



City of King'sville, Texas
Comprehensive Annual Financial Report
For the Year Ended September 30, 2019



Comprehensive Annual Financial Report

September 30, 2019

CITY OF KINGSVILLE, TEXAS

City Commission

(for the fiscal year ended September 30, 2019)

Sam R. Fugate	Mayor
Edna Lopez	Mayor Pro-Tem
Hector Hinojosa	Commissioner
Arturo Pecos	Commissioner
Dianne Leubert	Commissioner

City Manager

Mark McLaughlin

Prepared By:

Department of Finance

Deborah Balli, CPA, CGFO - Director of Finance
David Bodiford - Accounting Manager

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P.O. BOX 1458 - KINGSVILLE, TEXAS 78364

March 29, 2020

Dear Honorable Mayor, Members of City Commission, and Citizens of Kingsville:

The Comprehensive Annual Financial Report of the City of Kingsville, Texas (City) for the fiscal year ended September 30, 2019, is submitted herewith. As required by the TEX. LOCAL GOV'T CODE ANN. § 103.001 et seq., the report includes financial statements which have been audited by an independent firm of certified public accountants, John Womack & Co. PC. The financial statements are presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and are audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the presentation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The goal of the independent audit, conducted by John Womack & Co. PC, was to provide reasonable assurance that the financial statements of the City of Kingsville for fiscal year ended September 30, 2019, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Kingsville's financial statements for the fiscal year ended September 30, 2019, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Kingsville's MD&A can be found immediately following the report of the independent auditor.

THE CITY AND ITS ORGANIZATION

Population and Location

Based on the reviewed 2010 Census of Kingsville, the City now has a population of 26,071; this represents a 6.33 percent increase over the 2000 Census of 25,575. The City of Kingsville's standard metropolitan statistical area consists of Kleberg County which has a population of 32,061 according to the 2010 Census. The geographic location of the City is on U. S. Highway 77 which has been proposed to be the new Interstate 69 which will facilitate travel from Mexico, Central and South America to the U.S. and Canada. The City is also home to a major military installation, NAS Kingsville, and tourist attraction, the King Ranch.

The total area of the City is approximately 13.93 square miles. The City may expand its jurisdiction, by adding territory adjoining or lying adjacent to the City, by ordinance pursuant to its regularly updated and statutorily required annexation plan.

Form of Government and City Services

The City was incorporated in 1911. In 1916, the City was organized under a City Charter and operated as a General Law city until 1926, at which time a Home Rule Charter with a Commission form of government, was adopted. The Charter was amended in 1986 to adopt the present and nationally predominant Commission-Manager form of government.

The City Commission consists of the Mayor and four Commission Members elected for two-year terms. The Mayor and the four Commission Members are elected at large. The City Commission is responsible for passing ordinances, adopting the budget, appointing committees, and appointing the City Manager, City Attorney, and Municipal Court Judge. The City Manager is the Chief Administrative and Executive Officer and is responsible for carrying out policies and ordinances of the City Commission, overseeing day-to-day operations, presenting an annual budget and appointing all other City Employees.

The Kingsville Police Department (KPD) is comprised of 49 sworn peace officers performing varied and multiple tasks, serving a population of 26,071 and is located off US Highway 77, soon to be Interstate 69. The department is made up of four divisions with some split into bureaus.

Our Mission: We will perform our duty as armed public servants with honor and valor as we protect citizens, liberties and property in pursuit of happiness.

Core Values:

- Honor—our guarantee that we will perform when others are not willing to, or unable to.
- Service—contributing to the well-being of others.
- Duty—service that we provide because we are morally and legally bound as peace officers.

- Valor—strength of spirit that enables us as peace officers to encounter danger with personal bravery.

The Administration Division consists of the Chief of Police, Administrative Assistant, Office of Professional Standards Captain, Warrants Officer and Training Officer. The Chief of Police is responsible for directing all activities of the department. This department is accomplished through written and oral orders as well as by personal leadership. Written orders take the form of general orders, standard operating procedures and other directives as needed. The Office of Professional Standards Captain investigates incidents and possible suspicions of misconduct or criminal behavior involving police officers. The Warrants Officer apprehends persons with outstanding city warrants and delivers those persons before the court or to jail as necessary. The Training Officer is responsible for conducting all in-service training for police employees, as well as coordinating the field training officer program, ensuring that all officers are up to date on Texas Commission on Law Enforcement Training for the training cycle.

The Uniform Patrol Division makes up the largest portion of the department with 31 officers. The division is headed by a Commander of the division as well as three patrol shifts, which consist of four Captains, three Lieutenants and 22 patrol officers. Their duties include vehicle and bicycle patrol, criminal enforcement, traffic enforcement, and accident investigation, as well as community outreach.

The Support Services Division that encompasses the Criminal Investigations Bureau are headed by a Commander and manned by eight Investigators who are responsible for investigations and coordination of the Crime Stoppers Program. The Street Level Operations Team consisting of a Lieutenant and two Criminal Investigators is also part of the Criminal Investigations Bureau. Their responsibilities include the investigation of narcotics offenses as well as targeted criminal interdiction within our city limits. Rounding out the CIB is the Crime Scene Technician, who is responsible for the proper photographing, gathering, processing, cataloging, storage and, if necessary, submission to an accredited laboratory for further processing if necessary.

The Communications Bureau consists of 10 telecommunications personnel, 4 lead dispatchers and the Communications Supervisor who are responsible for the communications demands of our department. Communications for Public Safety, which includes the Police Department as well as the Fire Department, will be provided by these same personnel.

The department's Special Weapons and Tactics "SWAT" unit consist of a Commander, two team leaders, 8 operators, a sniper and several hostage negotiators. In 2007, the Texas Tactical Police Officers Association awarded the team with a Unit Citation. Our SWAT unit remains the only unit in the state that has received a "Unit Citation."

We are a department who is "Committed to Excellence," and we are constantly seeking new technology and innovation so that we may better serve the public.

The City's Fire Department operates two fire stations, and provides fire protection, advanced life support emergency medical services, transport, fire inspections, fire investigations, supports a volunteer firefighter division, and emergency management for the City of Kingsville. The Department staffs 2 fire engines, 2 MICU ambulances, and cross staffs a variety of other apparatus, depending on the emergency. They utilize a minimum of 8 full time personnel each day and are augmented by volunteer firefighters when available. The above-mentioned services are provided by 31 professional firefighters, 28 volunteer firefighters, and 4 support staff, which include the Fire Chief, Fire Marshal, Administrative Assistant, and a Part Time Customer Service Representative. Of the 31 professional firefighters, currently there are 13 certified EMT Paramedics, 3 Advanced EMT's, and 12 Basic EMT's and are in hopes of filling the remaining 3 department vacancies soon.

The City has a combined utility system (System) comprised of water and wastewater. The City's water system, consisting of 123.0 miles of waterlines, serves all residents of the City, as well as several other customers and industries within Kleberg County and a 2-mile radius of the City. The City's water supply is primarily provided by seven water wells. The second water supply source is with the South Texas Water Authority (STWA,) which maintains a 42" water line to the City of Corpus Christi. The City's water supply is sufficient to continue serving the City for the next several decades.

Wastewater collection and treatment is provided within the city limits to more than 26,213 residential, commercial, and industrial customers. The collection system consists of 96.1 miles of gravity and force mains, 1,381 manholes, and 9 lift stations. The City owns and operates 2 treatment plants with separate collection basins, with an average aggregated daily flow at treatment plants of 2,200,000 gallons per day, or 55% of aggregate permitted capacity.

In addition to operating the combined utility system, the City also provides garbage collection and disposal. Garbage collection is primarily limited to residential and commercial service. The City, with its automated garbage collection program, provides garbage pick-up twice a week for residential customers. The commercial garbage collection is also automated and is collected up to six days a week. The City's recycling center collects approximately 150 tons a year. The City owns and operates a regional waste disposal facility, also accepting waste from outside of the City and from commercial garbage haulers. Other public works operations of the City include drainage and street maintenance program, street lighting and traffic signalization and engineering. The City provides engineering services to support all public works departments as well as the planning department. It also provides the City with engineering design for City construction projects.

The Robert J. Kleberg Public Library is a City-County public library that provides comprehensive library services and information to residents of Kleberg County. The Woman's Club of Kingsville founded the public library on February 23, 1909. A 12-member Advisory Library Board, which includes three ex-officio members, governs the library, appoints the Library Director, advocates for the library, supports the library's mission, adopts policies, sets goals, and monitors the library's progress. The Library Board consists of four City-appointed and four County-appointed members, and one joint

City-County appointed member. Each Board member is appointed for a three-year term. The three ex-officio Board members are the City of Kingsville City Manager, the Kleberg County Judge, and the Kingsville Independent School District Superintendent. The Library Director, under the guidance of the Board, manages the day-to-day administrative operations of the library. The library staff consists of eight full-time and four part-time employees. The 10,250 square foot facility houses more than 55,000 items for leisure and research use. The library has over 30,000 registered patrons and has a circulation of approximately 40,000 items annually. Community enrichment and culture services are major programs of the public library. Throughout the year, the library averages over 50,000 visits, and over 1,500 patrons engage in the library's very popular author lectures and book signings events, and the children's summer reading and activities program. The library offers services and resources such as Notary Public, Exam proctoring, Microsoft Office Suite, TexShare Databases, eBooks, Digital audiobooks, Streaming movies, Free high-speed broadband Internet, Wi-Fi Internet access, Wi-Fi web printing, Computer labs, a STREAM Maker's Space Lab with a 3D printer, an Employment Resource Center Lab, public printers, and typewriters. The Robert J. Kleberg Public Library is a member of The Central Texas Library System and is accredited by the Texas State Library and Archives Commission.

County Parks and Recreation facilities in the City of Kingsville city limits are owned partly by Kleberg County and partly by the City of Kingsville. Until October 2014, the County Parks System was under the management of Kleberg County with financial contribution by the City of Kingsville. By agreement and with inter-local agreement adopted in October 2014, the management of the County Parks within the City limits of Kingsville was transferred to the City of Kingsville.

The City of Kingsville and Kleberg County own and maintain extensive recreational facilities, which include 631 acres of parks and playgrounds, one swimming pool, 12 baseball and softball diamonds, 12 multi-purpose fields, a disc golf course, a walking/jogging path, 2 cricket pads, one recreational center, one BBQ hut, a Skate Park and an 18-hole golf course that is located at LE Ramey park. City of Kingsville, in the last several years, has also developed a new community Xeriscape Garden and Pavilion area in the downtown area which is being incorporated into the Parks Department inventory. In the fiscal year 2017-2018, a Kiddie Pool was added to the Brookshire Pool and a new Splash Pad was constructed at Los Hermanos Flores Park.

Environmental health, Food Services, animal control & care services, vector control (mosquitos) services and Onsite Sewage Facilities are provided by the jointly operated City of Kingsville/Kleberg County Health Department.

Annual Budget Process

State laws and the City Charter require the preparation and filing of a balanced annual operating budget. Departments are required to submit requests to the Finance Department by the first week of June for the development of the annual operating budget. Under the direction of the City Manager, the Director of Finance uses these requests to develop a proposed balanced operating budget for presentation to the City Commission

by the beginning of August. Following months of budget discussions and deliberations with City Commission, a public hearing is scheduled for the first week of September and adoption of the budget ordinance and supporting fee schedules occur no later than September 30th. The operating budget is prepared by fund, department, function, and organizational unit or project levels. All funds, except for grant funds, are budgeted annually. Grant funds are budgeted during the fiscal year, through the budget amendment process, when the award is received.

Budgetary management is delegated to department heads that may approve transfers of appropriations within their department. Budgetary control is performed by both department heads and the Finance Department. Transfer of appropriations between funds requires City Commission approval.

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For governmental funds other than the general fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report. Budget-to-actual reports are provided on a monthly and unaudited basis by the Finance Department and sent to management for review and use in monitoring revenues and expenditures. The Quarterly Budget Report is provided to the City Commission for review and discussion.

FINANCIAL CONDITION

Local Economy

An understanding of the information presented in the financial statements is enhanced when it is reviewed within the context of the City's local economy. The following information is provided to highlight a broad range of economic forces which support the City's operations.

Major Revenues

The City's major sources of revenue are property, sales and other taxes, and business fees. The September 30, 2019 period showed the following changes in these sources from the prior year: (1) an increase in property tax receipts due to an increase in the property values, (2) an increase in charges for services and (3) a decrease in building permit fees and (4) an increase in sales taxes. This illustrates the resilience of the local economy. Real property tax collections, as a percent of levy collected, has remained stable. Current fiscal year collected taxes to date, as a percent of the net current tax levy, have increased slightly.

Employment

The local unemployment rate stood at 5.6% for September, 2018 compared to 4.0% for Texas and 4.2% for the nation. Future Job growth for the City fell below the National average and was projected at 19.68% compared to 37.98% nationally for this same period

ending at September, 2018. Compared to the rest of the country, Kingsville's cost of living is 13% lower than the U.S. average. The median home cost in Kingsville is \$131,875 with a 27.05% appreciation rate over the last 10 years. Median household income is \$36,500 which has grown by 48.63% since 2000.

Diversification of Economy

The region has a varied manufacturing, agricultural and petrochemical base that adds to the relative stability of employment. Major industries located within the City's boundaries, or in close proximity, include industrial, construction, fast food restaurants, convenience stores, banking, and financial services.

Texas A&M University - Kingsville (TAMUK) is also located within the city limits of the City of Kingsville. It boasts of being South Texas' greatest university, offering more academic programs and degrees, providing better learning and living facilities, doing more research, awarding more scholarships and producing more successful graduates than any other college or university in the region. TAMUK seeks to provide quality undergraduate and graduate programs for students of all ages through a judicious blend of liberal and career education programs. The emphasis is on providing an intellectually challenging education reflecting high standards of academic performance. TAMUK is dedicated to serving an ethnically and culturally diverse population. The University is committed to its mission of teaching, research, and service in South Texas for the advancement of knowledge and of regional development.

The federal government also has a major presence within the area with two bases that make up the south Texas military complex: Naval Air Station – Kingsville (NASK) and Naval Air Station – Corpus Christi. NASK is a military airport located 3 miles east of Kingsville, Texas and is one of the US Navy's premier locations for jet aviation training. Its primary mission is to train Student Naval Aviators for the United States Navy and Marine Corps and tactical jet pilots for other select NATO and Allied countries.

The City of Kingsville's trade area consists of four counties: Kleberg, Kenedy, Nueces and Jim Wells. Each of these counties maintains a solid and diversified economic base which contributes material support to the City of Kingsville due to its location as a regional trade center. The City of Kingsville's economy provides a diversified product market including metal fabrication, chemical processing, farm and ranch equipment, cement, petrochemical products, fishing and seafood products and more.

Since 2010, the City has funded its participation in the Texas Main Street program as a strategy for the redevelopment of its historic downtown commercial district, a district that serves the local community, a growing tourism market, as well as the students of the local university.

The land in the City of Kingsville region has strong mineral deposits, rich soil and an excellent climate, with the principle crops being grain, sorghum, and cotton. The region produces a large supply of livestock including cattle, hogs, and poultry. The oil and gas industry is a major factor in the growth and stability within the trade area. This industry provides a secondary market for petroleum by-products and chemicals.

Wind farm development is springing up in the area, affecting hotel occupancy and sales tax, but has also raised Navy concerns over the impact on potential nearby wind farms on flight training safety due to radar interference.

Major Eagle Ford Shale Region oil and gas discoveries, while too far away to have direct effect, are having a positive spillover impact on businesses and on hotel occupancy and sales tax. Meanwhile, job opportunities in the oil and gas industry are attracting local and city employees.

Transportation

A primary component of the City's transportation system is the 2,457-acre Corpus Christi International Airport, which is only 45 minutes from the City of Kingsville. Currently, the Airport is served by approximately 24-30 daily flights from three major domestic carriers that use the Airport's 7,508 and 6,080 feet of lighted runways for a total of 13,588 feet. The Airport serviced 334,794 enplanes and 332,607 deplanes in fiscal year 2018. Additionally, airport safety has been enhanced through a multi-jurisdictional cooperative effort with other civil and military law enforcement agencies.

The City is also served by a network of major highways. U.S. Highway 77 (in transition and under construction to become Interstate 69) links the City of Kingsville to both the Rio Grande Valley/Mexico to the south and Victoria (which then provides a direct connection to U.S. 59 and Houston). State Highway 44 and U.S. Highway 59 also link the City of Kingsville to Laredo/Mexico from U.S. Highway 77 at Robstown and Victoria. All highways are four-lane roads and are maintained at interstate or near interstate standards. There is a total of 145.76 miles of local streets within the city limits of Kingsville. Of this total, the Texas Department of Transportation (TXDOT) owns and maintains approximately 25.76 miles of roadway. The City of Kingsville owns and maintains the other 120.0 miles of streets. Seventeen separate motor carriers serve the City of Kingsville for truck transport of products to market. Rail service to and from the City of Kingsville is provided by the Burlington Northern/Santa Fe Railway, Texas Mexican Railway and Union Pacific Railroad.

Major Expenses

The government's expenses relating to public safety and public works comprise 55.64% of total expenses for governmental activities as reflected in Exhibit B1 of the Comprehensive Annual Finance Report (CAFR). As evidenced by the table below, the government's expenses relating to these activities have remained relatively constant. Expenses for public safety and public works have slightly decreased as a percentage of total expenses for governmental activities over the last ten years.

Expenses as a Percent of
Total Governmental Activities

Activity	FY 09-10	FY 18-19	Net Change
Public Safety - Police & Fire	54.39%	44.35%	-10.04%
Public Works	18.27%	11.29%	-6.98%
Total	72.66%	55.64%	-17.02%

Long-term Financing Plan/Relevant Financing Policies

During FY 17-18, the City Commission approved an amendment to the current Fund Balance Policy to allow fund balances for the General Fund and the Utility Fund to drop from 25% to 20% if it became necessary. The City Commission set a payback period when a drop-in fund balance occurs. This was done due to the lack of debt capacity available to take care of pressing capital expenditures.

Major Initiatives

The City of Kingsville focused FY19 on continuing to improve the Quality of Life of residents via economic development, park and infrastructure improvements. Additionally, the City continued to work on enhancing City Facilities

The 2016 CO Series fund allocated funding for various authorized capital projects. Funds were allocated to purchase a Fire truck for the Fire Department. Playground equipment and repairs to the Brookshire pool were completed. The Parks department was successful in being awarded a Texas Parks and Wildlife grant and the City committed funds toward the cash match. The County was awarded an EDA grant for a capital project at the JK Northway Expo Center for a regional training and housing emergency management operations center with the City contributing 50% of the cash match required for this grant.

FY19 saw continued focus on Street Improvements with \$1.2 million budgeted for work on streets.

The Police Department continued to focus on enhancing its fleet with the purchase of new police vehicles in FY19.

Economic Development

The City continues to partner with Kleberg County, the Greater Kingsville Economic Development Council (EDC), Texas A&M University-Kingsville (TAMUK), Workforce Solutions of the Coastal Bend and Coastal Bend College in creating quality jobs and programs toward achieving optimal economic stability and diversification. Major initiatives tied to economic development are being collaborated on with these partners.

Recently, that partnership has worked to create an economic development strategic plan that is focused on growing the commercial and industrial sectors of the economy. Additionally, these partners have collaborated to continue marketing the community and have attracted substantial interest in apartment developments and commercial prospects. The partners have developed a data-driven strategy to increase commercial investment in the city through targeted retail development recruitment.

The City also continues to support our local economic partners, most notably the Texas A&M University Kingsville, The Rangel College of Pharmacy and the Naval Air Station-Kingsville. The City, in partnership with the EDC, continues to monitor and support the missions of our important industries. In conjunction with this, we continually work to bring diverse industry that can relate and or equally capitalize on the current industries/services that are currently located in Kingsville.

Additionally, the City was able to successfully continue a partnership with our neighboring industrial company, Celanese. The City and Celanese renegotiated a Payment In Lieu Of Taxes Agreement wherein both parties have agreed to cooperate on economic development initiatives both financially for the City and from a business development standpoint for Celanese. This exciting partnership, while a continuation, is a valuable contribution to the economic development mission.

The EDC is exploring ways to capitalize on growth related to industrial development in the Port of Corpus Christi. The EDC will continue to look at ways to attract development that is tied to that growth to the geographic area and industrial sector.

Current Construction Projects

There is continued construction in the Wildwood Trials subdivision. Of the 184 lots that can be built on, 95 lots already have homes on them. A little over 50% of the subdivision has been developed in five-years.

Twenty-six new single-family residences were constructed in the past year at an average cost of \$130,000.

Multiple small apartment projects, throughout the community are in progress. These projects typically contain 8 to 15-units.

The interior of the HEB has been totally remodeled and the parking lot is currently being repaved with concrete for a 5.8 million dollar project.

Dollar General recently built a brand-new store near the historic downtown at a cost of \$900,000.

Starbucks at I-77 & General Cavazos just opened with outdoor seating and drive through at a cost of 1.25 million dollars.

A new Parish Hall, Chapel and Parish offices for St. Gertrude's Parish is being built at a cost of 3.9 million dollars.

Well Med Medical Group recently moved into a newly renovated space in the Wild Horse Desert Mall at a cost of \$420,000.

Future Construction Projects

The City is reviewing the construction plans for two new apartment buildings, three new businesses and several single-family residences.

We have also seen an increase in the number of remodeling projects, and new homes are being built in the Historic Development District. We have two major renovations of downtown vacant commercial buildings in the planning stages.

The Economic Development Corporation is continually working on additional businesses to locate in Kingsville.

Tourism

The City of Kingsville's development as a thriving historical community has made it a unique tourism attraction for the South Texas region. The success of it all was made possible by the significant efforts of our City's founder, Mrs. Henrietta M. King and her son-in-law Robert J. Kleberg. Seeking to foster community and economic development in the untamed desert, Mrs. King donated hundreds of acres which became the site of present-day Kingsville.

The rich ranchland area, first known as the Wild Horse Desert, supports local events, along with tourism of our heritage or for doing some golfing, birding and hunting. The mostly open range acquired by Captain Richard King back in 1853 is well-known as one of the largest working ranches in the world. Capt. King established his working ranch the following year along the Santa Gertrudis creek and as a sprawling ranch, the novel and later the motion picture *Giant*, was inspired by it all.

The King Ranch's support and influence has left an indelible mark on the Kingsville's growth and culture that continues to this day. As a centennial city, the secret to the City's longevity lies in the resilience of its people and the array of local attractions that draw a wide variety of guests who are seeking to immerse themselves in a bit of historical southern charm and a slower pace of life. Today, Kingsville has become a multicultural city that offers something for everyone. Tourism also manages and maintains the JK Northway Expo center, named for King Ranch's Dr. J. K. Northway, a long-time veterinarian from the beginning of the 20th century, whose work focused on breeding programs. Northway is credited with the success of the Santa Gertrudis breed of cattle and the King Ranch Quarter Horse. Today, the JK Northway Expo Center hosts events ranging from concerts, to bull riding events and stock shows.

Early on, with Kingsville having mostly open range and the scarcely populated area, land was acquired to build a four-year Institution and naval air station. Renowned in public research, Texas A&M University-Kingsville was chartered in 1917 but did not open its doors until 1925 due to the United States entering the First World War. With continuing

operations for over 90 years, it has been designated as South Texas' oldest public college south of San Antonio. Today the university continues its growth and popularity especially by its sports-related events, visitors and diverse population.

Also, with its desirable climate and open range, the U.S. Department of Defense in 1941 established NAS Kingsville to the east of the town after a group of Kingsville civic leaders pleaded their case to the department for a base to be located here. Today, Naval Air Station Kingsville operates high performance single engine aircrafts and is one of the Navy's premier locations for jet aviation training in the World. The Navy and the city have such good relations that in 2019, the Secretary of the Navy announced a new Independence-variant Littoral Combat Ship to be named USS Kingsville (LCS 36).

Whether arriving in town from the east through the main corridor or landing at the local airport strip to the west of town, visiting our community can indulge you in some retail therapy at numerous quaint specialty shops and restaurants located in the heart of the city's historic downtown district. Also, besides reaching world class fishing along our County's bay, we also have some of the most famous, delicious and historic cuisines along the Gulf of Mexico. And whether you want to get up close and personal with hundreds of species of wildlife along the beach or the Ranch, or to just kick up your boots in town at one of our lodging destinations, we have you covered. Tourism works to encourage visits and stays at our 13 operating properties who have a combined total of 740 hotel rooms.

Financing of Major Capital Projects

During the 2019 fiscal year, the City continued to utilize bond issues from the previous fiscal years to fund projects and capital assets planned and approved during the past fiscal year. These are major initiatives that represent a significant long-term commitment to revitalization strategies that support commercial and industrial growth and improved quality of life for current residents.

Budget Program

The Government Finance Officers Association (GFOA) awarded a Distinguished Budget Presentation Award to the City of Kingsville for its Budget document for the fiscal year ended September 30, 2019. This was the fourth year that the City submitted and received this prestigious award. This award is valid for a period of one year only.

CAFR Program

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Kingsville for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2018 continuing to confirm compliance with both GAAP and legal requirements. The City has received this prestigious award for the last 30 consecutive years. A Certificate

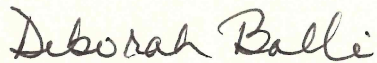
of Achievement is valid for a period of one year only. We believe this CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility certification.

ACKNOWLEDGEMENTS

The preparation of this report is possible only because of the dedication of the staff members in the Department of Finance, including David Bodiford, Accounting Manager; along with support staff members, Charlie Sosa, Sally Saenz, Jessica Sandoval, Lauren Flores and Norma Cavazos. Special thanks must be given to our City Manager, Mark McLaughlin for his continued guidance and support.

Credit must also be given to the Mayor and the City Commissioners for their continuous support and for maintaining the highest standards of professionalism in the management of the City of Kingsville and the prudent financial policies to which it subscribes.

Respectfully submitted,



Deborah Balli, CPA, CGFO
Director of Finance



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Kingsville
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

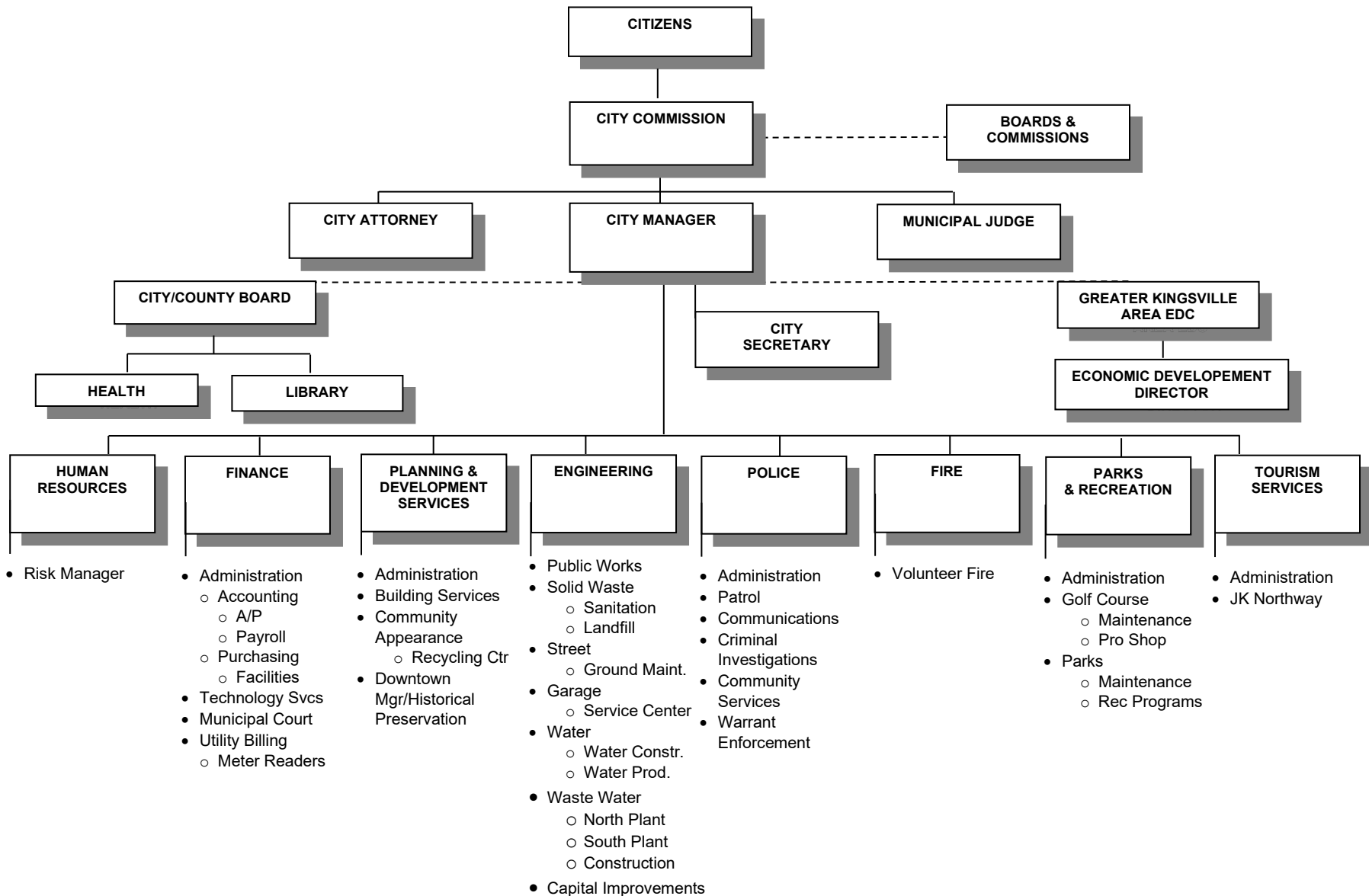
September 30, 2018

Christopher P. Morill

Executive Director/CEO



ORGANIZATIONAL CHART



JOHN WOMACK & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

JOHN L. WOMACK, CPA
MARGARET KELLY, CPA

P. O. BOX 1147
KINGSVILLE, TEXAS 78364
(361) 592-2671
FAX (361) 592-1411

Independent Auditor's Report

To the Mayor and City Commission
City of Kingsville
P.O. Box 1458
Kingsville, Texas 78364

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kingsville ("the City") as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Kingsville as of September 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and budgetary comparison information and schedule of the City's proportionate share of the net pension liability and schedule of City pension contributions, and schedule of the City's proportionate share of the net OPEB liability and schedule of City OPEB contributions identified as Required Supplementary Information in the table of contents be presented to supplement the 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about 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 do 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Kingsville's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not required parts of the basic financial statements.

