

CITY OF KINGSVILLE

*Comprehensive Annual
Financial Report*

*For Year Ended
September 30, 2005*

Texas



Comprehensive Annual Financial Report

September 30, 2005

CITY OF KINGSVILLE, TEXAS

City Commission

(for the fiscal year ended September 30, 2005)

Sam R. Fugate	Mayor
Charles E. Wilson	Mayor Pro-Tem
Arturo Pecos	Commissioner
Stanley Laskowski	Commissioner
Alfonso Garcia	Commissioner

City Manager

Carlos R. Yerena

Prepared By:

Department of Finance

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Petra Garcia - Assistant Accountant II
Vilma Castillo - Collections Manager
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May 24, 2006

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, 2005, 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, Patrick L. Moore, CPA. 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 Patrick L. Moore, CPA was to provide reasonable assurance that the financial statements of the City of Kingsville for fiscal year ended September 30, 2005, 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 unqualified opinion that the City of Kingsville's financial statements for the fiscal year ended September 30, 2005, 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 require 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 2000 Census of Kingsville, the City now has a population of 25,575; this represents a 1.2 percent increase over the 1990 Census of 25,267. The City of Kingsville's standard metropolitan statistical area consists of Kleberg County which has a population of 31,549 according to the 2000 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 13.63 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 City is a full service municipality, providing a full range of services. The City's public safety services include police protection, fire protection, building inspection, and a specialized emergency management operation. Law enforcement is provided through the Police Department, which includes 51 police officers. The City's Fire Department operates two fire stations, and includes an emergency medical service comprised of two staffed ambulances, with a third ambulance available if needed.

The City has a combined utility system (System) comprised of water and wastewater. The City's water system, consisting of 160 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 five water wells. The second water supply source is with STWA which maintains a 42" water line to the City of Corpus Christi. The City's water supply is now sufficient to continue serving the City for the next several decades.

The City is in the process of formulating a Storm Water Drainage Plan to comply with proposed Texas Commission on Environmental Quality, TCEQ, regulations. The City

hired a Director of Development Services to create a comprehensive master plan to set consistent design standards for the City.

Wastewater collection and treatment is provided within the city limits to more than 26,479 residential, commercial, and industrial customers. The collection system consists of 92 miles of gravity and force mains, 1,414 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 2,000,000 gallons per day, or 50% 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 service, with phase two of automated garbage collection using specialized equipment initiated in 1995 and City households are now using the garbage rollouts. The City, with its automated garbage collection program, provides for twice a week garbage pick-up with a savings of more than \$100,000 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, street lighting and traffic signalization/engineering. The City also 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.

Community enrichment and culture services are also major programs of the City. The City and Kleberg County own and operate a library with over 60,000 volumes. The City and Kleberg County also own and maintain extensive recreational facilities, which include 17.6 acres of parks and playgrounds, one swimming pool, 12 baseball and softball diamonds, 13 soccer fields, and a recreational center.

Public health, animal control/care, and vector control services are provided by the jointly operated City of Kingsville/Kleberg County Health Department.

The City of Kingsville has financial accountability for the legally separate Convention and Visitor's Bureau, which is reported separately within the City of Kingsville's financial statements. Additional information on these legally separate entities can be found in Note A 1 on page 41 in the Notes to the Financial Statements.

Annual Budget Process

State laws and the City Charter require the preparation and filing of a balanced annual operating budget. Following a City Manager and department head meeting in May, 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 and the Assistant 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 a month 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, function, department, and organizational unit or project levels.

Budgetary management is delegated to the 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 and departments requires City Commission approval.

During the months of August and September, a project team comprised of the Finance Department, Engineering Department and applicable department heads initiate a review of previously appropriated capital projects and construction in progress.

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 prepared on a monthly and unaudited basis by the Finance Department and provided to City Commission and management for review and use in monitoring revenues and expenditures.

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, 2005, period showed the following changes in these from the prior year: (1) an increase of 5.4% in property tax due to higher property valuations, (2) an increase of 11.8% in sales tax, and (3) an increase of 2.0% in business fees. This illustrates the resilience of the local economy despite negative revenue trends for other state and local governments in the nation. Real property tax collections as a percent of levy collected has remained stable. Total collections as a percent of the net current tax levy has decreased from 100.3% to 99.1%. Outstanding delinquent taxes, as a percent of the net current tax levy, have declined slightly from 19.7% to 19.4%.

Real property estimated market value over the last fiscal year increased 2.96%. Sales tax has also grown with an increase from \$3,032,676 to \$3,390,122 over the last fiscal year. This further illustrates steady and stable growth for the local economic conditions.

Employment

The local unemployment rate decreased from 6.0% to 5.0% over the last fiscal year. The number of jobs in the community also decreased from 13,211 to 12,644. During the same period, personal income rose from \$21,002 to \$21,632 or by 3.0%.

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.

The federal government also has a major presence within the area with three bases that make up the south Texas military complex: Naval Air Station – Kingsville (jet aviation training), Naval Air Station – Corpus Christi, and Naval Station – Ingleside (base for the Navy's mine warfare fleet).

The City of Kingsville's trade area consists of three counties: Kleberg, 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, and petrochemical products, fishing and seafood products and more.

The land in the City of Kingsville region has strong mineral deposits, rich soil and 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.

Transportation

A primary component of the City's transportation system is the 2,428-acre Corpus Christi International Airport, which is only 45 minutes from the City. Currently, the Airport is served by a total of 26 daily flights from four major domestic carriers that use the Airport's 7,508 and 6,080 foot lighted runways. The Airport put the finishing touches on its new terminal building and completed a new covered parking lot and concession area in December 2004. 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 links the City of Kingsville to both the Rio Grande Valley/Mexico to the south and Victoria (which then provides a direct connect 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. 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 Union Pacific Railroad.

Major Initiatives

During the fiscal year 2005, the citizens and elected officials of Kingsville cooperated in the planning and implementation of several major projects and capital asset acquisitions.

City Growth and Development

In conjunction with the citizens and the State of Texas, Richard Street was closed at 6th Street for safety purposes at the railroad crossing as requested by Union Pacific.

Beginning fiscal year 2005, the City started a rehabilitation project of the sewer treatment plants and water towers with funding from the 2005 Certificate of Obligation bond. The sewer treatment plant rehabilitation and construction totals to an estimated \$7 million. Completed during the fiscal year were the stairs and gates at the North Treatment Plant. Other major portions of the project include rehabilitation of the lift station's force mains and sewers at various locations in the City. A newly constructed office building and lab should be completed by May 2006. A new blower system is also in the works for both the north and south plants.

Also in fiscal year 2005, \$1,000,000 in 2002-2002A Certificate of Obligation bond money continues to be used to improve drainage at various locations around the City. These projects include: (1) Carriage Park Subdivision - Estimated Cost: \$397,417.00; (2) 8th & Lott Streets Storm Sewer Replacement - Estimated Cost: \$178,140.00; (3) Gillette School - Fairview Subdivision - Estimated Cost: \$365,312.20.

The 2005 Certificate of Obligation projects include: (1) constructing a new water well, the sixth for the City, at an estimated \$500,000; (2) rehabilitating three water towers and one ground storage tank at an estimated \$1,450,000 from the 2005 Certificate of Obligation. The water tower and ground storage tank projects include: (1) replacing diagonal bracing; (2) replacing railing around the cat walk; (3) replacing tank ladders - inside and outside; (4) blasting and painting inside and outside; and (5) adding cathodic protection.

The 2001 Certificate of Obligation is continuing to be used for the Landfill Expansion. The City has added a new scale, scale house and shed, including new offices for the landfill, for a total estimated cost of \$295,000.

The State of Texas constructed two overpasses on U.S. Highway 77 at Santa Gertrudis Street and at Corral Avenue at a cost of \$15,700,000.

Economic Development

Texas A&M University-Kingsville Irma Rangel School of Pharmacy is scheduled to begin its first classes in the Fall of 2006. This is the first pharmaceutical school south of San Antonio, Texas. The construction of the \$12 million facility was completed in 2004.

Completed Construction Commercial Projects

The construction of the Neessen Chevrolet Dealership along U.S. Highway 77 was completed in November 2004, with a valuation of \$2,300,000. The project created a total of 62 full-time positions and 3 part-time positions.

Current Construction Commercial Projects

The construction of Hampton Inn is under way with 45 rooms and 32,484 square feet. According to the property owner, the Hampton Inn project is valued at \$1,800,000. This includes construction costs and financing, but not the cost of land.

Other construction projects include Kingsville Junction, a strip mall at 9,000 square feet that has a construction value of \$767,000, excluding land and Starbucks at 1,700 square feet.

Anticipated Construction Commercial Projects

Future commercial development projects include: (1) Holiday Inn Express, a national hotel chain; (2) IHOP Restaurant; and (3) Christus Spohn Kleberg, a 25,000 square feet outpatient health plaza with physical, occupational, speech therapy and cardiac rehab services.

Current Construction Residential Developments

The development of Paulson Falls Subdivision, Phase II, a 49 unit single-family subdivision is underway. This development is a planned unit development that is in the second of three phases of construction. Upon completion, the subdivision will have a total of 175 single-family units. Two commercial sites are also planned for this area.

The development of Victorianna Country Estates, Phase I, an 8 unit single-family subdivision is currently under construction.

Anticipated Construction Residential Projects

Future residential development projects include: (1) Kings Crossing Phase II, a 72 unit low to moderate multi-family development; and (2) Sunset Estates, a 37 lot single-family subdivision.

Tourism

The City of Kingsville continues to be a favorite stop-over for vacationers, tourists, hunters and outdoorsman with the historic King Ranch, the City's historic downtown area, two museums, various bays that are ideal for fishing and numerous hunting leases that surround the City.

Financing of Major Capital Projects

During the 2005 fiscal year, the City continued to utilize the two bond issues from the previous fiscal year 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.

Cash Management

The Public Funds Investment Act (PFIA) requires quarterly reporting to the governing body by its investment officers. The City Commission adopts the investment policy with any recommended amendments annually. In addition to PFIA requirements, the City's Investment Committee requires quarterly reporting on investment results.

The City pools its cash balances for investment purposes. A primary objective of the City's investment program is to protect the principal through proper collateralization. The City depository holds all funds in various MBIA investment pool accounts with the exception of minimum operating funds held in the local depository bank that must be

held separately. The bank performs all normal banking functions for the City, as well as, collateralizing deposits with government securities. The interest rate is variable being 0.5% less than the 13-week T-Bill rate. The City's cash management policy is adopted by the City Commission and strictly defines the parameters by which City investments are made.

The investment rates averaged 1.14% and investments earned \$89,420 in interest.

Risk Management

The City maintains a Risk Management internal service fund to provide funding for its self insured workers' compensation, commercial property/general liability, and health benefits exposures. Contributions to the fund arise from employee contributions and contributions (transfers and allocations) from the general fund, special revenue funds, and the enterprise fund of the City. Supplemental insurance policies are also purchased to cover large health benefits and workers' compensation exposures. The City has a safety program that focuses on job specific safety training for all employees over the course of their careers. Particular emphasis is placed on those jobs or work units that experience claims and injuries at an increasing or unusual rate or for those inherently higher risk work units, such as public safety and public work functions. Additionally, information on the City's risk management activities can be found in Note O on page 58 in the Notes to the Financial Statements.

Pension Benefits

The City participates in two retirement plans. Firefighters are provided benefits through the City's single employer defined benefit pension plan—Texas Statewide Emergency Service Personnel Retirement Fund (TSWESPRF). It is administered by an independent board of trustees. Although state law requires that an actuarial analysis be prepared every three years, the Systems' Board engages an independent actuary every second year to calculate the amount of the annual contribution and review the scope of benefits to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis.

The latest actuarial valuations for both the TSWESPRF and for the City employees were completed as of December 31, 2003. The funded ratio of actuarial accrued liability for the Fire Fighters Retirement System was 100% and the ratio was 93.4% for the City employees' plan at the date of the last actuarial reports. 100% of the City's Annual Pension Cost (APC) was contributed for both plans. As a matter of policy, the City contributes \$12 per volunteer firefighter toward pension financing each year, with no contribution from the individual firefighters.

The City also provides pension benefits for its other employees, both uniformed police and full time firefighters, and all other civilian employees. These benefits are provided through a non-institutional, joint contributory, defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of 774 administered by TMRS, an agent multiple-employer public employee retirement system. Employees contributed 7% of their salary and the City contributed 9.31% of salaries.

The Government Finance Officers Association of the United States and Canada (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, 2004. This was the seventeenth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

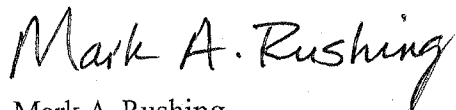
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

The preparation of this report is possible only because of the dedication of the staff members in the Department of Finance, including Caron S. Vela, Accounting Manager; Petra Alfaro, Assistant Accountant II; Sally Saenz, Accounts Payable Clerk; Amelia Davila, Assistant Accountant I; Vilma Castillo, Collections Manager; Yolanda Vasquez, Municipal Court Manager; and Orlando Torres, Information Systems Technician. Special thanks must be given to the City Manager for his continued guidance and support.

Credit must also be given to the Mayor and the City Commission for their unfailing support 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,



Mark A. Rushing
Director of Finance

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, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Carla E. Fudge

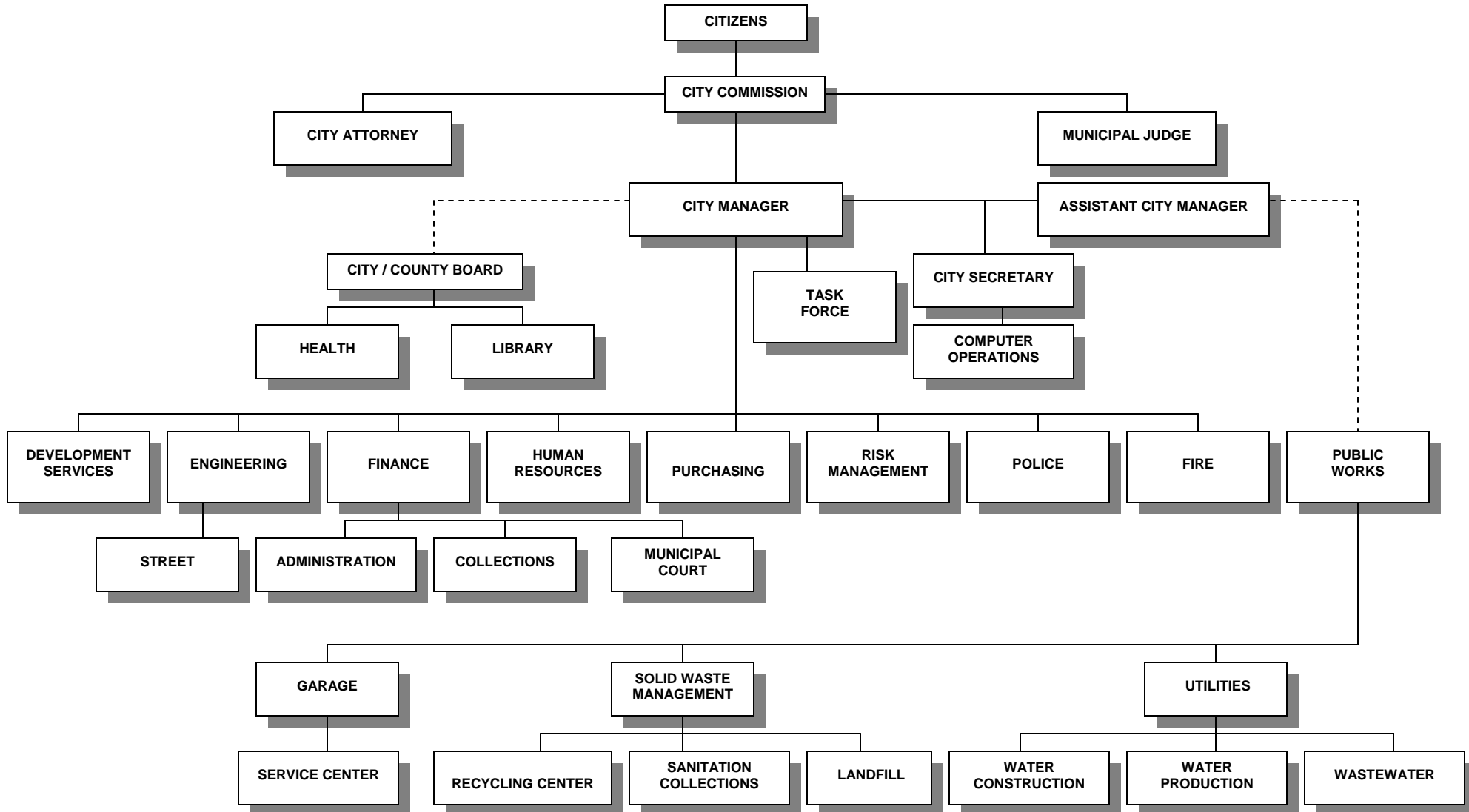
President

Jeffrey R. Emswiler

Executive Director



City of Kingsville Organizational Chart



As of September 30, 2005



**F I N A N C I A L
S E C T I O N**

PATRICK L. MOORE, CPA

Certified Public Accountant

PO Box 1819 • Fredericksburg, Texas 78624

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Independent Auditor's Report on Financial Statements

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

Members of the City Commission:

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Kingsville as of and for the year ended September 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Kingsville's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

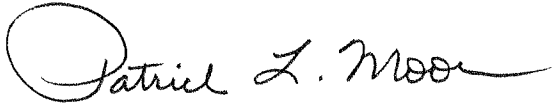
In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Kingsville as of September 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with GOVERNMENT AUDITING STANDARDS, I have also issued my report dated April 12, 2006, on my consideration of City of Kingsville's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with GOVERNMENT AUDITING STANDARDS and should be read in conjunction with this report in considering the results of my audit.

The Management's Discussion and Analysis and the budgetary information identified as Required Supplementary Information in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was performed for the purpose of forming opinions on the financial statements which collectively comprise the City of Kingsville's basic financial statements. The accompanying combining and individual fund financial statements and supporting schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I express no opinion on them.

