September 30, 2023	September 30, 2022
Utility Plant:					
Utility Plant in Service	\$ 100,176,798	\$ 93,982,686	Total Net Position	\$ 78,334,141	\$ 73,973,702
Less: Accumulated Depreciation	(49,204,656)	(46,827,910)			
Net Utility Plant in Service	50,972,142	47,154,776			
Construction Work in Progress	1,661,135	1,834,762	Liabilities:		
Total Utility Plant	52,633,277	48,989,538	Current Liabilities:		
Restricted and Noncurrent Assets:			Current Maturities of Long-Term Liabilities	633,227	437,108
Customer Deposits	512,924	463,149	Accrued Interest Payable	54,430	48,046
Interest and Sinking Fund	440,861	434,802	Accounts Payable - Purchased Power	9,426,795	10,817,424
Emergency, Repair, Replace, Contingency Fund	3,760,703	3,585,091	Accounts Payable - Other	1,373,392	1,369,794
Advance to City of Kerrville, net of current portion	5,357,143	6,428,572	Over Collection of Power Cost Adjustment	12,516,345	3,846,149
Net Pension Asset	-	677,020	Total Current Liabilities	24,004,188	16,518,522
Total Restricted and Noncurrent Assets	10,071,632	11,588,634	Noncurrent Liabilities:		
Current Assets:			2013 Revenue Bonds, net of current portion	2,413,000	2,847,000
Revenue Fund:			Lease Liability	84,352	108,000
Cash and Cash Equivalents	720,093	606,004	Subscription Liability	692,268	-
Investments	30,433,641	23,084,450	Customer Deposits	512,924	463,149
Less: Customer Deposits	(512,924)	(463,149)	Interest on Customer Deposits	5,158	2,437
Total Revenue Fund	30,640,810	23,227,305	Net Pension Liability	3,877,307	-
Construction Fund:			Total OPEB Liability	260,808	382,619
Cash and Cash Equivalents	5,389	5,135	Total Long-Term Liabilities	7,845,818	3,803,205
Investments	1,528,354	1,456,985	Total Liabilities	31,850,006	20,321,726
Total Construction Fund	1,533,743	1,462,120	Deferred Inflows of Resources - Pension & OPEB	-	2,044,144
Rate Stabilization Fund:					
Investments	2,011,309	1,917,388			
Total Rate Stabilization Fund	2,011,309	1,917,388			
Long Term Rate Stabilization Fund:					
Investments	2,421,198	1,094,339			
Total Rate Stabilization Fund	2,421,198	1,094,339			
Customer Accounts Receivable, net of allowance	4,893,842	4,055,633			
Current Portion - Advance to City of Kerrville	1,071,428	1,071,428			
Materials and Supplies	1,233,153	1,135,750			
Other	888,455	895,666			
Total Current Assets	44,693,938	34,859,629			
Deferred Outflow of Resources - Pension & OPEB	2,785,300	901,771			
Total Assets and Deferred Outflows	\$ 110,184,147	\$ 96,339,572	Total Net Position, Liabilities and Deferred Inflows	\$ 110,184,147	\$ 96,339,572

Kerrville Public Utility Board
Invested Funds Detail
For the Month Ended September 30, 2023