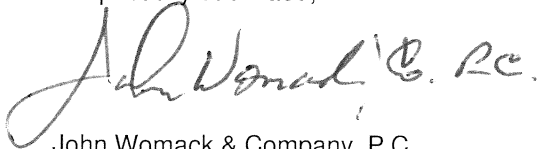
The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2020 on our consideration of City of Kingsville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Kingsville's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in cursive script that reads "John Womack & Company, P.C.".

John Womack & Company, P.C.
Kingsville, TX
March 20, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Kingsville's (City) annual financial report presents management's discussion and analysis (MD&A) of the City's financial performance during the fiscal year ended September 30, 2019. The MD&A should be read in conjunction with the transmittal letter found in the Introductory Section of this report and the City's Financial Statements which follow this section.

FINANCIAL HIGHLIGHTS

Entity Wide

- Total assets for the City were \$67.4 million compared to \$69.1 million in prior fiscal year ended September 30, 2018.
- Total deferred outflows of resources were \$4.1 million compared to \$754 thousand in prior fiscal year ended September 30, 2018.
- Total liabilities were \$37.8 million compared to \$35.8 million in prior fiscal year ended September 30, 2018.
- Total deferred inflows of resources were \$478 thousand compared to \$2.2 million in prior fiscal year ended September 30, 2018.
- Total net position was \$33.2 million compared to \$31.9 million in prior fiscal year ended September 30, 2018.
- The assets of the City exceeded its liabilities by \$33.2 million.

Governmental Activities

On a government-wide basis for governmental activities:

- The City had net program expenses of \$17.4 million for the fiscal year ended September 30, 2019 compared to \$15.2 million for the prior year, representing a 14.3% decrease.
- General revenues and transfers totaled \$17.4 million for the fiscal year ended September 30, 2019, compared to the prior year's amount of \$16.0 million, representing an 8.75% increase.
- Net position overall increased .02% from \$17.779 million at September 30, 2018 to \$17.782 million at September 30, 2019.

Business Type Activities

On a government-wide basis for business type activities:

- The City had net program revenues of \$2.5 million for the fiscal year ended September 30, 2019 compared to \$2.8 million for the prior year, representing a 10.37% decrease.
- General revenues and transfers in totaled (\$2.5) million for the fiscal year ended September 30, 2019, compared to the prior year's amount of (\$2.2) million, representing a 15.49% increase.
- Net position overall increased 9.09% from \$14.1 million at September 30, 2018 to \$15.4 million at September 30, 2019.
- At September 30, 2019, business-type activities had \$16.6 million in total liabilities compared to \$18.3 million at September 30, 2018.

Governmental Activities vs Business-Type Activities

- The ratio of total assets to total liabilities for governmental activities was 1.69 times; for business-type activities the ratio was 1.9 times.
- The quick ratio (current assets to current liabilities) was 3.93 times for governmental activities and 3.62 times for business-type activities.
- Total net position was \$33.2 million, which is an increase of \$1.28 million from the prior year, or about 4.03%. Governmental activities' net position increased by .02%, while business-type activities' net position increased by 9.09%.

General Fund

- The fund balance of the General Funds increased from \$10.0 million to \$10.8 million. This represents a 7.94% increase from the prior year's fund balance, and furthermore, represents 51.36% of the \$21.0 million in expenditures. The General Fund's Unassigned Fund Balance was \$7.2 million, or 34.28% of general fund expenditures.
- General Fund revenues for the fiscal year ended September 30, 2019, of \$21.93 million were 0.41%% higher than the prior year revenues of \$21.84 million. The increase is mainly due to an increase in taxes due to increased property tax values and sales taxes, interest earnings due to better interest rates and higher transfers in.
- General Fund's expenditures for the fiscal year ended September 30, 2019, of \$21.14 million were 0.77% higher than the prior year expenditures of \$20.97 million. The increase is mainly due to an increase in salaries and benefits and transfers out for special projects.
- General Fund 001 is part of the General Funds included in the Comprehensive Annual Report. The financial policies state the City must maintain a reserve for major contingencies of at least 25% of the total General Fund 001 appropriations. General Fund 001's unassigned fund balance at September 30, 2018 was \$7.0 million, representing 34.58% reserve, and that fund balance increased to \$7.33 million at September 30, 2019, for a 36.22% reserve.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of: *management's discussion and analysis* (this section), the *basic financial statements*, and *supplementary information*. Figure A-1 demonstrates the relationships among the components of this annual report.

The basic financial statements are comprised of three components:

- The *government-wide financial statements* provide both long-term and short-term information about the City's overall financial status. These statements are presented for both *governmental activities* and *business-type activities*. They are designed to provide readers with a broad overview of the City's finances, similar to a private-sector business.
 - The *statement of net position* presents information on all the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

- The *statement of activities* presents information to show how the City’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.
- Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).
- The *fund financial statements* focus on individual parts of the City, reporting the City’s operations in greater detail than the government-wide statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.
 - The *governmental funds* statements show how general government services were financed in the short-term as well as what remains for future spending. The two major governmental funds are the General Fund and the Debt Service Fund.
 - *Proprietary fund* statements offer short-term and long-term financial information about the activities the City operates like a business: *enterprise funds* and *internal service funds*. The major proprietary fund is the combined Utility System Fund.
 - *Fiduciary funds* statements provide information about the financial relationships in which the City acts solely as a *trustee* or *agent* for the benefit of others, to whom the resources belong. *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City’s own programs. The accounting used for fiduciary funds is much like that used for proprietary fund.
- *Notes to the financial statements* provide essential additional information to provide a clear picture of the particular assets, liabilities, or inherent risks. The notes to the financial statements follow the basic financial statements.

The financial statements are followed by a section of *required supplementary information (RSI)* that further explains and supports the information in the financial statements. RSI information follows the notes to the financial statements.

Figure A-1: Required Components of the City’s Annual Financial Report

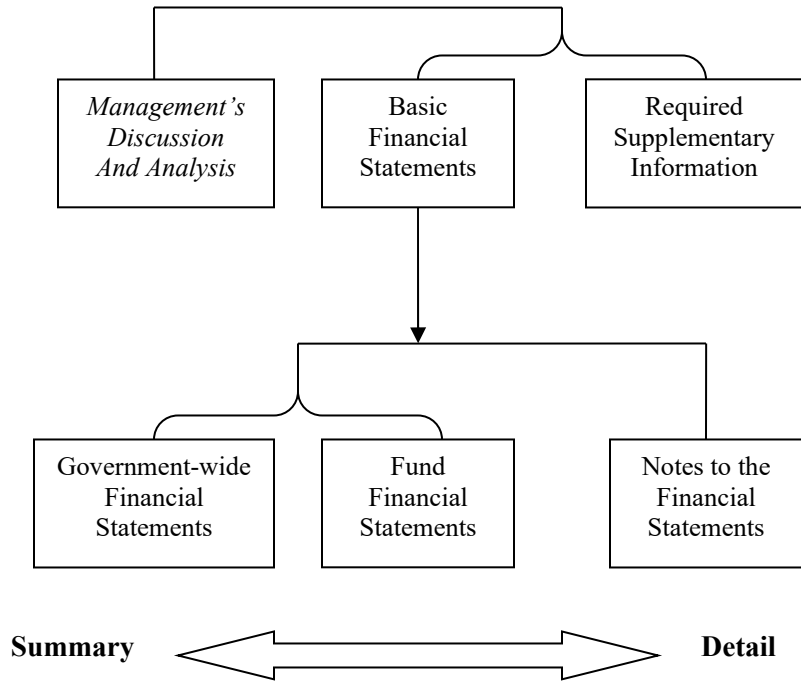


Figure A-1 shows how the required parts of this annual financial report are arranged and relate to one another. In addition to these required elements, a section with combining statements that provides details about the non-major governmental funds and internal service funds is included.

More about the City’s Fund Financial Statements:

Governmental funds are used to account for essentially the same functions reported as *governmental activities* except that the Solid Waste Activity is reported as a business-type activity in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Major and non-major funds are presented separately in the governmental fund’s balance sheet and in the governmental fund’s statement of revenues, expenditures, and changes in fund balances.

The general fund and the debt service fund are presented separately along with the aggregated *other governmental funds*. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* following the presentation of the major funds. There are four non-major governmental funds.

The City adopts an annual operating budget for governmental funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with this budget.

More about the City’s Proprietary Funds:

Two types of *proprietary funds* are used by the City:

Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements, excluding solid waste, which is recorded in the General Fund. The City uses enterprise funds to account for its Utility System, which provides water, sewer and garbage services. Proprietary funds provide the same type of information as the government-wide financial statements, only in greater detail.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City’s various functions. The City uses an internal service fund to account for risk management activities, including insurance for general liabilities, workers’ compensation, and health benefits. Because this coverage predominantly benefits governmental rather than business-type functions, it has been included within *governmental activities* in the government-wide financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

Net position serves over time as a useful indicator of the City’s financial position. At September 30, 2019, the net position totaled \$33.2 million, \$1.28 million more than the prior year. The composition of this net position is \$17.78 million for governmental activities and \$15.37 million for business-type activities, which is comprised primarily of the Combined Utility System.

A large portion of the City’s net position is invested in capital assets (e.g., land, infrastructure, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding and represents 53.3% of the total net position. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The City has 2.5% of its net position set aside for the retirement of debt. Approximately 32.9% of the City’s governmental activities’ net position is unrestricted in their use for City activities.

**Table A-1: Net Position for Governmental and Business-type Activities
September 30, 2019 and 2018
(in thousands of dollars)**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current & other assests	\$ 16,416	\$ 17,580	\$ 10,000	\$ 9,695	\$ 26,416	\$ 27,275
Capital assets	19,558	18,921	21,410	22,932	40,968	41,853
Total assets	<u>35,974</u>	<u>36,501</u>	<u>31,410</u>	<u>32,627</u>	<u>67,384</u>	<u>69,128</u>
Deferred Outflows of Revenues	3,456	644	613	110	4,069	754
Long-term liabilities	17,088	13,615	13,794	15,496	30,882	29,111
Other liabilities	4,176	3,898	2,766	2,841	6,942	6,739
Total liabilities	<u>21,264</u>	<u>17,513</u>	<u>16,560</u>	<u>18,337</u>	<u>37,824</u>	<u>35,850</u>
Deferred Inflows of Revenues	384	1,853	94	311	478	2,164
Net investment in capital assets	8,388	6,481	9,265	9,270	17,653	15,751
Restricted	3,538	3,451	3,600	2,277	7,138	5,728
Unrestricted	5,856	7,847	2,504	2,542	8,360	10,389
Total net position	<u>\$ 17,782</u>	<u>\$ 17,779</u>	<u>\$ 15,369</u>	<u>\$ 14,089</u>	<u>\$ 33,151</u>	<u>\$ 31,868</u>

TABLE A-1: Governmental-Type Activities

Current & Other Assets decreased \$1.2 million from \$17.6 million in FY18 to \$16.4 million in FY19, or 6.62%. The majority of this decrease is due to the City’s lower cash balances. Capital assets, net of accumulated depreciation, increased \$637 thousand from \$18.9 million in FY18, to \$19.6 million in FY19, or 3.36%. Long-term liabilities increased \$3.5 million from \$13.6 million in FY18 to \$17.1 million in FY19, or 25.51%. The majority of this increase is due to increased post-employment benefit accruals and the OPEB liability. Other liabilities increased \$278 thousand from \$3.9 million in FY18 to \$4.2 million in FY19 or, 7.12%. This was due to increases in accounts payable, accrued wages payable and customer deposits.

As a result of accurately reflecting the restrictions on fund balances, Restricted Net Position increased by \$88 thousand from \$3.45 million in FY18 to \$3.54 million in FY19 as follows:

\$399,412	increased	Federal and State programs
\$95,100	increased	Debt Service
\$383	increased	Capital projects
\$3,286	increased	Municipal Court Building Security funds
(\$424,947)	decreased	Law Enforcement
(\$1,300)	decreased	Municipal Court Technology fund
\$15,904	increased	Tourism funds

Unrestricted Net Position decreased \$2.0 million from \$7.8 million in FY18 to \$5.9 million in FY19, or 25.38%.

TABLE A-1: Business-Type Activities

The Combined Utility System's net position was \$15.4 million at FY19, which is 46.4% of total net position and is \$1.3 million more than the prior year. The Combined Utility System contributed all the total unrestricted business-type net position.

Current & Other Assets increased \$305 thousand from \$9.7 million in FY18 to \$10.0 million in FY19, or 3.15%. Restricted Cash is down from \$639 thousand in FY18 to \$289 thousand in FY19 due to the completion of capital projects. Capital assets, net of accumulated depreciation, decreased \$1.5 million from \$22.9 million in FY18 to \$21.4 million in FY19, or 6.64%, due to construction projects and annual straight-line depreciation costs.

Long-term liabilities decreased \$1.7 million from \$15.5 million in FY18 to \$13.8 million in FY19, or 10.98% due to reductions in leases payable, contractual obligations and landfill closure cost liabilities. Net investment in capital assets decreased \$5 thousand from \$9.27 million in FY18 to \$9.26 million in FY19, or 0.05% due to the addition of capital projects, being slightly less than depreciation.

Restricted net position increased \$1.3 million from \$2.3 million in FY18 to \$3.6 million in FY19, or 58.05%. Capital projects make up all of the restricted net position.

Unrestricted net position decreased \$37 thousand from \$2.54 million in FY18 to \$2.50 million in FY19, or 1.47%.

The City has sufficient funds to meet requirements for cash outlays in the next fiscal year as well as the financial capacity to meet its long-term obligations.

Changes in Net Position

Table A-2 details the City's change in net position from the prior year.

Table A-2: Changes in Net Position
September 30, 2018 and 2017
(in thousands of dollars)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenue:						
Program revenue:						
Charges for services	\$ 3,129	\$ 3,965	\$ 12,812	\$ 12,873	\$ 15,941	\$ 16,838
Operating grants and contributions	1,380	1,003	25	43	1,405	1,046
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	7,408	6,984	-	-	7,408	6,984
Sales taxes	5,080	4,764	-	-	5,080	4,764
Other taxes	1,740	1,610	-	-	1,740	1,610
Investment earnings	396	280	157	84	553	364
Insurance Settlement	-	-	-	-	-	-
Gain (loss) on disposal of capital assets	32	3	-	8	32	11
Other	41	61	-	-	41	61
Total revenues	<u>19,206</u>	<u>18,670</u>	<u>12,994</u>	<u>13,008</u>	<u>32,200</u>	<u>31,678</u>
Expenses:						
General government	4,720	4,509	-	-	4,720	4,509
Public safety	10,273	9,299	-	-	10,273	9,299
Public works	3,632	3,383	-	-	3,632	3,383
Health & other public sves.	2,338	2,061	-	-	2,338	2,061
Tourism	651	591	-	-	651	591
Interest on long-term debt	280	337	-	-	280	337
Water, wastewater, & storm water	-	-	7,334	7,386	7,334	7,386
Solid waste	-	-	2,966	2,698	2,966	2,698
Total expenses	<u>21,894</u>	<u>20,180</u>	<u>10,300</u>	<u>10,084</u>	<u>32,194</u>	<u>30,264</u>
Increase in net position before transfers	(2,688)	(1,510)	2,694	2,924	6	1,414
Transfers	<u>2,691</u>	<u>2,286</u>	<u>(2,691)</u>	<u>(2,286)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	3	776	3	638	6	1,414
Net position, beginning	17,779	16,675	14,089	13,408	31,868	30,083
Prior period adjustment	-	328	1,277	43	1,277	371
Net position, ending	<u>\$ 17,782</u>	<u>\$ 17,779</u>	<u>\$ 15,369</u>	<u>\$ 14,089</u>	<u>\$ 33,151</u>	<u>\$ 31,868</u>

TABLE A-2: Governmental Activities

As shown in Table A-2, revenues were split between governmental activities and business-type activities at 59.65% and 40.35%, respectively. Expenses for each were 68.01% and 31.99%. Net position increased 0.02% from the prior period for governmental activities, increased 9.08% for business-type activities, and increased 4.03% overall.

The cost of all *governmental* activities for the fiscal year 2019 was \$21.9 million. However, the amount that taxpayers paid for these services through City taxes and business fees was \$14.2 million.

Some of the cost was paid by:

- Those who directly benefited from the programs, or \$3.1 million, and
- Other governments and organizations that subsidized certain programs with grants and contributions was \$1.4 million.
- Charges for services comprised 14.29% of governmental activities' revenues including transfers in and 98.6% of business-type activities' revenues.
- Taxes contributed 64.98% of governmental activities' revenues including transfers.
- Investment earnings, not including transfers, generated 2.06% and 1.21% of governmental activities revenues and business-type activities, respectively.
- Public Safety (including Police, Fire, Emergency Management, Inspections and Municipal Court) expenses accounted for 46.92% of governmental activities' expenses and 16.59% of governmental activities' expenses were for Public Works.
- Public Safety required the largest net amount of public funds after deducting program revenue, grants, and contributions. The total subsidy was \$8.0 million.
- General government comprises 21.56% of all governmental activities' expenses.

Charges for services revenue decreased \$836 thousand from \$4.0 million in FY18 to \$3.1 million in FY19, or 21.08%. These revenues come from licenses and permit fees along with other miscellaneous changes. This decrease comes mainly from lesser amounts of permits and licenses being issued. Sales tax revenue increased \$316 thousand from \$4.76 million in FY18 to \$5.08 million in FY19, or 6.63%. Marshalls opened in FY 19 which added to increased sales along with increased sales overall. In FY19, the City received \$74 thousand in one-time comptroller audit adjustments.

Other Revenues decreased from \$61 thousand in FY18 to \$41.1 thousand in FY19.

General government expenses increased \$211 thousand from \$4.5 million in FY18 to \$4.7 million in FY19, or 4.68%. Public Safety expenses increased \$974 thousand from \$9.3 million in FY18 to \$10.3 million in FY19, or 10.47%. Public Works expenses increased \$249 thousand from \$3.38 million in FY18 to \$3.63 million in FY19, or 7.36%. Overall expenditures went up due to the costs of salaries and benefits along with increased costs to operate.

Net position before transfers changed by \$1.2 million from a \$1.5 million deficit in FY18 to a \$2.7 million deficit in FY19. Transfers increased \$405 thousand from \$2.3 million in FY18 to \$2.7 million in FY19, or 17.72%.

TABLE A-2: Business-Type Activities

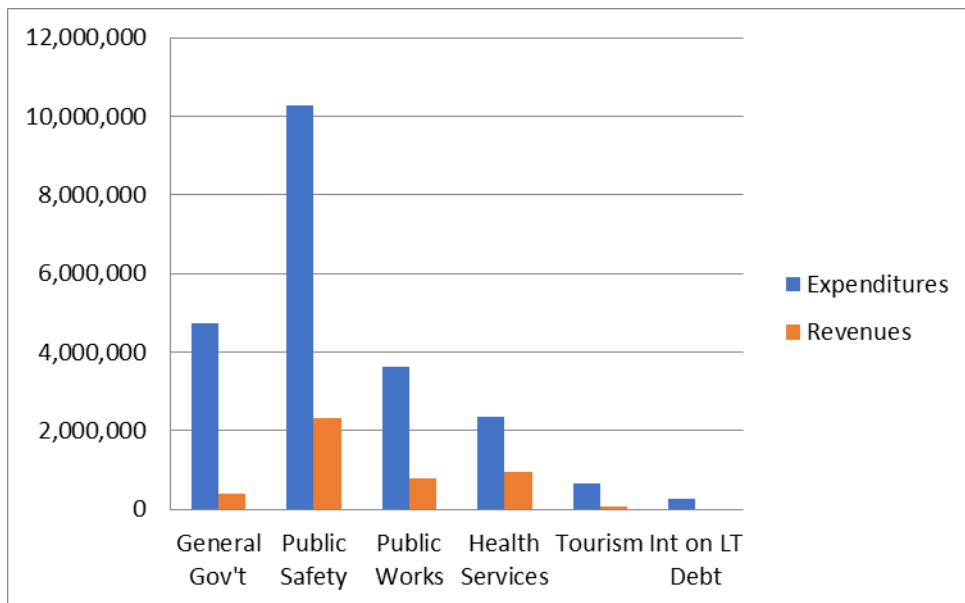
Charges for services revenue decreased \$61 thousand from \$12.9 million in FY18 to \$12.8 million in FY19, or 0.47%. Water and Wastewater rates were increased in FY19, but consumption decreased.

The decrease in the change of net position before transfers was \$230 thousand, from \$2.92 million in FY18 to \$2.69 million in FY19, or 7.87%. Transfers Out increased \$405 thousand from \$2.3 million in FY18 to \$2.7 million in FY19, or 17.72%.

Solid Waste expenses increased \$268 thousand from \$2.7 million in FY18 to \$3.0 million in FY19, or 9.93%. Water and wastewater expenses decreased \$52 thousand from \$7.39 million in FY18 to \$7.33 million in FY19, or 0.70%.

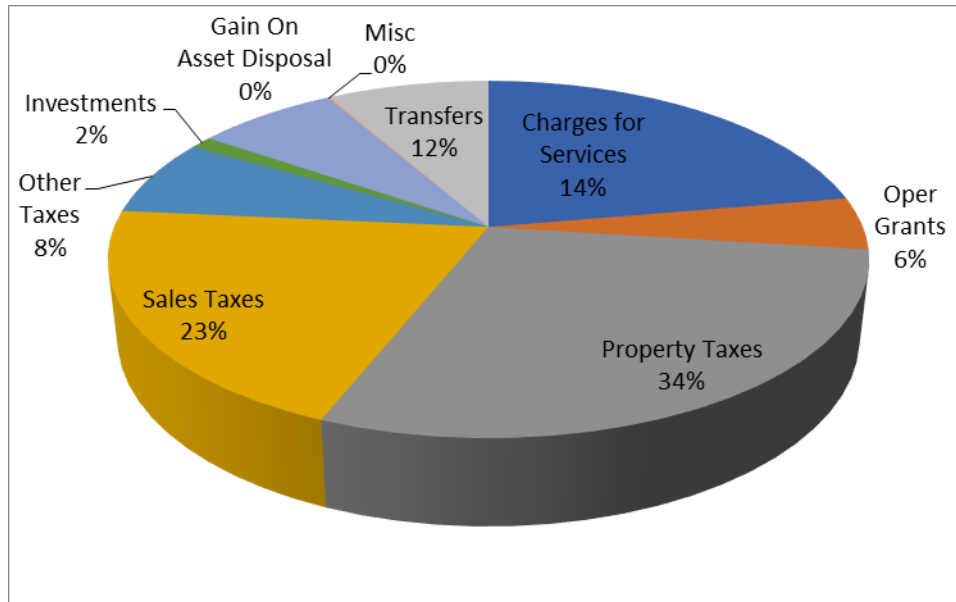
Graph 1 presents the cost of each of the City’s major governmental functions, as well as the associated program revenues.

Graph 1: Program Revenues to Activity Expenditures



Graph 2 indicates, in pie chart form, the sources of revenue for governmental activities. As expected in governmental activities, the subsidy required from taxpayers provides the majority support to these core services.

Graph 2: Revenue by Source – Governmental Activities



Revenues of the City’s business-type activities are associated with operating activities accounted for in the Enterprise Funds. Solid Waste and Storm Water activities are recorded in the General Fund but are shown in the government-wide statement as a business-type activity.

The Combined Utilities System of water, wastewater, and storm water accounted for 71.20% of the expenses generated for business-type activities, with solid waste accounting for an additional 28.80%. The Utilities System had operating revenues of \$8.5 million, down by \$84 thousand, and operating income before transfers was of \$1.2 million, a decrease of \$48 thousand. The major causes of these results were:

- Water revenues were down by \$341 thousand due to decreased consumption
- Wastewater revenues were up by \$257 thousand due to a rate increase even though there was decreased water consumption
- Stormwater revenues were up by \$50 thousand
- Operating grant revenues were down by \$18 thousand
- The operating expenses decreased by \$52 thousand, primarily due to overall expenditure reductions.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

- Total assets of the General Fund increased \$863 thousand from \$11.98 million to \$12.84 million between FY18 and FY19. Most of this overall increase in total assets is from an increase of \$95 thousand in Cash and Cash Equivalents and an increase of \$817 thousand in Due From Other Funds and Other Governments.
- Deferred Revenues for FY19 increased \$189 thousand. Total liabilities of the General Fund decreased by \$119 thousand to approximately \$1.5 million, a 7.53% decrease. The majority of the decrease is attributed to an \$242 thousand decrease in Due To Other Funds. This brings the ratio of total assets to total liabilities (including deferred revenues) to 6.22 times in 2019, up from 6.0 in 2018.
- Starting on page 85, see the Budgetary Results of the General Fund section below for more details on the General Fund revenues and expenditures resulting in General Fund deficiency of revenues below expenditures before other financing sources.
- Committed Fund Balance for Street Maintenance decreased by \$262 thousand. The Committed Fund Balance for Landfill Closure/ Post Closure increased by \$121 thousand and increased \$95 thousand for Capital Outlay. The overall Fund Balance increased \$793 thousand from \$10.0 million in FY18 to \$10.8 million in FY19.

Police Forfeiture Funds

- Total assets of the Police Forfeiture Fund decreased \$543 thousand from \$2.7 million to \$2.1 million between FY18 and FY19. Most of this overall decrease in total assets is from a decrease in Cash and Cash Equivalents of \$588 thousand and an increase in Restricted Cash and Cash Equivalents of \$47 thousand as compared to FY18.
- Total liabilities of the Police Forfeiture Fund increased by \$241 thousand from \$565 thousand in FY18 to approximately \$806 thousand in FY19. This brings the quick ratio (current assets to current liabilities) to 2.62 times in FY19 from 4.70 times in FY18.
- Year-end unsettled seizures remain from current City of Kingsville Police department seizures. Unsettled seizures pending were \$534 thousand up from \$480 thousand, and Due to Other Funds and Governments were up \$231 thousand at September 30, 2019, due to all payoffs not being completed before year end.
- The Police Forfeiture Fund revenues decreased \$920 thousand or 91.3%, from \$1.0 million in FY18 to \$88 thousand in FY19. This amount of decrease was due to a reduced amount of awarded seizure of funds. Police Forfeiture Fund expenditures saw an increase of \$494 thousand from \$378 thousand in FY18 to \$872 thousand in FY19. As the amount of awarded seizures decrease, so too will the amount of expenditures.
- The Police Forfeiture Fund Restricted Fund Balance decreased by \$784 thousand from \$2.1 million in FY18 to \$1.3 million in FY19. The net of revenues over or under expenditures determines the change in value of the fund balance.

Debt Service Fund

- The Debt Service Fund Balance increased \$205 thousand from \$559 thousand in FY18 to \$764 thousand in FY19. This was an increase of 36.63% from FY18 to FY19. The City structures the Debt Service Fund Balance to minimize the balance being carried to no more than required for the cash flow necessary to service the City's debt.

Other Governmental Funds

- Total assets of the Other Governmental Funds decreased \$449 thousand from \$2.2 million to \$1.8 million between FY18 and FY19. Equity in Pooled Cash and Cash equivalents increased \$101 thousand, with Restricted Cash and Cash equivalents decreasing \$716 thousand. Accounts Receivable increased \$20 thousand and Due From Other Funds and Governments increased \$132 thousand between FY18 and FY19.
- Total liabilities of the Other Governmental Funds increased by \$689 thousand to approximately \$857 thousand, a 409.12% increase. The majority of the increase is attributed to a \$584 thousand increase in Due to Other Funds and Governments due to end of year payoffs that were not completed by year end.
- Other Governmental Funds includes Federal and State grants and Capital Projects Funds. As the awarding of grants decline and capital projects are completed, these fund balances will continue to decrease due to the nature of these types of funds. The fund balance for these funds was \$2.1 million in FY18 and decreased to \$930 thousand in FY19 due to Capital Projects now being included in this category.

Budgetary Results of the General Fund

Revenues

Per page 85, General Fund taxes and business tax revenues were \$11.98 million, which was \$196 thousand, or 1.66% above the final budget. Ad Valorem Delinquent revenues were \$143 thousand which was \$18 thousand, or 14.63% above budget. Penalty and interest was \$106 thousand which was \$6 thousand, or 6.15%, above budget respectively. The City usually budgets these estimated revenues low to adjust for possible anomalies that might occur in the collection process. Sales Tax Revenue was \$5.1 million, which was \$105 thousand, or 2.12% above budget. Franchise tax revenue was \$1.0 million, which was \$123 thousand or 13.7% higher than the final budget. These variances are the result of conservative budgeting and changes in the local economy.