Respectfully submitted,

A handwritten signature in cursive script that reads "Patrick L. Moore". The signature is written in black ink and is positioned to the left of the typed name.

Patrick L. Moore
April 12, 2006

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, 2005. 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

- The assets of the City exceeded its liabilities by \$14 million.
- The fund balance of the General Fund increased from \$5.2 million to \$5.6 million. This represents an 8% increase over the prior year's fund balance. It represents 4% of the \$11.5 million in expenditures. The General Fund's undesignated and unreserved fund balance was \$2.7 million, or 23% of expenditures.
- Total assets, excluding component units, were \$46.3 million; total liabilities, excluding component units, were \$32.4 million.
- The ratio of total assets to total liabilities for governmental activities was 1.74 times; for business-type activities, the ratio was 1.23 times.
- The quick ratio (current assets to current liabilities) was 1.70 times for governmental activities and 1.72 times for business-type activities.
- Total net assets were \$13.9 million, which was an increase from \$12.5 million for the prior year, or 11%. Governmental activities' net assets increased by 15%, while business-type activities' net assets increased by 3%.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of: This MD&A, 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. A legally separate *component unit* (Kingsville Convention and Visitors Bureau) are also shown in these statements.
 - The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the

change occurs, regardless of the timing of related cash flows. Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

- The *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 of the 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 three major governmental funds are the General Fund, Police Forfeiture 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

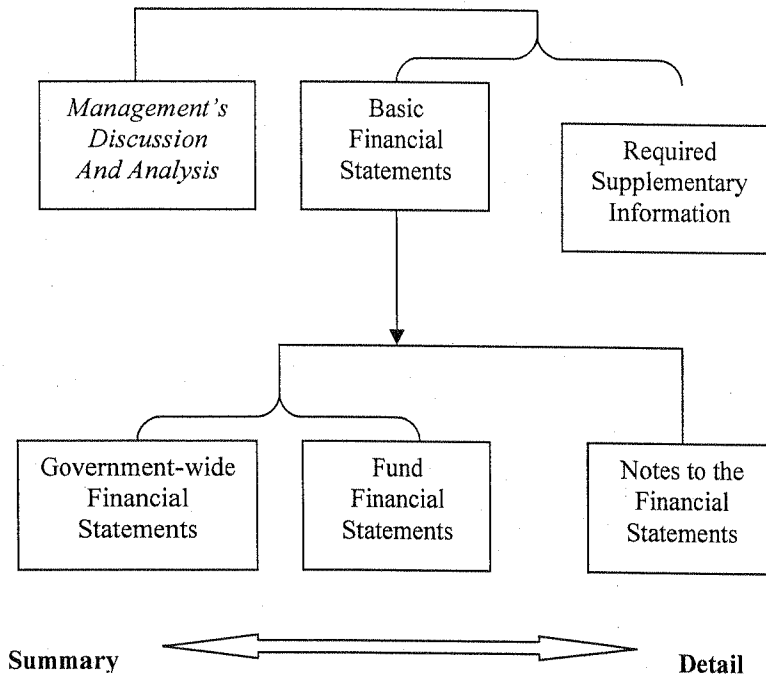


Figure A-1 shows how the required parts of this annual financial report are arranged and relate to one another. In addition to these required elements, a section with combining statements that provides details about the non-major governmental funds and internal service funds is included.

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, the police forfeiture 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 4 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 more 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 predominately 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 Assets

Net assets serve over time as a useful indicator of the City's financial position. At September 30, 2005, the net assets totaled \$13.9 million, \$1.4 more than the prior year. The composition of these net assets is \$9.2 million for governmental activities and \$4.7 million for business-type activities, which is comprised primarily of the Combined Utility System.

A large portion of the City's net assets, 75%, are 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. 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,

and the City has over 76% of its net assets set aside for the retirement of debt. 12% of the City's governmental activities' are unrestricted in their use for City activities.

**Table A-1: Net Assets for Governmental and Business-type Activities
September 30, 2005 and 2004 (in Thousands of dollars)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Current & other assets	\$ 8,514	\$ 7,910	\$ 16,760	\$ 4,443	\$ 25,274	\$ 12,353
Capital assets	13,174	12,456	7,883	8,258	21,057	20,714
Total assets	<u>21,688</u>	<u>20,366</u>	<u>24,643</u>	<u>12,701</u>	<u>46,331</u>	<u>33,067</u>
Long-term liabilities	8,256	8,886	18,754	7,241	27,010	16,127
Other liabilities	4,204	3,448	1,236	963	5,440	4,411
Total liabilities	<u>12,460</u>	<u>12,334</u>	<u>19,990</u>	<u>8,204</u>	<u>32,450</u>	<u>20,538</u>
Net assets	<u>\$ 9,228</u>	<u>\$ 8,032</u>	<u>\$ 4,653</u>	<u>\$ 4,497</u>	<u>\$ 13,881</u>	<u>\$ 12,529</u>
Net assets						
Invested in capital assets						
net of related debt	5,752	4,473	(8,284)	3,321	(2,532)	7,794
Restricted	2,325	2,805	14,846	2,293	17,171	5,098
Unrestricted	<u>1,151</u>	<u>754</u>	<u>(1,909)</u>	<u>(1,117)</u>	<u>(758)</u>	<u>(363)</u>
Total net assets	<u>\$ 9,228</u>	<u>\$ 8,032</u>	<u>\$ 4,653</u>	<u>\$ 4,497</u>	<u>\$ 13,881</u>	<u>\$ 12,529</u>

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, without any reduction in fund balances or net assets.

The Combined Utility System net assets were \$5.1 million, which is 37% of total net assets, and is slightly more than the prior year. The Combined Utility System contributed all of total unrestricted business-type net assets.

Changes in Net Assets

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

Table A-2: Changes in Net Assets at September 30, 2005 in Thousands of dollars

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2005	2004	2005	2004	2005	2004
Revenue						
Program revenues:						
Charges for services	\$ 2,027	\$ 2,243	\$ 8,547	\$ 7,916	\$ 10,574	\$ 10,159
Operating grants and contributions	474	886	24	300	498	1,186
Capital grants and contributions	1,131	0	86	300	1,217	300
General revenues:						
Property taxes	3,833	3,636	0	0	3,833	3,636
Sales taxes	3,390	3,033	0	0	3,390	3,033
Other taxes	1,066	1,066	0	0	1,066	1,066
Investment earnings	130	91	353	26	483	117
Other	0	(42)	5	19	5	(23)
Total revenues	12,051	10,913	9,015	8,561	21,066	19,474
Expenses:						
General government	2,238	2,813	0	0	2,238	2,813
Public safety	6,788	6,433	0	0	6,788	6,433
Public works	2,474	2,371	0	0	2,474	2,371
Health & other public services	674	683	0	0	674	683
Tourism	288	264	0	0	288	264
Interest on long-term debt	329	357	0	0	329	357
Water and wastewater			4,915	4,709	4,915	4,709
Solid waste			2,008	1,931	2,008	1,931
Total expenses	12,791	12,921	6,923	6,640	19,714	19,561
Increases in net assets						
before transfers	(740)	(2,008)	2,092	1,621	1,352	(387)
Transfers	1,936	1,372	(1,936)	(1,372)	0	0
Increase (decrease) in net assets	1,196	(636)	156	249	1,352	(387)
Net assets, beginning	8,032	7,144	4,497	5,804	12,529	12,948
Prior period adjustment	0	1,524	0	(1,556)	0	(32)
Net assets, ending	\$ 9,228	\$ 8,032	\$ 4,653	\$ 4,497	\$ 13,881	\$ 12,529

Governmental Activities

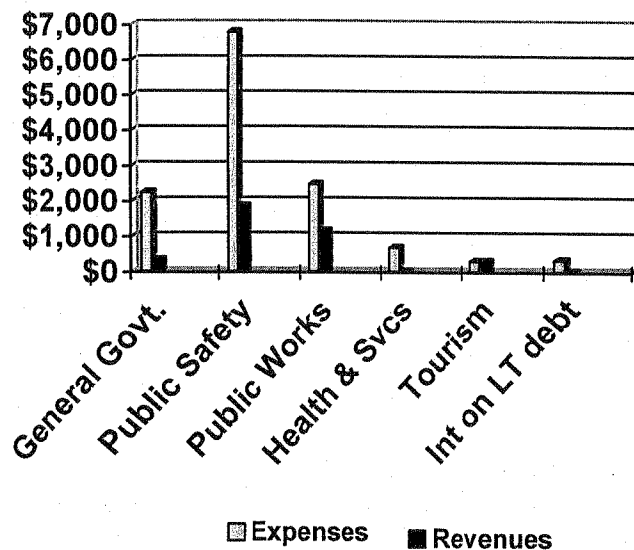
As shown in Table A-2, revenues were split between governmental activities and business-type activities 57% and 43%, respectively, with expenses for each at 65% and 35%. Net assets increased 15% from the prior period for governmental activities (primarily due to a transfer from the utility fund of \$1.9 million, which is \$564 thousand more than the previous year), increased 3% for business-type activities (after taking into account the \$1.9 million transfer to the governmental activities fund), and increased 11% overall.

- The cost of all *governmental* activities for the fiscal year 2005 was \$ 12.8 million.

- However, the amount that taxpayers paid for these services through City taxes and business fees was \$ 8.3 million.
Some of the cost was paid by:
 - Those who directly benefited from the programs (\$ 2.0 million), and
 - Other governments and organizations that subsidized certain programs with grants and contributions (\$ 1.6 million).
- Charges for services comprised 17% of governmental activities and 95% of business-type activities' revenues.
- Taxes contributed 69% of governmental activities revenues. Investment earnings, with interest rates at remaining historically low, generated 1% and 4% of governmental activities and business-type activities revenues, respectively.
- Public Safety (including Police, Fire, Emergency Management, Municipal Court, and Inspections) expenses accounted for 53% of governmental activities and 19% of the 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 \$4.9 million.
- General government comprises 17% of all governmental activities' expenses.

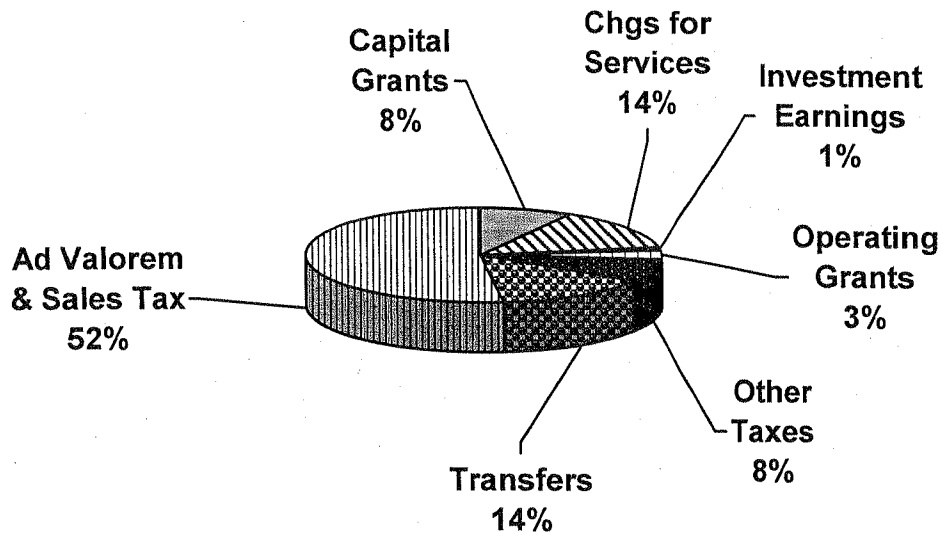
Graph 1 presents the cost of each of the City's major governmental functions, as well as the associated program revenues. As expected in governmental activities, the subsidy required from taxpayers provides the majority support to these core services.

Graph 1: Program Revenues to Activity Expenditures



Graph 2 indicates, in pie chart form, the sources of revenue for governmental activities (including transfers) of primary governmental activities.

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 activities are recorded in the General Fund but are shown in the government-wide statement as a business-type activity.

The Combined Utilities System accounted for 71% of the expenses generated for business-type activities, with solid waste accounting for an additional 29%. It had operating revenues of \$8.7 million, operating income of \$1.7 million, and income before transfers of \$2.1 million, with income after transfers of \$156 thousand for the fiscal year. Compared to the 2004 fiscal year, the System's operating revenues were up by \$441 thousand, the operating income was up by \$158 thousand, but net income after transfers was \$93 thousand higher in the prior year. The major causes of these results were:

- Increased operating revenues are largely the result of a full year with the prior year's 13% rate increase in effect, and severe drought conditions in South Texas.
- The operating expenses increased by only \$283 thousand, or 4%.
- Wastewater fund revenue was up \$198 thousand because rates were increased for only part of the year in the preceding year (at the beginning of 2004).

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

- Total assets of the General Fund increased from \$7.1 million to \$8.2 million between 2004 and 2005.
- Total liabilities of the General Fund increased \$648 thousand to approximately \$2.6 million, a 33% increase. This brings the quick ratio (current assets to current liabilities) to 1.57 times in 2005 from 1.89 times in 2004.
- General Fund revenues are \$71 thousand above the final budget.
- General Fund expenditures are \$627 million below the final budget.
- The General Fund's unreserved and undesignated fund balance increased \$1.1 million to \$1.6 million from fiscal 2004.
- The fund balance of the Debt Service Fund increased from \$69 thousand to \$108 thousand. This fund balance is structured to minimize the balance being carried to no more than is required for the cash flow necessary to service debt.

Budgetary Results of the General Fund

General fund taxes and business fees were almost \$7.2 million, which was only \$151 thousand above the final budget. Charges for services, including zoning fees, solid waste fees, health service fees, and other fees were below the final budget by \$40 thousand. Overall, General Fund revenues were \$129 thousand less than the original budget.

General Fund expenditures were \$627 thousand below the final budget, with the police department contributing \$461 thousand of the positive variance, or 12% below the final budget estimate. Landfill expenses came in \$258 thousand below the final budget, or 37% lower.

Non-major Governmental Funds

Five different funds comprise this portion of the financial statements-four special revenue funds and one capital projects fund. Total assets for the combined funds were \$801 thousand, total liabilities were \$403 thousand, the total fund balance was \$398 thousand, with \$19 thousand in undesignated and unreserved fund balance.

The most significant of these special funds is the Capital Projects Fund. 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 Council actions.

CAPITAL ASSET AND DEBT ADMINISTRATION

**Table A-3: Capital Assets (net of depreciation) at September 30, 2005 and 2004
In Thousands of dollars**

	Governmental Activities			Business Activities		
	2005	2004	% Change 04-05	2005	2004	% Change 04-05
Land	\$ 469	469	0.00%	\$ 352	352	0.00%
Buildings and improvements	3,922	3,613	8.55%	24,138	24,051	0.36%
Equipment	1,957	1,777	10.13%	2,756	2,462	11.94%
Vehicles	3,476	3,428	1.40%	3,236	3,078	5.13%
Road network	17,724	16,592	6.82%	0	0	0.00%
Construction in progress	0	0	0.00%	485	305	59.02%
Total	\$ 27,548	25,879	6.45%	\$ 30,967	30,248	2.38%

As shown in Table A-3, at September 30, 2005, the City had invested \$59 million in a broad range of capital assets, including police and fire equipment, buildings, park facilities, roads and bridges, and its utility system.

For more information on capital asset activity, refer to Note E on page 48 in the Notes to the Financial Statements.

Long-term Debt

Table A-4 indicates that total long-term debt increased by \$11 million from 2004 to 2005 or 67%. Of that, \$11.8 million of new certificates of obligation were issued for the utility system during 2005, landfill closure costs increased 12%, while compensated absences decreased slightly, by less than 1%. Total debt outstanding at fiscal year end was \$27 million, up from \$16 million at the end of the prior year.

Other than the \$11.8 million in new bonds issued during 2005 and the \$268 thousand increase in the landfill closure cost liability, the remaining decrease in other long-term debt can be attributed to reductions in certificates of obligation bonds and revenue bonds (Combined Utility System) through scheduled principal payments.

The 2004-2005 tax rate was \$0.44924 for the General Fund and \$0.25272 for the Debt Service Fund, totaling \$0.70196 per \$100 of assessed value. Therefore, the City's tax margin of \$2.05076 per \$100 of assessed value could increase taxes \$10.6 million each year based on the 2004 tax year assessed value of \$517,995,079. 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 #3b of the Financial Statements.

Table A-4: Long-Term Liabilities at September 30, 2005 and 2004
In Thousands of dollars

	Governmental Activities		Business Activities		Total		% Change
	2005	2004	2005	2004	2005	2004	04-05
Combined tax & revenue certificates of obligation	\$ 0	\$ 300	\$ 0	\$ 0	\$ 0	\$ 300	-100.00%
Certificates of obligation	7,408	7,683	15,042	3,687	22,450	11,370	97.45%
Capital Leases	14	46	0	0	14	46	-69.57%
Revenue bonds payable	0	0	1,125	1,250	1,125	1,250	-10.00%
Total debt	7,422	8,029	16,167	4,937	23,589	12,966	81.93%
Compensated absences	834	857	76	62	910	919	-0.98%
Landfill closure cost	0	0	2,510	2,242	2,510	2,242	11.95%
Total long-term debt	\$ 8,256	\$ 8,886	\$ 18,753	\$ 7,241	\$ 27,009	\$ 16,127	67.48%

For additional information on long-term debt activity, refer to Note H on page 50 in the Notes to the Financial Statements.

Bond Ratings

The City received a general obligation bond rating of Aaa based on a municipal bond insurance policy issued by MBIA (Moody's), with an underlying rate of A3.

The Utility System revenue bonds were rated in June 1994 as Baa 1 by Moody's, and BBB + by Standard & Poor's.

FISCAL YEAR 2005-2006 ADOPTED OPERATING BUDGET

The adopted budget for fiscal year 2005-2006 sets general fund revenues from all sources (including interfund transfers) at \$11.8 million, which is \$1.2 million, or 11% more than the prior year's final budget. Property taxes were estimated to increase 10.6% when compared to the prior year budget. With steady three to four percent increases in assessed values for the previous five tax years and a 1.6% increase in the general fund's property tax rate, the FY 2005-2006 revenue forecast was conservatively cast by management.