	Date	Revenue Fund	Construction Fund	Rate Stabilization Fund	Restricted			Emergency Repair, Replacement & Contingency	Total Funds Invested
					Long Term Rate Stabilization Fund	Debt Reserve Fund	Interest & Sinking Fund		
Beginning Fund Balance		\$ 26,474,913	\$ 1,521,560	\$ 2,002,368	\$ 2,410,435	\$ -	\$ 396,089	\$ 3,743,986	\$ 36,549,351
Withdrawals:									
Happy Investment - TML	09/01/23	(79,962)							(79,962)
Happy Investment - TMRS	09/05/23	(73,409)							(73,409)
Happy Investment - DG Solar	09/12/23	(25,943)							(25,943)
Happy Investment - ERCOT	09/18/23	(128)							(128)
Happy Investment - NextEra	09/19/23	(485,088)							(485,088)
Happy Investment - CPS	09/20/23	(1,255,172)							(1,255,172)
Happy Investment - DG Solar	09/26/23	(78,209)							(78,209)
Happy Investment - ERCOT	09/26/23	(231,184)							(231,184)
Happy Investment - Engie	09/27/23	(104,029)							(104,029)
Happy Investment - LCRA	09/29/23	(639,047)							(639,047)
Investments:									
Happy Investment	09/01/23	400,000							400,000
Happy Investment	09/05/23	500,000							500,000
Happy Investment	09/08/23	500,000							500,000
Happy Investment	09/11/23	500,000							500,000
Happy Investment	09/22/23	700,000							700,000
Happy Investment	09/25/23	500,000							500,000
Happy Investment	09/29/23	3,750,000							3,750,000
Fund Balance after Withdrawals & Investments		30,352,741	1,521,560	2,002,368	2,410,435	-	396,089	3,743,986	40,427,180
Allocation of:									
Interest Income	09/30/23	123,891	6,794	8,941	10,763	-	1,781	16,717	168,887
Total Interest Allocation		123,891	6,794	8,941	10,763	-	1,781	16,717	168,887
Fund Balance After Allocations		30,476,632	1,528,354	2,011,309	2,421,198	-	397,870	3,760,703	40,596,067
Interfund Transfers :									
Debt Service	09/30/23	(42,991)					42,991		-
Ending Fund Balance		\$ 30,433,641	\$ 1,528,354	\$ 2,011,309	\$ 2,421,198	\$ -	\$ 440,861	\$ 3,760,703	\$ 40,596,067

Kerrville Public Utility Board
 Computation of the Monthly and Annual Debt Service Coverage
 For the Month Ended September 30, 2023

Description	Current Month	Fiscal Year	Previous 12 Months
CHANGE IN NET POSITION	\$ 2,167,515	\$ 4,360,440	\$ 4,360,440
PLUS:			
Interest Expense (net of amortizations)	18,357	127,298	127,298
Depreciation & Amortization Expense	338,281	4,181,961	4,181,961
Numerator	<u>2,524,153</u>	<u>8,669,698</u>	<u>8,669,698</u>
DIVIDED BY:			
Interest Expense (net of amortizations)	18,357	127,298	127,298
Principal Payment Due	36,167	433,000	433,000
Denominator	<u>\$ 54,524</u>	<u>\$ 560,298</u>	<u>\$ 560,298</u>
DEBT SERVICE COVERAGE RATIO	<u>46.29</u>	<u>15.47</u>	<u>15.47</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

Kerrville Public Utility Board
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Month Ended October 31, 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	\$ 1,145,520	\$ 2,148,364	\$ (1,002,844)	-46.68%	\$ 2,269,003	\$ (1,123,484)	-49.51%
Commercial/Industrial	817,458	1,824,839	(1,007,381)	-55.20%	1,819,931	(1,002,473)	-55.08%
Sales to Public Authorities	21,665	21,500	165	0.77%	21,557	109	0.50%
Other	41,278	54,032	(12,753)	-23.60%	39,674	1,604	4.04%
TOTAL OPERATING REVENUES	2,025,921	4,048,735	(2,022,814)	-49.96%	4,150,165	(2,124,244)	-51.18%
OPERATING EXPENSES:							
Purchased Power	873,907	2,366,261	1,492,355	63.07%	2,975,727	2,101,821	70.63%
Distribution	261,810	354,784	92,974	26.21%	178,686	(83,123)	-46.52%
Customer Accounts	28,613	66,502	37,889	56.97%	43,231	14,617	33.81%
Customer Service, Informational & Sales	61,952	36,916	(25,036)	-67.82%	21,342	(40,610)	-190.28%
Administrative Expenses	449,058	519,639	70,581	13.58%	416,717	(32,341)	-7.76%
Depreciation & Amortization	358,334	355,154	(3,180)	-0.90%	318,210	(40,124)	-12.61%
TOTAL OPERATING EXPENSES	2,033,674	3,699,257	1,665,582	45.02%	3,953,914	1,920,240	48.57%
OPERATING INCOME (LOSS)	(7,753)	349,478	(357,231)	-102.22%	196,251	(204,004)	-103.95%
NONOPERATING REVENUES (EXP):							
Interest Income - Investments	194,459	135,417	59,042	43.60%	92,021	102,438	111.32%
Interest Income - City of Kerrville	12,857	12,857	-	0.00%	15,000	(2,143)	-14.29%
Interest Expense	(9,551)	(9,106)	(445)	4.89%	(9,823)	272	-2.77%
City of Kerrville - General Fund Transfer	(66,938)	(125,983)	59,045	-46.87%	(127,266)	60,328	-47.40%
City of Ingram - Franchise Fee	(3,134)	(3,325)	191	-5.76%	(2,615)	(518)	19.82%
Other - Net	(1,983)	2,417	(4,400)	-182.07%	1,137	(3,121)	-274.41%
TOTAL NONOPERATING REVENUES (EXP)	125,711	12,277	113,434	923.95%	(31,545)	157,256	-498.51%
INCOME BEFORE CONTRIBUTIONS	117,958	361,755	(243,797)	67.39%	164,706	(46,748)	-28.38%
CAPITAL CONTRIBUTIONS	33,851	30,000	3,851	12.84%	27,080	6,772	25.01%
CHANGE IN NET POSITION	\$ 151,809	\$ 391,755	\$ (239,946)	61.25%	\$ 191,785	\$ (39,976)	20.84%
NET POSITION AT BEGINNING OF MONTH	\$ 78,334,141				\$ 73,973,702		
NET POSITION AT END OF MONTH	\$ 78,485,950				\$ 74,165,487		