Fines and Forfeitures revenue was more than the Final Budget for FY19 by \$122 thousand, or 16.24%. In FY19, there was \$19 thousand less budgeted for Fines revenue than in FY18. The budget was reduced due to past trends. Due to prior year construction and having to reduce revenue projections, this revenue outperformed our conservative approach.

Total Charges for Sanitation Services revenues were \$3.9 million which was \$142 thousand, or 3.51% less than the final budget. Sanitation Services Garbage Fees revenue was lower than the final budget by \$167 thousand, or 4.97% of the Final Budget for FY19. Sanitation Services Landfill Fees revenue was more than the final budget by \$15 thousand, or about 2.41% for FY19.

Expenditures

City Special Services expenditures were lower than the final budget by \$38 thousand, or 6.12%. This favorable budget variance is mainly the result of lower expenditures for retiree group health insurance and lower cost of property and liability insurance.

Community Appearance Services expenditures were lower than the final budget by \$16 thousand, or 3.90%. The reason for less than budgeted expenditures was mainly due to the Beautification program was reduced, and salary savings occurred due to an employee transfer.

Fire Department total expenditures were lower than the final budget by \$107 thousand, or 3.07%. Personal Services expenditures for the Fire Department were \$81 thousand below budget due to vacancies, along with Supplies at \$12 thousand below budget due to lower costs of uniforms and personal protection items, Services were \$4 thousand below budget due to low utility costs and Vehicle and Equipment Maintenance was \$9 thousand below budget.

Police Department total expenditures were lower than the final budget by \$183 thousand, or 3.27%. Of this lower amount, \$123 thousand is related to Personal Services expenditures for the Police Department, or about 2.56% due to vacancies. Supplies were lower by \$11 thousand, Services were lower by \$39 thousand and Equipment Maintenance was lower by \$7 thousand. This department was conservatively budgeted with managerial oversight contributing to the positive variances.

Street Department total expenditures were lower than the final budget by \$291 thousand, or 10.29%. The majority of this came from lower building maintenance expenditures of \$201 thousand and \$71 thousand from Personal Services.

Landfill Department total expenditures were lower than the final budget by \$53 thousand, or 4.06%. Lower expenditures were due to savings on personal services and equipment maintenance.

General Fund total revenues, not including transfers in were \$20 million which is \$346 thousand, or 1.76% above the final budget. The General Fund expenditures not including transfers out came in at \$21.0 million which is \$1.2 million or 5.42% below the final budget. Actual Expenditures exceeded Revenues by \$984 thousand, but it does not include Other Financing Sources of \$1.8 million.

Budget Amendments of the General Fund

The General Fund revenues budget was amended by an increase of \$94 thousand to the following sources:

- General services fee budget was amended by \$42 thousand. This budget includes donations which are never budgeted prior to actually receiving the donation.
- City Services budget was amended by \$4 thousand
- The interest and other budget was amended by \$46 thousand due to an unanticipated land sale

Further information on the revenue amendments are detailed on page 79 of the Notes to the Financial Statement.

The General Funds expenditures budget was amended by \$759 thousand which is detailed on pages 79-80 of the Notes to the Financial Statement.

This General Funds comparison of expenditures from the Original Budget to the Final Budget overall change of \$759 thousand from the following sources:

The City Administration Department budget changed by \$85,372. Included in this overall department is:

- City Manager budget changed by \$1,000 due to increased professional services
- City Special budget changed by \$13,833 for increases in credit card discount fees.
- The Economic Development budget changed by \$70,539 for professional services resulting from land acquisition costs

The Management Services Department budget changed by (\$2,208). Included in this overall department is:

- Finance budget changed by (\$17,833) due to a vacant position
- Information Technology budget changed by \$15,625 due to additional software and associated maintenance costs

The Urban Development Department budget changed by \$6,884. Included in this overall department is:

- Planning changed by (\$13,352) lower personal and professional services due to staffing changes.
- Permits and Licenses changed by (\$42,648) due to additional inspection costs due to staffing changes
- Community Appearance changed by (\$23,704) for lower personal costs due to staffing changes

The Police department budget changed by \$103,022 due to the purchase of additional information technology upgrades and increased vehicle maintenance due to an aging fleet.

The Fire department changed by \$232,228 due to the purchase of a new ambulance.

The Public Works Department changed by \$276,806. Included in this overall department is:

- Garage changed by \$4,820 for increased personal service costs due to staffing changes
- Sanitation changed by \$17,651 for increase personal service costs and increased equipment maintenance
- Street changed by \$7,386 for decreases in personal service costs due to vacancies and increases in motor gas and oil and utilities
- Landfill changed by \$245,949 due to increased professional services for landfill permitting a new sector.

The Parks and Recreation Department budget changed by \$22,861 due to increased equipment and building maintenance and donations received for recreational programs.

The Golf Course Department budget changed by \$29,817 for increased overtime and health care costs along with increases in maintenance supplies, motor gas and oil and cost of goods sold in the pro shop.

The Tourism Department budget changed by \$3,873 due to increased professional services.

Operating transfers out were changed by \$195,600 for additional capital outlay projects and cash matches for grant awards.

Additional information on the City's Original Budget to Final Budget and Final Budget to Actual can be found on Exhibit B-1, pages 85-92.

Non-major Governmental Funds

Four special revenue funds comprise the portion of the financial statements found on pages 99-107. Total assets for the combined funds were \$1.8 million, total liabilities were \$857 thousand, and total fund balances were \$930 thousand, with \$58 in Assigned Fund Balance and \$930 thousand in Restricted Fund Balance.

The Tourism Fund makes up 51.87% of the revenues of the special revenue funds. The main source of funding for the Tourism Fund is from Hotel/Motel Occupancy Taxes. Another significant portion, 48.0%, of these special funds are the Federal and State Grants. Each of the special revenue funds are maintained separately because of special provisions for the receipt and expenditure of funds in compliance with Federal or State laws or regulations and the City's bond ordinances, or other City Commission actions.

CAPITAL ASSET AND DEBT ADMINISTRATION

**Table A-3: Capital Assets (net of depreciation)
September 30, 2019 and 2018
(In thousands of dollars)**

	Governmental Activities			Business-type Activities		
	2019	2018	% Change FY 18-19	2019	2018	% Change FY 18-19
Land	\$ 560	\$ 470	19.16%	\$ 595	\$ 595	0.00%
Building & improvements	7,962	7,523	5.84%	15,400	15,027	2.48%
Equipment	1,689	2,109	-19.93%	2,409	2,935	-17.92%
Vehicles	3,289	1,958	67.95%	637	857	-25.67%
Road network	6,050	6,294	-3.88%	-	-	0.00%
Construction in progress	9	567	-98.41%	2,369	3,518	-32.66%
Total	\$ 19,558	\$ 18,921	3.37%	\$ 21,410	\$ 22,932	-6.64%

In the Notes to the Financial Statements located on page 66, the City has invested \$105.0 million (before depreciation) in a broad range of capital assets, including police and fire equipment, buildings, park facilities, roads and bridges, and its utility system.

TABLE A-3: Governmental Activities

Construction in progress decreased \$558 thousand from \$567 thousand in FY18 to \$9 thousand in FY19 with the on-going projects funded with Certificates of Obligation. As projects are completed, construction in progress will continue to decrease.

TABLE A-3: Business-type Activities

Building and improvements increased \$373 thousand from \$15.0 million in FY18 to \$15.4 million in FY19, or 2.48% net of accumulated depreciation. Equipment decreased \$527 thousand from \$2.9 million in FY18 to \$2.4 million in FY19, or 17.94%. Construction in progress decreased \$1.1 million from \$3.5 million in FY18 to \$2.4 million in FY19, or 32.66% indicating construction projects were completed by year end.

Additional information on the City's Capital Assets can be found on Note E, pages 66-67 of the Notes to the Financial Statements.

**Table A-4: Long-Term Liabilities
September 30, 2019 and 2018
(in thousands of dollars)**

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Certificates of obligation	\$ 9,948	\$ 10,904	\$ 6,147	\$ 6,626	\$ 16,095	\$ 17,530
Limited tax refunding bonds	405	505	5,100	5,890	5,505	6,395
Premium on bonds payable	219	263	189	229	408	492
Capital Leases	597	768	709	918	1,306	1,686
Total debt	11,169	12,440	12,145	13,663	23,314	26,103
Net pension liability	5,525	910	944	155	6,469	1,065
Landfill closure cost	0	0	1,684	1,571	1,684	1,571
Compensated absences	1,050	1,032	77	78	1,127	1,110
OPEB Liability	1,315	1,071	352	282	1,667	1,353
Total long-term debt	\$ 19,059	\$ 15,453	\$ 15,202	\$ 15,749	\$ 34,261	\$ 31,202

Table A-4 indicates that total long-term debt increased by \$3.1 million from FY18 to FY19, or 9.80%. Of that, landfill closure costs increased \$113 thousand, or 6.71%, while compensated absences increased 1.53%. Total debt outstanding at fiscal year-end was \$34.3 million, from \$31.2 million for the prior year.

In addition, there were overall reductions of \$1.4 million in certificates of obligation bonds and revenue bonds (Combined Utility System) through scheduled principal payments. Governmental Activities' certificate of obligations had an \$956 thousand debt decrease and the Business-type activities had a reduction of \$479 thousand. Additional information on the City's Long-Term Obligations can be found on Note G, Item # 1-3, and pages 68-71 of the Notes to the Financial Statements.

Ad Valorem Taxes

The FY18 tax rates were \$0.66488 for the General Fund and \$0.16512 for the Debt Service Fund, totaling \$0.83000 per \$100 of assessed value. Therefore, the City's tax margin of \$1.67000 per \$100 of assessed value could increase taxes \$14.1 million on each year based on the assessed value of \$846,850,235. A brief discussion of the ad valorem tax limitations of the Constitution of the State of Texas and the City Charter are found in Note A Item #4b, page 58 of the Notes to the Financial Statements.

Bond Ratings

The City's bond ratings from two rating agencies were reaffirmed or maintained in fiscal year 2018. The unenhanced bond ratings for general obligation bonds were maintained at A1 from Moody's Investors Service, Inc. (Moody's) and reaffirmed A+ from Standard & Poor's Ratings Service (S&P). The City no longer has revenue bonds outstanding, and therefore does not maintain revenue bond ratings.

FISCAL YEAR 2019-2020 ADOPTED OPERATING BUDGET

The total Revenues and Expenditures adopted for the FY19-20 budget are \$42,558,442 and \$46,533,961 respectively. The \$4.0 million difference between expenditures and revenues is due mostly to drawing down fund balances to complete capital projects, the largest portion of which are for projects financed by Certificates of Obligation (C.O.'s). The operating budgets and capital project budgets are combined, and C.O. fund balances are not re-appropriated which leads to a higher difference.

Budget Overview

The management practices employed, and the recommendations put forth in the Budget are intended to improve resident satisfaction with city services consistent with City commission goals. The City's General Fund is the largest and most diverse fund in terms of total budgeted dollars and scope of services to residents. The General Fund 001 budget is required to maintain reserves equal to 25% of budgeted expenditures for the subsequent year. Reserve requirements are \$5,135,089 and our ending estimated fund balance is \$5,435,169, leaving a projected operating surplus of \$300 thousand over the required minimum of \$5.13 million.

The net deficits for FY19 and FY20 are not generally attributed to the City's basic operations resulting instead from planned expenditures and draw down of bond proceeds (Certificates of Obligation) and accumulated operating surpluses from previous years.

General Discussion

The city's fiscal condition is stable due, in part, to consistent growth of the City's property taxes.

Other revenues are also growing and are required to keep pace with general and specific inflation and to offset scheduled and discretionary employee compensation increases; employee professional, technical and safety training; street reconstruction and repairs; facility and office upgrades; equipment replacements; and various electronic and communication technologies. City staff must also keep a watchful eye on the cost of unfunded mandates imposed on cities by government and regulatory agencies.

Other Postemployment Benefits (OPEB)

The City of Kingsville began recognizing this liability and making cash deposits in FY13 and continues to adjust the accrued liability according to the annual actuarial report. Retirees can remain on the City's health plan until they reach the age of 65. Historically, the City has had only a minimum number of retirees at any time being covered.

Compensation Plan and Personnel Adjustments

FY20 expenditures for personnel services are proposed to increase \$147 thousand, or 0.84% from estimated actual expenditures of \$16,834,061 in FY19 to \$17,613,877 of budgeted expenditures in FY20. This increase is attributed to a 1% cost of living increase for all non-civil service employees, a new longevity payment for all non-civil service employees and vacant positions that were not filled in FY19. All positions are budgeted at 100% regardless of prior year vacancies.

Capital Outlays

City staff capital outlay requests for FY20 totaled \$6,553,909; of which \$1,051,745 was approved. The capital outlay items approved promotes employee efficiency, effectiveness, and safety and is a combination of large and small items. It includes:

- \$8,000 for AEP light pole pigtails
- \$60,000 for moving recycling center building to public works
- \$5,196 for (4) portacool fans for the garage
- \$320,000 for (5) Police vehicles capital lease initial recordation
- \$70,655 for Police vehicles capital lease payment
- \$35,000 for the purchase of a new vehicle for Engineering
- \$8,899 for the purchase a 4 post lift
- \$5,528 for the purchase of a Robinair Recovery System
- \$5,413 for the purchase of (2) triple stacked stainless steel cat cages
- \$8,700 for the purchase of (10) stainless steel wall mounted toilets
- \$7,500 for the purchase of a dump trailer
- \$15,000 for livestock pens at the JK Northway
- \$120,000 for the purchase of a steel building for the recycling center
- \$8,925 for the purchase of a John Deere Ztrak mower
- \$17,399 for the purchase of a Turfco top dresser
- \$62,385 for the purchase of a trailer mounted high pressure sewer cleaner
- \$37,040 for the repair of a sewer line – 14th street and King street
- \$314,044 for the articulated dump truck capital lease initial recordation
- \$51,151 for the articulated dump truck capital lease payment
- \$82,000 for the purchase of a new command vehicle for the Fire department
- \$174,105 for the purchase of a new skeet brush truck

CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the City Commission, citizens, taxpayers, customers, bondholders, creditors, and other governmental sectors with a general overview of the City's financial condition and to demonstrate the City's accountability for the funds it receives.

If you have any questions about this report or need additional information, contact:

The City of Kingsville
Director of Finance
P.O. Box 1458
Kingsville, Texas 78364
(361) 595-8009 (phone), (361) 595-8035 (fax)
Or visit our web site at: www.cityofkingsville.com

CITY OF KINGSVILLE
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 7,191,369	\$ 4,041,694	\$ 11,233,063
Equity in pooled cash and cash equivalents	3,440,952	3,954,331	7,395,283
Receivables (net of allowances for uncollectibles):			
Taxes	1,817,163	--	1,817,163
Accounts	430,623	1,691,434	2,122,057
Accrued interest	7,220	7,907	15,127
Internal balances	426,017	(426,017)	--
Due from other governments	318,482	18,227	336,709
Inventory, at cost	382,722	373,530	756,252
Restricted assets:			
Cash and cash equivalents	2,210,048	288,741	2,498,789
Equity in pooled cash and cash equivalents	191,230	--	191,230
Accounts	--	50,604	50,604
Long-term assets:			
Land and construction in progress	568,680	2,963,514	3,532,194
Capital assets, net of related depreciation	18,989,069	18,446,127	37,435,196
Total Assets	<u>35,973,575</u>	<u>31,410,092</u>	<u>67,383,667</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow related to pensions	3,266,367	557,962	3,824,329
Deferred outflow related to OPEB	190,257	54,829	245,086
Total Deferred Outflows of resources	<u>3,456,624</u>	<u>612,791</u>	<u>4,069,415</u>
LIABILITIES			
Accounts payable	1,345,516	422,251	1,767,767
Accrued wages payable	61,716	10,779	72,495
Payable from restricted assets:			
Accrued interest payable	55,779	60,719	116,498
Customer deposits	534,449	865,028	1,399,477
Due to:			
Other governments	207,503	--	207,503
Liabilities due within one year:			
Accumulated unpaid compensated absences	576,680	38,500	615,180
Leases payable	213,323	142,717	356,040
Contractual obligations payable	1,180,646	1,225,145	2,405,791
Liabilities due beyond one year:			
Accumulated unpaid compensated absences	473,058	38,116	511,174
Leases payable	384,143	566,337	950,480
OPEB liability	1,314,636	352,030	1,666,666
Contractual obligations payable	9,391,353	10,210,436	19,601,789
Net pension liability	5,525,317	943,837	6,469,154
Landfill closure costs	--	1,683,614	1,683,614
Total Liabilities	<u>21,264,119</u>	<u>16,559,509</u>	<u>37,823,628</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	343,839	58,740	402,579
Deferred inflows of resources related to OPEB	4,664	1,254	5,918
Other deferred inflows of resources	35,131	34,822	69,953
Total Deferred Inflows of Resources	<u>383,634</u>	<u>94,816</u>	<u>478,450</u>
NET POSITION:			
Net Investment in Capital Assets	8,388,284	9,265,006	17,653,290
Restricted For:			
Federal and State Programs	409,625	--	409,625
Debt Service	841,670	--	841,670
Capital Projects	36,462	3,599,174	3,635,636
Municipal Court Security	5,552	--	5,552
Law Enforcement	1,851,412	--	1,851,412
Municipal Court Technology	36,548	--	36,548
Tourism	357,308	--	357,308
Unrestricted	5,855,585	2,504,378	8,359,963
Total Net Position	<u>\$ 17,782,446</u>	<u>\$ 15,368,558</u>	<u>\$ 33,151,004</u>

The accompanying notes are an integral part of this statement.

CITY OF KINGSVILLE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government			
General government and administration	\$ 4,719,760	\$ 324,138	\$ 77,761
Public safety	10,272,984	1,597,664	711,865
Public works	3,632,080	787,122	--
City/County	2,337,837	361,675	585,000
Tourism	651,531	58,534	5,000
Interest on long-term debt	279,826	--	--
Total Government Activities	<u>21,894,018</u>	<u>3,129,133</u>	<u>1,379,626</u>
Business-type Activities:			
Water Improvement	4,392,972	4,730,167	24,907
Stormwater	860	390,799	--
Solid waste	2,966,136	3,890,518	--
Wastewater	2,939,875	3,800,783	--
Total Business-type Activities	<u>10,299,843</u>	<u>12,812,267</u>	<u>24,907</u>
Total Primary Government	<u>\$ 32,193,861</u>	<u>\$ 15,941,400</u>	<u>\$ 1,404,533</u>

General Revenues:
 Property taxes
 Sales taxes
 Franchise taxes
 Bingo taxes
 Alcoholic beverage taxes
 Hotel/Motel taxes
 Unrestricted investment earnings
 Gain (loss) on disposal of capital assets
 Miscellaneous income
 Transfers
 Total General Revenues and Transfers
 Change in Net Position
 Net Position - Beginning
 Prior Period Adjustment
 Net Position - Ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (4,317,861)		\$ (4,317,861)
(7,963,455)		(7,963,455)
(2,844,958)		(2,844,958)
(1,391,162)		(1,391,162)
(587,997)		(587,997)
(279,826)		(279,826)
<u>(17,385,259)</u>		<u>(17,385,259)</u>
	\$ 362,102	362,102
	389,939	389,939
	924,382	924,382
	860,908	860,908
	<u>2,537,331</u>	<u>2,537,331</u>
<u>(17,385,259)</u>	<u>2,537,331</u>	<u>(14,847,928)</u>
7,407,799	--	7,407,799
5,080,332	--	5,080,332
1,023,299	--	1,023,299
3,645	--	3,645
64,286	--	64,286
649,312	--	649,312
396,086	157,476	553,562
31,605	--	31,605
40,982	--	40,982
2,691,336	(2,691,336)	--
<u>17,388,682</u>	<u>(2,533,860)</u>	<u>14,854,822</u>
3,423	3,471	6,894
17,779,023	14,088,584	31,867,607
--	1,276,503	1,276,503
<u>\$ 17,782,446</u>	<u>\$ 15,368,558</u>	<u>\$ 33,151,004</u>

CITY OF KINGSVILLE

BALANCE SHEET - GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2019

	General Fund	Police Forfeiture Fund
ASSETS		
Assets:		
Cash and cash equivalents	\$ 4,227,147	\$ 1,543,393
Equity in pooled cash and cash equivalents	4,706,175	--
Receivables (net of allowances for uncollectibles):		
Taxes	1,680,322	--
Accounts	740,513	--
Assessments	59,824	--
Accrued interest	7,179	--
Due from:		
Other funds	891,666	--
Other governments	110,976	4,167
Inventory, at cost	320,068	--
Restricted assets:		
Cash and cash equivalents	43,280	534,448
Equity in pooled cash and cash equivalents	5,552	31,683
Accounts	50,605	--
Total Assets	<u>\$ 12,843,307</u>	<u>\$ 2,113,691</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND EQUITY		
Liabilities:		
Accounts payable	\$ 978,441	\$ 40,965
Accrued wages payable	60,671	--
Payable from restricted assets:		
Customer deposits	--	534,449
Due to:		
Other funds	220,204	230,661
Other governments	199,968	--
Total Liabilities	<u>1,459,284</u>	<u>806,075</u>
Deferred Inflows of Resources:		
Deferred revenue	605,690	--
Total Deferred Inflows of Resources	<u>605,690</u>	<u>--</u>
Equity:		
Fund balances:		
Nonspendable:		
Inventory	320,068	--
Restricted:		
Debt service	--	--
Capital outlay	48	--
Municipal court building security	5,552	--
Municipal court technology	--	31,475
Law enforcement	--	1,276,141
Tourism	--	--
Federal and state programs	--	--
Committed:		
Landfill	1,489,473	--
Street maintenance	705,709	--
Park maintenance	41,322	--
JK Northway project	600,000	--
Sanitation capital outlay	422,890	--
Capital outlay	61	--
Assigned:		
Drug awareness	--	--
Unassigned:	7,193,210	--
Total Equity	<u>10,778,333</u>	<u>1,307,616</u>
Total Liabilities, Deferred Inflows of Resources, and Equity	<u>\$ 12,843,307</u>	<u>\$ 2,113,691</u>

The accompanying notes are an integral part of this statement.

EXHIBIT A-3

Debt Service Fund	Other Governmental Funds	Total Governmental Funds
\$ --	\$ 175	\$ 5,770,715
--	190,528	4,896,703
136,841	--	1,817,163
--	65,142	805,655
--	--	59,824
--	--	7,179
399,260	6,823	1,297,749
--	203,339	318,482
--	15,548	335,616
133,962	1,305,961	2,017,651
94,234	--	131,469
--	--	50,605
<u>\$ 764,297</u>	<u>\$ 1,787,516</u>	<u>\$ 17,508,811</u>
\$ --	\$ 150,852	\$ 1,170,258
--	1,045	61,716
--	--	534,449
15,358	662,666	1,128,889
--	7,535	207,503
<u>15,358</u>	<u>822,098</u>	<u>3,102,815</u>
<u>136,841</u>	<u>35,131</u>	<u>777,662</u>
<u>136,841</u>	<u>35,131</u>	<u>777,662</u>
--	--	320,068
612,098	--	612,098
--	369,208	369,256
--	--	5,552
--	--	31,475
--	--	1,276,141
--	357,308	357,308
--	203,713	203,713
--	--	1,489,473
--	--	705,709
--	--	41,322
--	--	600,000
--	--	422,890
--	--	61
--	58	58
--	--	7,193,210
<u>612,098</u>	<u>930,287</u>	<u>13,628,334</u>
<u>\$ 764,297</u>	<u>\$ 1,787,516</u>	<u>\$ 17,508,811</u>

CITY OF KINGSVILLE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 SEPTEMBER 30, 2019

Total fund balances - governmental funds balance sheet	\$ 13,628,334
Amounts reported for governmental activities in the Statement of Net Position ("SNP") are different because:	
Capital assets used in governmental activities are not reported in the funds.	19,557,749
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	611,862
The assets and liabilities of internal service funds are included in governmental activities in the SNP.	1,001,478
Payables for bond principal which are not due in the current period are not reported in the funds.	(10,353,050)
Payables for capital leases which are not due in the current period are not reported in the funds.	(597,466)
Payables for bond interest which are not due in the current period are not reported in the funds.	(55,779)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(1,049,738)
Assessments receivable unavailable to pay for current period expenditures are deferred in the funds.	(11,024)
Solid waste assets & liabilities are included in the general fund but are in business activities in SNP.	(999,140)
Recognition of the City's proportionate share of the net pension liability is not reported in the funds.	(5,525,317)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(343,839)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	3,266,367
Bond premiums are amortized in the SNA but not in the funds.	(218,949)
Recognition of the City's proportionate share of the net OPEB liability is not reported in the funds.	(1,314,636)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.	(4,664)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.	190,258
Net position of governmental activities - Statement of Net Position	\$ <u>17,782,446</u>

The accompanying notes are an integral part of this statement.

CITY OF KINGSVILLE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

	General Fund	Police Forfeiture Fund
	<u> </u>	<u> </u>
Revenue:		
Taxes	\$ 11,979,660	\$ --
Licenses and permits	239,639	--
Charges for services	5,792,562	--
Fines and forfeitures	873,082	21,692
Special assessments	4,811	--
Interest and miscellaneous	315,413	66,056
Gain or loss on sale of property	45,599	--
Donations	39,052	--
Intergovernmental revenue	585,000	--
Federal and state grants	127,929	--
Total Revenues	<u>20,002,747</u>	<u>87,748</u>
Expenditures:		
Current:		
General government and administration	4,437,857	21,276
Public safety	8,824,307	850,391
Public works	5,708,912	--
City/County	2,011,443	--
Tourism	3,893	--
Debt service:		
Principal retired	--	--
Interest	--	--
Paying agent fees	--	--
Total Expenditures	<u>20,986,412</u>	<u>871,667</u>
Excess (deficiency) of revenues (under) expenditures	(983,665)	(783,919)
Other Financing Sources (Uses):		
Transfers in	1,884,303	--
Transfers out	(149,498)	--
Issuance of debt	42,166	--
Total Other Financing Sources (Uses)	<u>1,776,971</u>	<u> </u>
Net Change in Fund Balances	793,306	(783,919)
Fund Balances/Equity, October 1	9,985,027	2,091,535
Fund Balances/Equity, September 30	<u>\$ 10,778,333</u>	<u>\$ 1,307,616</u>

The accompanying notes are an integral part of this statement.

EXHIBIT A-5

Debt Service Fund	Other Governmental Funds	Total Governmental Funds
\$ 1,417,470	\$ 647,929	\$ 14,045,059
--	--	239,639
--	59,917	5,852,479
--	--	894,774
--	--	4,811
21,373	29,960	432,802
--	--	45,599
--	6,839	45,891
--	--	585,000
--	659,858	787,787
<u>1,438,843</u>	<u>1,404,503</u>	<u>22,933,841</u>
--	149,102	4,608,235
--	1,185,999	10,860,697
--	--	5,708,912
--	269,727	2,281,170
--	635,508	639,401
1,097,715	--	1,097,715
332,397	--	332,397
3,150	--	3,150
<u>1,433,262</u>	<u>2,240,336</u>	<u>25,531,677</u>
5,581	(835,833)	(2,597,836)
47,135	277,904	2,209,342
--	(579,594)	(729,092)
--	--	42,166
<u>47,135</u>	<u>(301,690)</u>	<u>1,522,416</u>
52,716	(1,137,523)	(1,075,420)
559,382	2,067,810	14,703,754
<u>\$ 612,098</u>	<u>\$ 930,287</u>	<u>\$ 13,628,334</u>

CITY OF KINGSVILLE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Net change in fund balances - total governmental funds	\$ (1,075,420)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	2,080,585
The depreciation of capital assets used in governmental activities is not reported in the funds.	(1,430,048)
The gain or loss on the sale of capital assets is not reported in the funds.	(13,994)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	182,232
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	1,055,630
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	212,808
(Increase) decrease in accrued interest from beginning of period to end of period.	6,346
The net revenue (expense) of internal service funds is reported with governmental activities.	(313,816)
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(17,533)
Solid waste activities are included in the general fund, but are included in business activities in SOA.	(109,483)
Bond premiums are reported in the funds but not in the SOA.	44,326
Proceeds of leases do not provide revenue in the SOA, but are reported as current resources in the funds.	(42,166)
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	(524,828)
OPEB expense relating to GASB 75 is recorded in the SOA but not in the funds.	(51,216)
Change in net position of governmental activities - Statement of Activities	<u>\$ 3,423</u>

The accompanying notes are an integral part of this statement.