City sales tax, which comprises 27% of general fund revenues, is forecast for FY 2005-2006 at \$3.2 million or 4.5% more than the prior year's final budget. The franchise fee categories are budgeted slightly higher than the amounts as budgeted in the 2004-2005 year.

General fund expenditures, including transfers for the FY 2004-2005 budget were set at \$11.7 million, \$429 thousand less than the prior year budget, or 3.5%. Decreases in budgeted expenditures for direct public safety (including the police and fire departments) comprise approximately 61% of the decline in total expenditures from the prior year budget.

CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the City Council, 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
361.595.8035 (fax)

or visit our web site at : www.cityofkingsville.com

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CITY OF KINGSVILLE
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2005

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
<i>Cash and cash equivalents</i>	\$ 1,557,585	\$ 13,039	\$ 1,570,624	\$ 71,104
<i>Equity in pooled cash and cash equivalents</i>	1,338,911	793,703	2,132,614	--
Receivables (net of allowances for uncollectibles):				
<i>Taxes</i>	1,292,458	--	1,292,458	--
<i>Accounts</i>	73,991	1,261,319	1,335,310	--
<i>Accrued Interest</i>	9,538	--	9,538	--
<i>Internal Balances</i>	(161,139)	161,139	--	--
<i>Due from other governments</i>	220,128	179,665	399,793	34,839
<i>Inventory, at cost</i>	221,579	81,689	303,268	--
Restricted assets:				
<i>Cash and cash equivalents</i>	3,895,212	13,005,595	16,900,807	--
<i>Equity in pooled cash and cash equivalents</i>	35,384	991,884	1,027,268	--
<i>Accounts</i>	--	68,503	68,503	--
Long-term assets:				
<i>Bond issuance costs</i>	30,634	203,561	234,195	--
<i>Capital Assets</i>	13,173,536	7,882,730	21,056,266	--
Total Assets	21,887,817	24,642,827	46,330,644	105,943
LIABILITIES				
<i>Accounts payable</i>	673,345	309,186	982,531	6,093
<i>Bank overdraft</i>	2,323,288	162,653	2,485,941	--
<i>Accrued wages payable</i>	168,227	27,861	196,088	--
Payable from restricted assets:				
<i>Accounts payable</i>	64,616	--	64,616	--
<i>Accrued interest payable</i>	52,686	133,755	186,441	--
<i>Revenue bonds</i>	--	830,000	830,000	--
<i>Customer deposits</i>	780,520	601,032	1,381,552	--
Due to:				
<i>Other governments</i>	109,950	1,777	111,727	--
<i>Others</i>	8,476	--	8,476	--
<i>Unearned revenues</i>	22,539	--	22,539	--
Liabilities due within one year:				
<i>Accumulated unpaid compensated absences</i>	173,816	--	173,816	--
<i>Revenue bonds payable</i>	585,000	--	585,000	--
<i>Lease purchase payable</i>	13,886	--	13,886	--
Liabilities due beyond one year:				
<i>Accumulated unpaid compensated absences</i>	660,290	76,471	736,761	--
<i>Contractual obligations payable</i>	6,823,000	1,830,000	8,653,000	--
<i>Revenue bonds payable</i>	--	13,507,000	13,507,000	--
<i>Landfill closure costs</i>	--	2,509,813	2,509,813	--
Total Liabilities	12,459,639	19,989,548	32,449,187	6,093
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	5,751,650	(8,284,270)	(2,532,620)	--
Restricted For:				
Debt Service	1,501,066	521,709	2,022,775	--
Capital Projects	816,652	11,163,439	11,980,091	--
Municipal Court Technology	7,844	--	7,844	--
Landfill Closure	--	3,160,973	3,160,973	--
Unrestricted	1,150,966	(1,908,572)	(757,606)	99,850
Total Net Assets	\$ 9,228,178	\$ 4,653,279	\$ 13,881,457	\$ 99,850

The accompanying notes are an integral part of this statement.

CITY OF KINGSVILLE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2005

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
<i>General government and administration</i>	\$ 2,238,161	\$ 282,481	\$ 46,133	\$ --
<i>Public safety</i>	6,787,640	1,452,667	402,359	--
<i>Public works</i>	2,474,543	240	25,108	1,131,399
<i>City/County</i>	673,849	3,525	--	--
<i>Tourism</i>	288,215	288,215	--	--
<i>Interest on long-term debt</i>	328,631	--	--	--
Total Government Activities	<u>12,791,039</u>	<u>2,027,128</u>	<u>473,600</u>	<u>1,131,399</u>
Business-type Activities:				
Utility Fund	3,542,762	3,676,035	24,230	86,251
Solid Waste	2,007,918	2,799,958	--	--
Wastewater	1,372,391	2,070,306	--	--
Total Business-type Activities	<u>6,923,071</u>	<u>8,546,299</u>	<u>24,230</u>	<u>86,251</u>
Total Primary Government	<u>\$ 19,714,110</u>	<u>\$ 10,573,427</u>	<u>\$ 497,830</u>	<u>\$ 1,217,650</u>
COMPONENT UNIT:				
Kingsville Convention & Visitors Bureau	\$ 222,596	\$ 243,162	\$ --	\$ --

General Revenues:
Property Taxes
Sales Taxes
Franchise Taxes
Bingo Taxes
Alcoholic Beverage Taxes
Unrestricted Investment Earnings
Gain on Sale of Capital Assets
Transfers
 Total General Revenues
 Change in Net Assets
 Net Assets - Beginning
 Net Assets - Ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-type Activities	Total	Component Unit
\$ (1,909,547)		\$ (1,909,547)	
(4,932,614)		(4,932,614)	
(1,317,796)		(1,317,796)	
(670,324)		(670,324)	
--		--	
(328,631)		(328,631)	
<u>(9,158,912)</u>		<u>(9,158,912)</u>	
--	\$ 243,754	243,754	
--	792,040	792,040	
--	697,915	697,915	
--	<u>1,733,709</u>	<u>1,733,709</u>	
<u>(9,158,912)</u>	<u>1,733,709</u>	<u>(7,425,203)</u>	
			\$ <u>20,566</u>
3,833,214	--	3,833,214	--
3,390,122	--	3,390,122	--
1,026,424	--	1,026,424	--
3,627	--	3,627	--
35,505	--	35,505	--
130,266	353,232	483,498	--
119	5,161	5,280	--
1,936,252	(1,936,252)	--	--
<u>10,355,529</u>	<u>(1,577,859)</u>	<u>8,777,670</u>	--
<u>1,196,617</u>	<u>155,850</u>	<u>1,352,467</u>	<u>20,566</u>
8,031,561	4,497,429	12,528,990	79,284
<u>\$ 9,228,178</u>	<u>\$ 4,653,279</u>	<u>\$ 13,881,457</u>	<u>\$ 99,850</u>

CITY OF KINGSVILLE

BALANCE SHEET - GOVERNMENTAL FUNDS

SEPTEMBER 30, 2005

	General Fund	Police Forfeiture Fund
ASSETS AND OTHER DEBITS		
Assets:		
Cash and cash equivalents	\$ 54,546	\$ 1,141,449
Equity in pooled cash and cash equivalents	1,308,518	--
Receivables (net of allowances for uncollectibles):		
Taxes	1,250,728	--
Accounts	515,161	1,536
Assessments	153,734	--
Accrued Interest	307,322	--
Due from:		
Other funds:	200,125	--
Other governments:	56,323	--
Inventory, at cost	221,579	--
Restricted assets:		
Cash and cash equivalents	3,644,418	560,696
Equity in pooled cash and cash equivalents	431,446	16,543
Accounts	68,503	--
Total Assets and Other Debits	\$ 8,212,403	\$ 1,720,224

LIABILITIES, EQUITY AND OTHER CREDITS

Liabilities:		
Accounts payable	\$ 489,632	\$ 34,030
Bank overdraft	446,133	960,639
Accrued wages payable	158,292	9,935
Payable from restricted assets:		
Accounts payable	64,616	--
Customer deposits	--	643,454
Due to:		
Other funds	492,660	41,582
Other governments	54,496	--
Others	8,476	--
Deferred revenues	876,546	--
Total Liabilities	2,590,851	1,689,640
Equity and other credits:		
Fund balances:		
Reserved for inventory	125,382	--
Reserved for landfill	1,379,890	--
Reserved for debt service	--	--
Reserved for capital outlay	1,417,578	--
Reserved for municipal court building security	46,536	--
Reserved for municipal court technology	--	8,699
Unreserved, undesignated - General Fund	2,652,166	--
Unreserved, undesignated - Special Revenue Fund	--	21,885
Total equity and other credits	5,621,552	30,584
Total Liabilities, Equity & Other Credits	\$ 8,212,403	\$ 1,720,224

The accompanying notes are an integral part of this statement.

Debt Service Fund	Other Governmental Funds	Total Governmental Funds
\$ --	\$ --	\$ 1,195,995
--	43,713	1,352,231
21,940	19,790	1,292,458
--	--	516,697
--	--	153,734
--	--	307,322
--	--	200,125
--	163,805	220,128
--	--	221,579
439,644	574,238	5,218,996
--	--	447,989
--	--	68,503
<u>\$ 461,584</u>	<u>\$ 801,546</u>	<u>\$ 11,195,757</u>
\$ --	\$ 13,243	\$ 536,905
121,356	157,646	1,685,774
--	--	168,227
--	--	64,616
--	--	643,454
209,887	166,716	910,845
--	55,454	109,950
--	--	8,476
21,939	10,240	908,725
<u>353,182</u>	<u>403,299</u>	<u>5,036,972</u>
--	--	125,382
--	--	1,379,890
108,402	--	108,402
--	379,116	1,796,694
--	--	46,536
--	--	8,699
--	--	2,652,166
--	19,131	41,016
<u>108,402</u>	<u>398,247</u>	<u>6,158,785</u>
<u>\$ 461,584</u>	<u>\$ 801,546</u>	<u>\$ 11,195,757</u>

CITY OF KINGSVILLE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET ASSETS
 SEPTEMBER 30, 2005

Total fund balances - governmental funds balance sheet	\$ 6,158,785
Amounts reported for governmental activities in the statement of net assets ("SNA") are different because:	
Capital assets used in governmental activities are not reported in the funds.	13,173,536
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	434,400
The assets and liabilities of internal service funds are included in governmental activities in the SNA.	9,369
Payables for bond principal which are not due in the current period are not reported in the funds.	(7,408,000)
Payables for capital leases which are not due in the current period are not reported in the funds.	(13,886)
Payables for bond interest which are not due in the current period are not reported in the funds.	(67,247)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(834,107)
Solid waste assets and liabilities are included in the general fund, but are included in business activities in SNA.	<u>(2,224,672)</u>
Net assets of governmental activities - statement of net assets	<u>\$ 9,228,178</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, 2005**

	General Fund	Police Forfeiture Fund
Revenue:		
<i>Taxes</i>	\$ 6,930,892	\$ --
<i>Licenses and permits</i>	226,716	--
<i>Charges for services</i>	3,128,451	--
<i>Fines and forfeitures</i>	289,453	868,300
<i>Special assessments</i>	240	--
<i>Interest and miscellaneous</i>	125,418	43,470
<i>Gain or loss on sale of property</i>	119	--
<i>Donations</i>	--	--
<i>Reimbursements-Interdepartmental Revenue</i>	8,048	--
<i>Federal and state grants</i>	--	--
Total revenues	<u>10,709,337</u>	<u>911,770</u>
Expenditures:		
Current:		
<i>General government and administration</i>	2,310,010	--
<i>Public Safety</i>	5,338,391	905,283
<i>Public works</i>	3,195,342	--
<i>City/County</i>	671,980	--
<i>Tourism</i>	--	--
<i>Other expenses</i>	21,672	--
Debt service:		
<i>Principal retired</i>	--	--
<i>Interest</i>	--	--
<i>Paying agent fees</i>	--	--
Total expenditures	<u>11,537,395</u>	<u>905,283</u>
Excess (deficiency) of revenues (under) expenditures	(828,058)	6,487
Other financing sources (uses):		
<i>Transfers in</i>	1,306,000	--
<i>Transfers out</i>	(56,280)	--
Total other financing sources (uses)	<u>1,249,720</u>	<u>--</u>
Net change in fund balances	421,662	6,487
Fund balances/equity, October 1	5,199,890	24,097
Fund balances/equity, September 30	<u>\$ 5,621,552</u>	<u>\$ 30,584</u>

The accompanying notes are an integral part of this statement.

Debt Service Fund	Other Governmental Funds	Total Governmental Funds
\$ 1,329,256	\$ 288,215	\$ 8,548,363
--	--	226,716
--	--	3,128,451
--	5,645	1,163,398
--	--	240
10,285	14,995	194,168
--	--	119
--	3,299	3,299
--	--	8,048
--	455,182	455,182
<u>1,339,541</u>	<u>767,336</u>	<u>13,727,984</u>
--	47,102	2,357,112
--	400,829	6,644,503
--	277,268	3,472,610
--	39	672,019
--	288,215	288,215
--	34,581	56,253
885,000	--	885,000
411,200	--	411,200
4,000	--	4,000
<u>1,300,200</u>	<u>1,048,034</u>	<u>14,790,912</u>
39,341	(280,698)	(1,062,928)
--	34,861	1,340,861
--	--	(56,280)
<u>--</u>	<u>34,861</u>	<u>1,284,581</u>
39,341	(245,837)	221,653
69,061	644,084	5,937,132
<u>\$ 108,402</u>	<u>\$ 398,247</u>	<u>\$ 6,158,785</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, 2005

Net change in fund balances - total governmental funds	\$ 221,653
Amounts reported for governmental activities in the statement of activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	711,121
The depreciation of capital assets used in governmental activities is not reported in the funds.	(1,101,648)
The gain or loss on the sale of capital assets is not reported in the funds.	(22,996)
Donations of capital assets increase net assets in the SOA but not in the funds.	1,131,399
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	28,745
Expenses not requiring the use of current financial resources are not reported as expenditures in the funds.	(27,533)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	575,000
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	31,966
Bond issuance costs and similar items are amortized in the SOA but not in the funds	(11,223)
The net revenue (expense) of certain activities of internal service funds is reported with governmental activities	1,738
The net revenue (expense) of internal service funds is reported with governmental activities.	7,631
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	23,333
Solid waste activities are included in the general fund, but are included in business activities in the SOA.	<u>(372,569)</u>
Change in net assets of governmental activities - statement of activities	<u>\$ 1,196,617</u>

The accompanying notes are an integral part of this statement.

CITY OF KINGSVILLE
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2005

	Enterprise Fund	Nonmajor Internal Service Fund
	Utility Fund	Insurance Fund
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 12,989	\$ 361,639
Equity in pooled cash and cash equivalents	782,121	--
Receivables (net of allowances for uncollectibles):		
Accounts	834,837	10,907
Due from:		
Other funds:	234,981	549,581
Other governments:	179,665	--
Inventory, at cost	81,689	--
Restricted assets - noncurrent:		
Cash and cash equivalents	11,681,811	--
Equity in pooled cash and cash equivalents	579,279	--
Total current assets	<u>14,387,372</u>	<u>922,127</u>
Noncurrent assets:		
Bond issuance costs	203,561	--
Capital assets:		
Land	132,356	--
Utility plant	23,838,663	--
Equipment	1,176,212	--
Furniture and fixtures	8,300	--
Vehicles	1,413,783	--
Construction in progress	485,273	--
Total capital assets	<u>27,054,587</u>	<u>--</u>
Less accumulated depreciation	<u>(21,142,590)</u>	<u>--</u>
Net capital assets	5,911,997	--
Total noncurrent assets	6,115,558	--
Total Assets	\$ 20,502,930	\$ 922,127
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 309,186	\$ 136,440
Bank overdraft	162,653	637,514
Accrued wages payable	27,861	--
Due to:		
Other funds	73,842	--
Other governments	1,777	--
Accumulated unpaid compensated absences	76,471	--
Current liabilities payable from restricted assets:		
Accrued interest payable	119,366	--
Revenue bonds	505,000	--
Customer deposits	601,032	137,066
Total current liabilities	<u>1,877,188</u>	<u>911,020</u>
Long-term liabilities, net of current portion		
Revenue bonds payable	13,507,000	--
Total long-term liabilities, net of current portion	<u>13,507,000</u>	<u>--</u>
Total Liabilities	<u>15,384,188</u>	<u>911,020</u>
Net Assets:		
Invested in capital assets, net of related debt	(8,235,434)	--
Restricted for:		
Debt service	637,999	--
Self insurance	--	11,107
Capital outlay	11,767,609	--
Unrestricted	948,568	--
Fund balances:		
Total net assets	<u>5,118,742</u>	<u>11,107</u>
Total Liabilities and Net Assets	\$ 20,502,930	\$ 922,127

The accompanying notes are an integral part of this statement.

CITY OF KINGSVILLE

EXHIBIT A-7R

*RECONCILIATION OF THE PROPRIETARY FUND STATEMENT OF NET ASSETS
TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2005*

Utility Fund Net Assets - Proprietary Funds Statement of Net Assets \$ 5,811,742

Amounts reported for business-type activities in the statement of net assets 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 assets. (1,149,094)

The assets and liabilities of certain internal service funds are included in governmental activities in the SNA. (9,369)

Net Assets of Business-type Activities - Statement of Net Assets \$ 4,653,279

The notes to the financial statements are an integral part of this statement.