Kerrville Public Utility Board
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Month Ended October 31, 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	\$ 1,145,520	\$ 2,148,364	\$ (1,002,844)	-46.68%	\$ 2,269,003	\$ (1,123,484)	-49.51%
Commercial/Industrial	817,458	1,824,839	(1,007,381)	-55.20%	1,819,931	(1,002,473)	-55.08%
Sales to Public Authorities	21,665	21,500	165	0.77%	21,557	109	0.50%
Other	41,278	54,032	(12,753)	-23.60%	39,674	1,604	4.04%
TOTAL OPERATING REVENUES	2,025,921	4,048,735	(2,022,814)	-49.96%	4,150,165	(2,124,244)	-51.18%
OPERATING EXPENSES:							
Purchased Power	873,907	2,366,261	1,492,355	63.07%	2,975,727	2,101,821	70.63%
Distribution	261,810	354,784	92,974	26.21%	178,686	(83,123)	-46.52%
Customer Accounts	28,613	66,502	37,889	56.97%	43,231	14,617	33.81%
Customer Service, Informational & Sales	61,952	36,916	(25,036)	-67.82%	21,342	(40,610)	-190.28%
Administrative Expenses	449,058	519,639	70,581	13.58%	416,717	(32,341)	-7.76%
Depreciation & Amortization	358,334	355,154	(3,180)	-0.90%	318,210	(40,124)	-12.61%
TOTAL OPERATING EXPENSES	2,033,674	3,699,257	1,665,582	45.02%	3,953,914	1,920,240	48.57%
OPERATING INCOME (LOSS)	(7,753)	349,478	(357,231)	-102.22%	196,251	(204,004)	-103.95%
NONOPERATING REVENUES (EXP):							
Interest Income - Investments	194,459	135,417	59,042	43.60%	92,021	102,438	111.32%
Interest Income - City of Kerrville	12,857	12,857	-	0.00%	15,000	(2,143)	-14.29%
Interest Expense	(9,551)	(9,106)	(445)	4.89%	(9,823)	272	-2.77%
City of Kerrville - General Fund Transfer	(66,938)	(125,983)	59,045	-46.87%	(127,266)	60,328	-47.40%
City of Ingram - Franchise Fee	(3,134)	(3,325)	191	-5.76%	(2,615)	(518)	19.82%
Other - Net	(1,983)	2,417	(4,400)	-182.07%	1,137	(3,121)	-274.41%
TOTAL NONOPERATING REVENUES (EXP)	125,711	12,277	113,434	923.95%	(31,545)	157,256	-498.51%
INCOME BEFORE CONTRIBUTIONS	117,958	361,755	(243,797)	-67.39%	164,706	(46,748)	-28.38%
CAPITAL CONTRIBUTIONS	33,851	30,000	3,851	12.84%	27,080	6,772	25.01%
CHANGE IN NET POSITION	\$ 151,809	\$ 391,755	\$ (239,946)	61.25%	191,785	\$ (39,976)	20.84%
NET POSITION AT BEGINNING OF YEAR	\$ 78,334,141				\$ 73,973,702		
NET POSITION AT END OF MONTH	\$ 78,485,950				\$ 74,165,487		