CITY OF KINGSVILLE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2019

	Enterprise Fund	Nonmajor Internal Service Fund
	Utility Fund	Insurance Fund
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 3,840,701	\$ 508,854
Equity in pooled cash and cash equivalents	3,488,213	314,045
Receivables (net of allowances for uncollectibles):		
Accounts	1,315,162	83,108
Accrued interest	7,907	41
Due from:		
Other funds	17,900	257,157
Other governments	18,229	--
Inventory, at cost	373,530	47,106
Restricted assets - noncurrent:		
Cash and cash equivalents	351,751	--
Total current assets	<u>9,413,393</u>	<u>1,210,311</u>
Noncurrent assets:		
Capital assets:		
Land	181,743	--
Utility plant	43,397,958	--
Equipment	3,517,844	--
Vehicles	2,360,237	--
Construction in progress	19,688	--
Total capital assets	<u>49,477,470</u>	<u>--</u>
Less accumulated depreciation	<u>(33,815,851)</u>	<u>--</u>
Net capital assets	<u>15,661,619</u>	<u>--</u>
Total noncurrent assets	<u>15,661,619</u>	<u>--</u>
Total Assets	<u>25,075,012</u>	<u>1,210,311</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflow related to pensions	557,962	--
Deferred outflow related to OPEB	37,664	--
Total Deferred Outflows of Resources	<u>\$ 595,626</u>	<u>\$ --</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 400,699	\$ 207,095
Accrued wages payable	10,779	--
Due to:		
Other funds	443,919	--
Accumulated unpaid compensated absences	38,500	--
Current liabilities payable from restricted assets:		
Accrued interest payable	51,934	--
Contractual obligations payable	1,183,061	--
Customer deposits	865,028	--
Total current liabilities	<u>2,993,920</u>	<u>207,095</u>
Long-term liabilities, net of current portion:		
Accumulated unpaid compensated absences	38,116	--
OPEB liability	248,209	--
Contractual obligations payable	10,159,938	--
Net pension liability	943,837	--
Total long-term liabilities, net of current portion	<u>11,390,100</u>	<u>--</u>
Total Liabilities	<u>14,384,020</u>	<u>207,095</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow related to pensions	58,740	--
Deferred inflow related to OPEB	858	--
Other Deferred inflows	34,822	--
Total Deferred Inflows of Resources	<u>94,420</u>	<u>--</u>
NET POSITION		
Net investment in capital assets	4,318,620	--
Restricted for:		
Self insurance	--	1,003,216
Capital outlay	3,599,174	--
Unrestricted	3,274,404	--
Total Net Position	<u>\$ 11,192,198</u>	<u>\$ 1,003,216</u>

The accompanying notes are an integral part of this statement.

CITY OF KINGSVILLE

EXHIBIT A-7R

*RECONCILIATION OF THE PROPRIETARY FUND STATEMENT OF NET POSITION
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
SEPTEMBER 30, 2019*

Utility Fund Net Position - Proprietary Funds Statement of Net Position	\$	11,192,198
Amounts reported for business-type activities in the statement of net position are different because:		
Solid Waste is a business-type activity that is included in the general fund. Assets and liabilities relating to Solid Waste are included in business-type activities in the government-wide statement of net position		
		4,133,158
Assets and liabilities of certain internal service funds are included in business type activities in the SNP.		
		<u>43,202</u>
Net Position of Business-type Activities - Statement of Net Position	\$	<u><u>15,368,558</u></u>

The accompanying notes are an integral part of this statement.

CITY OF KINGSVILLE

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Enterprise Fund	Nonmajor Internal Service Fund
	Utility Fund	Insurance Fund
OPERATING REVENUES:		
Water	\$ 4,726,539	\$ --
Other income	148	2,912
Wastewater	4,195,210	--
Insurance premiums	--	3,508,786
Total Operating Revenues	<u>8,921,897</u>	<u>3,511,698</u>
OPERATING EXPENSES:		
Personal services	2,595,669	--
Supplies	485,314	--
Services	1,827,030	3,829,388
Maintenance	1,003,366	--
Uncollectable accounts	36,856	--
Depreciation and amortization	1,077,906	--
Total Operating Expenses	<u>7,026,141</u>	<u>3,829,388</u>
Operating Income (Loss)	<u>1,895,756</u>	<u>(317,690)</u>
NON-OPERATING REVENUES (EXPENSES):		
Interest	151,876	3,874
Federal revenue	24,907	--
Interest and fiscal agent charge	(307,566)	--
Total Non-operating Revenues (Expenses)	<u>(130,783)</u>	<u>3,874</u>
Net Income (Loss) before Transfers	<u>1,764,973</u>	<u>(313,816)</u>
TRANSFERS IN (OUT):		
Transfers In	28,406	--
Transfers Out	(1,508,656)	--
Total Transfers In (Out)	<u>(1,480,250)</u>	<u>--</u>
Net Income (Loss)	284,723	(313,816)
Net Position, October 1	10,907,475	1,317,032
Net Position, September 30	<u>\$ 11,192,198</u>	<u>\$ 1,003,216</u>

The accompanying notes are an integral part of this statement.

CITY OF KINGSVILLE

EXHIBIT A-8R

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS TO
THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019*

Change in net position - utility fund	\$	284,723
Amounts reported for business-type activities in the statement of activities are different because:		
Solid Waste is a business-type activity that is included in the general fund. The net revenues of the Solid Waste activity are reported in the business-type activities.		
		<u>(281,252)</u>
Change in net position of Business-type activities - statement of activities	\$	<u><u>3,471</u></u>

The accompanying notes are an integral part of this statement.

CITY OF KINGSVILLE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Utility Fund	Internal Service Fund
Cash Flows from Operating Activities:		
Cash received from customers	\$ 8,863,834	\$ --
Cash receipts (payments) for interfund services provided and used	--	3,437,553
Cash payments to employees for services	(2,455,683)	--
Cash payments to other suppliers for goods and services	(3,293,229)	(3,891,215)
Net Cash Provided (Used) by Operating Activities	<u>3,114,922</u>	<u>(453,662)</u>
Cash Flows from Non-capital Financing Activities:		
Proceeds (payments) from (for) interfund borrowings	233,682	320,365
Proceeds from federal operating grant	24,907	--
Transfers (to) from other funds	(1,480,250)	--
Net Cash Provided (Used) by Non-capital Financing Activities	<u>(1,221,661)</u>	<u>320,365</u>
Cash Flows from Capital and Related Financing Activities:		
Principal and interest paid	(1,579,756)	--
Acquisition or construction of capital assets	(73,386)	--
Net Cash Provided (Used) for Capital & Related Financing Activities	<u>(1,653,142)</u>	<u>--</u>
Cash Flows from Investing Activities:		
Interest and dividends on investments	145,129	3,865
Net Cash Provided (Used) for Investing Activities	<u>145,129</u>	<u>3,865</u>
Net Increase (Decrease) in Cash and Cash Equivalents	385,248	(129,432)
Cash and Cash Equivalents at Beginning of Year	7,295,417	952,331
Cash and Cash Equivalents at End of Year	<u>\$ 7,680,665</u>	<u>\$ 822,899</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$ 1,895,756	\$ (317,690)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation	1,077,906	--
Provision for uncollectible accounts	36,856	--
Change in Assets and Liabilities:		
Decrease (increase) in receivables	(51,006)	(74,145)
Decrease (increase) in inventories	13,295	--
Decrease (increase) in prepaid expenses	--	1,401
Decrease (increase) in due from other governments	(15,142)	--
Increase (decrease) in accounts payable	10,224	(63,228)
Increase (decrease) in deferred inflows	(216,416)	--
Increase (decrease) in accrued wages payable	5,373	--
Increase (decrease) in accrued other employment and post employment benefits	48,258	--
Increase (decrease) in net pension liability	788,377	--
Increase (decrease) in deferred outflow related to pension	(485,606)	--
Increase (decrease) in accumulated compensated absences	(1,040)	--
Increase (decrease) in customer deposits	8,085	--
Total Adjustments	<u>1,219,164</u>	<u>(135,972)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 3,114,920</u>	<u>\$ (453,662)</u>

The accompanying notes are an integral part of this statement.

CITY OF KINGSVILLE

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

SEPTEMBER 30, 2019

	Agency Fund
	Court Cash Bond Account
ASSETS	
Assets:	
Cash and cash equivalents	\$ 82,691
Total Assets	<u>\$ 82,691</u>
LIABILITIES AND EQUITY	
Liabilities:	
<i>Payable from restricted assets:</i>	
<i>Customer Deposits</i>	82,691
Total Liabilities	<u>82,691</u>
Net Position:	<u> </u>
Total Net Position	<u> </u>
Total Liabilities and Net Position	<u>\$ 82,691</u>

The accompanying notes are an integral part of this statement.

CITY OF KINGSVILLE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2019

A. Reporting Entity and Summary of Significant Accounting Policies

The financial statements of the City have been prepared in accordance with generally accepted accounting principles in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. Pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989 are not applied in the preparation of the financial statements of the proprietary fund types in accordance with an election made by the City under GASB Statement No. 20. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of these Notes. The remainder of the Notes is organized to provide explanations, including required disclosures, on the City's financial activities for the fiscal year ended September 30, 2019.

1. Reporting Entity

The City of Kingsville was incorporated in 1911 and adopted its first charter in 1916 as a home rule city under the provisions of Chapter 13 of the Revised Statutes of the State of Texas. The City operates under a Commission-Manager form of government and provides the following services as authorized by its charter (last amended August 9, 1986): public safety (police and fire), streets and sidewalks, sanitation, health and social services, parks and recreation, public improvements, and general administrative services.

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. As required by generally accepted accounting principles, these financial statements present the City and should include any entities for which the City is considered financially accountable. Blended component units, although legally separate entities in substance, are part of the City operations and data from these units should be combined with data of the City. On the other hand, a discretely presented component unit would be reported in a separate column in the combined financial statements to emphasize it is legally separate from the City.

a. Blended Component Units

The City did not have a Blended Component Unit at September 30, 2019.

b. Discretely Presented Component Unit

The City did not have a Discretely Presented Component Unit at September 30, 2019.

c. Related Organizations and Jointly Governed Organizations

Related organizations and jointly governed organizations provide services within the City that are administered by separate boards or commissions, but the City is not financially accountable, and such organizations are, therefore, not component units of the City, even though the City Council may appoint a voting majority of an organizations' board. Consequently, financial information for the Kingsville Housing Authority, Kingsville Industrial Foundation and the Greater Economic Development Council are not included in these financial statements.

CITY OF KINGSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. In the government-wide statement of net position, both the governmental and business-type columns are (1) presented on a consolidated basis by column, and (2) reflected on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The City does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenue.

The government-wide statement focuses on the substantiality of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

The City's solid waste activity is included in the governmental funds in the fund financial statements, and as a business-type activity in the government-wide financial statements. This presentation is appropriate because the City does not have a pricing policy for solid waste designed to recover its cost.

Fund Financial Statements: The fund financial statements provide information about the City's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Internal service funds of a government (which traditionally provide services primarily to other funds of the government) are presented in the summary form as part of the proprietary fund financial statements. The City's internal service fund accounts for major medical activities. Since the principal users of the internal services are the City's governmental activities, financial statements of internal service funds are consolidated into the governmental column when presented at the government-wide level in the statement of net position. The net activity of these services is offset against the appropriate functional activity in the statement of activities. This complies with the City's policy of eliminating internal activity from the government-wide statements. Interfund services provided and used are not eliminated in the process of consolidation.

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The City's fiduciary funds are presented in the fund financial statements. Since, by definition, these assets are being held for the benefit of a third party (e.g., other governments or private parties) and cannot be used to finance activities or obligations of the government, these funds are not incorporated into the government-wide statements. The City's fiduciary funds are used to account for court cash bonds held for others, and for certain funds collected and passed through to other governments, as well as the deferred compensation pension trust fund.

The City reports the following major governmental funds:

General Fund. This fund is the general operating fund of the City. It is used to account for all financial resources except for those required to be accounted for in another fund.

Police Forfeiture Fund. This fund is used to account for revenues from seized assets, and the related expenditures.

Debt Service Fund. This fund is used to account for funds needed to make principal and interest payments on outstanding bonds when due. The City reports this fund as major because of public interest and consistency between years.

In addition, the City reports the following major enterprise fund:

Enterprise Fund. This fund is used to account for the operations of the City's combined utilities. The fund includes the City's water, wastewater, and stormwater systems, and the activities of the City's landfill is included in the government-wide (business-type) presentation.

b. **Measurement Focus, Basis of Accounting**

Government-wide Financial Statements: These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end.

Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Those revenues considered susceptible-to-accrual are property taxes, hotel occupancy taxes, special assessments, interest income, and charges for services. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

CITY OF KINGSVILLE
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When the City incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the City's policy to use restricted resources first, then unrestricted resources.

3. Implementation of New Standards

The City has adopted all current GASB pronouncements that are applicable to its operations and activities. The following are new GASB Pronouncements:

GASB Statement No. 83, Certain Asset Retirement Obligation, addresses accounting and financial reporting for certain asset retirement obligations (AROs) and establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. This Statement had no effect on the financial statements of the City and therefore was not implemented.

GASB Statement No. 84, Fiduciary Activities, establishes criteria for identifying fiduciary activities for all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The City will implement this Statement in fiscal year 2020.

GASB Statement No. 87, Leases, increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The City will implement this Statement in fiscal year 2021.

GASB Statement No. 88, Certain Disclosures Related to Debt, improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. This Statement had no effect on the financial statements of the City and therefore was not implemented.

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GASB Statement No. 89, Accounting for Interest Cost, enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The City will implement this Statement in fiscal year 2021, if applicable.

GASB Statement No. 90, Majority Equity Interests, improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The City will implement this Statement is fiscal year 2020, if applicable.

The City has not fully determined the effects that implementation of these statements will have on the City's financial statements.

4. Financial Statement Amounts

a. Equity in Pooled Cash and Cash Equivalents

Cash balances of all City funds are pooled and invested. At year-end, negative balances of individual funds which result from pooling cash, are reclassified to bank overdraft in the financial statements. Investments purchased with pooled cash consisting of certificates of deposit and obligations of the U.S. Government and its agencies or instrumentalities, are recorded at cost, which approximates estimated fair value. Cash and cash equivalents in the accompanying combined balance sheets, includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City.

b. Real Property and Sales Taxes

Property taxes attach as an enforceable lien on property as of January 1. The City's property tax is levied each October 1 on the basis of assessed value at the date the enforceable lien attaches. Appraised values are established by the Kleberg County Appraisal Board, assessed at 100% of appraised value, approved by the Kleberg County Appraisal Review Board and certified by the Chief Appraiser. Responsibility for the billing and collection of the City's taxes has been transferred to Kleberg County as a cost-cutting measure in consolidating government functions.

Taxes are due on receipt of the tax bill and are delinquent if not paid before February of the year following the year in which imposed. Taxes become delinquent at February 1, at which time penalties and interest charges are applicable. Property tax revenues are recorded as revenues when they become available. At September 30, property tax receivables are fully deferred because collections received within the following sixty days are immaterial.

The City operates under the Laws of the State of Texas as a Home Rule City, and is limited to a total tax rate of \$2.50 per \$100 of assessed valuation. Neither the State law, nor the City Charter, limits the proportion of this total tax rate which may be applied to debt service.

In order to obtain approval of its general obligation bonds by the Attorney General of the State, a satisfactory showing of adequate taxing power must be made. As a general rule, the Attorney General will not approve new bonds if this will make the net debt exceed twenty-five percent of the assessed value. The 2018 tax rate was \$.83000 of which \$.66488 was distributed to the General Fund and \$.16512 was applied to the Debt Service Fund. Using the twenty-five percent rule, the City's legal margin is \$235,778,570.

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Allowances for uncollectible tax receivables within the General Fund are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the City is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

The top ten taxpayers are as follows:

<u>Taxpayer Name</u>	<u>Nature of Operations</u>	<u>Assessed Valuation</u>	<u>% of Total Taxable Valuation</u>
AEP Texas Inc.	Electric Utility	32,595,840	3.32%
KL Phase 1 Owner LTD	Apartments	13,185,260	1.34%
NLP Kingsville Ventures LLC	Apartments	12,286,440	1.25%
Kingsville Legends LTD	Apartments	8,181,230	0.83%
Kingspointe- Victoria LLC	Apartments	7,880,960	0.80%
Apexone Javelina LLC	Apartments	7,603,630	0.77%
King Ranch Saddle Shop Inc.	Retail	5,780,170	0.59%
Wal-Mart Stores Texas, LLC US00442	Retail	5,748,150	0.59%
Wal-Mart Stores Inc #01-0442	Retail	5,419,990	0.55%
Thunderbird Real Estate II LTD	Auto Dealership	4,852,160	0.49%

c. Inventory

Inventory is valued at cost (last-in, first-out). All inventory purchases are recorded as inventory acquisitions (current assets) at the time of purchase and expensed when issued.

Inventories of governmental funds are offset by a fund balance reserve which indicates that they do not constitute "available expendable resources" even though they are a component of net current assets.

d. Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

e. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at their acquisition value. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30
Buildings	50
Building Improvements	20
Vehicles	2-15
Office Equipment	3-15
Computer Equipment	3-15

CITY OF KINGSVILLE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2019

Impairment losses related to capital assets are recognized and measured when there has been a significant, unexpected decline in the service utility of capital assets. The events or changes in circumstances which lead to impairment determinations are not considered to be normal or ordinary. The service utility of a capital asset is the usable capacity which, at acquisition, was expected to be used or provide service. Common indicators of impairment include - evidence of physical damage where the level of damage is such that restoration efforts are needed to restore service utility; enactment of laws or approval of regulations as well as changes in environmental factors; technological developments, or other evidence of obsolescence; changes in the manner of duration of use of capital assets; or construction stoppage due to lack of funding. There were no impairment charges during fiscal year 2019.

f. Receivable and Payable Balances

The City believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances. There are no significant receivables which are not scheduled for collection within one year of year-end.

g. Deferred Inflows and Outflows

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred outflows of resources in the Statement of Net Position totaled \$4,069,415, of which \$3,456,624 is in governmental activities and \$612,791 in business-type activities.

There were deferred inflows of resources in the Statement of Net Position of \$478,450, of which \$383,634 is in governmental activities, and \$94,816 is in business-type activities.

Additional information concerning deferred outflows of resources and deferred inflows of resources related to pensions can be found in Note 8, Pension and Retirement Plans.

h. Restricted Assets

Certain debt proceeds of the City's enterprise funds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. In addition, certain resources from fines set aside according to state law for municipal court technology and building security are classified as restricted assets. The City Commission has set aside funds for future landfill closure costs, and these funds are also classified as restricted assets.

When an expense is incurred for purposes for which both restricted and unrestricted assets are available, the City's policy is to apply restricted assets first.

i. Long-term Obligations

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

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

j. Pension Plans

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

k. Fund Equity

In the government-wide financial statements and proprietary fund financial statement, net position is classified in the following categories:

Net Invested in Capital Assets - This category represents the net carrying value of all capital assets, reduced by the outstanding balances of long-term debt that are attributable to the acquisition, construction, or improvement of these assets.

Restricted - The restricted component of net position represents restricted assets reduced by liabilities related to those assets. This category represents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted - This category is the "residual" component of net position that does not meet the definition of "restricted" or "invested in capital assets".

In the governmental fund financial statements, the components of fund balances reflect policies and procedures established by actions of the City Commission and its designated officials.

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation. The enabling legislation authorizes the City to assess, levy, charge or otherwise mandate payment of resources from external resource providers; those resources can be used only for the specific purposes stipulated in the legislation.

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Committed Fund Balance - represents amounts that can only be used for a specific purpose pursuant to constraints imposed by City ordinance no later than the close of the fiscal year. Committed amounts cannot be used for any other purpose unless the Board of Commissioners removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the Board of Commissioners. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance - represents amounts which the City intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the Board of Commissioners or by an official or body to which the Board of Commissioners delegates the authority. This authority is per City Charter, Article IV, Section 10 which states "The Commission shall enact all ordinances and resolutions, and adopt all regulations and constitute the legislative and governing body of the City. The Commission shall have the power to appoint the City Judge, the City Manager, and City Attorney." Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the City itself.

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

Minimum Unassigned Fund Balance - The City will maintain a minimum unassigned fund balance in its General Fund of 25% of the subsequent year's budgeted expenditures and outgoing transfers. The City will maintain a minimum unassigned fund balance in its Utility Fund of 25% of the subsequent year's budgeted expenditures and outgoing transfers. The City, as of September 30, 2019, met their minimum requirements.

Spending Prioritization in Using Available Resources:

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

I. **Accumulated Unpaid Compensated Absences**

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. These compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements. Expenses are recorded in the governmental funds as employees resign or retire. Compensated absence liabilities are normally paid from the funds reporting payroll and related expenditures including the general fund and special revenue funds.

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m. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None	N/A

2. Deficit Fund Balance or Fund Net Position of Individual Funds

The following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None reported	Not applicable	Not applicable

C. Deposits and Investments

The City's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the City's agent bank approved pledged securities in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

Cash and Investments

Texas statutes authorize the City to invest in (1) obligations of the U.S. Treasury or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States; (4) obligations of states, agencies, counties or cities rated A or better by a national investment rating firm; (5) certificates of deposit that are insured by the Federal Deposit Insurance Corporation (FDIC) or secured by obligations having a market value of at least the principal amount of the certificates; and (6) fully collateralized direct repurchase agreements.

1. Cash & Cash Equivalents

At September 30, 2019, the carrying amount of the City's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$21,402,789 and the bank balance was \$22,064,489. The City's cash deposits at March 20, 2020 and during the year ended September 30, 2019, were entirely covered by FDIC insurance or properly secured by collateral held by the City's agent in the City's name.

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2. Investments

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the City adhered to the requirements of the Act. Additionally, investment practices of the City were in accordance with local policies.

Investment Accounting Policy

The City's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's fair value does not vary with market interest rate changes. Non-negotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

Public Funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to : 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the fair value of its underlying investment portfolio within one-half of one percent of the value of its shares.

The City's investments in pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is a 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities & Exchange Commission ("SEC") as an investment company but, nevertheless, has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

<u>Investment</u>	<u>Reported Amount</u>	<u>Fair Value</u>
Texas Class (Rated @ AAAM)	\$ <u>9,725,929</u>	\$ <u>9,725,929</u>

Analysis of Specific Deposit and Investment Risks:

GASB Statement No. 40 requires a determination as to whether the City was exposed to the following specific investment risks at year-end and, if so, the reporting of the certain related disclosures:

1. Credit Risks

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At the end of the period, the City was not significantly exposed to credit risk.

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2. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the City's name.

At the end of the period, the City was not exposed to custodial credit risk.

3. Concentration of Risk

This risk is the risk of loss attributed to the magnitude of government's investment in a single issuer. At the end of the period, the City was not exposed to concentration of credit risk.

4. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At the end of the period, the City was not significantly exposed to interest rate risk.

5. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At the end of the period, the City was not exposed to foreign currency risk.

D. Receivables

	General	Debt Service	Enterprise	Enterprise Restricted	Primary Government Total
Receivables:					
Accounts	\$ 6,266,638	\$ --	\$ 2,722,982	\$ 112,467	\$ 9,102,087
Taxes - Property	765,501	228,068	--	--	993,569
Taxes - Franchise & Sales	1,090,808	--	--	--	1,090,808
Special Assessments	59,824	--	--	--	59,824
Gross Receivables	<u>8,182,771</u>	<u>228,068</u>	<u>2,722,982</u>	<u>112,467</u>	<u>11,246,288</u>
Less: Allowance for uncollectable	<u>(6,071,826)</u>	<u>(91,227)</u>	<u>(1,031,548)</u>	<u>(61,863)</u>	<u>(7,256,464)</u>
Net total receivable	<u>\$ 2,110,945</u>	<u>\$ 136,841</u>	<u>\$ 1,691,434</u>	<u>\$ 50,604</u>	<u>\$ 3,989,824</u>

The component unit has no accounts receivable at year-end.

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E. Capital Assets

Capital asset activity for the year ended September 30, 2019, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 469,540	\$ 90,513	\$ --	\$ 560,053
Construction in progress	566,985	--	(558,358)	8,627
Total capital assets not being depreciated	<u>1,036,525</u>	<u>90,513</u>	<u>(558,358)</u>	<u>568,680</u>
<i>Capital assets being depreciated:</i>				
Road network	19,285,846	--	--	19,285,846
Buildings and improvements	10,370,961	680,035	--	11,050,996
Equipment	6,646,839	384,961	(151,136)	6,880,664
Vehicles	6,306,970	1,483,434	(221,571)	7,568,833
Total capital assets being depreciated	<u>42,610,616</u>	<u>2,548,430</u>	<u>(372,707)</u>	<u>44,786,339</u>
Less accumulated depreciation for:				
Road network	(12,991,842)	(244,434)	--	(13,236,276)
Buildings and improvements	(2,847,656)	(240,934)	--	(3,088,590)
Equipment	(4,537,851)	(791,813)	137,577	(5,192,087)
Vehicles	(4,348,586)	(152,867)	221,136	(4,280,317)
Total accumulated depreciation	<u>(24,725,935)</u>	<u>(1,430,048)</u>	<u>358,713</u>	<u>(25,797,270)</u>
Total capital assets being depreciated, net	<u>17,884,681</u>	<u>1,118,382</u>	<u>(13,994)</u>	<u>18,989,069</u>
Governmental activities capital assets, net	<u>\$ 18,921,206</u>	<u>\$ 1,208,895</u>	<u>\$ (572,352)</u>	<u>\$ 19,557,749</u>
<u>Business-type activities:</u>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 594,943	\$ --	\$ --	\$ 594,943
Construction in progress	3,517,520	49,988	(1,198,937)	2,368,571
Total capital assets not being depreciated	<u>4,112,463</u>	<u>49,988</u>	<u>(1,198,937)</u>	<u>2,963,514</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	44,296,612	1,198,937	--	45,495,549
Equipment	6,213,261	23,399	(14,163)	6,222,497
Vehicles	4,961,818	--	--	4,961,818
Total capital assets being depreciated	<u>55,471,691</u>	<u>1,222,336</u>	<u>(14,163)</u>	<u>56,679,864</u>
Less accumulated depreciation for:				
Buildings and improvements	(29,269,579)	(826,007)	--	(30,095,586)
Equipment	(3,277,753)	(550,036)	14,163	(3,813,626)
Vehicles	(4,104,588)	(219,937)	--	(4,324,525)
Total accumulated depreciation	<u>(36,651,920)</u>	<u>(1,595,980)</u>	<u>14,163</u>	<u>(38,233,737)</u>
Total capital assets being depreciated, net	<u>18,819,771</u>	<u>(373,644)</u>	<u>--</u>	<u>18,446,127</u>
Business-type activities capital assets, net	<u>\$ 22,932,234</u>	<u>\$ (323,656)</u>	<u>\$ (1,198,937)</u>	<u>\$ 21,409,641</u>

CITY OF KINGSVILLE
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Governmental depreciation was charged to functions as follows:

General Government	\$ 210,841
Tourism	11,295
Public Safety	599,817
Public Works	453,574
City/County	<u>154,521</u>
	<u>\$ 1,430,048</u>

Business-type depreciation was charged to functions as follows:

Water	\$ 399,215
Wastewater	678,691
Solid Waste	<u>518,074</u>
	<u>\$ 1,595,980</u>

F. Interfund Balances and Activity

1. Due To and From Other Funds

Balances due to and due from other funds at September 30, 2019, consisted of the following:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Other Governmental Funds	\$ 891,666	Short-term loans
Other Governmental Funds	General Fund	6,823	Short-term loans
Debt Service Fund	Utility Fund	399,260	Short-term loans
	Subtotal	<u>1,297,749</u>	
Utility Fund	Debt Service Fund	15,358	
Utility Fund	General Fund	2,542	
	Subtotal	<u>17,900</u>	
Internal Service Fund	General Fund	210,838	Short-term loans
Internal Service Fund	Utility Fund	44,659	Short-term loans
Internal Service Fund	Other Governmental Funds	1,660	Short-term loans
	Subtotal	<u>257,157</u>	
	Total	<u>\$ 1,572,806</u>	

All amounts due are scheduled to be repaid within one year.

CITY OF KINGSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

2. Transfers To and From Other Funds

Transfers to and from other funds at September 30, 2019, consisted of the following:

Transfers To	Transfers From	Amount	Reason
General Fund	Other Governmental Fund	\$ 375,647	Supplement other funds sources
General Fund	Utility Fund	1,508,656	Supplement other funds sources
	Subtotal:	<u>1,884,303</u>	
Debt Service Fund	Other Governmental Fund	<u>47,135</u>	
Other Governmental Fund	General Fund	128,039	Supplement other funds sources
Other Governmental Fund	Other Governmental Fund	149,865	Supplement other funds sources
	Subtotal:	<u>277,904</u>	
Utility Fund	General Fund	21,459	Supplement other funds sources
Utility Fund	Other Governmental Fund	6,947	Supplement other funds sources
	Subtotal:	<u>28,406</u>	
	Total	<u>\$ 2,237,748</u>	

G. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended September 30, 2019, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Certificates of obligation Limited Tax Refunding	\$ 10,903,680	\$ --	\$ 955,630	\$ 9,948,050	\$ 1,080,646
Bond	505,000	--	100,000	405,000	100,000
Premium on Bonds Payable	263,275	--	44,326	218,949	--
Total bonds payable	<u>11,671,955</u>	<u>--</u>	<u>1,099,956</u>	<u>10,571,999</u>	<u>1,180,646</u>
Capital leases	768,108	42,166	212,808	597,466	213,323
Total long-term debt	<u>12,440,063</u>	<u>42,166</u>	<u>1,312,764</u>	<u>11,169,465</u>	<u>1,393,969</u>
Net pension liability *	910,077	8,530,192	3,914,952	5,525,317	--
Accumulated compensated absences*	1,032,204	754,894	737,360	1,049,738	576,680
OPEB liability *	<u>1,070,865</u>	<u>372,394</u>	<u>128,623</u>	<u>1,314,636</u>	<u>--</u>
Governmental activities					
Total long-term debt	<u>\$ 15,453,209</u>	<u>\$ 9,699,646</u>	<u>\$ 6,093,699</u>	<u>\$ 19,059,156</u>	<u>\$ 1,970,649</u>

CITY OF KINGSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Business-type activities:</u>					
Certificates of obligation	\$ 6,626,320	\$ --	\$ 479,370	\$ 6,146,950	\$ 415,149
Limited Tax Refunding Bond	5,890,000	--	790,000	5,100,000	810,000
Premium on Bonds Payable	228,797	--	40,162	188,635	--
Total bonds payable	12,745,117	--	1,309,532	11,435,585	1,225,149
Capital leases	917,457	--	208,404	709,053	142,717
Total long-term debt	13,662,574	--	1,517,936	12,144,638	1,367,866
Net pension liability *	155,460	1,457,133	668,756	943,837	--
Landfill closure cost (1)	1,571,212	112,402	--	1,683,614	--
OPEB liability *	281,779	97,989	27,738	352,030	--
Accumulated compensated absences*	77,656	61,208	62,247	76,617	38,500
Business-type activities Long-term liabilities	\$ 15,748,681	\$ 1,728,732	\$ 2,276,677	\$ 15,200,736	\$ 1,406,366

(1) The beginning balance has been restated for a change in accounting estimate. See Note S: Prior Period Adjustment.