CITY OF KINGSVILLE

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS - PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2005

	Enterprise Fund	Nonmajor Internal Service Fund
	Utility Fund	Insurance Fund
OPERATING REVENUES:		
<i>Water</i>	\$ 3,675,252	\$ --
<i>Other income</i>	--	7,571
<i>Wastewater</i>	2,070,306	--
<i>Insurance premiums</i>	--	1,744,372
<i>Federal Revenue</i>	24,230	--
Total Operating Revenues	<u>5,769,788</u>	<u>1,751,943</u>
OPERATING EXPENSES:		
<i>Personal services</i>	1,621,656	--
<i>Supplies</i>	164,717	--
<i>Services</i>	1,198,426	1,740,836
<i>Maintenance</i>	354,430	--
<i>Water supply contract</i>	294,984	--
<i>Uncollectable accounts</i>	32,553	--
<i>Depreciation and amortization</i>	925,455	--
Total Operating Expenses	<u>4,592,221</u>	<u>1,740,836</u>
Operating Income (Loss)	<u>1,177,567</u>	<u>11,107</u>
NON-OPERATING REVENUES (EXPENSES):		
<i>Interest</i>	316,465	--
<i>Gain or loss on sale of property</i>	5,161	--
<i>Intergovernmental revenue</i>	783	--
<i>Contributed Infrastructure from Developers</i>	38,595	--
<i>Reimbursements-Interdepartmental Revenue</i>	47,656	--
<i>Interest and fiscal agent charge</i>	(324,670)	--
Total Non-operating Revenues (Expenses)	<u>83,990</u>	<u>--</u>
Net Income (Loss) before Transfers	<u>1,261,557</u>	<u>11,107</u>
TRANSFERS IN (OUT):		
<i>From Utility Fund</i>	21,421	--
<i>To General Fund</i>	(1,306,002)	--
Total Transfers In (Out)	<u>(1,284,581)</u>	<u>--</u>
Changes in Net Assets	<u>(23,024)</u>	<u>11,107</u>
Net Assets, October 1	5,141,766	--
Net Assets, September 30	<u>\$ 5,118,742</u>	<u>\$ 11,107</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 ASSETS - PROPRIETARY FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2005*

Change in net assets-utility fund \$ (23,024)

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. 188,243

Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The net revenue (expense) of certain internal service funds is reported with business-type activities. (9,369)

Change in net assets of Business-type activities - statement of activities \$ 155,850

The notes to the financial statements are an integral part of this statement.

CITY OF KINGSVILLE

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2005

	Enterprise Fund <hr/> Utility Fund	Nonmajor Internal Service Fund <hr/> Insurance Fund
Cash Flows from Operating Activities:		
<i>Cash Received from Customers</i>	\$ 5,818,279	\$ --
<i>Cash Receipts (Payments) for Quasi-external Operating Transactions with Other Funds</i>	--	1,769,214
<i>Cash Payments to Employees for Services</i>	(1,601,140)	--
<i>Cash Payments to Other Suppliers for Goods and Services</i>	(2,001,516)	--
<i>Cash Payments for Claims</i>	--	(1,764,198)
Net Cash Provided (Used) by Operating Activities	<u>2,215,623</u>	<u>5,016</u>
Cash Flows from Non-capital Financing Activities:		
<i>Proceeds (Payments) from (for) Interfund Borrowings</i>	7,341	--
<i>Transfers From (To) Other Funds</i>	(1,284,581)	(344,817)
Net Cash Provided (Used) by Non-capital Financing Activities	<u>(1,277,240)</u>	<u>(344,817)</u>
Cash Flows from Capital and Related Financing Activities:		
<i>Principal and Interest Paid</i>	(482,032)	--
<i>Acquisition or Construction of Capital Assets</i>	(682,013)	--
<i>Proceeds from Sale of Capital Assets</i>	10,000	--
<i>Other</i>	783	--
Net Cash Provided (Used) for Capital & Related Financing Activities	<u>(1,153,262)</u>	<u>--</u>
Cash Flows from Investing Activities:		
<i>Proceeds from Issuance of Bonds</i>	11,600,000	--
<i>Interest and Dividends on Investments</i>	316,465	--
Net Cash Provided (Used) for Investing Activities	<u>11,916,465</u>	<u>--</u>
Net Increase (Decrease) in Cash and Cash Equivalents	11,701,586	(339,801)
Cash and Cash Equivalents at Beginning of Year	1,191,962	63,926
Cash and Cash Equivalents at End of Year	<u>\$ 12,893,548</u>	<u>\$ (275,875)</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$ 1,177,567	\$ 11,107
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
<i>Depreciation</i>	925,455	--
<i>Provision for Uncollectible Accounts</i>	32,553	--
Change in Assets and Liabilities:		
<i>Decrease (Increase) in Receivables</i>	(204,206)	(10,907)
<i>Decrease (Increase) in Inventories</i>	(101)	--
<i>Increase (Decrease) in Accounts Payable</i>	11,143	(23,364)
<i>Increase (Decrease) in Accrued Wages Payable</i>	20,516	--
<i>Increase (Decrease) in Due to Other Governments</i>	240,054	--
<i>Increase (Decrease) in Customer Deposits</i>	12,642	28,180
Total Adjustments	<u>1,038,056</u>	<u>(6,091)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 2,215,623</u>	<u>\$ 5,016</u>

The accompanying notes are an integral part of this statement.

CITY OF KINGSVILLE
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 SEPTEMBER 30, 2005

	Agency Fund
	Court Cash Bond Account
ASSETS AND OTHER DEBITS	
Assets:	
<i>Cash and cash equivalents</i>	\$ 8,476
Total Assets and Other Debits	\$ 8,476
LIABILITIES, EQUITY AND OTHER CREDITS	
Liabilities:	
<i>Payable from restricted assets:</i>	
<i>Customer deposits</i>	\$ 8,476
Total Liabilities	8,476
Equity and other credits:	
Fund balances:	
Total equity and other credits	--
Total Liabilities, Equity & Other Credits	\$ 8,476

The accompanying notes are an integral part of this statement.

CITY OF KINGSVILLE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2005

A. Summary of Significant Accounting Policies

The City of Kingsville (the City) was incorporated in 1911. In 1916, the City was organized under a Home Rule City Charter and a commission form of government was adopted. The charter was amended in 1986, and the present Council-Manager form of government was adopted. The principal services accounted for as general governmental functions include public safety, health, streets, sanitation, parks and recreation, planning, zoning, and general administrative services.

The financial statements of the City have been prepared in accordance with generally accepted accounting principals 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, 2005.

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, the discretely presented component unit is reported in a separate column in the combined financial statements to emphasize it is legally separate from the City.

1. Blended Component Units

The City did not have a Blended Component Unit at September 30, 2005.

2. Discretely Presented Component Unit

The Kingsville Convention and Visitor's Bureau (K.C.V.B.) is a non-profit corporation created by the City under State law to facilitate the development of tourism for the City. The City Council appoints all members of the board, approves the appointment of all managerial employees and approves the budget. The City maintains its tourism contract with the K.C.V.B. on a yearly basis which is the K.C.V.B.'s only source of income. Therefore, the City has financial accountability. The financial data of the K.C.V.B. is presented in the component unit columns in the combined financial statements.

Complete financial statements for the component unit may be obtained at the entity's administrative offices.

Kingsville Convention & Visitor's Bureau
P.O. Box 1562
Kingsville, Texas 78363

CITY OF KINGSVILLE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2005

3. 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.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Statements: The statement of net assets 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.

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.

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 service, 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.

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 giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is 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. The City does not consider revenues collected after its year-end to be available Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept.

CITY OF KINGSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2005

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.

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. 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 interfund payable 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 market 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. Property 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 2004 tax rate was \$.70196 of which \$.44924 was distributed to the General Fund and \$.2527 was applied to the Debt Service Fund. Using the twenty-five percent rule, the City's legal margin is \$138,953,368.

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.

CITY OF KINGSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2005

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. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. 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

e. 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.

f. 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.

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

g. 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 assets. Bond premiums and discounts, as well as issuance costs, 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 deferred charges and amortized over the term of the related debt.

CITY OF KINGSVILLE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2005

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."

h. Pension Plans

It is the policy of the City to fund pensions costs annually. Pension costs are composed of normal cost and, where applicable, amortization of unfunded actuarial accrued liability and unfunded prior service costs.

i. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

j. 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.

k. 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 benefitting 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 assets.

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 reported	Not applicable

CITY OF KINGSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2005

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

Following are funds having deficit fund balances or fund net assets 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, 2005, the carrying amount of the City's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$21,631,313 less over draft of \$2,485,941 for a net of \$19,145,372 and the bank balance was \$19,419,592. The City's cash deposits at September 30, 2005 and during the year ended September 30, 2005, were entirely covered by FDIC insurance or properly secured by collateral held by the City's agent in the City's name. The discretely presented component unit had a total of \$71,104 held in cash and cash equivalents which was fully secured by FDIC insurance.

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 general purpose 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 investments value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

CITY OF KINGSVILLE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2005

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 market 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 market 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>
MBIA	\$ 18,569,366	\$ 18,569,366

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 tother 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.

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.

CITY OF KINGSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2005

D. Receivables

	General	Special Revenue/ Other Governmental	Debt Service	Enterprise	Primary Government Total
Receivables:					
Accounts	\$ 3,729,947	\$ --	\$ --	\$ 1,156,535	\$ 4,886,482
Taxes - Property	651,884	19,790	55,068	--	726,742
Taxes - Franchise & Sales	819,919	--	--	--	819,919
Special Assessments	461,056	--	--	--	461,056
Gross Receivables	5,662,806	19,790	55,068	1,156,535	6,894,199
Less Allowance for uncollectable	(3,442,846)	--	(33,128)	(321,698)	(3,797,672)
Net total receivable	\$ 2,219,960	\$ 19,790	\$ 21,940	\$ 834,837	\$ 3,096,527

The component unit has a \$860 account receivable with no allowance for uncollectibility.

E. Capital Assets

Capital asset activity for the period ended September 30, 2005, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 469,540	\$ --	\$ --	\$ 469,540
Total capital assets not being depreciated	469,540	--	--	469,540
<i>Capital assets being depreciated:</i>				
Road Network	16,592,083	1,131,399	--	17,723,482
Buildings and improvements	3,612,821	308,712	--	3,921,533
Equipment	1,776,884	180,536	173,902	1,957,420
Vehicles	3,428,044	221,873	--	3,476,015
Total capital assets being depreciated	25,409,832	1,842,520	173,902	27,078,450
Less accumulated depreciation for:				
Road Network	(8,985,533)	262,250	--	9,247,783
Buildings and improvements	(1,808,488)	67,728	--	1,876,216
Equipment	(837,865)	447,742	--	1,285,607
Vehicles	(1,791,826)	320,045	147,023	1,964,848
Total accumulated depreciation	(13,423,712)	1,097,765	147,023	14,374,454
Total capital assets being depreciated, net	11,986,120	744,755	147,023	12,703,996
Governmental activities capital assets, net	\$ 12,455,660	\$ 744,755	\$ 26,879	\$ 13,173,536

CITY OF KINGSVILLE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2005

	Beginning Balances	Increases	Decreases	Ending Balances
<i>Business-type activities:</i>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 352,354	\$ --	\$ --	\$ 352,354
Construction in progress	304,330	180,944	--	485,274
Total capital assets not being depreciated	<u>656,684</u>	<u>180,944</u>	<u>--</u>	<u>837,628</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	24,051,137	86,250	--	24,137,387
Equipment	2,462,201	343,023	49,332	2,755,892
Vehicles	3,077,663	158,107	--	3,235,770
Total capital assets being depreciated	<u>29,591,001</u>	<u>587,380</u>	<u>49,332</u>	<u>30,129,049</u>
Less accumulated depreciation for:				
Buildings and improvements	(18,740,348)	614,814	--	19,355,162
Equipment	(1,674,277)	270,416	42,572	1,902,121
Vehicles	(1,574,494)	252,170	--	1,826,664
Total accumulated depreciation	<u>(21,989,119)</u>	<u>1,137,400</u>	<u>42,572</u>	<u>23,083,947</u>
Total capital assets being depreciated, net	<u>7,601,882</u>	<u>(550,020)</u>	<u>(6,760)</u>	<u>7,045,102</u>
Business-type activities capital assets, net	<u>\$ 8,258,566</u>	<u>\$ (369,076)</u>	<u>\$ (6,760)</u>	<u>\$ 7,882,730</u>

Depreciation was charged to functions as follows:

General Government	\$ 48,138
Public Safety	399,790
Public Works	647,643
City/County	<u>2,194</u>
	<u>\$ 1,097,765</u>

F. Interfund Balances and Activity

1. Due To and From Other Funds

Balances due to and due from other funds at September 30, 2005, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Other Governmental Funds	\$ 200,125	Short-term loans
Utility Fund	General Fund	232,001	Short-term loans
Utility Fund	Other Funds	783	Short-term loans
Other Governmental Funds	Other Governmental Funds	217,277	Short-term loans
Other Governmental Funds	Utility Fund	73,842	Short-term loans
Other Governmental Funds	General Fund	<u>260,659</u>	Short-term loans
	Total	<u>\$ 984,687</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, 2005

2. Transfers To and From Other Funds

Transfers to and from other funds at September 30, 2005, consisted of the following:

Transfers From	Transfers To	Amount	Reason
General Fund	Other Governmental Funds	\$ 56,280	Supplement other funds sources
Utility Fund	General Fund	1,250,000	Supplement other funds sources
Utility Fund	Other Governmental Funds	34,581	
Utility Fund	Utility Fund	21,421	Supplement other funds sources
	Total	\$ 1,362,282	

G. Deferred Revenue

Deferred revenues are primarily used for the deferring of property taxes that are not "measurable" in Note B. An analysis of deferred taxes at September 30, 2005 is as follows:

	All Governmental Fund Types
Deferred Taxes	\$ 437,429
Deferred Assessments/Interest	461,056
Other	10,240
Total Deferred Revenue	\$ 908,725

H. 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 period ended September 30, 2005, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Certificates of obligation	\$ 7,683,000	\$ --	\$ 275,000	\$ 7,408,000	\$ 585,000
Combined tax and revenue					
Certificates of obligation	300,000	--	309,000	--	--
Capital leases	45,852	--	31,966	13,886	13,886
Total long-term debt	8,028,852	--	615,966	7,421,886	598,886
Accumulated compensated absences*	857,439	23,333	46,666	834,106	173,815
Governmental activity					
Total long-term debt	\$ 8,886,291	\$ 23,333	\$ 662,632	\$ 8,255,992	\$ 772,701
Business-type activities:					
Revenue bonds-payable	\$ 1,250,000	\$ --	\$ 125,000	\$ 1,125,000	\$ 135,000
Certificates of obligation (1)	3,687,000	11,780,000	425,000	15,042,000	695,000
Total long-term debt	4,937,000	11,780,000	550,000	16,167,000	830,000
Landfill closure cost	2,241,909	267,903	--	2,509,812	--
Accumulated compensated absences*	61,565	14,906	--	76,471	76,471
Business-type activities					
Long-term liabilities	\$ 7,240,474	\$ 12,062,809	\$ 550,000	\$ 18,753,283	\$ 906,471

(1) The utility funds share of the new issues of CO in conjunction with the general fund.

* Other long-term liabilities

CITY OF KINGSVILLE

*NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2005*

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

<u>Liability</u>	<u>Activity Type</u>	<u>Fund</u>
Compensated absences	Governmental	General Fund
Compensated absences	Business-type	Utility Fund

	<u>2005</u>	<u>2004</u>
Revenue bonds payable:		
\$2,000,000 Utility System Revenue Bonds Series 1995; due in annual installments of \$125,000 to \$190,000 through April 1, 2012; interest at 3.95% to 5.8%.	\$ 1,125,000	\$ 1,250,000
Total Revenue Bonds Payable	<u>\$ 1,125,000</u>	<u>\$ 1,250,000</u>

	<u>2005</u>	<u>2004</u>
Certificates of obligation payable:		
\$11,780,000 Certificates of Obligation Series 2005; due in annual installments of \$200,000 to \$990,000 through August 2025; interest at 3.00% to 4.125%.	\$ 11,780,000	\$ --
\$3,305,000 Certificates of Obligation, Series 2001; due in annual installments of \$310,000 to \$400,000 through August 1, 2011; interest at 4.3% to 5.7%. (100% Utility Fund).	2,155,000	2,465,000
\$3,000,000 Certificates of Obligation Series 1998; due in annual installments of \$120,000 to \$255,000 through February 1, 2018; interest at 4% to 5%.	2,420,000	2,550,000
\$2,485,000 Certificates of Obligation Series 2002A; due in annual installments of \$105,000 to \$215,000 through August 1, 2023; interest at 3.0% to 4.7%.	2,380,000	2,485,000
\$3,960,000 Certificates of Obligation Series 2002; due in annual installments of \$155,000 to \$695,000 through August 1, 2010; interest at 2.7% to 3.125%. (split General Fund 70.202% and Utility Fund 29.798%).	<u>3,715,000</u>	<u>3,870,000</u>
Total Certificates of Obligation Payable	<u>\$ 22,450,000</u>	<u>\$ 11,370,000</u>

CITY OF KINGSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2005

2. Debt Service Requirements

Debt service requirements on long-term debt at September 30, 2005, are as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2006	\$ 585,000	\$ 271,999	\$ 856,999
2007	640,000	253,878	893,878
2008	695,000	233,087	928,087
2009	765,000	209,567	974,567
2010	820,000	183,432	1,003,432
2011-2015	2,223,000	594,565	2,817,565
2016-2020	1,380,000	190,697	1,570,697
2021-2025	300,000	21,390	321,390
Totals	\$ 7,408,000	\$ 1,958,615	\$ 9,366,615

Year Ending September 30,	Business-type Activities				
	Certificates of Obligation		Revenue Bonds		Total
	Principal	Interest	Principal	Interest	
2006	\$ 695,000	\$ 606,950	\$ 135,000	\$ 63,950	\$ 1,088,853
2007	715,000	584,799	145,000	56,593	1,091,369
2008	745,000	561,521	150,000	48,545	1,092,941
2009	775,000	536,204	155,000	40,070	1,093,149
2010	800,000	509,073	170,000	31,235	1,097,148
2011-2015	3,052,000	2,191,071	370,000	32,480	5,228,351
2016-2020	3,695,000	1,485,475	--	--	5,180,475
2021-2025	4,565,000	619,849	--	--	5,184,849
Totals	\$ 15,042,000	\$ 7,094,942	\$ 1,125,000	\$ 272,873	\$ 21,057,135

3. Capital Leases

Commitments under capitalized lease agreements for facilities and equipment provide for minimum future lease payments as of September 30, 2005, as follows:

<u>Year Ending September 30:</u>	
2006	\$ 13,970
2007	--
Total Minimum Rentals	13,970
Less: Amount representing interest	84
Present value of future minimum leasing payment	<u>\$ 13,886</u>

1. Pension Plan

1. Texas Municipal Retirement System

Plan Description

The City provides pension benefits for all of its full-time employees, except for its voluntary firefighters who are covered under a separate plan, through a nontraditional, joint contributory, defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of 774 administered by TMRS, an agent multiple-employer public employee retirement system.