Kerrville Public Utility Board
Balance Sheet
As of October 31, 2023

Assets and Deferred Outflows	October 31, 2023	September 30, 2023	Net Position, Liabilities and Deferred Inflows	October 31, 2023	September 30, 2023
Utility Plant:					
Utility Plant in Service	\$ 100,649,358	\$ 100,176,798	Total Net Position	\$ 78,485,950	\$ 78,334,141
Less: Accumulated Depreciation	(49,501,389)	(49,204,656)			
Net Utility Plant in Service	51,147,970	50,972,142			
Construction Work in Progress	1,550,488	1,661,135	Liabilities:		
Total Utility Plant	52,698,457	52,633,277	Current Liabilities:		
Restricted and Noncurrent Assets:			Current Maturities of Long-Term Liabilities	647,227	633,227
Customer Deposits	526,566	512,924	Accrued Interest Payable	3,867	54,430
Interest and Sinking Fund	-	440,861	Accounts Payable - Purchased Power	9,426,795	9,426,795
Emergency, Repair, Replace, Contingency Fund	3,778,150	3,760,703	Accounts Payable - Other	790,202	1,373,392
Advance to City of Kerrville, net of current portion	5,357,143	5,357,143	Over Collection of Power Cost Adjustment	14,763,992	12,516,345
Total Restricted and Noncurrent Assets	9,661,859	10,071,632	Total Current Liabilities	25,632,082	24,004,188
Current Assets:			Noncurrent Liabilities:		
Revenue Fund:			2013 Revenue Bonds, net of current portion	1,965,000	2,413,000
Cash and Cash Equivalents	360,084	720,093	Lease Liability	83,228	84,352
Investments	33,070,972	30,433,641	Subscription Liability	629,409	692,268
Less: Customer Deposits	(526,566)	(512,924)	Customer Deposits	526,566	512,924
Total Revenue Fund	32,904,490	30,640,810	Interest on Customer Deposits	5,611	5,158
Construction Fund:			Net Pension Liability	3,877,307	3,877,307
Cash and Cash Equivalents	5,413	5,389	Total OPEB Liability	260,808	260,808
Investments	1,535,444	1,528,354	Total Long-Term Liabilities	7,347,929	7,845,818
Total Construction Fund	1,540,858	1,533,743	Total Liabilities	32,980,011	31,850,006
Rate Stabilization Fund:					
Investments	2,020,640	2,011,309			
Total Rate Stabilization Fund	2,020,640	2,011,309			
Long Term Rate Stabilization Fund:					
Investments	2,432,430	2,421,198			
Total Rate Stabilization Fund	2,432,430	2,421,198			
Customer Accounts Receivable, net of allowance	4,179,606	4,893,842			
Current Portion - Advance to City of Kerrville	1,071,428	1,071,428			
Materials and Supplies	1,269,543	1,233,153			
Other	901,351	888,455			
Total Current Assets	46,320,345	44,693,938			
Deferred Outflow of Resources - Pension & OPEB	2,785,300	2,785,300			
Total Assets and Deferred Outflows	\$ 111,465,962	\$ 110,184,147	Total Net Position, Liabilities and Deferred Inflows	\$ 111,465,962	\$ 110,184,147

Kerrville Public Utility Board
Invested Funds Detail
For the Month Ended October 31, 2023