* Other long-term liabilities

The funds typically used to liquidate other long-term liabilities in the past are as follows:

Liability	Activity Type	Fund
Accumulated compensated absences	Governmental activities	General
Net OPEB liability	Governmental activities	General
Net pension liability	Governmental activities	General
Accumulated compensated absences	Business-type activities	Utility
Net OPEB liability	Business-type activities	Utility
Net pension liability	Business-type activities	Utility

Certificates of obligation payable:	2019	2018
\$10,000,000 Certificates of Obligation, Series 2011 for General Improvements; paid in annual installments of \$375,000 to \$525,000 through 8/1/2032, with interest at 2.0% to 4.6% (53.8504% General Fund and 46.1496% Utility Fund)	5,925,000	6,450,000
\$9,040,000 Limited Tax Refunding Bonds Series 2014 due in annual installments of \$810,000 to \$895,000 through September 30, 2025, with interest at 2.0% to 2.5% (100% Utility Fund)	5,100,000	5,890,000
\$4,270,000 Certificates of Obligation Series 2009 for Capital Outlay; due in annual installments of \$110,000 to \$55,000 through February 1, 2021; interest at 3.00% to 3.85%. (General Fund 15.831%, Utility Fund 84.169%).	110,000	160,000

CITY OF KINGSVILLE
NOTES TO THE FINANCIAL STATEMENTS
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\$5,230,000 Certificates of Obligation Series 2013, for Capital Outlay and General Improvements, due in annual installments of \$250,000 to \$360,000 through September 2023; interest at 2.0% to 3.0% (18.45% to General Fund and 81.55% to Utility Fund).	4,185,000	4,430,000
\$1,260,000 Limited Tax Refunding Bonds, Series 2013, for Capital Outlay and General Improvements, due in annual installments of \$100,000 to \$105,000 through September 2023; interest at 2.0% (100% General Fund)	405,000	505,000
\$6,740,000 C.O. Series 2016, for Capital Outlay and General Improvements, due in annual installments of \$115,000 to \$845,000 through August 1, 2036; interest at 2.0% to 3.5% (100% General Fund)	<u>5,875,000</u>	<u>6,490,000</u>
Total Certificates of Obligation Payable	<u>\$ 21,600,000</u>	<u>\$ 23,925,000</u>

2. Debt Service Requirements

Debt service requirements on long-term debt at September 30, 2019, are as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 1,180,646	\$ 300,443	\$ 1,481,089
2021	1,218,724	272,638	1,491,362
2022	1,238,094	243,911	1,482,005
2023	1,268,864	214,737	1,483,601
2024	546,942	185,833	732,775
2025-2029	2,809,717	666,543	3,476,260
2030-2033	1,855,063	210,010	2,065,073
2034-2038	235,000	12,425	247,425
Totals	<u>\$ 10,353,050</u>	<u>\$ 2,106,540</u>	<u>\$ 12,459,590</u>

<u>Year Ending September 30,</u>	<u>Business-type Activities</u>		
	<u>Certificates of Obligation</u>		<u>Revenue Bonds</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 1,225,149	\$ 319,808	\$ 1,544,957
2021	1,256,277	290,949	1,547,226
2022	1,236,906	261,414	1,498,320
2023	1,266,136	232,938	1,499,074
2024	1,293,058	203,692	1,496,750
2025-2029	3,190,283	588,847	3,779,130
2030-2034	1,779,141	146,290	1,925,431
Totals	<u>\$ 11,246,950</u>	<u>\$ 2,043,938</u>	<u>\$ 13,290,888</u>

CITY OF KINGSVILLE
NOTES TO THE FINANCIAL STATEMENTS
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The City also may be contingently liable for rebates to the Federal government associated with interest earned on proceeds of tax exempt bonds issued. Based on regulations of the Tax Reform Act of 1986, the rebate would not be made until five years from the bond issuance date and may be liquidated through lower interest earnings in future years. For the fiscal year ended September 30, 2019, the City has no arbitrage liability.

- 3. Advance Refunding of Debt : There is no outstanding Refunded Debt as of September 30, 2019.
- 4. Capital Leases

Commitments under capitalized lease agreements for facilities and equipment provide for minimum future lease payments as of September 30, 2019, as follows:

<u>Year Ending September 30:</u>	<u>Governmental Activities</u>	<u>Business-Type Activities (1)</u>
2020	\$ 231,964	\$ 163,685
2021	161,536	163,684
2022	161,536	163,685
2023	77,234	95,277
2024	--	95,277
2025-2026	--	95,482
Total Minimum Rentals	<u>632,270</u>	<u>777,090</u>
Less: Amount representing interest	<u>34,804</u>	<u>68,037</u>
Present value of net minimum lease payments	<u>\$ 597,466</u>	<u>\$ 709,053</u>

The effective interest rate on capital leases is 2.400% to 4.400%.

(1) This is a governmental fund lease, but for Government-Wide Financial Statements, it is presented as a Utility Fund lease for solid waste.

H. Pension Plans

Texas Municipal Retirement System

1. Plan Description

The City participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tMrs.com.

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

CITY OF KINGSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

2. Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

Employees covered by benefit terms:

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	175
Inactive employees entitled to but not yet receiving benefits	172
Active employees	260
Total covered employees	<u>607</u>

3. Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each City is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 8.68% and 8.79% in calendar years 2019 and 2018, respectively. The City's contributions to TMRS for the year ended September 30, 2019 were \$1,011,365 and were equal to the required contributions.

4. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2018, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.5% to 10.5% including inflation
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

CITY OF KINGSVILLE
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Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2018, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2010 through December 31, 2014, first used in the December 31, 2015 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2015 valuation.

The long-term expected rate of return on pension plan investments is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	4.15%
Real Return	10.0%	4.15%
Real Estate	10.0%	4.75%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	7.75%
Total	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

CITY OF KINGSVILLE
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Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2017	\$ 60,687,383	\$ 59,621,846	\$ 1,065,537
Changes for the year			
Service cost	1,556,039	--	1,556,039
Interest	4,062,979	--	4,062,979
Change of benefit terms	--	--	--
Difference between expected and actual experience	(228,198)	--	(228,198)
Changes of assumptions	--	--	--
Contributions - employer	--	1,007,184	(1,007,184)
Contributions - employee	--	802,082	(802,082)
Net investment income	--	(1,785,743)	1,785,743
Benefit payments, including refunds of employee contributions	(2,546,244)	(2,546,244)	--
Administrative expense	--	(34,517)	34,517
Other changes	--	(1,803)	1,803
Net changes	\$ 2,844,576	\$ (2,559,041)	\$ 5,403,617
Balance at 12/31/2018	\$ 63,531,959	\$ 57,062,805	\$ 6,469,154

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate.

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$ 15,538,555	\$ 6,469,154	\$ (929,537)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately issued TMRS financial report. That report may be obtained on the internet at www.tmrs.com.

5. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2019, the City recognized pension expense of \$1,625,845.

Schedule of Pension Expense

Total Service Cost	\$ 1,556,039
Interest on the Total Pension Liability	4,062,979
Current Period Benefit Changes	--
Employee Contributions (Reduction of Expense)	(802,082)
Projected Earnings on Plan Investments (Reduction of Expense)	(4,024,475)
Administrative Expense	34,517
Other Changes in Fiduciary Net Position	1,803
Recognition of Current Year Outflow (Inflow) of Resources - Liabilities	(61,344)
Recognition of Current Year Outflow (Inflow) of Resources - Assets	1,162,044
Amortization of Prior Year Outflows (Inflows) of Resources - Liabilities	(366,121)
Amortization of Prior Year Outflows (Inflows) of Resources - Assets	62,485
Total Pension Expense	\$ 1,625,845

CITY OF KINGSVILLE
NOTES TO THE FINANCIAL STATEMENTS
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At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ --	\$ 402,579
Changes in actuarial assumptions	--	--
Difference between projected and actual investment earnings	3,085,027	--
Contributions subsequent to the measurement date	739,302	--
Total	<u>\$ 3,824,329</u>	<u>\$ 402,579</u>

\$735,121 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending September 30,		
2019	\$	816,635
2020	\$	336,709
2021	\$	367,062
2022	\$	1,162,042
2023	\$	--
Thereafter	\$	--

Texas Statewide Emergency Services Personnel Retirement Fund

1. Plan Description

The Texas Emergency Services Retirement System (TESRS) administers a cost-sharing multiple employer pension system established and administered by the State of Texas to provide Pension benefits for emergency services personnel who serve without significant monetary remuneration.

The City participates in the TESRS. However, the City's participation is considered immaterial and therefore, the City has not recorded deferred inflows, deferred outflows, or net pension liability related to TESRS.

2. Annual Required Contributions-City

The employer annual pension cost of \$5,158 for fiscal year ended September 30, 2019 was equal to the required and actual contributions and the City has no future liability. Three-year information is as follows:

	<u>2017</u>	<u>2018</u>	<u>2019</u>
Annual Required Contribution	\$ 4,707	\$ 7,296	\$ 5,158
Percentage of Required Cost Contributed	100%	100%	100%

Financial reports that include financial statements and supplementary information for each plan are publicly available at the locations shown below.

<u>Plan</u>	<u>Address</u>
Fire Fighters' Retirement System	P.O. Box 12577 Austin, TX 78711

CITY OF KINGSVILLE
NOTES TO THE FINANCIAL STATEMENTS
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Deferred Compensation Plan

The City has a deferred compensation plan for its employees, created in accordance with Internal Revenue Code, Section 457. Participation in the plan is open to all regular employees and is voluntary. The City does not own or administer the amount deferred by employees and, therefore, the liability and corresponding investments are not reflected in the basic statements.

I. Post Retirement Benefits

1. Post-Employment Health Care Benefits

The City of Kingsville (the "City") provides post-employment medical benefits on behalf of its eligible retirees, through a self-funded single-employer benefit plan. As a result, the City is required to implement the Governmental Accounting Standards Board ("GASB") Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions ("GASB 75") which replaces GASB 45. GASB 75 requires public employers to perform periodic actuarial valuations to measure and disclose their retiree healthcare liabilities for the financial statement of the employer.

GASB 75 allows and actuarial valuation date no earlier than thirty months and one day prior to the fiscal year-end reporting date and a measurement date no earlier than one year and one day prior to the fiscal year end reporting date. For the reporting year ending September 30, 2019, the City used an actuarial valuation date of October 1, 2017 and measurement date of September 30, 2019.

Note: Actuarial valuations are done every two years.

Plan Description and Funding Policy

Employees who retire from the City of Kingsville are eligible to continue to participate in the City's health insurance program at the employee group rate which is determined annually by the City of Kingsville and approved by the City Commission. Retirees have 31 days to elect to continue with the City's self-funded health insurance plan (City of Kingsville Benefit Plan Trust) in which they were participating at the time of retirement unless otherwise stated in the plan document or collective bargaining agreement. As of September 30, 2019, a total of 7 eligible retirees were participating in the City's group health program. The City provides one-half of the funding for retiree premiums. Retiree's dependents are excluded from the calculation and are eligible to continue health coverage at the designated COBRA rates during their eligibility period.

Eligibility for Retiree Benefits: Retirees are eligible to continue their medical coverage until they reach age 65.

To be eligible to continue coverage, retired employees must be receiving benefits for retirement from the Texas Municipal Retirement System, actively employed at the time of retirement.

Texas Municipal Retirement System

Age 60 with 5 years of service
 20 years of service

Dependent Eligibility	Spouses and children of the retiree are not eligible for the plan
Medical Benefits	Retirees can continue coverage under the self-funded medical plan
Other Post Retirement Welfare Benefits	None

CITY OF KINGSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Actuarial Assumptions: The Total OPEB Liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date:	September 30, 2019
Actuarial Valuation Date:	October 1, 2017
Inflation:	3.00%
Salary Increases, including inflation:	3.00%
Discount Rate:	2.75%
Prior Year Discount Rate:	3.83%

The discount rate was based on the 9/30/18 Fidelity General Obligation AA 20-Year Yield.

Mortality rates for active employees were based on the PubG.H-2010 (general employees) and PubS.H-2010 (public safety employees) Employee Mortality Tables, Generational with Projection Scale MP-2019 for males or females, as appropriate.

Mortality rates for retirees were based on the PubG.H-2010 (general employees) and PubS.H-2010 (public safety employees) Healthy Annuitant Mortality Tables, Generational with Projection Scale MP-2019 for males or females, as appropriate.

Inactive employees currently receiving benefits payments	7
Inactive employees entitled to but not yet receiving benefit payments	--
Active employees	<u>254</u>
	<u>261</u>

Balance at 9/30/2018	\$	1,352,644
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Changes for the year:

Service Cost	51,950
Interest	50,802
Differences between expected and actual experience	176,817
Changes in Assumptions/Inputs	190,814
Change in Benefit Terms	--
Benefit payments	(156,361)
Administrative expense	--
Net Changes	<u>\$ 314,022</u>

Balance at 9/30/2019	\$	<u>1,666,666</u>
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	<u>1% Decrease in</u> <u>Discount Rate</u>	<u>Discount</u> <u>Rate</u>	<u>1% Increase in</u> <u>Discount Rate</u>
Discount Rate:	\$ 1,864,229	\$ 1,666,666	\$ 1,501,512
Healthcare Cost Trend Rates:	\$ 1,439,969	\$ 1,666,666	\$ 1,955,885

OPEB Expense

Service cost	\$ 51,950
Interest on liabilities	50,802
Difference between actual and expected experience	--
Changes in assumptions-inputs	55,980
Change in benefit terms	63,605
	<u>--</u>
Total OPEB Expense	<u>\$ 222,337</u>

CITY OF KINGSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Deferred Outflows and Inflows	Outflows	Inflows
Differences between actual and expected experience	\$ 117,878	\$ 5,918
Changes of assumptions or other inputs	127,209	--
Total Deferred Outflows and Inflows	\$ 245,087	\$ 5,918

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

Year Ended Sept. 30:		
2020	\$	119,584
2021		119,584
2022		--
2023		--
2024		--
Thereafter		--

J. Commitments and Contingencies

1. Contingencies

The City participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

2. Litigation

No reportable litigation was pending against the City at September 30, 2019.

K. Budgetary Data

Budgets for the General Fund, budgeted special revenue, debt service, and budgeted capital projects funds are adopted in accordance with generally accepted accounting principles (GAAP). The City adopted budgets for the fiscal year ended September 30, 2019 for the following funds:

- General Fund
- Tourism Fund
- Police Forfeiture Fund
- Debt Service Fund
- Capital Projects Fund
- Utility Fund

CITY OF KINGSVILLE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

General Fund budget amendments approved during the year included the following:

\$713,778 addition in revenues and other financing sources comprised of:

- \$27,973 in Parks and Recreation - Donation revenue for recreational programs
- \$5,205 in Parks and Recreation - Revenue for Thompson Park playground equipment
- \$45,600 in Non-Departmental - Revenue from sale of 11 acres of City property
- \$1,000 in City Special - Donation revenue for TML Regional Meeting
- \$11,000 in Police Department - For purchase of computer software and equipment
- \$3,000 in Fire Department - Donation revenue for fire prevention supplies
- \$20,000 to Non-Departmental - Transfer of sale of City property for Park Maintenance
- \$600,000 in Non-Departmental - For County EDA Grant Cash Commitment

\$953,755 addition to expenditures and other financing uses comprised of:

- \$27,973 in Parks and Recreation - For recreational programs provided by donation
- \$5,205 in Parks and Recreation - For Thompson Park playground equipment
- \$1,000 in City Special - Donations for TML Regional Meeting
- \$3,884 in Code Compliance - For rollover purchase orders
- \$25,000 in Landfill - For storm debris remediation
- \$15,625 in Information Technology - For rollover purchase orders
- \$11,000 in Police - Purchase of computer software and equipment
- \$92,022 in Police - For Police Department rollover projects
- \$3,000 in Fire Department - Purchase of fire prevention supplies
- \$150,000 in Transfers - For EDA Grant Cash Commitment
- \$25,600 in Transfers - Sale from City property moved to EDC
- \$20,000 in Transfers - Sale of City property moved to Park Maintenance
- \$238,600 in Landfill - For landfill permit responses
- \$12,206 in Street - For rollover purchase orders
- \$20,000 in Park Maintenance - For additional park maintenance expenditures
- \$3,873 in JK Northway - For JK Northway cattle staging
- \$16,363 in Fire Department - For additional administrative expenses

CITY OF KINGSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

\$211,865 in Fire Department - For purchase of ambulance

\$25,600 in EDC - For additional EDC expenditures

\$44,939 in EDC - For purchase of county hospital building

L. Compensated Absences

The City allows employees to accumulate an unlimited amount of unused sick leave, vacation and holidays. Upon termination, the maximum hours paid are as follows:

	<u>Vacation</u>	<u>Sick Leave</u>
Salary (after completion of probation)	120	720(1)
Hourly (after completion of probation)	120	720(2)
Police Department	240	720
Fire Department	250	1200
Fire Marshal	166	800

(1) Salaried employees may be paid up to 720 hours if these hours were earned prior to January 1, 1984. Hours earned after this date are not paid. (2) Hourly employees may be paid up to 720 hours if these hours were earned prior to January 1, 1984. After this date, hourly employees may be paid a maximum of 240 hours.

There is no limit on accumulated holiday hours to be paid at termination. As of September 30, 2019, the liability for accrued vacation leave and accrued sick leave is approximately \$1,126,355. The amount applicable to the General Fund and Enterprise Fund of \$1,049,738 and \$76,617, respectively, and have been recorded in its respective fund.

M. Contracts With South Texas Water Authority

South Texas Water Authority contract: Five-year contract with the City running from October 1, 2017 through September 30, 2022.

The South Texas Water Authority (STWA) was created in 1979 as a conservation and reclamation district to finance, construct and operate a regional water supply system which will supply treated water on a wholesale basis to the incorporated cities of Kingsville, Bishop, Driscoll, and Agua Dulce and to the unincorporated community of Banquete. Each of these cities is completely reliant on ground water from the Goliad Formation, an aquifer which underlies Nueces, Kleberg and several adjacent counties. Withdrawal of water from the Goliad Formation created numerous zones of depression or declines in the water table. Additionally, some locations in the area as well as a number of individual wells were producing water of marginal quality particularly in regard to dissolved solids and chloride levels. The Authority's system, which was completed and accepted on September 1, 1984, consists of pipeline facilities originating at the City of Corpus Christi O.N. Stevens Water Treatment Plant at Calallen, Texas, with terminal ground storage facilities located at Driscoll (150,000 gallons), Bishop (750,000), Kingsville (5,000,000), Banquete and Agua Dulce (150,000). The Authority is also authorized to contract the sale of water to non-members. Contracts have been entered into with Coastal Bend Youth City, Ricardo Water Supply Corporation and Nueces Water Supply Corporation. The Authority has the ability to levy property taxes in its district not to exceed \$.10 per \$100 assessed valuation. The Authority purchases treated water from the City of Corpus Christi and delivers it into ground storage facilities constructed by it and located at the designated delivery point in each customer city. Use and resale of such water by the customer city is subject to all of the terms, conditions, and restrictions set forth in the Authority's water supply contract with Corpus Christi. The price of water will be uniform among the STWA customer cities and will be based on water rates as discussed below.

CITY OF KINGSVILLE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2019

PRICES AND TERMS

(A) Water Rate - The City shall pay for all water delivered into its system from the Authority at the water rate, which shall be the sum of two elements - a handling charge and the cost of water as described as following:

1. Handling Charge

- a. The handling charge shall be designed to cover all of the Authority's expenses other than the cost of water, including operation and maintenance expenses and amounts budgeted to be paid in the current year for capital improvements, plus an amount sufficient to accumulate and maintain a reasonably adequate reserve fund as stated in subparagraph b, less tax receipts and all other income and revenue. The handling charge, commencing on the effective date of this one-year contract extension and remaining in effect until September 30, 2019 was \$.426386 per thousand gallons of water delivered.
- b. The adjustment in the handling charge may exceed an increase of 5% in any contract year if the Authority obtains prior written approval of customers representing in the aggregate not less than 75% of the water purchased from the Authority during its preceding Fiscal Year.
- c. Notice of a change in handling charge shall be delivered to the City on or before the 10th day of August of each contract year. The notice shall state the amount of the new charge and the reason and calculations for the adjustment. The new handling charge shall be effective commencing at the beginning of the next contract year.
- d. The City may object to the handling charge for any contract year after the initial year by delivering to the Authority a notice stating the nature of the City's objection to the charge. The objection shall be resolved by following the dispute resolution procedures established in the contract. If the dispute is not resolved by the beginning of the subject contract year, the City shall pay at the new rate until the dispute is resolved. The handling charge determined through the dispute resolution procedure shall be effective as the beginning of that contract year unless otherwise agreed by the parties.
- e. Any change in the handling charge, by agreement, dispute resolution, or otherwise shall apply to all customers of the Authority, in accordance with the contract.

2. Cost of Water

The cost of water shall be defined as meaning the actual price per one thousand gallons paid by the Authority to the City of Corpus Christi for water received by the Authority under the Corpus Christi Water Supply Agreement during a service month. It is expected that the cost of water will fluctuate from month to month, resulting in a corresponding fluctuation in the water rate. The water rate ranged from \$2.394856 to \$2.563857 per thousand gallons.

(B) Water Supply Contract - The City and STWA signed a five-year contract on September 25, 2017 which is in effect until September 30, 2022.

(C) Guaranteed Purchase - The City shall purchase a minimum volume of water not to be less than \$300,000 annually unless additional purchases are necessary to supplement the City of Kingsville water requirements. The City purchased \$399,947 and \$388,075 in 2019 and 2018, respectfully.

CITY OF KINGSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

N. Risk Management

1. The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City obtained general; law enforcement, error and omissions; automobile, mobile equipment, real and personal property liability coverage; workers' compensation and unemployment insurance at a cost that is considered to be economically justifiable by joining together with other governmental entities in the State to form the Texas Municipal League Intergovernmental Risk Pool, (TML), a Self-Funded Pool currently operating as a common risk management and insurance program for approximately 1,800 members. The City pays an annual premium to TML for its above insurance coverage. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category of coverage has its own level of reinsurance. The City continues to carry commercial insurance for all other risks of loss, including employee health and accident insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. TML's annual financial statements can be obtained at 211 East Seventh Street, Third Floor, Austin, Texas 78701.

2. Health Insurance

The City began to self-insure for health insurance due to the high cost of commercial health insurance, effective October 1, 2001. A stop loss policy which covers health claims in excess of \$75,000 per individual with a maximum lifetime coverage of \$925,000 is kept in force. In addition, the City's aggregate stop loss coverage is \$1 million and the City maintains aggregate coverage of its group health expenses at 100% of projected claims. Settlements have not exceeded insurance coverage during the past three years.

All funds of the City participate in the program and make payments to the Self-Insurance Fund based on estimates of amounts needed to pay prior and current year claims. The claims liability of \$207,095 at September 30, 2019 is based on requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements and the amount of the loss can be reasonably estimated. Changes in the fund claims liability amounts for fiscal year 2019 and 2018 were:

	Beginning-of Fiscal-Year Liability	Current-Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2018	\$ 233,740	\$ 2,514,049	\$ 2,477,466	\$ 270,323
2019	\$ 270,323	\$ 3,157,507	\$ 3,220,735	\$ 207,095

The liability at year end is equal to three months of paid claims subsequent to September 30, 2019 but that had been incurred prior to that date, and is considered a current liability for reporting purposes.

3. Litigation Tort Claims

The City is a defendant in various tort claims and lawsuits involving general liability, automobile, civil rights actions, and various contractual matters. In the opinion of the City's management and counsel, the outcome of the pending litigation will not have a material effect on the City's financial position or operation.

CITY OF KINGSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

O. Closure and Postclosure Care Cost

State and federal laws and regulations require that the City place a final cover on its landfill when closed and perform maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, expense provisions and related liabilities are being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure costs is based on the amount of the landfill used during the year. The amount of the liability is based on what it would cost to have all such closure and postclosure care performed in the current year, and is assigned to periods based on cumulative landfill use. The estimated liability for landfill closure and postclosure care costs recorded in the business-type activities at September 30, 2019 is \$1,683,614 based on 16.335% usage (filled) of the landfill through September 30, 2019. It is estimated that an additional \$8,623,173 will be recognized as closure and postclosure care expenses between the date of the balance sheet and the date the landfill is expected to be filled to capacity in 2115. The estimated total current cost for the landfill closure and postclosure care of \$10,306,787 is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of September 30, 2019. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

P. Segment Information for Enterprise Funds

Because the utility system fund is a segment and is reported as a major fund in the fund financial statement, segment disclosures herein are not reported.

Q. Non-Budgeted Funds

Budgets are prepared for all governmental funds except the Federal and State Grant Funds. As grants are awarded, grant budgets are established through budget amendments. The budgets are prepared on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year end.

R. Subsequent Events

Management has reviewed subsequent events and transactions that occurred after the balance sheet date through March 20, 2020 (the date of the Audit Report). The financial statements include all Type I events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles. Management and those charged with governance have determined that there is one non-recognized Type II subsequent event that requires additional disclosure:

In November of 2019, the United States learned of the virus known as COVID-19. Over the last several months, it has changed the dynamics of the economy and, most recently, the New York Stock Exchange, which has dropped an estimated 7,000-8,000 points. The stock market remains highly unpredictable.

The City and its Council have no control over these global and national events, except to try to guide the City through these condition they present. These conditions may include, but may not be limited to:

1. Unstable economic environment
2. Potentially violent fluctuations in the stock market
3. Potential shortages of basic goods and services
4. Potential challenges of providing a stable environment for the citizens
5. Managing any loss of revenue and unexpected expenditures that may occur

As of the audit date, the City has had no material effect on the financial statements as a result of these conditions.