CITY OF KINGSVILLE

*NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2005*

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the city-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of the theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%) of the employee's accumulated contributions. In addition, the City can grant as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes. Plan provisions for the City were as follows (as of 4/7/03):

Deposit Rate:	7.0%
Matching Ratio (City to Employee):	1 1/2-1
A member is vested after	5 yrs

Members can retire at certain ages, based on the years of service with the City.
The Service Retirement Eligibilities for the city are: 5 yrs/age 60, 20 yrs/any age

Contributions

Under the state law governing TMRS, the actuary annually determines the City's contribution rate. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the City matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the remainder of the plan's 25-year amortization period. The entry level actuarial cost method is used for determining the City contribution rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect. (i.e December 31, 2004 valuation is effective for rates beginning January 2006).

Contributions for the fiscal year are as follows:

City	\$	734,243
Employee		<u>536,074</u>
Total Contribution	\$	<u>1,270,317</u>

CITY OF KINGSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2005

Annual Pension Cost and Net Pension Obligation

The City's annual pension cost of \$734,243 for fiscal year ended September 30, 2005 was equal to the City's required and actual contributions. Three-year information is as follows:

	<u>2003</u>	<u>2004</u>	<u>2005</u>
City's Annual Pension Cost	\$ 651,043	\$ 671,773	\$ 734,243
Percentage of APC contributed	100%	100%	100%
Net Pension Obligation	--	--	--

The latest actuarial valuation for City employees was completed as of December 31, 2004.

Schedule of Actuarial Liabilities and Funding Progress

Actuarial Valuation Date	<u>12/31/04</u>
Actuarial Value of Assets	\$ 19,340,981
Actuarial Accrued Liability	\$ 23,590,386
Percentage Funded	82.0%
Unfunded (Over-funded) Actuarial Accrued Liability (UAAL)	\$ 4,249,405
Annual Covered Payroll	\$ 7,445,582
UAAL as a Percentage of Covered Payroll	57.1%
Net Pension Obligation (NPO) at the Beginning of Period	\$ --
Annual Pension Cost:	
Annual required contribution (ARC)	\$ 734,243
Interest in NPO	--
Adjustment to the ARC	<u>--</u>
	\$ 734,243
Contributions Made	\$ 734,243
Increase in NPO	<u>--</u>
	<u>\$ --</u>
NPO at the end of the period	<u>\$ --</u>

Actuarial Assumptions

The actuarial cost method and significant assumption underlying the actuarial calculations are as follows:

Actuarial Cost Method -	Unit Credit
Amortization Method-	Level Percent of Payroll
Remaining Amortization Period -	25 Years - Open Period
Asset Valuation Method-	Amortized Cost (to accurately reflect the requirements of GASB Stmt, No. 25 p. 36e and 138)
Investment Rate of Return -	8%
Projected Salary Increase -	None
Includes Inflation At -	None
Cost-of-living Adjustments -	None

CITY OF KINGSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2005

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>
Texas Municipal Retirement System	P. O. Box 149153 Austin, TX 78414-9153

2. Texas Statewide Emergency Services Personnel Retirement Fund

Plan Description

The Fire Fighters' Pension Commissioner is the administrator of the Texas Statewide Emergency Services Personnel Retirement Fund, 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 monetary remuneration. The Texas Statewide Emergency Services Personnel Retirement Fund is considered a component unit of the State of Texas financial reporting entity and is included in the State's financial reports as a pension trust fund. At August 31, 2003 there were 173 member departments participating in the pension system.

The table below summarizes the pension system membership of the City as of August 31, 2003:

Retirees and beneficiaries currently receiving benefits	20
Terminated members entitled to benefits but not yet receiving them	N/A *
Current active members (vested and nonvested)	21

* N/A "Not Available"

The above membership count does not include retirees and beneficiaries that have been in the H.B. 258 Texas Local Fire Fighters Retirement Act (TLFFRA) Fund before merging into S.B. 411. Seventeen members were covered by the City of Kingsville.

The pension system was created by Senate Bill 411, 65th Legislature, Regular Session (1977), and was revised in the 75th Legislature, Regular Sessions (1977). The system's provisions included retirement benefits as well as death and disability benefits.

Eligible members include emergency services personnel who provide services related to fire, rescue and emergency medical services and who serve with remuneration while members in good standing of a participating department. In addition, eligible members include auxiliary employees who receive limited compensation from a political subdivision of Texas and who is certified by the political subdivision as being regularly engaged in the performance of duties for a participating department. Members are vested beginning with the fifth year of service, at 5% per year of service for the first ten years and 10% for each of the next five years of service.

Upon reaching age 55, a vested member may retire and receive a monthly pension equal to his vested percentage multiplied by six times the governing body's average monthly contribution over the member's years of qualified service. For years of service in excess of 15 years, this monthly benefit is increased at the rate of 7% compounded annually.

Death and disability benefits are dependent on whether or not the member was engaged in the performance of duties at the time of death or disability. Death benefits include a lump-sum amount and continuing monthly payments to a member's surviving spouse and/or dependents.

CITY OF KINGSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2005

Contribution requirements were established by S.B. 411, 65th Legislative, Regular Session (1977). No contributions are required by members. The governing bodies of participating department members are required to contribute at least \$12 per month for each member. The contribution requirements of at least \$12 per member per month is not actuarially determined. Rather, the contribution amount was established by S.B. 411, 65th Legislature, Regular Session (1977). Additional contributions may be necessary to pay for unfunded prior service costs and "buybacks" of vested benefits.

The State may also be required to make a limited amount of annual contributions to make the fund actuarially sound. To date, no contributions have been required from the State.

Contributions Required and Contribution Made

The contribution requirement of at least \$12 per member per month is not actuarially determined. Rather, the contribution amount was established by S.B. 411, 65th Legislature, Regular Session (1977).

In addition to the contributions for dues and prior service made to the Texas Statewide Emergency Services Personnel Retirement Fund, some cities are required to make additional deposits. These additional deposits are for retirees and beneficiaries that have been in the H.B. 258 Texas Local Fire Fighters Retirement Act (TLFFRA) Fund before merging into S.B. 411. For Kingsville, this additional deposit was \$5,200.

Annual Required Contributions

The employer annual pension cost of \$6,500 for fiscal year ended August 31, 2005 was equal to the required and actual contributions. Three-year information is as follows:

	2003	2004	2005
Annual Required Contribution	\$ 9,633	\$ 8,064	\$ 6,500
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

3. City of Kingsville Deferred Compensation Plan Restatement

In accordance with GASB Statement No. 32, "Accounting and Financial Reporting for Internal Revenue Code," Section 457, Deferred Compensation Plans, the Plans were amended in 1998 as the assets are held in trust to meet the Internal Revenue Service requirements.

The City doesn't have significant administrative involvement in the assets of its plan nor does it perform any investment function for the plan. Therefore, the plan is not presented as part of the City's Financial Statements.

J. Post-Employment Health Care Benefits

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City provides healthcare benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium plus a 2% administration fee is paid in full by the insured on or before the tenth (10th) day of the month for the actual month covered. This program is offered for a duration of 18 to 25 months, as applicable, after the termination date. There is no associated cost to the City under this program, and there are only two participants in the program as of September 30, 2005.

CITY OF KINGSVILLE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2005

K. 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 collectibility 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, 2005.

L. Budgetary Data

Budget amendments approved during the year included the following:

\$306,710 total amendments to the General Fund. This was comprised primarily of \$44,260, \$210,000, and \$52,450 for air conditioning repairs, health insurance, and salaries for the municipal building, all departments, and Police Departments respectively.

M. 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*
Hourly (after completion of probation)	120	720*
Police Department	240	720
Fire Department	250	1200
Fire Marshall	166	800

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. 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, 2005, the liability for accrued vacation leave and accrued sick leave is approximately \$919,004. The amount applicable to the General Fund and Enterprise Fund of \$857,439 and \$61,565, respectively, and have been recorded in its respective fund.

N. Contracts With South Texas Water Authority

1. South Texas Water Authority Contract October 1, 2003 Through September 30, 2005

The City and the Authority renegotiated their water supply contract as of October 1, 2002 for the FY 2003 and FY 2004. After that there is no formal water supply contract between the two entities; however, the entities continued to operate under this agreement during FY 2005. Under the agreement the City would agree to purchase 298,869,216 gallons of water in the FY 2003 and the FY 2004 for an estimated cost of \$1,041,362 and \$949,457, respectfully. This agreement was estimated to save the City approximately \$333,000 in FY 2003 and \$424,993 in FY 2004 in addition to providing the above stated gallons of surface water; which under the old contract the City did not receive at these cost levels. Additional water in excess of the above minimum purchase is available to the City at \$1.85 per 1000g.

CITY OF KINGSVILLE

*NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2005*

2. South Texas Water Authority Contract After October 1, 2005

The City and the South Texas Water Authority entered into a new water supply contract as of October 1, 2005. The Contract is effective through September 30, 2010. The City is obligated to purchase a minimum volume of water not to exceed \$350,000 annually unless additional purchases are necessary and additional money is available in the budget. Under the new contract, the water rate is made up of two components: (1) a handling charge (set by the Authority annually to cover expenses other than the cost of water) and (2) the cost of water (the actual price per thousand gallons paid by the Authority to the City of Corpus Christi). This water rate is used for all water purchases for all of the Authority's customers.

O. 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 re-insurance. 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 current year.

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 \$136,440 at September 30, 2005 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 2005 and 2004 were:

	Beginning-of Fiscal-Year Liability	Current-Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2004	\$ 105,986	\$ 1,066,705	\$ 1,012,888	\$ 159,803
2005	159,803	1,458,306	1,434,943	136,440

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 been 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, 2005

P. Excess Of Expenditures Over Appropriations

The following is a list of the excess of expenditures over appropriations, at the legal control by an individual fund:

Fund	Department/Expenditure	Amount of Excess
General Fund	Municipal Building/Supplies	\$ 11,957
General Fund	Municipal Building/Building	77
General Fund	Municipal Building/Capital Outlay	55,449
General Fund	Risk Management/Maintenance	1,978
General Fund	City Special/Personal Services	3,884
General Fund	City Special/Services	38,359
General Fund	Purchasing/Supplies	53
General Fund	Computer Operations/Supplies	6,077
General Fund	Computer Operations/Debt Service	2
General Fund	Planning/Maintenance	32
General Fund	Planning/Capital Outlay	6,393
General Fund	Police Department/Supplies	33,411
General Fund	Police Department/Capital Outlay	13,000
General Fund	Fire Department/Supplies	24,172
General Fund	Fire Department/Services	2,670
General Fund	Fire Department/Maintenance	1,405
General Fund	Fire Department/Building	819
General Fund	Fire Department/Capital Outlay	89,612
General Fund	Public Works Admin/Services	4,578
General Fund	Public Works Admin/Capital Outlay	26,202
General Fund	Garage/Supplies	309
General Fund	Garage/Services	125
General Fund	Sanitation/Supplies	14,586
General Fund	Street/Supplies	15,437
General Fund	Street/Services	91,702
General Fund	Street/Maintenance	1,203
General Fund	Street/Building	150,784
General Fund	Street/Capital Outlay	88,737
General Fund	Landfill/Supplies	7,445
General Fund	Health Department/Supplies	5,100
General Fund	Health Department/Maintenance	1,609
General Fund	Parks Department/Services	5,000
General Fund	Library Department/Supplies	27,457
General Fund	Library Department/Building	1,681
General Fund	Other Expenses/Uncollectable Accounts	21,672
General Fund	Transfers/Transfers Out	56,280

Q. 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 General Long-Term Debt Account Group at September 30, 2005 is \$2,509,812 based on 65.2% usage (filled) of the landfill through September 30, 2005. It is estimated that an additional \$1,336,542 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.

CITY OF KINGSVILLE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2005

to capacity (2012). The estimated total current cost for the landfill closure and postclosure care of \$3,846,345 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, 2005. 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.

R. 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.

S. Non-Budgeted Funds

The Federal and State Grant Funds and Capital Projects Fund adopt project - length budgets. The Police Forfeiture Fund and Other Special Revenues Fund budgets were not adopted nor were there any special commission action taken with regard to these funds.

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CITY OF KINGSVILLE

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2005

EXHIBIT B-1

Page 1 of 7

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Taxes:				
<i>General Property Taxes:</i>				
<i>Current Taxes</i>	\$ 2,262,356	\$ 2,262,356	\$ 2,211,664	\$ (50,692)
<i>Delinquent taxes</i>	120,000	120,000	90,024	(29,976)
<i>Penalty & Interest</i>	80,000	80,000	73,526	(6,474)
<i>In Lieu of Tax Payments</i>	100,000	100,000	100,000	--
<i>Total General Property Taxes</i>	<u>2,562,356</u>	<u>2,562,356</u>	<u>2,475,214</u>	<u>(87,142)</u>
<i>City Sales Tax</i>	3,186,000	3,086,000	3,390,122	304,122
<i>Mixed Drink Tax</i>	25,000	25,000	35,505	10,505
<i>Bingo Tax</i>	5,000	5,000	3,627	(1,373)
<i>Business Taxes:</i>				
<i>Electric Franchise Tax</i>	640,000	640,000	703,899	63,899
<i>Telephone Franchise Tax</i>	190,000	190,000	156,884	(33,116)
<i>Gas Franchise Tax</i>	100,000	100,000	88,678	(11,322)
<i>Cable T.V. Franchise Tax</i>	80,000	80,000	76,963	(3,037)
<i>Total Business Taxes</i>	<u>1,010,000</u>	<u>1,010,000</u>	<u>1,026,424</u>	<u>16,424</u>
<i>Total Taxes</i>	<u>6,788,356</u>	<u>6,688,356</u>	<u>6,930,892</u>	<u>242,536</u>
Permits and Licenses:				
<i>Plumbing Permits</i>	32,000	32,000	18,605	(13,395)
<i>Electric Permits</i>	42,000	42,000	40,776	(1,224)
<i>Building Permits</i>	80,000	80,000	59,608	(20,392)
<i>Moving Permits</i>	5,000	5,000	1,730	(3,270)
<i>Other Permits</i>	60,500	60,500	47,939	(12,561)
<i>Amusement Licenses</i>	10,000	10,000	1,845	(8,155)
<i>Beer & Mixed Drink Licenses</i>	10,000	10,000	5,248	(4,752)
<i>Electrical Licenses</i>	11,000	11,000	10,895	(105)
<i>Contractor Licenses</i>	35,000	35,000	24,700	(10,300)
<i>Solicitor Licenses</i>	700	700	550	(150)
<i>Food Handler Licenses</i>	25,000	25,000	14,520	(10,480)
<i>Other Licenses</i>	7,000	7,000	300	(6,700)
<i>Total Permits and Licenses</i>	<u>318,200</u>	<u>318,200</u>	<u>226,716</u>	<u>(91,484)</u>
Charges for Services:				
<i>General Service Fees:</i>				
<i>Vital Statistics</i>	7,000	7,000	2,926	(4,074)
<i>Zoning Fees</i>	5,000	5,000	3,743	(1,257)
<i>Platting Fees</i>	4,000	4,000	1,546	(2,454)
<i>Police Accident Reports</i>	6,000	6,000	3,706	(2,294)
<i>Arrest Fees</i>	--	--	3,284	3,284
<i>Fire Reports</i>	8,000	8,000	36	(7,964)
<i>Ambulance Service</i>	290,000	290,000	289,313	(687)
<i>Other Service Fees</i>	45,000	45,000	20,414	(24,586)
<i>Total General Service Fees</i>	<u>365,000</u>	<u>365,000</u>	<u>324,968</u>	<u>(40,032)</u>
<i>City/County Services:</i>				
<i>Weed Control</i>	3,000	3,000	3,525	525

CITY OF KINGSVILLE
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2005

EXHIBIT B-1
Page 2 of 7

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Sanitation Services:				
Garbage Fees	2,575,000	2,575,000	2,498,101	(76,899)
Landfill Fees	293,000	293,000	287,766	(5,234)
Miscellaneous	10,000	10,000	14,091	4,091
Total Sanitation Services	2,878,000	2,878,000	2,799,958	(78,042)
Total Charges for Services	3,246,000	3,246,000	3,128,451	(117,549)
Fines and Forfeits:				
Court Fines	366,000	266,000	259,064	(6,936)
Confiscated Revenue	--	--	5,000	5,000
Minor Fines	5,000	5,000	835	(4,165)
Collection of State Taxes	14,000	14,000	11,200	(2,800)
Other Court Fines	15,000	15,000	13,354	(1,646)
Total Fines and Forfeits	400,000	300,000	289,453	(10,547)
Special Assessments	--	--	240	240
Interest and Miscellaneous:				
Interest from Investments	20,000	20,000	73,658	53,658
Auction Revenue	15,000	15,000	13,762	(1,238)
Sale of City Publications	2,000	2,000	1,610	(390)
Sale of Recycle Item	23,000	23,000	11,764	(11,236)
Miscellaneous	20,950	20,950	24,624	3,674
Total Interest and Miscellaneous	80,950	80,950	125,418	44,468
Gain or Loss on Sale of Property	5,000	5,000	119	(4,881)
Reimbursements - Interdepartmental Revenue	--	--	8,048	8,048
Total Revenues	10,838,506	10,638,506	10,709,337	70,831
Expenditures:				
City Administration Department				
City Commission:				
Personal Services	43,710	43,094	38,179	4,915
Supplies	3,020	2,621	2,620	1
Services	30,200	33,759	30,981	2,778
Total City Commission	76,930	79,474	71,780	7,694
City Manager:				
Personal Services	161,370	163,183	153,457	9,726
Supplies	5,700	5,700	4,402	1,298
Services	14,190	10,877	6,272	4,605
Total City Manager	181,260	179,760	164,131	15,629