	Date	Revenue Fund	Restricted					Emergency Repair, Replacement & Contingency Fund	Total Funds Invested
			Construction Fund	Rate Stabilization Fund	Long Term Rate Stabilization Fund	Debt Reserve Fund	Interest & Sinking Fund		
Beginning Fund Balance		\$ 30,433,641	\$ 1,528,354	\$ 2,011,309	\$ 2,421,198	\$ -	\$ 440,861	\$ 3,760,703	\$ 40,596,067
Withdrawals:									
Happy Investment - TML	10/02/23	(76,004)							(76,004)
Happy Investment - TMRS	10/16/23	(112,872)							(112,872)
Happy Investment - ERCOT	10/16/23	(51)							(51)
Happy Investment - NextEra	10/19/23	(469,440)							(469,440)
Happy Investment - CPS	10/20/23	(1,102,179)							(1,102,179)
Happy Investment - DG Solar	10/24/23	(58,758)							(58,758)
Happy Investment - ERCOT	10/24/23	(162,503)							(162,503)
Happy Investment - Engie	10/27/23	(95,658)							(95,658)
Happy Investment - Debt Service	10/30/23						(485,634)		(485,634)
Happy Investment - LCRA	10/31/23	(636,411)							(636,411)
Investments:									
Happy Investment	10/02/23	400,000							400,000
Happy Investment	10/06/23	400,000							400,000
Happy Investment	10/13/23	450,000							450,000
Happy Investment	10/16/23	399,085							399,085
Happy Investment	10/20/23	600,000							600,000
Happy Investment	10/23/23	400,000							400,000
Happy Investment	10/30/23	1,000,000							1,000,000
Happy Investment	10/31/23	1,600,000							1,600,000
Fund Balance after Withdrawals & Investments		32,968,850	1,528,354	2,011,309	2,421,198	-	(44,772)	3,760,703	42,645,642
Allocation of:									
Interest Income	10/31/23	144,988	7,090	9,331	11,232	-	1,906	17,447	191,994
Total Interest Allocation		144,988	7,090	9,331	11,232	-	1,906	17,447	191,994
Fund Balance After Allocations		33,113,838	1,535,444	2,020,640	2,432,430	-	(42,866)	3,778,150	42,837,636
Interfund Transfers :									
Debt Service	10/31/23	(42,866)					42,866		-
COK Advance Repayment									-
Ending Fund Balance		\$ 33,070,972	\$ 1,535,444	\$ 2,020,640	\$ 2,432,430	\$ -	\$ 0	\$ 3,778,150	\$ 42,837,636

Kerrville Public Utility Board
 Computation of the Monthly and Annual Debt Service Coverage
 For the Month Ended October 31, 2023

Description	Current Month	Fiscal Year	Previous 12 Months
CHANGE IN NET POSITION	\$ 151,809	\$ 151,809	\$ 4,320,463
PLUS:			
Interest Expense (net of amortizations)	9,551	9,551	127,026
Depreciation & Amortization Expense	<u>358,334</u>	<u>358,334</u>	<u>4,222,085</u>
Numerator	<u>519,694</u>	<u>519,694</u>	<u>8,669,574</u>
DIVIDED BY:			
Interest Expense (net of amortizations)	9,551	9,551	127,026
Principal Payment Due	<u>36,167</u>	<u>36,167</u>	<u>434,000</u>
Denominator	<u>\$ 45,717</u>	<u>\$ 45,717</u>	<u>\$ 561,026</u>
DEBT SERVICE COVERAGE RATIO	<u><u>11.37</u></u>	<u><u>11.37</u></u>	<u><u>15.45</u></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: Amy Dozier

Date: November 9, 2023

Re: Agenda Item No. 7 – Quarterly Funds Report

Attached please find summary information from KPUB's quarterly funds report.

As of September 30, 2023, KPUB had \$40.6M invested in municipal investment pools and demand accounts at Happy State Bank. The majority of the funds (\$21.3M) are held in demand accounts at Happy State Bank. These accounts are fully collateralized, completely liquid and earning 5.54% as of November 9, 2023.

The Investment Committee discussed KPUB's investment accounts following the October Board meeting. Due to the growing balance in our investment accounts, the committee discussed looking at rates on short term investments in the six to nine-month range. If rates are materially better than the municipal pool or Happy rates, we will consider investing a portion in something that is not completely liquid. Our overall plan is still to hold the majority of investments in completely liquid and fully collateralized investments at favorable rates until pending litigation is resolved.