CITY OF KINGSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

S. Prior Period Adjustment

The City was issued a new permit by TCEQ to expand its landfill from 120 acres to 176.33 acres with the capacity increasing from 5,813,000 cubic yards to 17,994,268 cubic yards, with increased elevation. The original permit had an estimated cost (adjusted for inflation) of \$7,170,193 while the new permit has an estimated cost of \$10,306,787. The landfill has an estimated life of 93 years or until the year 2115. Recording the new landfill permit amounts resulted in a prior period adjustment of \$1,276,503, as shown in the table below:

<u>Estimate</u>	<u>Year</u>	<u>Estimated Liability</u>	<u>Remaining Closing Costs</u>	<u>Year of Completion</u>
Original	2018	2,847,715	2,847,715	2060
Restated	2018	1,571,212	8,623,173	2115

CITY OF KINGSVILLE
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2019

EXHIBIT B-1
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	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Taxes:				
General Property Taxes:				
Current taxes	\$ 5,517,927	\$ 5,517,927	\$ 5,446,589	\$ (71,338)
Delinquent taxes	125,000	125,000	143,289	18,289
Penalty and interest	100,000	100,000	106,153	6,153
Late rendition fee	5,000	5,000	6,946	1,946
In lieu of tax payments	106,000	106,000	105,121	(879)
Total General Property Taxes	<u>5,853,927</u>	<u>5,853,927</u>	<u>5,808,098</u>	<u>(45,829)</u>
City Sales Tax	<u>4,975,000</u>	<u>4,975,000</u>	<u>5,080,332</u>	<u>105,332</u>
Mixed Drink Tax	<u>55,000</u>	<u>55,000</u>	<u>64,286</u>	<u>9,286</u>
Bingo Tax	<u>--</u>	<u>--</u>	<u>3,645</u>	<u>3,645</u>
Business Taxes:				
Electric franchise tax	675,000	675,000	801,777	126,777
Telephone franchise tax	60,000	60,000	63,407	3,407
Gas franchise tax	75,000	75,000	81,625	6,625
Cable T.V. franchise tax	90,000	90,000	76,490	(13,510)
Total Business Taxes	<u>900,000</u>	<u>900,000</u>	<u>1,023,299</u>	<u>123,299</u>
Total Taxes	<u>11,783,927</u>	<u>11,783,927</u>	<u>11,979,660</u>	<u>195,733</u>
Permits and Licenses:				
Plumbing permits	15,000	15,000	8,323	(6,677)
Electric permits	20,000	20,000	19,166	(834)
Building permits	50,000	50,000	71,563	21,563
Moving permits	600	600	660	60
Other permits	59,500	59,500	71,080	11,580
Amusement licenses	--	--	45	45
Beer and mixed drink licenses	7,000	7,000	6,323	(677)
Contractor licenses	30,000	30,000	31,954	1,954
Solicitor licenses	400	400	600	200
Food handler licenses	30,000	30,000	29,575	(425)
Other licenses	500	500	350	(150)
Total Permits and Licenses	<u>213,000</u>	<u>213,000</u>	<u>239,639</u>	<u>26,639</u>
Charges for Services:				
General Service Fees:				
Zoning fees	3,500	3,500	6,350	2,850
Platting fees	1,000	1,000	200	(800)
Police accident reports	1,000	1,000	816	(184)
Arrest fees	15,000	15,000	14,696	(304)
Child safety fund reports	--	11,000	11,000	--
Ambulance service	525,000	525,000	671,567	146,567
Park and recreational fees	372,650	374,714	320,900	(53,814)
Cell tower rental	2,400	2,400	2,528	128
Street maintenance fees	812,000	812,000	787,122	(24,878)
Other service fees	78,835	78,835	31,564	(47,271)
Total General Service Fees	<u>1,811,385</u>	<u>1,824,449</u>	<u>1,846,743</u>	<u>22,294</u>

CITY OF KINGSVILLE
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2019

EXHIBIT B-1
Page 2 of 8

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
City/County Services:				
Demolition recovery revenue	30,000	30,000	17,985	(12,015)
Weed control	18,000	18,000	22,790	4,790
Total City/County Services	48,000	48,000	40,775	(7,225)
Sanitation Services:				
Garbage fees	3,360,000	3,360,000	3,192,877	(167,123)
Landfill fees	637,000	637,000	652,354	15,354
Miscellaneous	49,900	49,900	59,813	9,913
Total Sanitation Services	4,046,900	4,046,900	3,905,044	(141,856)
Total Charges for Services	5,906,285	5,919,349	5,792,562	(126,787)
Fines and Forfeits:				
Court fines	705,000	705,000	820,994	115,994
Minor fines	6,100	6,100	4,710	(1,390)
Collection of state taxes	16,000	16,000	22,902	6,902
Other court fines	24,000	24,000	24,476	476
Total Fines and Forfeits	751,100	751,100	873,082	121,982
Special Assessments	800	800	4,811	4,011
Interest and Miscellaneous:				
Interest from investments	72,100	72,100	250,687	178,587
Auction revenue	15,000	15,000	17,515	2,515
Sale of city publications	1,000	1,000	807	(193)
Sale of recycle item	1,750	1,750	11,163	9,413
Miscellaneous	32,550	32,550	35,241	2,691
Total Interest and Miscellaneous	122,400	122,400	315,413	193,013
Gain or Loss on Sale of Property	--	45,600	45,599	(1)
Donations	--	35,114	39,052	3,938
Intergovernmental Revenue	585,000	585,000	585,000	--
Federal and state grants	200,000	200,000	127,929	(72,071)
Total Revenues	19,562,512	19,656,290	20,002,747	346,457
Expenditures:				
City Administration Department				
City Commission:				
Personal services	65,013	66,832	64,568	2,264
Supplies	1,500	1,500	1,324	176
Services	77,078	75,259	61,776	13,483
Total City Commission	143,591	143,591	127,668	15,923

CITY OF KINGSVILLE
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2019

EXHIBIT B-1
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	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
City Manager:				
Personal services	262,418	239,470	238,210	1,260
Supplies	2,500	2,500	1,997	503
Services	26,302	49,495	46,002	3,493
Lease payments	--	755	--	755
Total City Manager	<u>291,220</u>	<u>292,220</u>	<u>286,209</u>	<u>6,011</u>
City Special:				
Personal services	29,000	27,729	24,805	2,924
Supplies	1,900	2,843	2,710	133
Services	560,388	574,549	540,283	34,266
Lease payments	13,992	13,992	13,443	549
Total City Special	<u>605,280</u>	<u>619,113</u>	<u>581,241</u>	<u>37,872</u>
Economic Development:				
Personal services	65,000	65,746	65,746	--
Services	45,000	112,995	111,383	1,612
Capital outlay	--	1,798	--	1,798
Total Economic Development	<u>110,000</u>	<u>180,539</u>	<u>177,129</u>	<u>3,410</u>
Total City Administration Department	<u>1,150,091</u>	<u>1,235,463</u>	<u>1,172,247</u>	<u>63,216</u>
Management Services Department				
Personnel:				
Personal services	310,788	310,788	306,880	3,908
Supplies	16,561	18,420	14,641	3,779
Services	70,678	68,819	40,098	28,721
Total Personnel	<u>398,027</u>	<u>398,027</u>	<u>361,619</u>	<u>36,408</u>
Municipal Court:				
Personal services	281,794	281,794	271,348	10,446
Supplies	3,865	5,980	4,036	1,944
Services	8,930	6,815	5,545	1,270
Total Municipal Court	<u>294,589</u>	<u>294,589</u>	<u>280,929</u>	<u>13,660</u>
Finance:				
Personal services	556,143	532,982	490,333	42,649
Supplies	5,996	5,358	4,771	587
Services	106,965	111,215	86,831	24,384
Lease payments	--	1,716	1,716	--
Total Finance	<u>669,104</u>	<u>651,271</u>	<u>583,651</u>	<u>67,620</u>

CITY OF KINGSVILLE
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2019

EXHIBIT B-1
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	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Facilities:				
Personal services	86,122	86,069	78,404	7,665
Supplies	38,525	43,025	28,940	14,085
Services	159,459	158,688	147,713	10,975
Equipment maintenance	--	700	661	39
Building maintenance	127,764	123,388	123,388	--
Total Facilities	411,870	411,870	379,106	32,764
Information Technology:				
Personal services	163,213	163,213	153,283	9,930
Supplies	52,204	56,970	56,779	191
Services	295,193	306,052	302,449	3,603
Lease payments	31,244	31,244	30,108	1,136
Capital outlay	76,581	76,581	71,301	5,280
Total Information Technology	618,435	634,060	613,920	20,140
Total Management Services Department	2,392,025	2,389,817	2,219,225	170,592
Legal Department				
Personal services	208,309	208,309	203,503	4,806
Supplies	700	900	745	155
Services	45,887	46,112	23,747	22,365
Lease payments	--	575	--	575
Total Legal Department	254,896	255,896	227,995	27,901
Urban Development Department				
Planning:				
Personal services	167,708	159,668	158,840	828
Supplies	1,850	3,867	3,770	97
Services	20,449	15,120	14,823	297
Equipment maintenance	2,000	--	--	--
Lease payments	1,722	1,722	1,026	696
Total Planning	193,729	180,377	178,459	1,918
Permits and Licenses:				
Personal services	104,853	90,649	89,872	777
Supplies	3,025	2,996	2,334	662
Services	11,125	67,149	65,925	1,224
Equipment maintenance	500	710	710	--
Lease payments	3,061	3,708	3,708	--
Total Permits and Licenses	122,564	165,212	162,549	2,663

CITY OF KINGSVILLE
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

EXHIBIT B-1
 Page 5 of 8

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Community Appearance:				
Personal services	334,523	302,805	297,690	5,115
Supplies	15,600	12,400	10,379	2,021
Services	70,736	79,538	70,912	8,626
Equipment maintenance	4,700	6,800	6,782	18
Lease payments	2,388	2,700	2,700	--
Total Community Appearance	427,947	404,243	388,463	15,780
Downtown Manager:				
Personal services	66,860	66,804	66,743	61
Supplies	700	842	842	--
Services	6,490	7,696	7,663	33
Total Downtown Manager	74,050	75,342	75,248	94
Total Urban Development Department	818,290	825,174	804,719	20,455
Police Department				
Personal services	4,765,333	4,770,389	4,647,859	122,530
Supplies	198,567	224,226	213,273	10,953
Services	441,652	452,609	413,220	39,389
Equipment maintenance	65,753	101,626	94,544	7,082
Lease payments	16,000	16,000	13,148	2,852
Capital outlay	--	25,477	25,477	--
Total Police Department	5,487,305	5,590,327	5,407,521	182,806
Fire Department				
Personal services	2,793,661	2,793,330	2,711,820	81,510
Supplies	146,875	154,203	141,666	12,537
Services	182,780	185,541	181,827	3,714
Equipment maintenance	54,800	65,287	56,176	9,111
Building maintenance	--	118	118	--
Lease payments	77,477	77,477	77,184	293
Capital outlay	--	211,865	211,865	--
Total Fire Department	3,255,593	3,487,821	3,380,656	107,165
Volunteer Fire Department				
Personal services	18,894	18,894	9,827	9,067
Supplies	14,330	14,330	8,412	5,918
Services	26,679	25,679	17,493	8,186
Equipment maintenance	2,000	2,000	398	1,602
Total Volunteer Fire Department	61,903	60,903	36,130	24,773

CITY OF KINGSVILLE
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

EXHIBIT B-1
 Page 6 of 8

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Works Department				
Public Works Administration:				
Personal services	199,202	199,146	192,491	6,655
Supplies	4,270	4,626	3,533	1,093
Services	50,720	50,420	44,638	5,782
Equipment maintenance	1,500	1,500	1,013	487
Lease payments	6,399	6,399	4,291	2,108
Total Public Works Administration	262,091	262,091	245,966	16,125
Garage:				
Personal services	423,199	428,594	426,387	2,207
Supplies	15,954	14,979	13,895	1,084
Services	6,808	6,808	5,921	887
Equipment maintenance	4,100	4,500	4,236	264
Total Garage	450,061	454,881	450,439	4,442
Sanitation:				
Personal services	675,968	680,964	680,894	70
Supplies	184,600	183,674	182,424	1,250
Services	18,314	17,479	16,471	1,008
Equipment maintenance	232,640	245,655	223,047	22,608
Building maintenance	1,000	1,000	400	600
Lease payments	95,378	95,378	95,279	99
Bad debt	15,000	16,401	16,401	--
Total Sanitation	1,222,900	1,240,551	1,214,916	25,635
Street:				
Personal services	966,373	929,704	858,833	70,871
Supplies	77,808	91,742	90,222	1,520
Services	220,248	234,654	216,786	17,868
Equipment maintenance	57,446	91,208	91,208	--
Building maintenance	1,377,021	1,357,672	1,156,602	201,070
Lease payments	124,557	124,557	124,498	59
Bad debt	--	1,302	1,302	--
Total Street	2,823,453	2,830,839	2,539,451	291,388
Landfill:				
Personal services	496,647	508,085	497,459	10,626
Supplies	97,991	80,474	77,441	3,033
Services	224,057	420,004	417,765	2,239
Equipment maintenance	88,500	144,281	115,624	28,657
Building maintenance	15,000	15,300	14,566	734
Lease payments	133,552	133,552	133,550	2
Capital outlay	5,000	5,000	--	5,000
Bad debt	4,695	4,695	1,735	2,960
Total Landfill	1,065,442	1,311,391	1,258,140	53,251

CITY OF KINGSVILLE
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2019

EXHIBIT B-1
Page 7 of 8

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Recycling Center:				
Supplies	750	1,000	613	387
Services	13,471	13,471	11,924	1,547
Equipment maintenance	800	1,550	1,099	451
Building maintenance	500	500	35	465
Total Recycling Center	15,521	16,521	13,671	2,850
Total Public Works Department	5,839,468	6,116,274	5,722,583	393,691
Health Department				
Personal services	257,390	260,873	264,688	(3,815)
Supplies	38,124	33,049	32,709	340
Services	54,805	60,466	60,278	188
Equipment maintenance	2,800	1,231	759	472
Building maintenance	11,300	8,800	8,695	105
Total Health Department	364,419	364,419	367,129	(2,710)
Parks and Recreation Department				
Personal services	584,414	557,664	544,456	13,208
Supplies	48,745	63,484	53,566	9,918
Services	111,692	113,847	109,733	4,114
Equipment maintenance	14,000	22,626	22,227	399
Building maintenance	44,107	73,434	49,726	23,708
Lease payments	3,714	3,873	3,872	1
Capital outlay	55,500	50,105	21,855	28,250
Total Parks and Recreation Department	862,172	885,033	805,435	79,598
Golf Course				
Personal services	314,784	327,157	300,869	26,288
Supplies	102,973	110,592	93,230	17,362
Services	114,902	131,227	105,770	25,457
Equipment maintenance	7,500	7,500	4,907	2,593
Building maintenance	28,500	16,281	10,468	5,813
Lease payments	85,663	85,663	57,526	28,137
Capital outlay	10,000	15,719	6,569	9,150
Total Golf Course	664,322	694,139	579,339	114,800
Library Department				
Personal services	202,194	202,194	198,800	3,394
Supplies	39,710	37,133	29,501	7,632
Services	27,073	26,808	19,092	7,716
Equipment maintenance	7,160	9,290	8,438	852
Building maintenance	4,534	5,246	3,709	1,537
Total Library Department	280,671	280,671	259,540	21,131

CITY OF KINGSVILLE
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2019

EXHIBIT B-1
Page 8 of 8

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Tourism Department				
Services	<u> --</u>	<u> 3,873</u>	<u> 3,893</u>	<u> (20)</u>
Total Tourism Department	<u> --</u>	<u> 3,873</u>	<u> 3,893</u>	<u> (20)</u>
Total Expenditures	<u>21,431,155</u>	<u>22,189,809</u>	<u>20,986,412</u>	<u>1,203,397</u>
Excess (deficiency) of revenues (under) expenditures	<u>(1,868,643)</u>	<u>(2,533,519)</u>	<u>(983,665)</u>	<u>1,549,854</u>
Other Financing Sources (Uses):				
Operating transfers in	<u>1,770,453</u>	<u>2,416,053</u>	<u>1,884,303</u>	<u>(531,750)</u>
Operating transfers out	<u>(497,881)</u>	<u>(693,481)</u>	<u>(149,498)</u>	<u>543,983</u>
Lease proceeds	<u> --</u>	<u> --</u>	<u> 42,166</u>	<u> 42,166</u>
Total Other Financing Sources (Uses)	<u>1,272,572</u>	<u>1,722,572</u>	<u>1,776,971</u>	<u>54,399</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>(596,071)</u>	<u>(810,947)</u>	<u>793,306</u>	<u>1,604,253</u>
Fund Balances/Equity, October 1	<u>9,981,154</u>	<u>9,985,027</u>	<u>9,985,027</u>	<u> --</u>
Fund Balances/Equity, September 30	<u>\$ 9,385,083</u>	<u>\$ 9,174,080</u>	<u>\$ 10,778,333</u>	<u>\$ 1,604,253</u>

CITY OF KINGSVILLE
POLICE FORFEITURE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2019

EXHIBIT B-2

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines and Forfeits:				
Confiscated revenue	\$ --	\$ --	\$ 6,790	\$ 6,790
Minor fines	13,000	13,000	14,902	1,902
Total Fines and Forfeits	<u>13,000</u>	<u>13,000</u>	<u>21,692</u>	<u>8,692</u>
Interest and Miscellaneous:				
Interest from investments	15,058	15,058	36,080	21,022
Miscellaneous	--	--	29,976	29,976
Total Interest and Miscellaneous	<u>15,058</u>	<u>15,058</u>	<u>66,056</u>	<u>50,998</u>
Total Revenues	<u>28,058</u>	<u>28,058</u>	<u>87,748</u>	<u>59,690</u>
Expenditures:				
Management Services Department:				
Municipal Court:				
Supplies	--	10,765	9,723	1,042
Services	12,000	10,958	2,973	7,985
Lease payments	5,000	5,000	3,507	1,493
Capital outlay	15,068	5,344	5,073	271
Total Municipal Court	<u>32,068</u>	<u>32,068</u>	<u>21,276</u>	<u>10,792</u>
Total Management Services Department	<u>32,068</u>	<u>32,068</u>	<u>21,276</u>	<u>10,792</u>
Police Department				
Supplies	178,725	269,942	204,891	65,051
Services	127,222	130,222	70,229	59,993
Capital outlay	613,259	613,259	575,271	37,988
Total Police Department	<u>919,206</u>	<u>1,013,423</u>	<u>850,391</u>	<u>163,032</u>
Total Expenditures	<u>951,274</u>	<u>1,045,491</u>	<u>871,667</u>	<u>173,824</u>
Excess (deficiency) of revenues (under) expenditures	(923,216)	(1,017,433)	(783,919)	233,514
Fund Balances/Equity, October 1	2,091,535	2,091,535	2,091,535	--
Fund Balances/Equity, September 30	<u>\$ 1,168,319</u>	<u>\$ 1,074,102</u>	<u>\$ 1,307,616</u>	<u>\$ 233,514</u>

CITY OF KINGSVILLE

*SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
LAST TEN FISCAL YEARS **

EXHIBIT B-3

	Measurement Year Ended December 31,				
	2018	2017	2016	2015	2014
Total Pension Liability					
Service cost	\$ 1,556,039	\$ 1,542,091	\$ 1,518,194	\$ 1,478,821	\$ 1,277,906
Interest (on the total pension liability)	4,062,979	3,865,404	3,724,025	3,700,688	3,516,450
Changes of benefit terms	--	--	--	--	--
Difference between expected and actual experience	(228,198)	(59,073)	(830,982)	(652,092)	37,693
Changes in assumptions	--	--	--	70,021	--
Benefit payments, including refunds of employee contributions	(2,546,244)	(2,310,479)	(2,346,871)	(2,279,840)	(2,321,247)
Net Change in Total Pension Liability	2,844,576	3,037,943	2,064,366	2,317,598	2,510,802
Total Pension Liability - Beginning	60,687,383	57,649,440	55,585,074	53,267,476	50,756,674
Total Pension Liability - Ending (A)	<u>\$ 63,531,959</u>	<u>\$ 60,687,383</u>	<u>\$ 57,649,440</u>	<u>\$ 55,585,074</u>	<u>\$ 53,267,476</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 1,007,184	\$ 1,044,347	\$ 1,044,455	\$ 1,067,110	\$ 1,076,141
Contributions - employee	802,082	795,478	780,276	778,913	761,677
Net investment income	(1,785,743)	7,318,990	3,378,510	74,370	2,755,154
Benefit payments, including refunds of employee contributions	(2,546,244)	(2,310,479)	(2,346,871)	(2,279,840)	(2,321,247)
Administrative expense	(34,517)	(37,934)	(38,160)	(45,302)	(28,766)
Other	(1,803)	(1,922)	(2,056)	(2,237)	(2,365)
Net Change in Plan Fiduciary Net Position	(2,559,041)	6,808,480	2,816,154	(406,986)	2,240,594
Plan Fiduciary Net Position - Beginning	59,621,846	52,813,366	49,997,212	50,404,198	48,163,604
Plan Fiduciary Net Position - Ending (B)	<u>\$ 57,062,805</u>	<u>\$ 59,621,846</u>	<u>\$ 52,813,366</u>	<u>\$ 49,997,212</u>	<u>\$ 50,404,198</u>
Net Pension Liability - Ending (A-B)	<u>\$ 6,469,154</u>	<u>\$ 1,065,537</u>	<u>\$ 4,836,074</u>	<u>\$ 5,587,862</u>	<u>\$ 2,863,278</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	89.82%	98.24%	91.61%	89.95%	94.62%
Covered Payroll	\$ 11,458,315	\$ 11,363,969	\$ 11,146,799	\$ 11,127,323	\$ 10,881,102
Net Pension Liability as a Percentage of Covered Payroll	56.46%	9.38%	43.39%	50.22%	26.31%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

CITY OF KINGSVILLE*SCHEDULE OF CITY CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM
LAST TEN FISCAL YEARS **

EXHIBIT B-4

	Fiscal Year Ended September 30,					
	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 1,011,365	\$ 1,023,749	\$ 1,036,718	\$ 1,056,924	\$ 1,067,110	\$ 1,076,141
Contributions in relation to the contractually required contribution	(1,011,365)	(1,023,749)	(1,036,718)	(1,056,924)	(1,067,110)	(1,076,141)
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
City's covered payroll	\$ 11,612,444	\$ 11,503,830	\$ 11,222,189	\$ 11,208,130	\$ 11,127,323	\$ 10,881,102
Contributions as a percentage of covered payroll	8.71%	8.90%	9.24%	9.43%	9.59%	9.89%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

CITY OF KINGSVILLE*SCHEDULE OF CHANGES IN THE TOTAL
OPEB LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS **

	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service Cost	\$ 51,950	\$ 50,437
Interest	50,802	50,887
Changes of benefit terms	--	--
Differences between expected and actual experience	176,817	(11,837)
Changes in assumptions or other inputs	190,814	--
Benefit payments	(156,361)	(30,090)
Net Change in Total OPEB Liability	<u>314,022</u>	<u>59,397</u>
Total OPEB Liability - Beginning	<u>1,352,644</u>	<u>1,293,247</u>
Total OPEB Liability - Ending	<u>\$ 1,666,666</u>	<u>\$ 1,352,644</u>
Covered Payroll	\$ 10,029,006	\$ 9,736,899
Total OPEB Liability as a percentage of covered payroll	16.62%	13.89%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

CITY OF KINGSVILLE

*NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2019*

The basis of budgeting in the General Fund Budgetary Comparison Schedule is the same as Accounting Principles Generally Accepted in the United States of America (GAAP).

Texas Municipal Retirement System

Valuation Date	Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	27 years
Asset valuation method	10 Year smoothed market; 15% soft corridor
Inflation	2.5%
Salary Increases	3.5% to 10.5%, including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table based on rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Other Information	There were no benefit changes during the year.

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CITY OF KINGSVILLE

*NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2019*

City of Kingsville OPEB Plan

Valuation Date	October 1, 2017
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	4 years
Inflation	3.0%
Salary Increases	3.0%, including inflation
Discount Rate	2.75%
Retirement Age	Experience-based table based on rates that are specific to the City's plan of benefits.
Mortality	PubG.H-2010 (general employees) and PubS.H-2010 (public safety) Employee and Healthy Annuitant Generational with MP-2019
Changes of Benefit Terms	None
Changes of Assumptions	Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period: 2018 - 3.83% 2019 - 2.75% Mortality Rates: 2018 - RPH-2014 Healthy Annuitant Mortality Table, Generational Mortality Improvement with Projection Scale MP-2018 2019 - PubG.H-2010 (general employees) and PubS.H-2010 (public safety) Employee and Healthy Annuitant Generational with MP-2019

**COMBINING STATEMENTS AND BUDGET COMPARISONS
AS SUPPLEMENTARY INFORMATION**

CITY OF KINGSVILLE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds (See Exhibit A-3)
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Assets:			
Cash and cash equivalents	\$ 175	\$ --	\$ 175
Equity in pooled cash and cash equivalents	167,832	22,696	190,528
Receivables (net of allowances for uncollectibles):			
Accounts	65,142	--	65,142
Due from:			
Other funds	6,823	--	6,823
Other governments	203,339	--	203,339
Inventory, at cost	15,548	--	15,548
Restricted assets:			
Cash and cash equivalents	333,149	972,812	1,305,961
Total Assets	<u>\$ 792,008</u>	<u>\$ 995,508</u>	<u>\$ 1,787,516</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND EQUITY			
Liabilities:			
Accounts payable	\$ 150,852	\$ --	\$ 150,852
Accrued wages payable	1,045	--	1,045
Due to:			
Other funds	36,366	626,300	662,666
Other governments	7,535	--	7,535
Total Liabilities	<u>195,798</u>	<u>626,300</u>	<u>822,098</u>
Deferred Inflows of Resources:			
Deferred revenue	35,131	--	35,131
Total Deferred Inflows of Resources	<u>35,131</u>	<u>--</u>	<u>35,131</u>
Equity:			
Fund balances:			
Restricted:			
Capital outlay	--	369,208	369,208
Tourism	357,308	--	357,308
Federal and state programs	203,713	--	203,713
Assigned:			
Drug awareness	58	--	58
Total Equity	<u>561,079</u>	<u>369,208</u>	<u>930,287</u>
Total Liabilities, Deferred Inflows of Resources, and Equity	<u>\$ 792,008</u>	<u>\$ 995,508</u>	<u>\$ 1,787,516</u>

CITY OF KINGSVILLE

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds (See Exhibit A-5)
Revenue:			
Taxes	\$ 647,929	\$ --	\$ 647,929
Charges for services	59,917	--	59,917
Interest and miscellaneous	159	29,801	29,960
Donations	6,839	--	6,839
Federal and state grants	659,858	--	659,858
Total Revenues	<u>1,374,702</u>	<u>29,801</u>	<u>1,404,503</u>
Expenditures:			
Current:			
General government and administration	131,602	17,500	149,102
Public safety	585,999	600,000	1,185,999
City/County	--	269,727	269,727
Tourism	635,508	--	635,508
Debt service:			
Total Expenditures	<u>1,353,109</u>	<u>887,227</u>	<u>2,240,336</u>
Excess (deficiency) of revenues (under) expenditures	21,593	(857,426)	(835,833)
Other Financing Sources (Uses):			
Transfers in	277,904	--	277,904
Transfers out	(82,594)	(497,000)	(579,594)
Total Other Financing Sources (Uses)	<u>195,310</u>	<u>(497,000)</u>	<u>(301,690)</u>
Net Change in Fund Balances	216,903	(1,354,426)	(1,137,523)
Fund Balances/Equity, October 1	344,176	1,723,634	2,067,810
Fund Balances/Equity, September 30	<u>\$ 561,079</u>	<u>\$ 369,208</u>	<u>\$ 930,287</u>

CITY OF KINGSVILLE
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2019

	<u>Tourism Fund</u>	<u>Federal Grants</u>
ASSETS		
Assets:		
Cash and cash equivalents	\$ 175	\$ --
Equity in pooled cash and cash equivalents	219	149,721
Receivables (net of allowances for uncollectibles):		
Accounts	65,142	--
Due from:		
Other funds	--	--
Other governments	--	163,214
Inventory, at cost	15,548	--
Restricted assets:		
Cash and cash equivalents	333,149	--
Total Assets	<u>\$ 414,233</u>	<u>\$ 312,935</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND EQUITY		
Liabilities:		
Accounts payable	\$ 39,684	\$ 109,329
Accrued wages payable	1,045	--
Due to:		
Other funds	6,661	--
Other governments	7,535	--
Total Liabilities	<u>54,925</u>	<u>109,329</u>
Deferred Inflows of Resources:		
Deferred revenue	2,000	3,492
Total Deferred Inflows of Resources	<u>2,000</u>	<u>3,492</u>
Equity:		
Fund balances:		
Restricted:		
Tourism	357,308	--
Federal and state programs	--	200,114
Assigned:		
Drug awareness	--	--
Total Equity	<u>357,308</u>	<u>200,114</u>
Total Liabilities, Deferred Inflows of Resources, and Equity	<u>\$ 414,233</u>	<u>\$ 312,935</u>

EXHIBIT C-3

<u>State Grants</u>	<u>Other Special Revenues</u>	<u>Total Nonmajor Special Revenue Funds (See Exhibit C-1)</u>
\$ --	\$ --	\$ 175
17,834	58	167,832
--	--	65,142
1,823	5,000	6,823
40,125	--	203,339
--	--	15,548
--	--	333,149
<u>\$ 59,782</u>	<u>\$ 5,058</u>	<u>\$ 792,008</u>
\$ --	\$ 1,839	\$ 150,852
--	--	1,045
29,705	--	36,366
--	--	7,535
<u>29,705</u>	<u>1,839</u>	<u>195,798</u>
<u>26,478</u>	<u>3,161</u>	<u>35,131</u>
<u>26,478</u>	<u>3,161</u>	<u>35,131</u>
--	--	357,308
3,599	--	203,713
--	58	58
<u>3,599</u>	<u>58</u>	<u>561,079</u>
<u>\$ 59,782</u>	<u>\$ 5,058</u>	<u>\$ 792,008</u>

CITY OF KINGSVILLE

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Tourism Fund	Federal Grants
Revenue:		
Taxes	\$ 647,929	\$ --
Charges for services	59,917	--
Interest and miscellaneous	159	--
Donations	5,000	--
Federal and state grants	--	509,944
Total Revenues	<u>713,005</u>	<u>509,944</u>
Expenditures:		
Current:		
General government and administration	--	39,250
Public safety	--	490,694
Tourism	635,508	--
Total Expenditures	<u>635,508</u>	<u>529,944</u>
Excess (deficiency) of revenues (under) expenditures	77,497	(20,000)
Other Financing Sources (Uses):		
Transfers in	25,000	217,000
Transfers out	(82,594)	--
Total Other Financing Sources (Uses)	<u>(57,594)</u>	<u>217,000</u>
Net Change in Fund Balances	19,903	197,000
Fund Balances/Equity, October 1	337,405	3,114
Fund Balances/Equity, September 30	<u>\$ 357,308</u>	<u>\$ 200,114</u>

EXHIBIT C-4

State Grants	Other Special Revenues	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
\$ --	\$ --	\$ 647,929
--	--	59,917
--	--	159
--	1,839	6,839
<u>149,914</u>	<u>--</u>	<u>659,858</u>
<u>149,914</u>	<u>1,839</u>	<u>1,374,702</u>
90,513	1,839	131,602
95,305	--	585,999
--	--	635,508
<u>185,818</u>	<u>1,839</u>	<u>1,353,109</u>
(35,904)	--	21,593
35,904	--	277,904
--	--	(82,594)
<u>35,904</u>	<u>--</u>	<u>195,310</u>
--	--	216,903
3,599	58	344,176
<u>\$ 3,599</u>	<u>\$ 58</u>	<u>\$ 561,079</u>

CITY OF KINGSVILLE
TOURISM FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2019