CITY OF KINGSVILLE

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2005

EXHIBIT B-1

Page 3 of 7

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Municipal Building:				
<i>Supplies</i>	1,445	2,075	1,439	636
<i>Services</i>	64,300	68,455	80,412	(11,957)
<i>Maintenance</i>	500	500	108	392
<i>Building</i>	50,000	45,215	45,292	(77)
<i>Capital Outlay</i>	--	--	55,449	(55,449)
Total Municipal Building	116,245	116,245	182,700	(66,455)
Risk Management:				
<i>Personal Services</i>	93,690	96,416	71,172	25,244
<i>Supplies</i>	7,450	7,450	6,221	1,229
<i>Services</i>	14,800	14,400	13,576	824
<i>Maintenance</i>	2,100	2,500	4,478	(1,978)
Total Risk Management	118,040	120,766	95,447	25,319
City Special:				
<i>Personal Services</i>	11,475	11,475	15,359	(3,884)
<i>Supplies</i>	--	--	(130)	130
<i>Services</i>	482,050	476,050	514,409	(38,359)
Total City Special	493,525	487,525	529,638	(42,113)
Total City Administration Department	986,000	983,770	1,042,696	(59,926)
Management Services Department				
Personnel:				
<i>Personal Services</i>	92,095	93,757	93,593	164
<i>Supplies</i>	2,030	2,140	2,067	73
<i>Services</i>	26,128	26,018	25,400	618
Total Personnel	120,253	121,915	121,060	855
Municipal Court:				
<i>Personal Services</i>	129,003	130,783	122,750	8,033
<i>Supplies</i>	1,800	1,800	1,378	422
<i>Services</i>	2,400	2,400	1,703	697
<i>Maintenance</i>	100	100	--	100
Total Municipal Court	133,303	135,083	125,831	9,252
Finance:				
<i>Personal Services</i>	240,900	246,243	202,259	43,984
<i>Supplies</i>	8,400	8,300	5,537	2,763
<i>Services</i>	52,600	78,550	70,551	7,999
<i>Maintenance</i>	200	200	32	168
Total Finance	302,100	333,293	278,379	54,914

CITY OF KINGSVILLE

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2005

EXHIBIT B-1

Page 4 of 7

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Purchasing:				
<i>Personal Services</i>	86,204	87,622	85,079	2,543
<i>Supplies</i>	2,590	2,411	2,464	(53)
<i>Services</i>	8,450	8,675	8,079	596
<i>Maintenance</i>	200	154	--	154
Total Purchasing	97,444	98,862	95,622	3,240
Computer Operations:				
<i>Personal Services</i>	34,955	35,409	30,739	4,670
<i>Supplies</i>	8,500	7,800	13,877	(6,077)
<i>Services</i>	27,400	27,400	18,272	9,128
<i>Debt Service</i>	33,520	33,520	33,522	(2)
Total Computer Operations	104,375	104,129	96,410	7,719
Total Management Services Department	757,475	793,282	717,302	75,980
Legal Department				
<i>Personal Services</i>	117,180	118,993	117,726	1,267
<i>Supplies</i>	3,080	2,080	1,712	368
<i>Services</i>	34,700	35,700	26,125	9,575
Total Legal Department	154,960	156,773	145,563	11,210
Urban Development Department				
Planning:				
<i>Personal Services</i>	263,237	319,304	269,412	49,892
<i>Supplies</i>	6,750	11,300	9,449	1,851
<i>Services</i>	30,150	28,800	18,720	10,080
<i>Maintenance</i>	2,000	1,500	1,532	(32)
<i>Building</i>	10,000	10,000	9,988	12
<i>Capital Outlay</i>	--	--	6,393	(6,393)
Total Planning	312,137	370,904	315,494	55,410
Engineering:				
<i>Personal Services</i>	138,715	141,887	114,821	27,066
<i>Supplies</i>	4,970	5,320	4,118	1,202
<i>Services</i>	10,030	9,680	7,059	2,621
<i>Maintenance</i>	1,400	1,400	16	1,384
Total Engineering	155,115	158,287	126,014	32,273
Total Urban Development Department	467,252	529,191	441,508	87,683

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Police Department				
<i>Personal Services</i>	3,220,031	3,279,388	2,795,038	484,350
<i>Supplies</i>	90,020	91,635	125,046	(33,411)
<i>Services</i>	279,128	272,728	256,214	16,514
<i>Maintenance</i>	42,450	45,835	40,896	4,939
<i>Building</i>	2,000	3,400	2,569	831
<i>Debt Service</i>	6,660	6,660	6,258	402
<i>Capital Outlay</i>	--	--	13,000	(13,000)
Total Police Department	3,640,289	3,699,646	3,239,021	460,625
Fire Department				
<i>Personal Services</i>	1,797,373	1,864,246	1,710,882	153,364
<i>Supplies</i>	102,535	80,665	104,837	(24,172)
<i>Services</i>	145,175	138,710	141,380	(2,670)
<i>Maintenance</i>	18,000	21,910	23,315	(1,405)
<i>Building</i>	10,000	28,525	29,344	(819)
<i>Capital Outlay</i>	--	--	89,612	(89,612)
Total Fire Department	2,073,083	2,134,056	2,099,370	34,686
Public Works Department				
Public Works Administration:				
<i>Personal Services</i>	106,250	110,326	100,799	9,527
<i>Supplies</i>	7,450	7,750	6,911	839
<i>Services</i>	18,700	18,400	22,978	(4,578)
<i>Maintenance</i>	700	700	115	585
<i>Building</i>	25,000	25,000	15,199	9,801
<i>Capital Outlay</i>	--	10,000	36,202	(26,202)
Total Public Works Administration	158,100	172,176	182,204	(10,028)
Garage:				
<i>Personal Services</i>	274,561	281,417	270,165	11,252
<i>Supplies</i>	13,260	15,145	15,454	(309)
<i>Services</i>	5,700	3,815	3,940	(125)
<i>Maintenance</i>	3,000	3,000	2,653	347
Total Garage	296,521	303,377	292,212	11,165
Sanitation:				
<i>Personal Services</i>	671,090	691,998	636,721	55,277
<i>Supplies</i>	113,050	113,050	127,636	(14,586)
<i>Services</i>	12,550	12,550	7,186	5,364
<i>Maintenance</i>	88,000	88,000	86,537	1,463
Total Sanitation	884,690	905,598	858,080	47,518

CITY OF KINGSVILLE
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

EXHIBIT B-1
 Page 6 of 7

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Street:				
<i>Personal Services</i>	634,995	653,100	589,788	63,312
<i>Supplies</i>	45,300	45,380	60,817	(15,437)
<i>Services</i>	187,400	186,995	278,697	(91,702)
<i>Maintenance</i>	38,000	46,350	47,553	(1,203)
<i>Building</i>	230,000	81,975	232,759	(150,784)
<i>Capital Outlay</i>	--	--	88,737	(88,737)
Total Street	1,135,695	1,013,800	1,298,351	(284,551)
Landfill:				
<i>Personal Services</i>	258,080	263,640	257,172	6,468
<i>Supplies</i>	45,700	51,725	59,170	(7,445)
<i>Services</i>	99,060	95,860	94,982	878
<i>Maintenance</i>	20,800	22,925	22,770	155
<i>Building</i>	263,500	262,050	4,387	257,663
Total Landfill	687,140	696,200	438,481	257,719
Recycling Center:				
<i>Personal Services</i>	81,710	83,036	78,313	4,723
<i>Supplies</i>	4,050	4,050	1,228	2,822
<i>Services</i>	7,900	7,900	7,438	462
<i>Maintenance</i>	1,500	1,500	132	1,368
<i>Building</i>	2,000	2,000	844	1,156
Total Recycling Center	97,160	98,486	87,955	10,531
Total Public Works Department	3,259,306	3,189,637	3,157,283	32,354
Health Department				
<i>Personal Services</i>	194,762	204,270	201,055	3,215
<i>Supplies</i>	24,850	24,850	29,950	(5,100)
<i>Services</i>	16,058	16,058	13,295	2,763
<i>Maintenance</i>	6,200	6,200	7,809	(1,609)
<i>Building</i>	2,500	2,500	1,487	1,013
Total Health Department	244,370	253,878	253,596	282
Parks and Recreation Department				
<i>Services</i>	200,000	200,000	205,000	(5,000)
Total Parks and Recreation Department	200,000	200,000	205,000	(5,000)

CITY OF KINGSVILLE
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Library Department				
<i>Personal Services</i>	138,052	144,004	135,666	8,338
<i>Supplies</i>	9,715	5,700	33,157	(27,457)
<i>Services</i>	32,980	33,070	28,756	4,314
<i>Maintenance</i>	11,900	11,900	9,624	2,276
<i>Building</i>	4,500	4,500	6,181	(1,681)
<i>Capital Outlay</i>	21,175	25,100	--	25,100
Total Library Department	218,322	224,274	213,384	10,890
Other Expenses				
<i>Uncollectable Accounts</i>	--	--	21,672	(21,672)
Total Other Expenses	--	--	21,672	(21,672)
Total Expenditures	12,001,057	12,164,507	11,537,395	627,112
Excess (deficiency) of revenues (under) expenditures	(1,162,551)	(1,526,001)	(828,058)	697,943
Other financing sources (uses):				
<i>Operating transfers in</i>	1,278,000	1,278,000	1,306,000	28,000
<i>Operating transfers out</i>	--	--	(56,280)	(56,280)
Total other financing sources (uses)	1,278,000	1,278,000	1,249,720	(28,280)
Excess of revenues and other financing sources over (under) expenditures and other financing uses	115,449	(248,001)	421,662	669,663
Fund balances/equity, October 1	5,199,890	5,199,890	5,199,890	--
Fund balances/equity, September 30	\$ 5,315,339	\$ 4,951,889	\$ 5,621,552	\$ 669,663

CITY OF KINGSVILLE
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS
 TEXAS MUNICIPAL RETIREMENT SYSTEM
 YEAR ENDED SEPTEMBER 30, 2005

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/02	\$ 18,497,783	\$ 21,837,214	\$ 3,339,431	84.7%	\$ 7,140,565	46.8%
12/31/03	20,101,029	23,978,374	3,877,345	83.8%	7,748,043	50.0%
12/31/04	19,340,981	23,590,386	4,249,405	82.0%	7,445,582	57.1%

CITY OF KINGSVILLE

*NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2005*

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).

C O M B I N I N G S T A T E M E N T S & B U D G E T A R Y C O M P A R I S O N S C H E D U L E S



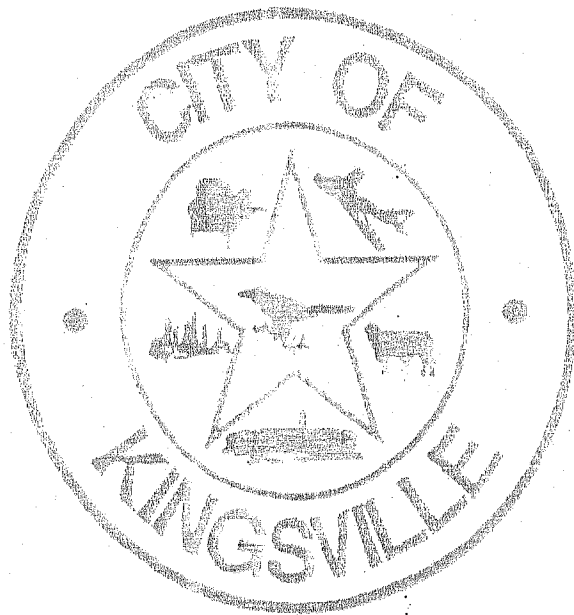
CITY OF KINGSVILLE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2005

	Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds (See Exhibit A-3)
ASSETS AND OTHER DEBITS			
Assets:			
<i>Equity in pooled cash and cash equivalents</i>	\$ 43,713	\$ --	\$ 43,713
Receivables (net of allowances for uncollectibles):			
<i>Taxes</i>	19,790	--	19,790
Due from:			
<i>Other governments:</i>	163,805	--	163,805
Restricted assets:			
<i>Cash and cash equivalents</i>	--	574,238	574,238
Total Assets and Other Debits	\$ 227,308	\$ 574,238	\$ 801,546
LIABILITIES, EQUITY AND OTHER CREDITS			
Liabilities:			
<i>Accounts payable</i>	\$ 547	\$ 12,696	\$ 13,243
<i>Bank overdraft</i>	133,105	24,541	157,646
Due to:			
<i>Other funds</i>	8,831	157,885	166,716
<i>Other governments</i>	55,454	--	55,454
<i>Deferred revenues</i>	10,240	--	10,240
Total Liabilities	208,177	195,122	403,299
Equity and other credits:			
Fund balances:			
<i>Reserved for capital outlay</i>	--	379,116	379,116
<i>Unreserved, undesignated</i>	19,131	--	19,131
Total equity and other credits	19,131	379,116	398,247
Total Liabilities, Equity & Other Credits	\$ 227,308	\$ 574,238	\$ 801,546

CITY OF KINGSVILLE

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2005

	Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds (See Exhibit A-5)
Revenue:			
<i>Taxes</i>	\$ 288,215	\$ --	\$ 288,215
<i>Fines and forfeitures</i>	5,645	--	5,645
<i>Interest and miscellaneous</i>	--	14,995	14,995
<i>Donations</i>	3,299	--	3,299
<i>Federal and state grants</i>	455,182	--	455,182
Total revenues	<u>752,341</u>	<u>14,995</u>	<u>767,336</u>
Expenditures:			
Current:			
<i>General government and administration</i>	47,102	--	47,102
<i>Public Safety</i>	400,829	--	400,829
<i>Public works</i>	14,610	262,658	277,268
<i>City/County</i>	39	--	39
<i>Tourism</i>	288,215	--	288,215
<i>Other expenses</i>	34,581	--	34,581
Total expenditures	<u>785,376</u>	<u>262,658</u>	<u>1,048,034</u>
Excess (deficiency) of revenues (under) expenditures	(33,035)	(247,663)	(280,698)
Other financing sources (uses):			
<i>Transfers in</i>	34,861	--	34,861
Total other financing sources (uses)	<u>34,861</u>	<u>--</u>	<u>34,861</u>
Net change in fund balances	1,826	(247,663)	(245,837)
Fund balances/equity, October 1	17,305	626,779	644,084
Fund balances/equity, September 30	<u>\$ 19,131</u>	<u>\$ 379,116</u>	<u>\$ 398,247</u>



Special Revenue Funds

Federal Grant Fund –

This fund was established to account for federal grant programs applicable to the City.

State Grant Fund –

This fund was established to account for state grant programs applicable to the City.

Police Forfeiture Fund –

This fund was established to account for monies seized and forfeited as a result of criminal arrest and restricted to law enforcement expenditures.

Tourism Fund –

This fund was established to account for Hotel/Motel tax revenue and other tourist generated revenues which are used to support a continuing tourism program.

Other Special Revenue –

This fund was established to account for miscellaneous donations for specific purposes.



CITY OF KINGSVILLE
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2005

	<u>Tourism Fund</u>	<u>Federal Grants</u>
ASSETS AND OTHER DEBITS		
Assets:		
<i>Equity in pooled cash and cash equivalents</i>	\$ 25,537	\$ 167
Receivables (net of allowances for uncollectibles):		
<i>Taxes</i>	19,790	--
Due from:		
<i>Other governments</i>	--	158,760
Total Assets and Other Debits	\$ 45,327	\$ 158,927
LIABILITIES, EQUITY AND OTHER CREDITS		
Liabilities:		
<i>Accounts payable</i>	\$ --	\$ 547
<i>Bank overdraft</i>	--	133,105
Due to:		
<i>Other funds</i>	--	8,831
<i>Other governments</i>	45,327	7,322
<i>Deferred revenues</i>	--	4,636
Total Liabilities	45,327	154,441
Equity and other credits:		
Fund balances:		
<i>Unreserved, undesignated</i>	--	4,486
Total equity and other credits	--	4,486
Total Liabilities, Equity & Other Credits	\$ 45,327	\$ 158,927

State Grants	Other Special Revenues	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
\$ 15,644	\$ 2,365	\$ 43,713
--	--	19,790
5,045	--	163,805
<u>\$ 20,689</u>	<u>\$ 2,365</u>	<u>\$ 227,308</u>
\$ --	\$ --	\$ 547
--	--	133,105
--	--	8,831
2,805	--	55,454
5,604	--	10,240
<u>8,409</u>	<u>--</u>	<u>208,177</u>
12,280	2,365	19,131
<u>12,280</u>	<u>2,365</u>	<u>19,131</u>
<u>\$ 20,689</u>	<u>\$ 2,365</u>	<u>\$ 227,308</u>

CITY OF KINGSVILLE

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2005

	Tourism Fund	Federal Grants
Revenue:		
<i>Taxes</i>	\$ 288,215	\$ --
<i>Fines and forfeitures</i>	--	5,645
<i>Donations</i>	--	1,473
<i>Federal and state grants</i>	--	409,738
Total revenues	<u>288,215</u>	<u>416,856</u>
Expenditures:		
Current:		
<i>General government and administration</i>	--	9,761
<i>Public Safety</i>	--	392,726
<i>Public works</i>	--	14,610
<i>City/County</i>	--	39
<i>Tourism</i>	288,215	--
<i>Other expenses</i>	--	34,581
Total expenditures	<u>288,215</u>	<u>451,717</u>
Excess (deficiency) of revenues (under) expenditures	--	(34,861)
Other financing sources (uses):		
<i>Transfers in</i>	--	34,861
Total other financing sources (uses)	<u>--</u>	<u>34,861</u>
Net change in fund balances	--	--
Fund balances/equity, October 1	--	4,486
Fund balances/equity, September 30	<u>\$ --</u>	<u>\$ 4,486</u>