Sincerely,



Amy Dozier
Director of Finance

Kerrville Public Utility Board
Schedule of Average Daily Balance of Fund
For Reporting Compliance as Required by the
Texas Public Funds Investment Act
For the Quarter Ended September 30, 2023

Total Funds Invested

Day of the Month	July 2023	August 2023	September 2023	Totals
1	\$ 31,820,001	\$ 34,540,915	\$ 36,869,389	
2	31,820,001	34,540,915	36,869,389	
3	31,744,309	34,540,915	36,869,389	
4	31,744,309	34,767,876	36,869,389	
5	31,744,309	34,767,876	37,295,981	
6	32,071,448	34,767,876	37,295,981	
7	32,071,448	35,267,876	37,295,981	
8	32,071,448	35,267,835	37,795,981	
9	32,071,448	35,267,835	37,795,981	
10	32,471,448	35,267,815	37,795,981	
11	32,471,448	35,767,815	38,295,981	
12	32,471,448	35,767,815	38,270,038	
13	32,471,448	35,767,815	38,270,038	
14	32,871,448	36,167,815	38,270,038	
15	32,871,448	36,167,815	38,270,038	
16	32,871,448	36,167,692	38,270,038	
17	32,871,448	36,167,692	38,270,038	
18	33,321,336	35,682,604	38,269,910	
19	32,851,896	35,682,604	37,784,822	
20	31,671,899	35,682,604	36,529,650	
21	32,021,899	35,405,380	36,529,650	
22	32,021,899	35,290,412	37,229,650	
23	32,021,899	35,290,412	37,229,650	
24	32,021,899	35,290,412	37,229,650	
25	32,606,032	35,990,412	37,729,650	
26	32,532,743	35,990,412	37,420,257	
27	32,426,368	35,990,412	37,316,227	
28	33,226,368	36,478,021	37,316,227	
29	33,226,368	36,478,021	40,427,180	
30	33,226,368	36,478,021	40,596,067	
31	34,016,607	36,549,351		
Total of daily balance	\$ 1,005,723,885	\$ 1,103,251,273	\$ 1,132,278,237	
Average daily balance	\$ 32,442,706	\$ 35,588,751	\$ 37,742,608	\$ 35,231,015
Interest earnings	\$ 145,892	\$ 163,102	\$ 168,887	\$ 477,881
APY ----->	5.29%	5.40%	5.44%	5.38%

**Kerrville Public Utility Board
Schedule of Other Investment Facts
For Reporting Compliance as Required by the
Texas Public Funds Investment Act
For the Quarter Ended September 30, 2023**

Total Funds Invested by Fund

Fund	Market Value and Book Value		Actual Interest Earnings		Budgeted Interest Earnings
Revenue	\$	30,433,641	\$	345,360	\$ 132,313
Construction		1,528,354		20,518	9,063
Rate Stabilization		2,011,309		27,002	10,875
Long Term Rate Stabilization		2,421,198		29,731	7,250
Debt Reserve		-		-	-
Interest & Sinking		440,861		4,783	907
Emergency, Repair, Replace & Cont. Fund		3,760,703		50,487	20,844
Total	\$	40,596,067	\$	477,881	\$ 181,252

Total Funds Invested by Security

Type of Security	Market Value and Book Value		Actual Interest Earnings		Budgeted Interest Earnings
Certificate of Deposit	0%	\$ -	\$ -	\$ -	-
TexPool	7%	2,831,144	37,131		12,640
LOGIC	40%	16,437,459	165,670		73,389
Happy State Bank - Investment	53%	21,327,464	275,080		95,222
Totals	100%	\$ 40,596,067	\$ 477,881	\$	181,252

MEMORANDUM

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

From: Tammye Riley

Date: November 10, 2023

Re: Agenda Item No. 8 – Top Workplace Award

In September, KPUB was designated as a 2023 Top Workplace employer by the San Antonio Express News. Earlier this year an independent and confidential survey was sent out to our employees requesting feedback on their experience as a KPUB employee. Categories of the workplace experience that were included in the survey were, alignment, empowerment, ability to grow, value, engagement and respect & support.

We had a 75% participation rate and the survey results indicated that KPUB has an overall employee engagement rate of 83%. Employee engagement is when employees are highly motivated, committed to staying and willing to recruit others. This engagement score makes us both proud of where we are at and excited with the opportunity to improve those results in the years to come.

Some of the strengths to note is Execution: Employees think things run efficiently & well and Direction: Employees believe the organization is going in the right direction.

There will be slides with additional details presented at the board meeting

Please let me know if you have any questions that I can address.

Thank you,



Tammye Riley
Director of Operations