EXHIBIT C-5

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Taxes:				
General Property Taxes:				
Hotel/Motel property tax	\$ 525,000	\$ 545,000	\$ 647,929	\$ 102,929
Total General Property Taxes	<u>525,000</u>	<u>545,000</u>	<u>647,929</u>	<u>102,929</u>
Charges for Services:				
General Service Fees:				
Park and recreational fees	53,830	53,830	58,534	4,704
Total General Service Fees	<u>53,830</u>	<u>53,830</u>	<u>58,534</u>	<u>4,704</u>
Sanitation Services:				
Miscellaneous	200	200	1,383	1,183
Total Sanitation Services	<u>200</u>	<u>200</u>	<u>1,383</u>	<u>1,183</u>
Total Charges for Services	<u>54,030</u>	<u>54,030</u>	<u>59,917</u>	<u>5,887</u>
Interest and Miscellaneous:				
Interest from investments	191	191	159	(32)
Total Interest and Miscellaneous	<u>191</u>	<u>191</u>	<u>159</u>	<u>(32)</u>
Donations	--	--	5,000	5,000
Total Revenues	<u>579,221</u>	<u>599,221</u>	<u>713,005</u>	<u>113,784</u>
Expenditures:				
Tourism Department				
Personal services	239,460	228,625	213,004	15,621
Supplies	17,657	16,427	16,293	134
Services	364,177	421,170	378,480	42,690
Equipment maintenance	1,900	1,879	1,398	481
Building maintenance	14,370	24,396	22,397	1,999
Lease payments	4,253	4,253	3,936	317
Total Tourism Department	<u>641,817</u>	<u>696,751</u>	<u>635,508</u>	<u>61,243</u>
Total Expenditures	<u>641,817</u>	<u>696,751</u>	<u>635,508</u>	<u>61,243</u>
Excess (deficiency) of revenues (under) expenditures	(62,596)	(97,530)	77,497	175,027
Other Financing Sources (Uses):				
Operating transfers in	75,000	75,000	25,000	(50,000)
Operating transfers out	(132,594)	(132,594)	(82,594)	50,000
Total Other Financing Sources (Uses)	<u>(57,594)</u>	<u>(57,594)</u>	<u>(57,594)</u>	<u>--</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(120,190)	(155,124)	19,903	175,027
Fund Balances/Equity, October 1	337,405	337,405	337,405	--
Fund Balances/Equity, September 30	<u>\$ 217,215</u>	<u>\$ 182,281</u>	<u>\$ 357,308</u>	<u>\$ 175,027</u>

CITY OF KINGSVILLE
FEDERAL GRANTS FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2019

EXHIBIT C-6

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal and state grants	\$ 614,175	\$ 869,925	\$ 509,944	\$ (359,981)
Total Revenues	614,175	869,925	509,944	(359,981)
Expenditures:				
Urban Development Department:				
Downtown Manager:				
Services	40,000	40,000	39,250	750
Total Downtown Manager	40,000	40,000	39,250	750
Total Urban Development Department	40,000	40,000	39,250	750
Police Department				
Personal services	90,000	218,514	96,020	122,494
Supplies	--	67,445	54,620	12,825
Services	--	4,042	--	4,042
Capital outlay	280,175	341,182	340,054	1,128
Total Police Department	370,175	631,182	490,694	140,488
Parks and Recreation Department				
Building maintenance	421,000	421,000	--	421,000
Total Parks and Recreation Department	421,000	421,000	--	421,000
Total Expenditures	831,175	1,092,182	529,944	562,238
Excess (deficiency) of revenues (under) expenditures	(217,000)	(222,257)	(20,000)	202,257
Other Financing Sources (Uses):				
Operating transfers in	217,000	217,000	217,000	--
Total Other Financing Sources (Uses)	217,000	217,000	217,000	--
Excess of revenues and other financing sources over (under) expenditures and other financing uses	--	(5,257)	197,000	202,257
Fund Balances/Equity, October 1	3,114	3,114	3,114	--
Fund Balances/Equity, September 30	\$ 3,114	\$ (2,143)	\$ 200,114	\$ 202,257

CITY OF KINGSVILLE

STATE GRANTS FUND
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

EXHIBIT C-7

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal and state grants	\$ 241,311	\$ 244,623	\$ 149,914	\$ (94,709)
Total Revenues	241,311	244,623	149,914	(94,709)
Expenditures:				
City Administration Department				
City Special:				
Capital outlay	179,520	179,520	90,513	89,007
Total City Special	179,520	179,520	90,513	89,007
Total City Administration Department	179,520	179,520	90,513	89,007
Police Department				
Personal services	85,420	85,420	85,420	--
Services	--	3,312	1,595	1,717
Total Police Department	85,420	88,732	87,015	1,717
Fire Department				
Supplies	9,619	--	--	--
Services	2,656	12,275	8,290	3,985
Total Fire Department	12,275	12,275	8,290	3,985
Total Expenditures	277,215	280,527	185,818	94,709
Excess (deficiency) of revenues (under) expenditures	(35,904)	(35,904)	(35,904)	--
Operating transfers in	35,904	35,904	35,904	--
Total Other Financing Sources (Uses)	35,904	35,904	35,904	--
Excess of revenues and other financing sources over (under) expenditures and other financing uses	--	--	--	--
Fund Balances/Equity, October 1	3,599	3,599	3,599	--
Fund Balances/Equity, September 30	\$ 3,599	\$ 3,599	\$ 3,599	\$ --

CITY OF KINGSVILLE

DEBT SERVICE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2019

EXHIBIT C-8

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
General Property Taxes:				
Current taxes	\$ 1,370,353	\$ 1,370,353	\$ 1,352,639	\$ (17,714)
Delinquent taxes	40,000	40,000	36,550	(3,450)
Penalty and interest	32,000	32,000	28,281	(3,719)
Total General Property Taxes	<u>1,442,353</u>	<u>1,442,353</u>	<u>1,417,470</u>	<u>(24,883)</u>
Interest and Miscellaneous:				
Interest from investments	10,000	10,000	21,373	11,373
Total Interest and Miscellaneous	<u>10,000</u>	<u>10,000</u>	<u>21,373</u>	<u>11,373</u>
Total Revenues	<u>1,452,353</u>	<u>1,452,353</u>	<u>1,438,843</u>	<u>(13,510)</u>
Expenditures:				
Debt Service				
Principal retired	1,097,716	1,097,716	1,097,715	1
Interest	332,399	332,399	332,397	2
Paying agent fees	3,400	3,400	3,150	250
Total Debt Service	<u>1,433,515</u>	<u>1,433,515</u>	<u>1,433,262</u>	<u>253</u>
Total Expenditures	<u>1,433,515</u>	<u>1,433,515</u>	<u>1,433,262</u>	<u>253</u>
Excess (deficiency) of revenues (under) expenditures	18,838	18,838	5,581	(13,257)
Other Financing Sources (Uses):				
Operating transfers in	47,135	47,135	47,135	--
Total Other Financing Sources (Uses)	<u>47,135</u>	<u>47,135</u>	<u>47,135</u>	<u>--</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	65,973	65,973	52,716	(13,257)
Fund Balances/Equity, October 1	559,382	559,382	559,382	--
Fund Balances/Equity, September 30	<u>\$ 625,355</u>	<u>\$ 625,355</u>	<u>\$ 612,098</u>	<u>\$ (13,257)</u>

CITY OF KINGSVILLE
CAPITAL IMPROVEMENTS FUND
CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest and Miscellaneous:				
Interest from investments	\$ 17,150	\$ 17,150	\$ 29,801	\$ 12,651
Total Interest and Miscellaneous	<u>17,150</u>	<u>17,150</u>	<u>29,801</u>	<u>12,651</u>
Total Revenues	<u>17,150</u>	<u>17,150</u>	<u>29,801</u>	<u>12,651</u>
Expenditures:				
City Administration Department				
City Special:				
Capital outlay	<u>333,872</u>	<u>133,872</u>	<u>17,500</u>	<u>116,372</u>
Total City Special	<u>333,872</u>	<u>133,872</u>	<u>17,500</u>	<u>116,372</u>
Total City Administration Department	<u>333,872</u>	<u>133,872</u>	<u>17,500</u>	<u>116,372</u>
Management Services Department				
Municipal Court:				
Capital outlay	<u>5,026</u>	<u>5,026</u>	<u>--</u>	<u>5,026</u>
Total Municipal Court	<u>5,026</u>	<u>5,026</u>	<u>--</u>	<u>5,026</u>
Total Management Services Department	<u>5,026</u>	<u>5,026</u>	<u>--</u>	<u>5,026</u>
Fire Department				
Capital outlay	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>	<u>--</u>
Total Fire Department	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>	<u>--</u>
Health Department				
Supplies	<u>--</u>	<u>4,510</u>	<u>4,510</u>	<u>--</u>
Building maintenance	<u>8,552</u>	<u>8,552</u>	<u>2,289</u>	<u>6,263</u>
Capital outlay	<u>13,750</u>	<u>9,240</u>	<u>--</u>	<u>9,240</u>
Total Health Department	<u>22,302</u>	<u>22,302</u>	<u>6,799</u>	<u>15,503</u>
Parks and Recreation Department				
Building maintenance	<u>295,000</u>	<u>193,177</u>	<u>147,819</u>	<u>45,358</u>
Capital outlay	<u>200,000</u>	<u>222,609</u>	<u>115,109</u>	<u>107,500</u>
Total Parks and Recreation Department	<u>495,000</u>	<u>415,785</u>	<u>262,928</u>	<u>152,857</u>
Total Expenditures	<u>1,456,200</u>	<u>1,176,985</u>	<u>887,227</u>	<u>289,758</u>
Excess (deficiency) of revenues (under) expenditures	(1,439,050)	(1,159,835)	(857,426)	302,409

CITY OF KINGSVILLE
CAPITAL IMPROVEMENTS FUND
CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2019

EXHIBIT C-9
Page 2 of 2

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Other Financing Sources (Uses):				
Operating transfers out	(197,000)	(497,000)	(497,000)	--
Total Other Financing Sources (Uses)	(197,000)	(497,000)	(497,000)	--
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(1,636,050)	(1,656,835)	(1,354,426)	302,409
Fund Balances/Equity, October 1	1,723,634	1,723,634	1,723,634	--
Fund Balances/Equity, September 30	\$ 87,584	\$ 66,799	\$ 369,208	\$ 302,409

CITY OF KINGSVILLE

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

ALL AGENCY FUNDS

YEAR ENDED SEPTEMBER 30, 2019

EXHIBIT C-10

	Balance October 1, 2019	Additions	Deductions	Balance September 30, 2019
Corporation Court Cash Bond Account Fund				
ASSETS				
Cash and investments	\$ 104,876	\$ 86,147	108,332	\$ 82,691
Total Assets	<u>\$ 104,876</u>	<u>\$ 86,147</u>	<u>\$ 108,332</u>	<u>\$ 82,691</u>
LIABILITIES				
Cash bonds held	\$ 104,876	\$ 86,147	\$ 108,332	\$ 82,691
Total Liabilities	<u>\$ 104,876</u>	<u>\$ 86,147</u>	<u>\$ 108,332</u>	<u>\$ 82,691</u>

Statistical Section

This part of the City of Kingsville's comprehensive annual financial report presents detailed information as context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	112-119
Revenue Capacity	
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	120-128
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	129-135
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time with other governments.	136-137
Operating Information	
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	138-142

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF KINGSVILLE

NET POSITION BY COMPONENT,
LAST TEN FISCAL YEARS

	Fiscal Year				
	2019	2018	2017	2016	2015
Governmental Activities					
Net investment in Capital Assets	\$ 8,388,284	\$ 6,481,143	\$ 8,359,623	\$ 8,385,155	\$ 9,978,832
Restricted	3,538,577	3,450,739	3,391,989	2,691,190	3,214,449
Unrestricted	5,855,585	7,847,141	4,923,248	5,042,603	2,347,890
Total Governmental Activities Net Position	<u>\$ 17,782,446</u>	<u>\$ 17,779,023</u>	<u>\$ 16,674,860</u>	<u>\$ 16,118,948</u>	<u>\$ 15,541,171</u>
Business-type activities					
Net Investment in Capital Assets	\$ 9,265,006	\$ 9,269,664	\$ 7,888,672	\$ 5,337,203	\$ 3,658,702
Restricted	3,599,174	2,277,168	3,124,894	3,783,641	5,606,600
Unrestricted	2,504,378	2,541,750	2,394,348	5,265,570	4,667,465
Total Business-Type Activities Net Position	<u>\$ 15,368,558</u>	<u>\$ 14,088,582</u>	<u>\$ 13,407,914</u>	<u>\$ 14,386,414</u>	<u>\$ 13,932,767</u>
Primary Government					
Net investment in Capital Assets	\$ 17,653,290	\$ 15,750,807	\$ 16,248,295	\$ 13,722,358	\$ 13,637,534
Restricted	7,137,751	5,727,907	6,516,883	6,474,831	8,821,049
Unrestricted	8,359,963	10,388,891	7,317,596	10,308,173	7,015,355
Total Primary Government Net Position	<u>\$ 33,151,004</u>	<u>\$ 31,867,605</u>	<u>\$ 30,082,774</u>	<u>\$ 30,505,362</u>	<u>\$ 29,473,938</u>

SCHEDULE 1

		Fiscal Year							
		2014	2013	2012	2011	2010			
\$	7,857,043	\$	7,196,801	\$	8,641,553	\$	8,703,647	\$	7,242,987
	4,552,225		5,952,091		3,139,930		-		911,541
	1,671,613		2,846,877		4,221,605		6,456,755		5,818,599
\$	<u>14,080,881</u>	\$	<u>15,995,769</u>	\$	<u>16,003,088</u>	\$	<u>15,160,402</u>	\$	<u>13,973,127</u>
\$	842,427	\$	2,766,006	\$	4,049,345	\$	3,398,641	\$	3,028,078
	6,361,728		539,925		1,086,225		1,403,545		2,225,545
	8,899,435		11,624,979		8,689,906		6,601,689		5,843,383
\$	<u>16,103,590</u>	\$	<u>14,930,910</u>	\$	<u>13,825,476</u>	\$	<u>11,403,875</u>	\$	<u>11,097,006</u>
\$	8,699,470	\$	9,962,807	\$	12,690,898	\$	12,102,288	\$	10,271,065
	10,913,953		6,492,016		4,226,155		2,086,412		3,137,086
	10,571,048		14,471,856		12,911,511		13,058,444		11,661,982
\$	<u>30,184,471</u>	\$	<u>30,926,679</u>	\$	<u>29,828,564</u>	\$	<u>27,247,144</u>	\$	<u>25,070,133</u>

CITY OF KINGSVILLE
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	Fiscal Year				
	2019	2018	2017	2016	2015
Expenses					
Governmental Activities:					
General Government	\$ 4,719,760	\$ 4,509,275	\$ 4,803,413	\$ 4,487,935	\$ 3,995,650
Public Safety	10,272,984	9,299,188	9,056,283	10,415,086	9,204,930
Public Works	3,632,080	3,382,760	3,978,987	3,321,641	3,306,944
City/County	2,337,837	2,060,985	2,116,324	2,735,353	1,861,469
Tourism	651,531	590,957	976,056	533,758	489,686
Interest on Long-Term Debt	279,826	337,368	362,092	415,124	255,927
Total Governmental Activities Expenses	21,894,018	20,180,533	21,293,155	21,908,897	19,114,606
Business-Type Activities:					
Water	4,392,972	4,381,668	4,587,773	4,576,376	4,136,054
Solid Waste	2,966,136	2,697,771	2,861,670	2,594,497	2,705,535
Waste Water	2,939,875	3,004,453	3,234,997	2,992,974	2,769,038
Storm Water	860	327	270	253	631
Total Business-Type Activity Expenses	10,299,843	10,084,219	10,684,710	10,164,100	9,611,258
Total Primary Government Expenses	\$ 32,193,861	\$ 30,264,752	\$ 31,977,865	\$ 32,072,997	\$ 28,725,864
Program Revenue (see schedule 3)					
Governmental Activities					
Charges for Services:					
General Government	\$ 324,138	\$ 270,992	\$ 289,523	\$ 342,476	\$ 336,553
Public Safety	1,597,664	2,515,424	1,738,745	3,596,477	3,394,881
Public Works	787,122	813,052	853,075	601,700	62,577
City/County	361,675	314,270	308,082	467,315	295,084
Tourism	58,534	51,128	55,173	935	1,985
Operating Grants and Contributions	1,379,626	1,003,090	1,192,770	1,071,004	947,173
Capital Grants and Contributions	-	-	-	-	-
	4,508,759	4,967,956	4,437,368	6,079,907	5,038,253
Business-Type Activities:					
Charges for Services:					
Water	4,730,167	5,071,190	5,084,940	4,748,558	4,509,790
Waste Water	3,800,783	3,543,469	3,497,038	3,409,252	3,451,936
Solid Waste	3,890,518	3,927,251	3,924,740	3,856,298	3,915,060
Storm Water	390,799	330,649	227,449	226,086	224,545
Operating Grants and Contributions	24,907	42,587	191,926	111,987	-
Capital Grants and Contributions	-	-	-	-	-
Total Business-Type Activities Program Revenues	12,837,174	12,915,146	12,926,093	12,352,181	12,101,331
Total Primary Government Program Revenues	\$ 17,345,933	\$ 17,883,102	\$ 17,363,461	\$ 18,432,088	\$ 17,139,584

SCHEDULE 2

		Fiscal Year							
		2014	2013	2012	2011	2010			
\$	4,127,259	\$	3,957,983	\$	3,285,875	\$	2,974,363	\$	2,853,471
	10,189,111		9,100,303		9,475,608		9,144,528		8,450,026
	3,727,188		3,342,824		2,823,707		2,521,159		2,838,815
	797,635		754,701		811,546		801,490		782,399
	482,331		404,947		389,259		484,470		421,233
	309,706		362,523		335,136		319,288		190,913
	<u>19,633,230</u>		<u>17,923,281</u>		<u>17,121,131</u>		<u>16,245,298</u>		<u>15,536,857</u>
	4,569,960		4,232,121		4,570,338		3,847,697		3,474,155
	2,706,916		2,541,678		2,417,443		2,669,749		2,273,372
	2,547,557		2,287,392		2,451,466		2,392,136		3,201,052
	834		1,074		-		-		-
	<u>9,825,267</u>		<u>9,062,265</u>		<u>9,439,247</u>		<u>8,909,582</u>		<u>8,948,579</u>
\$	<u>29,458,497</u>	\$	<u>26,985,546</u>	\$	<u>26,560,378</u>	\$	<u>25,154,880</u>	\$	<u>24,485,436</u>
\$	427,047	\$	373,672	\$	265,724	\$	357,478	\$	160,225
	2,374,591		2,718,033		1,975,762		2,486,253		2,476,666
	54,893		531,161		23,470		48,367		60,302
	30,038		23,118		21,581		32,587		20,302
	626,066		519,940		542,582		483,424		422,584
	298,649		403,484		308,366		479,148		486,855
	2,074		2,673		19,700		92,993		-
	<u>3,813,358</u>		<u>4,572,081</u>		<u>3,157,185</u>		<u>3,980,250</u>		<u>3,626,934</u>
	5,021,529		5,239,019		5,064,986		4,516,381		3,769,784
	3,830,649		3,357,948		3,815,313		3,646,165		3,572,534
	3,776,750		3,303,720		3,329,276		3,363,894		2,708,503
	228,883		243,952		-		-		-
	-		-		-		-		700
	-		-		-		-		-
	<u>12,857,811</u>		<u>12,144,639</u>		<u>12,209,575</u>		<u>11,526,440</u>		<u>10,051,521</u>
\$	<u>16,671,169</u>	\$	<u>16,716,720</u>	\$	<u>15,366,760</u>	\$	<u>15,506,690</u>	\$	<u>13,678,455</u>

CITY OF KINGSVILLE
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	Fiscal Year				
	2019	2018	2017	2016	2015
Net (Expense)/Revenue					
Governmental Activities	\$ (17,385,259)	\$ (15,212,577)	\$ (16,855,787)	\$ (15,828,990)	\$ (14,076,353)
Business-Type Activities	2,537,331	2,830,927	2,241,383	2,188,081	2,490,073
Total Primary Government Net Expenses	<u>\$ (14,847,928)</u>	<u>\$ (12,381,650)</u>	<u>\$ (14,614,404)</u>	<u>\$ (13,640,909)</u>	<u>\$ (11,586,280)</u>
General Revenues - Other Changes in Net Position					
Governmental Activities					
Taxes					
Property Taxes	\$ 7,407,799	\$ 6,983,970	\$ 6,837,284	\$ 6,425,348	\$ 6,247,458
Franchise Taxes	1,023,299	979,444	989,053	996,256	1,003,931
Sales Taxes	5,080,332	4,764,200	4,770,174	4,599,145	4,520,268
Hotel/Motel Taxes	649,312	566,267	549,471	510,673	564,056
Other Taxes	67,931	64,514	66,553	55,932	57,265
Payment in Lieu of Taxes	-	-	-	100,000	100,000
Insurance Settlement	-	-	573,250	1,605,908	-
Investment Earnings	396,086	280,161	134,896	251,491	128,334
Gain (loss) on disposal of capital assets	31,605	3,000	87,712	-	-
Miscellaneous (loss)	40,982	61,377	98,935	24,320	21,292
Transfers	2,691,336	2,286,274	3,304,371	1,837,694	4,442,361
Total Governmental Activities	<u>17,388,682</u>	<u>15,989,207</u>	<u>17,411,699</u>	<u>16,406,767</u>	<u>17,084,965</u>
Business-Type Activities					
Investment Earnings	157,476	84,354	73,974	103,258	45,957
Other	-	8,002	10,514	-	-
Transfers	(2,691,336)	(2,286,274)	(3,304,371)	(1,837,694)	(4,442,361)
Total Business-Type Activities	<u>(2,533,860)</u>	<u>(2,193,918)</u>	<u>(3,219,883)</u>	<u>(1,734,436)</u>	<u>(4,396,404)</u>
Total Primary Government	<u>\$ 14,854,822</u>	<u>\$ 13,795,289</u>	<u>\$ 14,191,816</u>	<u>\$ 14,672,331</u>	<u>\$ 12,688,561</u>
Changes in Net Position					
Governmental Activities (loss)	\$ 3,423	\$ 776,630	\$ 555,912	\$ 577,777	\$ 3,008,612
Business-Type Activities (loss)	3,471	637,009	(978,500)	453,645	(1,906,331)
Total Primary Government (loss)	<u>\$ 6,894</u>	<u>\$ 1,413,639</u>	<u>\$ (422,588)</u>	<u>\$ 1,031,422</u>	<u>\$ 1,102,281</u>

SCHEDULE 2
(Continued)

Fiscal Year				
2014	2013	2012	2011	2010
\$ (15,819,872)	\$ (13,351,200)	\$ (13,963,946)	\$ (12,265,048)	\$ (11,909,923)
<u>3,032,544</u>	<u>3,082,374</u>	<u>2,770,328</u>	<u>2,616,858</u>	<u>1,102,942</u>
<u>\$ (12,787,328)</u>	<u>\$ (10,268,826)</u>	<u>\$ (11,193,618)</u>	<u>\$ (9,648,190)</u>	<u>\$ (10,806,981)</u>
\$ 6,111,394	\$ 5,956,227	\$ 5,891,693	\$ 5,898,032	\$ 5,467,439
1,019,888	971,761	977,459	981,170	976,187
4,543,435	4,338,360	4,204,521	4,582,312	3,699,421
-	-	-	-	-
57,136	49,137	45,703	46,381	49,591
100,000	100,000	100,000	100,000	100,000
-	-	-	-	-
83,492	211,942	83,886	87,229	147,868
-	-	-	-	-
2,000	399	295,794	220	36,672
<u>1,987,639</u>	<u>1,849,660</u>	<u>2,662,842</u>	<u>2,439,847</u>	<u>1,002,840</u>
<u>13,904,984</u>	<u>13,477,486</u>	<u>14,261,898</u>	<u>14,135,191</u>	<u>11,480,018</u>
127,777	37,971	137,410	129,857	78,863
-	-	-	-	-
<u>(1,987,638)</u>	<u>(1,849,660)</u>	<u>(2,662,842)</u>	<u>(2,439,847)</u>	<u>(1,002,838)</u>
<u>(1,859,861)</u>	<u>(1,811,689)</u>	<u>(2,525,432)</u>	<u>(2,309,990)</u>	<u>(923,975)</u>
<u>\$ 12,045,123</u>	<u>\$ 11,665,797</u>	<u>\$ 11,736,466</u>	<u>\$ 11,825,201</u>	<u>\$ 10,556,043</u>
\$ (1,914,888)	\$ 126,286	\$ 297,952	\$ 1,870,143	\$ (429,905)
<u>1,172,684</u>	<u>1,270,685</u>	<u>244,896</u>	<u>306,868</u>	<u>178,967</u>
<u>\$ (742,204)</u>	<u>\$ 1,396,971</u>	<u>\$ 542,848</u>	<u>\$ 2,177,011</u>	<u>\$ (250,938)</u>

CITY OF KINGSVILLE

*FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS*

	Fiscal Year				
	2019	2018	2017	2016	2015
General Fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
Nonspendable	320,068	354,036	285,323	252,475	224,369
Restricted	5,600	2,314	97,057	97,400	137,203
Committed	3,259,455	2,664,778	1,266,453	2,945,543	4,817,647
Unassigned	7,193,210	6,963,901	7,470,863	7,149,475	5,339,938
Total General Fund	\$ 10,778,333	\$ 9,985,029	\$ 9,119,696	\$ 10,444,893	\$ 10,519,157
All Other Governmental Funds					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, Reported in Special Revenue Funds	-	-	-	-	-
Restricted					
Debt Service Funds	612,098	559,382	757,325	618,994	579,648
Special Revenue Funds	561,021	344,117	412,248	534,268	1,124,758
Capital Projects Funds	369,208	1,723,633	4,007,567	6,509,573	-
Unassigned, Reported in Special Revenue Funds	1,307,616	2,091,534	1,461,090	1,726,151	1,439,902
Assigned					
Drug Awareness	58	58	2,365	2,365	2,365
Total All Other Governmental Funds	\$ 2,850,001	\$ 4,718,724	\$ 6,640,595	\$ 9,391,351	\$ 3,146,673

Notes:

The City implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in fiscal year 2011.