State Grants	Other Special Revenues	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
\$ --	\$ --	\$ 288,215
--	--	5,645
--	1,826	3,299
45,444	--	455,182
<u>45,444</u>	<u>1,826</u>	<u>752,341</u>
37,341	--	47,102
8,103	--	400,829
--	--	14,610
--	--	39
--	--	288,215
--	--	34,581
<u>45,444</u>	<u>--</u>	<u>785,376</u>
--	1,826	(33,035)
--	--	34,861
<u>--</u>	<u>--</u>	<u>34,861</u>
--	1,826	1,826
12,280	539	17,305
<u>\$ 12,280</u>	<u>\$ 2,365</u>	<u>\$ 19,131</u>

CITY OF KINGSVILLE

EXHIBIT C-5

*TOURISM FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
<i>Hotel/Motel Occupancy Tax</i>	\$ 260,000	\$ 260,000	\$ 288,215	\$ 28,215
Total Revenues	260,000	260,000	288,215	28,215
Expenditures:				
<i>Contracted Services</i>	260,000	260,000	288,215	(28,215)
Total Expenditures	260,000	260,000	288,215	(28,215)
Excess (deficiency) of revenues (under) expenditures	--	--	--	--
Fund balances/equity, October 1	--	--	--	--
Fund balances/equity, September 30	\$ --	\$ --	\$ --	\$ --

CITY OF KINGSVILLE

EXHIBIT C-6

FEDERAL GRANT FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2005

	Project Authorization	Prior Years	Current Year Actual	Total To Date
Revenues:				
<i>Fines and forfeitures</i>	\$ --	\$ --	\$ 5,645	\$ 5,645
<i>Donations</i>	168,000	137,650	1,473	139,123
<i>Federal and state grants</i>	1,285,772	782,802	409,738	1,192,540
Total Revenues	<u>1,453,772</u>	<u>920,452</u>	<u>416,856</u>	<u>1,337,308</u>
Expenditures:				
<i>General government</i>	686,043	666,106	9,761	675,867
<i>Public Safety</i>	596,729	116,696	392,726	509,422
<i>Public Works</i>	750,000	727,913	14,610	742,523
<i>Other Expenses</i>	--	--	34,620	34,620
Total Expenditures	<u>2,032,772</u>	<u>1,510,715</u>	<u>451,717</u>	<u>1,962,432</u>
Excess (deficiency) of revenues (under) expenditures	(579,000)	(590,263)	(34,861)	(625,124)
Other financing sources (uses):				
<i>Operating transfers in</i>	--	--	34,861	34,861
Total other financing sources (uses)	--	--	34,861	34,861
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ --</u>	<u>\$ (590,263)</u>	<u>\$ --</u>	<u>\$ (590,263)</u>
Fund balances/equity, October 1			4,586	
Fund balances/equity, September 30			<u>\$ 4,586</u>	

CITY OF KINGSVILLE

EXHIBIT C-7

STATE GRANTS FUND
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

	Project Authorization	Prior Years	Current Year	Total To Date
Revenue:				
<i>State grants</i>	\$ 62,784	\$ --	\$ 45,444	\$ 45,444
Total revenues	<u>62,784</u>	<u>--</u>	<u>45,444</u>	<u>45,444</u>
Expenditures:				
<i>General Government</i>	49,621	--	37,341	37,341
<i>Public Safety</i>	13,163	--	8,103	8,103
Total expenditures	<u>62,784</u>	<u>--</u>	<u>45,444</u>	<u>45,444</u>
Excess (deficiency) of revenues (under) expenditures	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund balances/equity, October 1			12,280	
Fund balances/equity, September 30			<u>\$ 12,280</u>	

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CITY OF KINGSVILLE

EXHIBIT C-8

DEBT SERVICE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
<i>Ad Valorem Taxes</i>	\$ 1,388,569	\$ 1,388,569	\$ 1,329,256	\$ (59,313)
<i>Interest from Investments</i>	--	--	10,285	10,285
Total Revenues	1,388,569	1,388,569	1,339,541	(49,028)
Expenditures:				
<i>Principal retired</i>	960,000	960,000	885,000	75,000
<i>Interest</i>	424,569	424,569	411,200	13,369
<i>Paying agent fees</i>	4,000	4,000	4,000	--
Total Expenditures	1,388,569	1,388,569	1,300,200	88,369
Excess (deficiency) of revenues (under) expenditures	--	--	39,341	39,341
Fund balances/equity, October 1	69,061	69,061	69,061	--
Fund balances/equity, September 30	\$ 69,061	\$ 69,061	\$ 108,402	\$ 39,341



The *Capital Projects Fund* is used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

CITY OF KINGSVILLE

EXHIBIT C-9

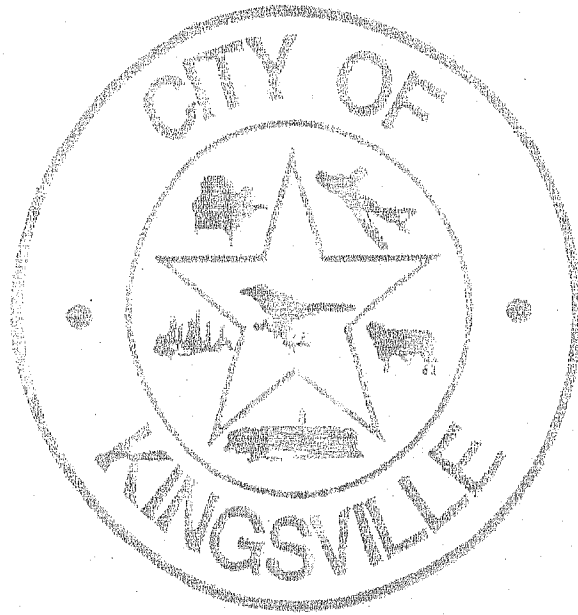
C. O. SERIES 2001

CAPITAL PROJECTS FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2005

	Project Authorization	Prior Years	Current Year	Total To Date
Revenues:				
<i>Interest and miscellaneous</i>	\$ --	\$ 58,588	\$ 14,995	\$ 73,583
Total Revenues	<u> --</u>	<u>58,588</u>	<u>14,995</u>	<u>73,583</u>
Expenditures:				
<i>Public Works</i>	3,305,000	2,736,809	262,658	2,999,467
Total Expenditures	<u>3,305,000</u>	<u>2,736,809</u>	<u>262,658</u>	<u>2,999,467</u>
Excess (deficiency) of revenues (under) expenditures	(3,305,000)	(2,678,221)	(247,663)	(2,925,884)
Other financing sources (uses):				
<i>Bond Proceeds</i>	3,305,000	3,305,000	--	3,305,000
Total other financing sources (uses)	<u>3,305,000</u>	<u>3,305,000</u>	<u> --</u>	<u>3,305,000</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u> --</u>	<u>626,779</u>	<u>(247,663)</u>	<u>379,116</u>
Fund balances/equity, October 1			626,779	
Fund balances/equity, September 30			<u>\$ 379,116</u>	



Trust and Agency Funds

Trust Funds are used to account for assets held by the government in a trustee capacity. Agency Funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or other funds.

Corporation Court Cash Bond Account -

To account for cash bonds paid by defendants of municipal crimes in lieu of their release from jail prior to trial. Bonds are either returned to the defendants if found innocent of charges or paid to the City's General Fund as fines if found guilty.

CITY OF KINGSVILLE

EXHIBIT C-10

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

ALL AGENCY FUNDS

YEAR ENDED SEPTEMBER 30, 2005

	Balance October 1, 2004	Additions	Deductions	Balance September 30, 2005
Corporation Court Cash Bond Account Fund				
ASSETS				
<i>Cash & Investments</i>	\$ 8,777	\$ 100,540	\$ 100,841	\$ 8,476
Total Assets	<u>\$ 8,777</u>	<u>\$ 100,540</u>	<u>\$ 100,841</u>	<u>\$ 8,476</u>
LIABILITIES				
<i>Cash bonds held</i>	\$ 8,777	\$ 100,540	\$ 100,841	\$ 8,476
Total Liabilities	<u>\$ 8,777</u>	<u>\$ 100,540</u>	<u>\$ 100,841</u>	<u>\$ 8,476</u>
TOTAL AGENCY FUNDS:				
ASSETS				
<i>Cash & Investments</i>	\$ 8,777	\$ 100,540	\$ 100,841	\$ 8,476
Total Assets	<u>\$ 8,777</u>	<u>\$ 100,540</u>	<u>\$ 100,841</u>	<u>\$ 8,476</u>
LIABILITIES				
<i>Accounts Payable</i>	\$ 8,777	\$ 100,540	\$ 100,841	\$ 8,476
Total Liabilities	<u>\$ 8,777</u>	<u>\$ 100,540</u>	<u>\$ 100,841</u>	<u>\$ 8,476</u>



UNIT-N-T-COMPONENT

CITY OF KINGSVILLE

CONVENTION & VISITORS BUREAU

DISCRETELY PRESENTED COMPONENT UNIT

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2005

EXHIBIT C-11

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
<i>Contracted Revenue</i>	260,000	260,000	242,985	(17,015)
<i>Interest from Investments</i>	--	--	177	177
Total Revenues	260,000	260,000	243,162	(16,838)
Expenditures:				
<i>Personal Services</i>	122,500	122,500	110,537	11,963
<i>Supplies</i>	6,750	6,750	8,879	(2,129)
<i>Services</i>	126,650	126,650	99,528	27,122
<i>Maintenance</i>	1,500	1,500	1,785	(285)
<i>Capital Outlay</i>	2,600	2,600	1,867	733
Total Expenditures	260,000	260,000	222,596	37,404
Excess (deficiency) of revenues (under) expenditures	--	--	20,566	20,566
Fund balances/equity, October 1	79,284	79,284	79,284	--
Fund balances/equity, September 30	\$ 79,284	\$ 79,284	\$ 99,850	\$ 20,566



OTHER SUPPLEMENTARY INFORMATION

PATRICK L. MOORE, CPA

Certified Public Accountant

PO Box 1819 • Fredericksburg, Texas 78624

(210) 262-7075 • Telecopier: (830) 990-2316

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Independent Auditor's Report

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

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

Members of the City Commission:

I have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Kingsville as of and for the year ended September 30, 2005, which collectively comprise the City of Kingsville's basic financial statements and have issued my report thereon dated April 12, 2006. I conducted my 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.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered City of Kingsville's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect City of Kingsville's ability to record, process, summarize and report financial data consistent with the assertions of management in the basic financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item 05-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, I considered item 05-2 to be a material weakness.

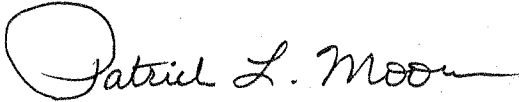
Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Kingsville's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed an instance of noncompliance or other matters that is required to be reported under GOVERNMENT AUDITING STANDARDS, and which is described in the accompanying schedule of findings and questioned costs as item 05-1.

I also noted other matters that I reported to management of City of Kingsville in a separate letter dated April 12, 2006.

This report is intended solely for the information and use of management, others within the organization and the City Commission and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in cursive script that reads "Patrick L. Moore". The signature is written in black ink and is positioned to the right of the typed name.

Patrick L. Moore
April 12, 2006

CITY OF KINGSVILLE

*SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2005*

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? X Yes No

Reportable condition(s) identified that are not considered to be material weaknesses? Yes X None Report

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

A Single Audit was not required in the current year.

B. Financial Statement Findings

05-1 State Compliance - Budget

The General Fund Budgetary Comparison contains excess expenditures over appropriations. The adopted budget should be amended as necessary throughout the year. Our recommendation is that the City review budgeting procedures in order to insure that necessary amendments are made in a timely manner.

05-2 Internal Control - Cash Management

Over the past year, the City has developed deficiencies in its internal control system regarding cash management and the journal entry process. Material receivables for federal grants have been allowed to remain uncollected for over a year, resulting in significant overdrafts. While bank reconciliations have been performed for the pooled cash account, the total pooled cash was not reconciled to the general ledger during the year. In addition, Internal Service Fund payments were inadvertently paid to the debt service fund. These funds were subsequently reimbursed to the internal service fund. Certain overdrafts occurred in the pooled cash account when monies were available in the related savings accounts, but timely transfers were not made to cover the overdrafts. Journal entries were made with only half the entry between the two fund being posted. Finally, capital asset record controls and procedures were not in place to ensure adequate accounting for financial reporting and safeguarding purposes. We recommend that management review its controls over cash, cash management, the journal entry process, and capital assets, and implement any policies and procedures necessary to ensure adequate oversight for these items.

C. Federal Award Findings and Questioned Costs

NONE

CITY OF KINGSVILLE

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED SEPTEMBER 30, 2005

Finding/Recommendation	Current Status	Management's Explanation If Not Implemented
<p>04-1 State Compliance - Budget</p> <p>The General Fund Budgetary Comparison contains excess expenditures over appropriations. The adopted budget should be amended as necessary throughout the year. Our recommendation is that the City review budgeting procedures in order to insure that necessary amendments are made in a timely manner.</p>	Not Implemented	The City was without finance director throughout most of the 2005 fiscal year. A new finance director was hired in April 2006. During most of the 2005 fiscal year, the finance department was also very short-staffed. Management is currently in the process of reviewing budgeting procedures and implementing necessary changes to ensure more accurate information and timely budget amendments.
<p>04-2 State Compliance - Unsecured Deposits</p> <p>The City's deposits were not fully secured at the date of the highest cash balance. We recommend that the City develop policies and procedures to monitor cash balances on a daily basis and ensure that sufficient securities are pledged to secure those deposits at all times.</p>	Implemented	N/A
<p>04-3 Internal Control - Cash Management</p> <p>Over the past year, the City has developed deficiencies in its internal control system regarding cash management. Material receivables for federal grants have been allowed to remain uncollected for over a year, resulting in significant overdrafts. While bank reconciliations have been performed for the pooled cash account, the total pooled cash was not reconciled to the general ledger during the year. In addition, Utility Fund debt service payments were inadvertently paid from the debt service fund. These funds were subsequently reimbursed to the debt service fund. Finally, certain overdrafts occurred in the pooled cash account when monies were available in the related savings accounts, but timely transfers were not made to cover the overdrafts. We recommend that management review its controls over cash and cash management, and implement any policies and procedures necessary to ensure adequate oversight of cash and receivables.</p>	Not Implemented	The City was without finance director throughout most of the 2005 fiscal year. A new finance director was hired in April 2006. During most of the 2005 fiscal year, the finance department was also very short-staffed. New controls over cash are being prepared and implemented.

CITY OF KINGSVILLE

*SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2005*

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
04-4 Federal Compliance - Davis Bacon	Implemented	N/A

While the payrolls that were obtained for testwork at the time of the audit were all in compliance with the Davis Bacon prevailing wage rates, the City did not receive the certified payrolls from the contractor and subcontractors on a regular basis in order to monitor compliance as required. We recommend that the City implement policies and procedures to ensure that all compliance requirements for federal grants are fulfilled.

CITY OF KINGSVILLE

CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED SEPTEMBER 30, 2005

05-1 State Compliance - Budget

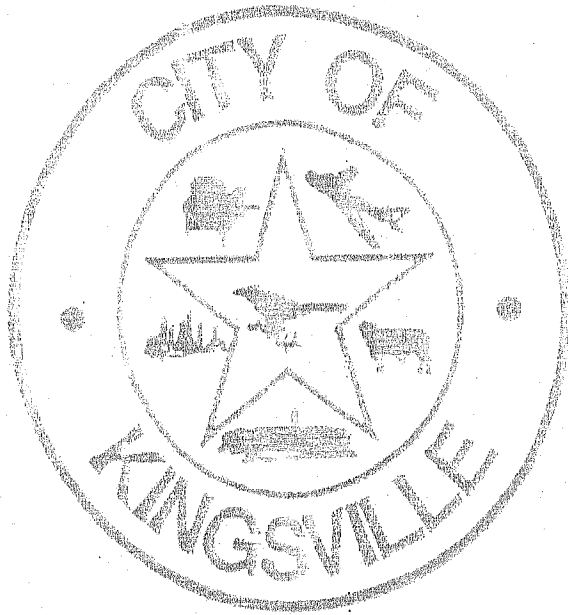
The City will stress the importance of the budgeting process, and strive to improve procedures to insure that the budget will be amended in a timely manner. Mark Rushing, Finance Director, will work toward these goals in the 2006 Fiscal Year.

04-3 Internal Control - Cash Management

The City is aggressively seeking the collection of all federal grant receivables. The City has hired a new finance director, and the accounting staff will receive additional instruction in the reconciliation of cash to the pooled cash accounts, working closely with the software providers.. Greater care will be taken with regard to debt service payments to ensure proper fund allocation. The Finance director will implement weekly monitoring of all cash accounts to ensure proper and timely cash transfers. Mark Rushing, Finance Director, will coordinate these efforts.

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CITY OF KINGSVILLE

TABLE F-1

GOVERNMENT-WIDE EXPENDITURES BY FUNCTION (1)
LAST TEN FISCAL YEARS (2)

Fiscal Year	General Government	Public Safety	Public Works	City/ County	Tourism	Debt Service	Total
2004	\$ 2,673,387	\$ 6,748,452	\$ 2,286,788	\$ 621,925	\$ 265,401	\$ 483,697	13,079,650
2005	2,813,029	6,432,401	2,371,205	682,565	264,132	357,424	12,920,756
2005	2,238,161	6,787,640	2,474,543	673,849	288,215	328,631	12,791,039

(1) Includes General, Special Revenue, and Debt Service funds and is presented for historical comparative purposes and is not to be considered all inclusive.

(2) As this is the third year that GASB 34 has been implemented, only three years of data are available.

CITY OF KINGSVILLE

GOVERNMENT-WIDE REVENUES BY SOURCE (1)
 LAST TEN FISCAL YEARS (2)

TABLE F-2

Fiscal Year	Ad Valorem Taxes	Other Taxes	Charges for Services	Grants	Transfers	Interest & Miscellaneous	Gain/Loss On Sale of Assets	Total
2004	\$ 3,832,215	\$ 3,909,919	\$ 2,413,935	\$ 997,389	\$ 1,000,000	\$ 110,928	--	\$ 12,264,386
2005	3,636,180	4,099,268	2,243,110	885,712	1,371,639	91,561	(42,789)	12,284,681
2005	3,833,214	4,455,678	2,027,128	1,604,999	1,936,252	130,266	119	13,987,656

(1) Includes General, Special Revenue, and Debt Service funds and is presented for historical comparative purposes and is not to be considered all inclusive.