SCHEDULE 3

Fiscal Year				
2014	2013	2012	2011	2010
\$ -	\$ -	\$ -	\$ -	\$ 279,242
890,143	-	-	-	8,441,728
208,104	208,104	208,104	186,270	-
129,744	122,629	124,837	124,067	-
6,396,343	5,785,885	4,771,546	4,191,118	-
4,792,075	4,933,418	5,629,480	5,917,128	-
<u>\$ 12,416,409</u>	<u>\$ 11,050,036</u>	<u>\$ 10,733,967</u>	<u>\$ 10,418,583</u>	<u>\$ 8,720,970</u>
\$ -	\$ -	\$ -	\$ -	\$ 483
-	-	-	-	2,434,595
-	-	-	-	702,976
-	-	-	-	431,185
588,942	625,918	733,821	654,664	-
2,095,662	570,780	451,571	10,303	-
-	3,498,203	3,066,934	4,349,466	-
890,143	1,734,655	1,681,034	2,509,776	-
2,365	-	-	-	-
<u>\$ 3,577,112</u>	<u>\$ 6,429,556</u>	<u>\$ 5,933,360</u>	<u>\$ 7,524,209</u>	<u>\$ 3,569,239</u>

CITY OF KINGSVILLE

*CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS*

	Fiscal Year				
	2019	2018	2017 *	2016 *	2015 *
Revenues					
Property Taxes	\$ 7,120,452	\$ 6,998,136	\$ 6,706,943	\$ 6,370,231	\$ 6,324,292
Taxes-Other	6,924,607	6,488,517	6,483,549	6,267,496	6,144,962
Licenses, Fees and Permits	239,639	193,757	246,379	262,275	281,595
Fines and Penalties	894,774	1,886,822	1,107,731	2,999,672	2,857,165
Charges for Services	5,852,479	5,860,636	5,900,175	5,417,808	4,868,259
Special Assessment	4,811	774	2,797	-	-
Intergovernmental	585,000	550,000	550,000	550,000	947,173
Investment Earnings/Other	432,802	300,139	207,464	402,997	161,103
Gain or Loss on Sale of Property	45,599	-	-	-	-
Federal Grant	787,787	448,342	642,770	521,004	-
Donations	45,891	7,025	29,300	1,730	4,400
Total Revenues	22,933,841	22,734,148	21,877,108	22,793,213	21,588,949
Expenditures					
General Government	4,423,846	4,334,387	5,387,819	4,499,066	3,946,280
Public Safety	9,108,029	8,994,258	9,392,971	9,726,283	9,420,023
Public Works	5,708,912	5,244,664	5,994,479	4,953,034	4,961,418
City/County	2,137,638	2,009,023	2,976,194	2,846,518	1,892,789
Tourism	639,401	580,694	971,148	553,609	513,596
Other	-	-	-	-	2,800
Capital Outlay	2,080,589	3,151,215	2,750,583	2,165,305	2,362,760
Debt Service					
Interest	332,397	357,712	458,762	278,696	318,555
Principal	1,097,715	1,124,637	980,798	1,463,485	1,425,793
Bond Issuance Cost	3,150	2,900	3,550	91,800	-
Total Expenditures	25,531,677	25,799,490	28,916,304	26,577,796	24,844,014
Excess of Revenues over/ (under) Expenditures	(2,597,836)	(3,065,342)	(7,039,196)	(3,784,583)	(3,255,065)
Other Financing Sources (uses)					
Gain on Sale of Assets	-	3,000	105,806	-	-
Issuance of Debt	42,166	845,105	750,879	10,396	-
Bonds Issued	-	-	-	6,740,000	-
Bond Issuance Costs	-	-	-	-	-
Bond Issuance Premium	-	-	-	198,693	-
Insurance Settlement	-	-	573,250	1,605,908	-
Refunding Bonds Issued	-	-	-	-	-
Payment to Refunding Bonds					
Escrow Agent	-	-	-	-	-
Transfers In	2,209,342	1,669,896	3,121,412	2,365,743	2,297,234
Transfers Out	(729,092)	(509,196)	(1,588,105)	(965,743)	(479,714)
Total Other Financing Sources (uses)	1,522,416	2,008,805	2,963,242	9,954,997	1,817,520
Net Change In Fund Balances	\$ (1,075,420)	\$ (1,056,537)	\$ (4,075,954)	\$ 6,170,414	\$ (1,437,545)
Debt Services as a Percentage of Noncapital Expenditures	6.11%	6.54%	5.51%	7.51%	7.77%

* Restated to reflect capital outlay that is part of the above expenditures

SCHEDULE 4

		Fiscal Year							
		2014 *	2013 *	2012	2011	2010			
\$	6,211,394	\$	6,056,227	\$	6,019,795	\$	5,998,518	\$	5,268,890
	6,224,035		5,834,703		5,769,313		6,093,287		5,448,277
	371,219		228,156		185,708		175,386		194,004
	1,766,230		2,193,241		1,367,469		1,975,760		1,990,136
	4,448,868		4,417,144		4,453,626		4,245,457		4,106,546
	2,571		9,965		15,725		45,192		19,910
	300,723		393,927		326,628		548,805		544,351
	176,663		372,414		178,110		273,989		209,382
	-		-		-		-		-
	-		-		-		-		-
	2,000		399		295,794		220		2,007
	<u>19,503,703</u>		<u>19,506,176</u>		<u>18,612,168</u>		<u>19,356,614</u>		<u>17,783,503</u>
	4,031,495		3,854,608		3,406,264		3,519,126		2,998,296
	9,720,606		9,193,035		9,221,523		9,470,845		8,251,125
	5,519,498		4,830,337		5,447,175		4,360,930		6,440,127
	771,719		768,239		773,413		813,991		750,783
	480,742		401,893		389,081		484,470		420,379
	53,888		35,230		17,187		37,053		37,237
	1,217,907		635,678		-		-		-
	377,700		469,062		536,062		291,020		1,590,000
	1,452,714		1,417,329		1,266,933		1,453,000		428,796
	-		-		-		-		-
	<u>23,626,269</u>		<u>21,605,411</u>		<u>21,057,638</u>		<u>20,430,435</u>		<u>20,916,743</u>
	<u>(4,122,566)</u>		<u>(2,099,235)</u>		<u>(2,445,470)</u>		<u>(1,073,821)</u>		<u>(3,133,240)</u>
	38,000		23,000		58,500		11,000		-
	458,350		414,191		-		-		-
	-		965,000		-		5,385,040		-
	-		-		-		-		-
	-		58,408		-		80,361		-
	-		-		-		-		-
	-		1,260,000		-		-		-
	-		(1,247,918)		-		-		-
	2,767,926		1,880,045		1,677,920		1,682,936		1,684,912
	<u>(1,517,925)</u>		<u>(441,587)</u>		<u>(427,920)</u>		<u>(432,936)</u>		<u>(574,890)</u>
	<u>1,746,351</u>		<u>2,911,139</u>		<u>1,308,500</u>		<u>6,726,401</u>		<u>1,110,022</u>
\$	<u>(2,376,215)</u>	\$	<u>811,904</u>	\$	<u>(1,136,970)</u>	\$	<u>5,652,580</u>	\$	<u>(2,023,218)</u>
	8.17%		9.00%		8.56%		8.54%		9.65%

CITY OF KINGSVILLE

SCHEDULE 5

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY,
 LAST TEN FISCAL YEARS
 (DOLLARS IN THOUSANDS)

Fiscal Year	Real Property	Mineral Property	Personal Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value
2010	\$ 629,910,921	\$ 31,453,548	\$ 76,203,240	\$ 66,282,243	\$ 671,285,466	\$ 0.80187	\$ 737,567,709
2011	649,713,780	31,463,010	70,658,350	69,436,322	682,398,818	0.84220	751,835,140
2012	660,216,670	24,266,424	72,655,450	73,884,909	683,253,635	0.84220	757,138,544
2013	664,122,931	23,606,860	80,127,290	74,423,849	693,433,232	0.84220	767,857,081
2014	676,002,957	26,907,000	88,736,830	77,398,392	714,248,395	0.84220	791,646,787
2015	694,469,813	26,395,108	95,315,110	87,266,366	728,913,665	0.84220	816,180,031
2016	723,790,576	29,640,590	99,061,220	96,803,747	755,688,639	0.84220	852,492,386
2017	761,756,167	39,541,260	89,558,210	101,398,477	789,457,160	0.84220	890,855,637
2018	793,841,251	39,726,389	83,376,720	115,036,371	801,907,989	0.84220	916,944,360
2019	848,688,558	45,403,810	87,986,520	135,228,653	846,850,235	0.83000	982,078,888

Source: Kleberg County Tax Assessor Office

Note: The Kleberg County Appraisal District assesses properties every three years. Property is assessed at fair market value.

CITY OF KINGSVILLE*DIRECT AND OVERLAPPING PROPERTY TAX RATES**LAST TEN FISCAL YEARS**(RATE PER \$100 OF ASSESSED VALUE)*

SCHEDULE 6

Fiscal Year	City Direct Rates			Overlapping Rates		
	Basic Rate	General Obligation Debt Service	Total Direct Rate	School District	County	STWA
2010	\$ 0.56672	\$ 0.23515	\$ 0.80187	\$ 1.32165	\$ 0.67546	\$ 0.05731
2011	0.62543	0.21677	0.84220	1.35520	0.69546	0.06189
2012	0.63752	0.20468	0.84220	1.46380	0.75100	0.06189
2013	0.66395	0.17825	0.84220	1.49410	0.74481	0.06189
2014	0.65404	0.18816	0.84220	1.51890	0.74481	0.08511
2015	0.65558	0.18662	0.84220	1.51890	0.74481	0.85409
2016	0.65567	0.18653	0.84220	1.51890	0.81500	0.83250
2017	0.66088	0.18132	0.84220	1.51890	0.82880	0.08294
2018	0.69055	0.15165	0.84220	1.51890	0.79500	0.08517
2019	0.66488	0.16512	0.83000	1.51890	0.78145	0.08666

Source: Kleberg County Tax Assessor Office

CITY OF KINGSVILLE
 PRINCIPAL PROPERTY TAX PAYERS,
 CURRENT YEAR AND NINE YEARS AGO

SCHEDULE 7

Taxpayer	2019			2010		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
AEP Texas Inc.	\$ 36,984,660	1	4.61%			
KL Phase 1 Owner LTD	15,259,790	2	1.90%			
NLP Kingsville Ventures LLC	11,715,590	3	1.46%			
Kingsville Legends LTD	8,586,450	4	1.07%			
Kingspointe-Victoria LLC	7,880,960	5	0.98%			
Apexone Javelina LLC	7,603,630	6	0.95%			
King Ranch Saddle Shop Inc	5,771,780	7	0.72%			
Wal-Mart Stores Texas, LLC US00442	5,708,740	8	0.71%			
Wal-Mart Stores Inc #01-0442	5,437,310	9	0.68%			
Neessen Chevrolet Inc	5,241,800	10	0.65%			
AEP Texas Central Company				\$ 17,552,470	1	2.75%
Wal-Mart Stores East LP #01-0442				7,429,890	2	1.16%
Kingsville Two				7,279,940	3	1.14%
HBC Holding LTD				6,532,740	4	1.02%
Collegiate Kingsville Partners LP				6,387,370	5	1.00%
Wal-Mart Stores Inc #01-0442				5,555,450	6	0.87%
Eddie Yaklin Ford Lincoln Mercury LTD				5,065,010	7	0.79%
Lowe's Home Centers Inc				4,682,670	8	0.73%
HEB Grocery Inc				4,530,050	9	0.71%
Lowe's Home Centers Inc				4,296,710	10	0.67%
Total	\$ 110,190,710		13.74%	\$ 69,312,300		10.85%

Source: Kleberg County Appraisal District

CITY OF KINGSVILLE
PROPERTY TAX LEVIES AND COLLECTIONS,
LAST TEN FISCAL YEARS

SCHEDULE 8

Fiscal Year	Taxes Levied for the Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2010	\$ 5,385,014	\$ 5,174,338	96.1%	\$ 177,350	\$ 5,351,688	99.38%
2011	5,759,638	5,557,746	96.5%	172,909	5,730,655	99.50%
2012	5,751,687	5,564,076	96.7%	151,238	5,715,314	99.37%
2013	5,831,373	5,618,741	96.4%	172,246	5,790,987	99.31%
2014	5,987,424	5,791,937	96.7%	146,553	5,938,490	99.18%
2015	6,145,880	5,939,500	96.6%	148,941	6,088,441	99.07%
2016	6,350,640	6,115,195	96.3%	161,188	6,276,383	98.83%
2017	6,640,180	6,396,334	96.3%	139,544	6,535,878	98.43%
2018	6,880,532	6,645,832	96.6%	89,824	6,735,656	97.89%
2019	7,056,152	6,799,232	96.4%	-	6,799,232	96.36%

Source: Kleberg County Tax Assessor Office

Note: These accounts represent cash collections and any adjustments to the tax roll per the Kleberg County Appraisal District.

CITY OF KINGSVILLE
TAXABLE SALES BY CATEGORY,
LAST TEN CALENDAR YEARS
(DOLLARS IN THOUSANDS)

	Fiscal Year				
	2019	2018	2017	2016	2015
Building Materials, Hardware, etc.	\$ 33,660	\$ 31,589	\$ 31,293	\$ 31,075	\$ 28,114
General Merchandise	49,564	53,021	50,670	48,926	48,493
Food Stores	20,778	21,319	20,990	18,733	21,273
Automotive Dealers and Gasoline	22,820	21,449	21,689	22,194	23,225
Apparel and Accessory Stores	3,147	2,343	3,209	4,256	5,388
Home Furniture, Furnishing, and Equipment	4,594	4,828	4,685	5,059	5,439
Eating and Drinking Places	55,899	51,130	48,936	46,526	48,222
All Other Outlets	12,724	14,066	14,064	15,596	12,843
Total	\$ 203,186	\$ 199,745	\$ 195,536	\$ 192,365	\$ 192,997
City Direct Sales Tax Rate	1.5%	1.5%	1.5%	1.5%	1.5%

Source: Texas Comptroller of Public Accounts

Note: Retail sales information is not available on a fiscal-year basis; the above information is presented on a calendar year basis.

*Estimate, due to the timing of the Comptroller's reports, actual third and fourth quarter amounts are not available.

SCHEDULE 9

Fiscal Year					
2014	2013	2012	2011	2010	
\$ 26,377	\$ 25,717	\$ 24,742	\$ 23,997	\$ 22,382	
47,472	46,063	46,642	45,585	45,818	
20,521	19,363	17,751	17,093	16,567	
22,701	22,359	23,282	21,096	20,459	
6,089	6,161	5,662	4,943	4,620	
5,795	5,663	2,497	693	-	
46,716	44,846	43,511	40,727	37,506	
17,483	18,356	17,576	15,306	14,447	
<u>\$ 193,154</u>	<u>\$ 188,528</u>	<u>\$ 181,663</u>	<u>\$ 169,440</u>	<u>\$ 161,799</u>	
1.5%	1.5%	1.5%	1.5%	1.5%	

CITY OF KINGSVILLE*DIRECT AND OVERLAPPING SALES TAX RATES,
LAST TEN FISCAL YEARS*

SCHEDULE 10

<u>Fiscal Year</u>	<u>City Property Tax Relief</u>	<u>City Sales Tax</u>	<u>Kleberg County Property Tax Relief</u>	<u>State Sales Tax</u>
2010	1.00%	0.50%	0.50%	6.25%
2011	1.00%	0.50%	0.50%	6.25%
2012	1.00%	0.50%	0.50%	6.25%
2013	0.50%	1.00%	0.50%	6.25%
2014	0.50%	1.00%	0.50%	6.25%
2015	0.50%	1.00%	0.50%	6.25%
2016	0.50%	1.00%	0.50%	6.25%
2017	0.50%	1.00%	0.50%	6.25%
2018	0.50%	1.00%	0.50%	6.25%
2019	0.50%	1.00%	0.50%	6.25%

Source: Texas Comptroller of Public Accounts

Note: The City sales tax rate may be changes only with the approval of state legislature.
The Direct Rate is allocated to the General Fund.

CITY OF KINGSVILLE

*RATIOS OF OUTSTANDING DEBT BY TYPE,
LAST TEN FISCAL YEARS*

Fiscal Year	Governmental Activities		Business-Type Activities	
	General Obligation Bonds	Capital Leases	Water Revenue Bonds	Certificates of Obligation
2010	\$ 5,335,990	\$ 135,299	\$ 370,000	\$ 14,484,007
2011	9,556,290	110,518	190,000	18,503,710
2012	8,977,194	84,647	-	17,467,552
2013	9,182,245	57,637	-	20,416,799
2014	8,332,813	417,362	-	19,110,710
2015	7,502,881	327,194	-	17,323,616
2016	13,588,258	273,205	-	15,492,771
2017	12,713,167	635,470	-	14,074,091
2018	11,671,955	768,108	-	12,745,112
2019	10,571,999	597,466	-	11,435,585

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. See Schedule 16 for personal income.

SCHEDULE 11

Capital Lease	Total Primary Government	Percentage of Personal Income	Per Capita
\$ -	\$ 20,325,296	3.08%	\$ 723.29
-	28,360,518	2.38%	1,077.00
-	26,529,393	3.73%	1,004.25
354,930	29,656,681	3.80%	1,114.95
299,882	28,160,767	3.72%	1,070.26
243,255	25,396,946	3.46%	957.33
184,999	29,539,233	4.05%	1,126.89
443,332	27,866,060	3.81%	1,062.58
917,457	26,102,632	3.58%	997.16
709,053	23,314,103	3.20%	904.28

CITY OF KINGSVILLE

*RATIOS OF GENERAL BONDED DEBT OUTSTANDING,
LAST TEN FISCAL YEARS*

SCHEDULE 12

Fiscal Year	General Bonded Debt Outstanding			Net Bonded Debt	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Less: Amount Available in Debt Service Fund				
2010	\$ 5,471,289	\$ 431,185	\$	5,040,104	0.7200%	\$ 203.56
2011	9,666,808	654,664		9,012,144	1.3980%	362.90
2012	9,062,841	733,822		8,329,019	1.1970%	343.07
2013	9,239,882	625,918		8,613,964	1.2033%	347.38
2014	8,750,175	588,912		8,161,235	1.1053%	332.55
2015	7,830,075	579,648		7,250,427	0.9594%	295.15
2016	13,861,463	618,994		13,242,469	1.6260%	528.80
2017	13,348,638	757,325		12,591,313	1.4984%	509.00
2018	12,440,063	559,382		11,880,681	1.3567%	475.23
2019	11,169,465	612,098		10,557,367	1.1373%	433.23

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

CITY OF KINGSVILLE

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2019

SCHEDULE 13

	<u>Net Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Governmental Unit			
Debt Repaid With Property Taxes			
Kingsville ISD	\$ 60,677,193	85.69%	\$ 51,994,287
Kleberg County	6,868,728	53.69%	3,687,820
Ricardo ISD	1,207,000	5.95%	71,817
South Texas Water Authority	3,870,000	39.68%	<u>1,535,616</u>
Subtotal, Overlapping Debt			57,289,539
City Direct Debt; Bonds			10,571,999
Capital Leases			<u>597,465</u>
Total Direct and Overlapping Debt			<u>\$ 68,459,003</u>

Sources: Data provided by Municipal Advisory Council of Texas

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Kingsville. The percentage of overlapping debt applicable is estimated by the percent of area of each government that is within the boundaries of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident-and therefore responsible for repaying the debt-of each overlapping government.

CITY OF KINGSVILLE

LEGAL DEBT MARGIN INFORMATION,
LAST TEN FISCAL YEARS
(DOLLARS IN THOUSANDS)

	Fiscal Year				
	2010	2011	2012	2013	2014
Debt Limit	\$ 184,391,927	\$ 187,958,785	\$ 189,284,636	\$ 191,964,270	\$ 197,911,697
Total Net Debt Applicable to Limit	<u>4,904,805</u>	<u>8,901,626</u>	<u>8,165,426</u>	<u>8,430,848</u>	<u>7,628,579</u>
Legal Debt Margin	<u>\$ 179,487,122</u>	<u>\$ 179,057,159</u>	<u>\$ 181,119,210</u>	<u>\$ 183,533,422</u>	<u>\$ 190,283,118</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	2.66%	4.74%	4.31%	4.39%	3.85%

Note: Under state finance law, the City's outstanding general obligation debt should not exceed 25 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

SCHEDULE 14

		Fiscal Year							
		2015	2016	2017	2018	2019			
\$	204,045,008	\$	213,123,097	\$	222,713,909	\$	229,236,090	\$	245,519,722
	<u>6,814,889</u>		<u>12,673,491</u>		<u>11,676,198</u>		<u>10,849,298</u>		<u>9,741,152</u>
\$	<u><u>197,230,119</u></u>	\$	<u><u>200,449,606</u></u>	\$	<u><u>211,037,711</u></u>	\$	<u><u>218,386,792</u></u>	\$	<u><u>235,778,570</u></u>
	3.34%		5.95%		5.24%		4.73%		3.97%

Assessed Value		\$	<u>982,078,888</u>
Debt Limit (25% of assessed value)			<u>245,519,722</u>
Debt Applicable to Limit:			
General Obligation Bonds	\$	10,353,250	
Less: Amount Set Aside for Repayment of General Obligation Debt			<u>612,098</u>
Total Net Debt Applied	Total Net Debt Applicable to Limit		<u>9,741,152</u>
Legal Debt Margin		\$	<u><u>235,778,570</u></u>

CITY OF KINGSVILLE
PLEGGED-REVENUE COVERAGE,
LAST TEN FISCAL YEARS
(DOLLARS IN THOUSANDS)

SCHEDULE 15

Waste Water Revenue Bonds and Certificates of Obligation Bonds (a)

Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2010	\$ 6,500,945	\$ 4,012,820	\$ 2,488,125	\$ 475,000	\$ 503,192	2.54
2011	7,880,275	4,406,943	3,473,332	487,000	601,778	3.19
2012	8,376,945	4,987,855	3,389,090	683,067	620,735	2.60
2013	8,824,532	4,956,345	3,868,187	832,670	601,948	2.70
2014	9,078,218	5,465,760	3,612,458	997,285	806,694	2.00
2015	8,186,271	5,462,815	2,723,456	1,159,208	448,536	1.69
2016	8,383,896	6,043,456	2,340,440	1,181,515	425,352	1.46
2017	* 8,809,429	6,734,194	2,075,235	1,259,203	400,464	1.25
2018	8,945,308	6,280,160	2,665,148	1,205,363	372,188	1.69
2019	8,921,749	6,134,252	2,787,497	1,227,285	340,985	1.78

Sanitation C. O. Bonds Series 2007 and 2009 (b)

Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2010	\$ 3,572,534	\$ 2,408,876	\$ 1,163,658	\$ 632,801	\$ 163,422	1.46
2011	3,642,049	2,669,749	972,300	288,256	144,941	2.24
2012	3,815,313	2,417,443	1,397,870	609,892	101,135	1.97
2013	3,303,720	2,136,838	1,166,882	594,848	86,903	1.71
2014	3,776,750	2,289,592	1,487,158	613,474	68,481	2.18
2015	3,915,060	2,216,623	1,698,437	602,808	46,460	2.62
2016	3,856,298	2,121,758	1,734,540	621,433	31,058	2.66
2017	3,924,740	2,409,641	1,515,099	124,836	12,057	11.07
2018	3,927,251	2,221,933	1,705,318	96,794	7,954	16.28
2019	3,890,518	2,261,184	1,629,334	42,085	4,898	34.68

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation, amortization expenses or transfers.

(a) These bonds are secured by ad valorem taxes and further secured by the net revenues of the wastewater and sanitary sewer system. It is the City's intent that these bonds will be paid from net revenue of the Utility System. The revenue and expenses represented are those of the water and waste water department.

(b) These bonds are secured by ad valorem taxes and are further secured by the net revenue of the waste water and sanitation sewer system. It is the City's intent to pay these bonds from the net revenue of the sanitation department since this was the purpose for the bonds. In the year 2004 for government-wide financial statement presentation, these bonds were reclassified as Utility Fund bonds and, therefore, were restated in the Utility Fund.

* This year has been restated

CITY OF KINGSVILLE

DEMOGRAPHIC AND ECONOMIC STATISTICS,
LAST TEN CALENDAR YEARS

SCHEDULE 16

Calendar Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age	Education Level in Years of Schooling	School Enrollment	Unemployment Rate
2010	26,213	626,305	28,101	27.9	N/A	3,729	6.7%
2011	26,333	675,409	32,936	27.6	N/A	3,533	6.5%
2012	26,417	710,675	35,788	27.4	N/A	3,821	4.8%
2013	26,599	780,392	38,058	27.7	N/A	4,014	4.9%
2014	26,312	756,396	37,334	27.2	N/A	3,406	3.6%
2015	26,529	733,792	36,500	31.4	N/A	3,427	6.2%
2016	26,213	728,862	38,757	28.4	N/A	3,426	6.8%
2017	26,225	730,890	39,724	26.6	N/A	3,440	6.5%
2018	26,177	729,588	38,886	26.8	N/A	3,435	4.7%
2019	25,782	729,101	38,384	26.5	N/A	3,437	5.3%

* Provided by Kingsville Economic Development Center

Sources: City of Kingsville
Kingsville Independent School District
Greater Kingsville Economic Development Council
U.S. Census Bureau
U.S. Department of Commerce Bureau of Economic Analysis
Workforce Solutions of the Coastal Bend
Kingsville Economic Development Center

Notes: Population, median age, and educational level information are based on surveys conducted during the last quarter of the calendar year. Personal income information is a total for the year. Unemployment rate information is an adjusted yearly average. School enrollment is based on the census at the start of the school year.

U.S. Census Bureau for population 25 years or older, some years not available.

CITY OF KINGSVILLE

TOP TEN EMPLOYERS,
CURRENT YEAR AND NINE YEARS AGO

SCHEDULE 17

Employer	2019			2010		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
NAS Kingsville	1,502	1	14.58%	1,834	1	13.77%
Texas A&M Kingsville	1,050	2	10.19%	1,500	2	11.27%
Celanese	550	3	5.34%	290	8	2.18%
Kingsville ISD	516	4	5.01%	651	3	4.89%
City of Kingsville	325	5	3.15%	260	10	1.95%
Walmart	247	6	2.40%	307	5	2.30%
Border Patrol	246	7	2.39%	300	7	2.25%
HEB	240	8	2.33%			
Christus Spohn	221	9	2.15%	300	6	2.25%
Kleberg County	218	10	2.12%	275	9	2.07%
King Ranch				376	4	2.82%
Total	\$ 5,115		49.65%	\$ 6,093		45.75%

Source: Workforce Solutions of Coast Greater Kingsville EDC

Labor Force	10,814
Employment	10,303
Unemployment	509
Rate	4.7%

2010 Information from '09-10 CAFR

CITY OF KINGSVILLE

FULL-TIME-EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM,
LAST TEN FISCAL YEARS

SCHEDULE 18

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
City Commission	5	5	5	5	5	5	5	5	5	5
General Government	45	43	45	40	34	38	35	33	29	33
Fire	33	33	32	34	33	30	32	31	32	31
Health	10	8	8	10	10	10	10	12	12	12
Library	8	9	9	9	9	9	6	9	9	8
Police	66	67	66	64	65	60	65	64	64	62
Public Works	99	93	93	98	94	94	94	94	95	94
Task Force	0	0	0	11	11	11	11	12	12	10
Parks Dept.	12	11	10	10	9	0	0	0	0	0
Golf Course	8	8	8	8	6	0	0	0	0	0
Total	<u>286</u>	<u>277</u>	<u>276</u>	<u>289</u>	<u>276</u>	<u>257</u>	<u>258</u>	<u>260</u>	<u>258</u>	<u>255</u>

Source: City of Kingsville

Notes: A full-time employee is scheduled to work 2080 hours per year (including vacation and sick leave).
Full-time equivalent employment is calculated by dividing total labor hours by 2080.

CITY OF KINGSVILLE
OPERATING INDICATORS BY FUNCTION/PROGRAM,
LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
General Government					
Building Permits Issued	2,144	2,059	2,374	2,058	2,511
Building Inspections Conducted	1,788	1,633	2,170	1,400	1,644
Police					
Physical Arrest	1,856	1,295	1,060	1,014	1,175
Parking Violations	165	246	408	663	1,089
Traffic Violations	3,237	6,307	3,032	3,192	4,675
Fire					
Emergency Responses	3,074	3,005	3,005	2,826	2,760
Fire Calls	723	610	641	556	596
Inspections	456	434	388	356	382
Refuse Collections					
Refuse Collected (tons per day; 365)	104	82	86	82	93
Recyclables Collected (tons per day; 365)	-	1	1	1	1
Other Public Works					
Street Resurfacing (miles)	2	2	2	3	5
Potholes Repaired	21,166	15,136	4,205	4,487	5,200
Parks and Recreation					
Athletic Field Permits Issued	486	474	396	348	413
Community Center Admissions	225	219	97	83	126
Library					
Volumes in Collection	58,728	55,326	53,903	55,878	54,327
Total Volumes Borrowed	26,636	34,859	34,014	34,895	19,995
Health					
Environmental Health	339	285	350	430	491
Consumer Health	2,975	2,436	2,847	2,906	2,611
Weed Control	3,181	3,966	3,967	4,995	3,776
Animal Control	7,740	8,225	7,075	7,438	8,649
Water					
New Connections	42	36	47	33	24
Water Main Breaks	319	254	342	294	295
Average Daily Consumption (thousands of gallons)	3,499	3,499	3,229	3,134	3,153
Peak Daily Consumption (thousands of gallons)	6,096	6,096	5,567	4,438	6,002
Wastewater					
Average Daily Sewer Treatment (thousands of gallons)	2,500	2,500	2,200	2,100	2,400

Sources: Various City Departments

SCHEDULE 19

2014	2013	2012	2011	2010
2,137	2,078	2,392	1,964	1,997
1,129	1,878	2,267	1,654	1,324
1,590	1,356	1,519	2,590	1,999
1,110	80	243	47	39
4,604	4,443	3,240	4,611	3,416
3,297	2,880	2,797	2,214	2,990
612	573	460	398	600
400	354	462	383	480
83	65	74	70	127
1	1	1	1	1
2	3	2	3	3
4,000	3,000	2,400	5,000	4,900
-	-	-	-	-
-	-	-	-	-
57,326	59,630	58,503	59,245	65,013
39,780	44,502	47,997	45,420	49,012
390	496	1,846	1,763	1,742
2,087	2,556	1,833	2,348	2,464
2,924	3,082	2,827	2,915	2,569
9,589	9,201	9,220	8,681	6,748
35	51	48	28	25
267	271	244	339	556
3,470	3,661	4,036	3,818	3,076
6,023	5,040	5,554	5,633	5,451
2,300	2,200	2,200	1,800	2,200

CITY OF KINGSVILLE
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>Fiscal Year</u>				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Police					
Stations	1	1	1	1	1
Patrol Units	63	62	64	56	56
Fire Stations	2	2	2	2	2
Refuse Collections					
Collection Trucks	14	14	14	17	17
Other Public Works					
Street (miles)	146	146	146	146	146
Highway (miles)					
Streetlights	1,296	1,302	1,302	1,302	1,276
Traffic Signals	4	4	4	4	4
Parks and Recreation					
Acreage	195	195	195	195	195
Playgrounds	9	9	9	9	9
Baseball/Softball Diamonds	12	12	12	12	12
Soccer/Football Fields	12	12	12	12	12
Community Centers	2	2	2	2	2
Water					
Water Mains (miles)	120	120	120	120	120
Fire Hydrants	808	808	808	808	808
Storage Capacity (thousands of gallons)	5,425	5,632	5,632	5,632	9,760
Wastewater					
Sanitary Sewers (miles)	98	142	142	141	140
Storm Sewers (miles)	33	33	33	33	33
Treatment Capacity (thousand of gallons)	4,000	4,000	4,000	4,000	4,000

Sources: Various City Departments

SCHEDULE 20

Fiscal Year				
2014	2013	2012	2011	2010
1	1	1	1	1
53	65	64	55	48
2	2	2	2	2
17	17	13	13	16
144	121	121	121	121
1,276	584	584	584	569
4	4	4	4	4
195	195	195	195	195
9	9	9	9	9
12	12	12	12	12
12	12	12	12	12
2	2	2	2	2
120	120	120	123	117
808	808	808	812	801
9,764	9,764	9,764	9,764	9,764
138	99	98	97	97
33	17	16	16	16
6,000	6,000	6,000	4,000	4,000

JOHN WOMACK & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

JOHN L. WOMACK, CPA
MARGARET KELLY, CPA

P. O. BOX 1147
KINGSVILLE, TEXAS 78364
(361) 592-2671
FAX (361) 592-1411

Independent Auditor's Report on Internal Control over Financial Reporting and
On Compliance and Other Matters Based on an Audit of Financial Statements
Performed In Accordance With Government Auditing Standards

Mayor and City Commission
City of Kingsville
P.O. Box 1458
Kingsville, Texas 78364

Members of the Mayor and City Commission:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Kingsville, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise City of Kingsville's basic financial statements, and have issued our report thereon dated March 20, 2020.

Internal Control Over Financial Reporting

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

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

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



Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

A handwritten signature in cursive script that reads "John Womack & Co. P.C." followed by a period.

John Womack & Company, P.C.
Kingsville, TX
March 20, 2020

CITY OF KINGSVILLE

*SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019*

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes None Reported

Noncompliance material to financial statements noted? Yes No

2. Federal Awards

A Single Audit was not required in the current year.

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

CITY OF KINGSVILLE

*SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2019*

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
There were no findings or questioned costs in the prior year.		

CITY OF KINGSVILLE
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2019

There are no findings or questioned costs in the current year.