(2) As the is the third year that GASB 34 has been implemented, there are only three years of data available.

CITY OF KINGSVILLE**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>City/ County</u>	<u>Tourism</u>
1996	\$ 1,589,783	\$ 4,043,184	\$ 2,762,171	\$ 561,034	\$ 126,524
1997	1,519,777	4,484,266	2,450,047	558,192	204,431
1998	1,739,321	5,147,931	3,065,322	566,768	214,238
1999	1,737,057	5,117,253	2,766,086	613,903	220,540
2000	2,213,106	6,244,767	3,472,070	584,151	278,572
2001	2,096,895	5,932,293	2,838,705	675,667	228,626
2002	2,228,427	6,077,785	3,096,539	721,590	255,405
2003	2,410,041	7,409,439	4,738,879	687,404	265,401
2004	2,947,294	6,265,404	4,113,344	674,392	264,132
2005	2,357,112	6,644,503	3,472,610	672,019	288,215

(1) The data in this table is abstracted from the financial statements of General, Special Revenue, and Debt Service funds and presented for historical comparative purposes and is not to be considered all inclusive.

TABLE F-3

<u>Governments & Organizations</u>	<u>Capital Outlay</u>	<u>Debt Service</u>	<u>Other Expnses</u>	<u>Total</u>
\$ 28,199	\$ 19,019	\$ 1,119,863	\$ --	\$ 10,249,777
--	82,233	1,428,658	--	10,727,604
--	49,905	1,621,784	--	12,405,269
--	--	1,443,894	--	11,898,733
--	731,825	1,419,260	--	14,943,751
74,831	18,175	1,286,472	--	13,151,664
--	--	1,414,424	--	13,794,170
--	--	1,312,688	--	16,823,852
--	--	1,623,181	133,477	16,021,224
--	--	1,300,200	56,253	14,790,912

CITY OF KINGSVILLE*GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)**LAST TEN FISCAL YEARS*

<u>Fiscal Year</u>	<u>Ad Valorem Taxes</u>	<u>Other Taxes</u>	<u>Permit & Licenses</u>	<u>Charges for Services</u>	<u>Fine & Forfeits</u>
1996	\$ 2,840,892	\$ 3,334,670	\$ 167,544	\$ 2,256,662	\$ 265,186
1997	3,085,185	3,572,439	177,743	2,273,546	534,118
1998	3,395,101	3,608,747	156,556	2,619,753	575,642
1999	3,201,892	3,763,277	122,266	2,559,282	648,867
2000	3,389,587	4,002,264	142,928	2,618,004	1,172,546
2001	3,898,689	4,079,631	236,243	2,580,039	1,187,955
2002	3,788,364	4,301,650	179,355	2,852,929	707,762
2003	3,816,412	4,175,064	592,442	2,840,098	1,167,684
2004	3,569,222	4,463,397	803,815	3,080,519	803,192
2005	3,804,469	4,743,894	226,716	3,128,451	1,163,398

(1) The data in this table is abstracted from the financial statements of General, Special Revenue, and Debt Service funds and presented for historical comparative purposes and is not to be considered all inclusive.

TABLE F-4

<u>Special Assessment</u>	<u>Intergovernmental</u>	<u>Interest & Miscellaneous</u>	<u>Donations</u>	<u>Total</u>
\$ 6,599	\$ 298,481	\$ 131,179	\$ --	\$ 9,301,213
2,352	520,397	196,988	--	10,362,768
4,064	557,451	111,036	--	11,028,350
--	591,019	109,653	--	10,996,256
4,174	1,391,844	271,197	--	12,992,544
--	657,660	288,954	--	12,929,171
172,419	419,203	107,239	--	12,528,921
40,500	968,461	120,536	--	13,721,197
3,029	709,566	127,253	176,146	13,736,139
240	455,182	202,335	3,299	13,727,984

CITY OF KINGSVILLE

*PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS*

TABLE F-5

Fiscal Year	Total Tax Levy	Current Tax Collections*	Percent of Current Taxes Collected	Collection of Delinquent Taxes*	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
1996	\$ 2,578,135	\$ 2,438,123	94.6%	\$ 185,761	\$ 2,623,884	101.8%	\$ 802,263	31.1%
1997	2,781,089	2,638,554	94.9%	199,071	2,837,625	102.0%	708,801	25.5%
1998	2,850,450	2,720,721	95.4%	163,772	2,884,493	101.2%	666,479	23.4%
1999	2,830,648	2,672,191	94.4%	140,861	2,813,052	99.4%	660,469	23.3%
2000	3,003,723	2,825,009	94.1%	161,529	2,986,538	99.4%	664,232	22.1%
2001	3,249,432	3,060,005	94.2%	173,437	3,233,442	99.5%	666,289	20.5%
2002	3,391,973	3,193,026	94.1%	178,950	3,371,976	99.4%	671,970	19.8%
2003	3,429,931	3,237,999	94.4%	176,129	3,414,128	99.5%	687,773	20.1%
2004	3,447,050	3,250,187	94.3%	205,913	3,456,100	100.3%	678,206	19.7%
2005	3,636,135	3,455,881	95.0%	146,224	3,602,106	99.1%	706,951	19.4%

*Although taxes become delinquent February 1st of each year, for the purposes of this table, current collections are defined as collections of current year's levy throughout the entire fiscal year.

Note: The data in this table is abstracted from the financial statements.

CITY OF KINGSVILLE

TABLE F-6

**ASSESSED AND ESTIMATED ACTUAL VALUE OF PROPERTY
LAST TEN FISCAL YEARS**

<u>Fiscal Year Ending 9/30</u>	<u>Tax Roll</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Ratio of Total Assessed Value To Total Estimated Actual Value</u>
1996	1995	\$ 363,117,579	\$ 363,117,579	100.00%
1997	1996	380,971,034	380,971,034	100.00%
1998	1997	390,472,675	390,472,675	100.00%
1999	1998	404,355,569	404,355,569	100.00%
2000	1999	440,777,188	440,777,188	100.00%
2001	2000	463,228,748	463,228,748	100.00%
2002	2001	483,649,973	483,649,973	100.00%
2003	2002	495,128,330	495,128,330	100.00%
2004	2003	503,126,478	503,126,478	100.00%
2005	2004	517,995,079	517,995,079	100.00%

Source: Kleberg County Appraisal District

CITY OF KINGSVILLE
PROPERTY TAX LEVIES AND TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

TABLE F-7

TAX LEVIES (1)

Fiscal Year	City	School	County	STWA	Total
1996	\$ 2,578,135	\$ 6,502,113	\$ 4,714,173	\$ 1,238,314	\$ 15,032,735
1997	2,781,089	6,416,745	5,992,701	1,180,791	16,371,326
1998	2,850,450	6,646,897	5,983,182	1,245,393	16,725,922
1999	2,830,648	6,617,521	5,961,976	1,234,978	16,645,123
2000	3,003,723	7,330,634	6,503,752	1,293,226	18,131,335
2001	3,249,432	7,294,068	6,493,454	821,412	17,858,366
2002	3,391,974	7,828,411	6,714,338	757,181	18,691,904
2003	3,442,479	8,477,258	6,844,951	790,636	19,555,324
2004	3,447,050	8,670,265	6,889,341	427,446	19,434,102
2005	3,636,135	8,958,056	6,990,808	429,034	20,014,033

TAX RATES (2)
(per \$100 Assessed Valuation)

1996	0.07300	1.4650	0.7085	0.1417	2.38820
1997	0.73000	1.4650	0.6734	0.1417	3.01010
1998	0.07001	1.5000	0.6708	0.1417	2.38251
1999	0.68145	1.5000	0.6823	0.1417	3.00545
2000	0.70145	1.5000	0.7200	0.1330	3.05442
2001	0.70145	1.5000	0.6907	0.1150	3.00715
2002	0.69527	1.6200	0.6907	0.1150	3.12097
2003	0.68511	1.6264	0.6319	0.05543	2.99883
2004	0.70196	1.59449	0.60779	0.05543	2.95967
2005	0.70196	1.60032	0.60779	0.05516	2.96523

Source: (1) Kleberg County Tax Assessor
(2) Kleberg County Appraisal District

CITY OF KINGSVILLE

PRINCIPAL TAXPAYERS
 SEPTEMBER 30, 2005

TABLE F-8

	Taxpayer	Type of Business	2005 Assessed Valuation	Percentage of Total Assessed Valuation
1	AEP Texas Central Company	Electric Company	\$ 10,504,860	2.03%
2	Walmart Stores East Inc.	Retail	7,549,950	1.45%
3	Walmart Stores Inc. #D1-0442	Retail	5,636,860	1.09%
4	H. E. Butt Grocery	Grocery	4,668,210	0.90%
5	Kingsville Two	Apartments	3,574,000	0.69%
6	Eddie Yaklin Ford	Auto Dealer	3,450,600	0.66%
7	Southwestern Bell Telephone	Telephone Company	3,125,080	0.60%
8	Gotcher Construction Co.	Construction	2,365,220	0.45%
9	Alpha Lake, Ltd.	Apartments	2,349,900	0.45%
10	University Square Apartments	Apartments	2,316,460	0.47%
	Totals		<u>\$ 45,541,140</u>	<u>8.79%</u>

Source: Kleberg County Appraisal District

CITY OF KINGSVILLE
SPECIAL ASSESSMENT COLLECTIONS
LAST TEN FISCAL YEARS

TABLE F-9

<u>Fiscal Year</u>	<u>Current Assessments Due</u>	<u>Total Assessments Collected</u>	<u>Ratio of Total Collections To Current Amount Due</u>	<u>Total Outstanding Collections</u>
1996	\$ --	\$ 6,599	\$ --	\$ 161,611
1997	--	2,281	--	159,330
1998	--	4,064	--	155,266
1999	--	--	--	155,266
2000	--	1,264	--	154,002
2001	--	--	--	154,002
2002	--	--	--	154,002
2003	--	--	--	154,002
2004	--	268	--	153,734
2005	--	--	--	153,734

Note: This information was abstracted from the Financial Statements of the General Fund.

CITY OF KINGSVILLE
 COMPUTATION OF LEGAL DEBT MARGIN
 SEPTEMBER 30, 2005

TABLE F-10

Assessed Value (2004 Roll)		\$	<u>517,995,079</u>
Legal debt margin:			
Debt Limitation-- 25 percent of total assessed value		\$	129,498,770
Debt applicable to limitation:			
General obligation debt	\$	9,563,000	
Utility revenue bonds		<u>14,012,000</u>	
		23,575,000	
Less: Applicable sinking funds		108,402	
Self supporting debt		<u>14,012,000</u>	
Total debt applicable to limitation			<u>9,454,598</u>
Legal debt margin		\$	<u><u>120,044,172</u></u>

CITY OF KINGSVILLE

TABLE F-11

*RATIO OF NET GENERAL OBLIGATION BONDED DEBT
TO ASSESSED VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS*

Fiscal Year	Population	Assessed Value	Gross Bonded Debt	Less Debt Service Fund	Debt Payable from Enterprise Revenues	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
1996	26,317	\$ 363,117,579	\$ 5,750,000	\$ 178,543	--	\$ 5,571,457	1.53%	\$ 212
1997	26,323	380,971,034	4,665,000	168,326	--	4,496,674	1.18%	171
1998	26,955	390,472,675	6,310,000	94,551	--	6,215,449	1.59%	231
1999	25,276	404,355,569	5,245,000	--	--	5,245,000	1.30%	208
2000	25,575	440,777,188	5,500,000	17,830	--	5,482,170	1.24%	214
2001	25,631	463,228,748	8,240,000	407,705	--	7,832,295	1.69%	306
2002	26,037	483,649,973	7,195,000	326,450	--	6,868,550	1.42%	264
2003	26,331	495,128,330	11,493,000	374,193	--	11,118,807	2.25%	422
2004	26,412	503,126,478	10,448,000	69,561	--	10,378,439	2.06%	393
2005	26,479	517,995,079	9,563,000	108,402	--	9,454,598	1.83%	357

Note: Population presented in Table 15.

CITY OF KINGSVILLE

*RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL OBLIGATION BONDED DEBT (1)
TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
LAST TEN FISCAL YEARS*

TABLE F-12

Fiscal Year	Principal	Interest	Transfer	Total Debt Service	Total General Governmental Expenditures(1)	Ratio of Debt Service to General Governmental Expenditures
1996	\$ 730,000	\$ 381,825	24,781	\$ 1,136,606	\$ 10,249,777	11.1%
1997	1,085,000	343,658	24,708	1,453,366	10,727,604	13.5%
1998	1,355,000	266,783	24,708	1,646,491	12,405,269	13.3%
1999	1,065,000	378,893	24,708	1,468,601	11,898,733	12.3%
2000	1,145,000	334,250	24,708	1,503,958	14,943,751	10.1%
2001	1,015,000	270,160	--	1,285,160	13,151,664	9.8%
2002	1,045,000	366,808	--	1,411,808	15,616,698	9.0%
2003	925,000	316,527	--	1,241,527	16,823,852	7.4%
2004	1,045,000	462,722	--	1,507,722	16,021,224	9.4%
2005	885,000	411,195	--	1,296,195	14,584,534	8.9%

(1) Includes General, Special Revenue, and Debt Service funds. (See Table 3)

CITY OF KINGSVILLE

TABLE F-13

**COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
 GENERAL OBLIGATION BONDS
 SEPTEMBER 30, 2005**

Jurisdiction	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to Government	Amount Applicable to Government
Direct:			
City of Kingsville	\$ 9,454,598	100.00%	\$ 9,454,598
Overlapping:			
Kingsville ISD	18,930,000	100.00%	18,930,000
Kleberg County	1,695,000	50.00%	847,500
Total Net Overlapping Debt	<u>20,625,000</u>		<u>19,777,500</u>
Total	<u>\$ 30,079,598</u>		<u>\$ 29,232,098</u>

Total Net Direct Debt is 1.83% of January 1, 2005 assessed value (2004 tax roll); \$357.06 per capita.

Total Net Overlapping Debt is 3.82% of January 1, 2005 assessed value (2004 tax roll); \$746.92 per capita.

Total Net Direct and Overlapping Debt is 5.64% of January 1, 2005 assessed value (2004 tax roll); \$1,103.98 per capita.

2005 Census Population - 26,479

CITY OF KINGSVILLE
REVENUE BOND COVERAGE
WATER AND SEWER AUTHORITY
LAST TEN FISCAL YEARS

TABLE F-14

Fiscal Year	Gross Revenues	Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirements (3)			Coverage
				Principal	Interest	Total	
1996	\$ 4,553,839	\$ 3,469,942	\$ 1,083,897	205,000 (2)	\$ 130,378 (3)	335,378	3.23
1997	4,324,929	3,375,339	949,590	205,000	115,105 (3)	320,105	2.97
1998	4,570,404	3,050,803	1,519,601	90,000	106,529 (3)	196,529	7.73
1999	4,363,617	3,200,878	1,162,739	95,000	98,874 (3)	193,874	6.00
2000	4,746,591	3,640,289	1,106,302	100,000	104,104 (3)	204,104	5.42
2001	5,001,443	3,926,418	1,075,025	110,000	87,297	197,297	5.45
2002	4,634,657	3,791,113	843,544	110,000	85,908	195,908	4.31
2003	5,035,993	3,477,154	1,558,839	115,000	119,047	234,047	6.66
2004	5,195,633	3,842,774	1,352,859	120,000	121,562	241,562	5.60
2005	6,086,253	3,634,213	2,452,040	240,000	324,670	564,670	4.34

(1) This amount is direct operating expenses less debt service, depreciation and capital outlay expenditures.

(2) The Financial Statements reflect a total bond debt reduction of \$1,055,000; however, \$850,000 represents a transfer to the General Long Term Debt Account group.

(3) Interest cost is net of Debt Service Fund transfer to the Enterprise Fund of \$24,708. (See Table 10)

CITY OF KINGSVILLE*ECONOMIC AND DEMOGRAPHIC STATISTICS**LAST TEN FISCAL YEARS*

Fiscal Year	Population	Per Capita Income	Median Age	Households	Gross Business Receipts	Number of Acres Devoted to Business
	(5)	(1)	(4)	(4)	(1)	(1)
1996	26,317	\$ 14,314	28.7	10,082	\$ 297,998,000	1318
1997	26,323	14,192	28.8	10,097	299,003,000	1318
1998	26,955	15,758	28.9	10,238	302,107,000	1321
1999	25,276	16,056	27.5	10,000	286,665,000	1343
2000	25,575	17,447	26.0	10,200	301,123,000	1358
2001	25,631	18,882	29.2	10,896	302,628,000	1363
2002	26,037	20,320	28.4	11,200	303,148,000	1388
2003	26,331	20,747	28.3	11,292	353,708,000	1430
2004	26,412	21,002	28.3	11,322	433,375,672	1451
2005	26,479	21,632	28.3	11,360	448,679,649	1459

Data Sources:

- (1) State Department of Human Resources
- (2) State Comptroller's Office
- (3) Public Library
- (4) City Staff
- (5) 2000 Census

Consumer Price Index (All Urban Wage Earners)	Consumer Price Index (Conversion 82-84 as Base)	Local Unemployment Rates(%)	Number of Jobs in Community	Retail Sales	Number of Business Units
(3)	(3)	(1)	(1)	(2)	(4)
453.4	142.0	6.5	13,258	\$ 199,409,000	514
461.3	144.5	6.4	12,672	201,113,000	498
464.3	145.4	6.8	12,638	205,043,000	516
486.2	163.2	6.6	12,766	218,091,396	492
507.6	166.7	5.9	12,948	242,916,000	545
572.3	158.8	6.5	12,388	244,130,000	537
570.0	158.1	6.2	12,625	250,277,000	541
581.0	158.5	6.2	13,205	251,262,000	535
583.5	159.7	6.0	13,211	334,952,000	596
583.7	157.3	5.0	12,644	341,037,000	598

CITY OF KINGSVILLE*PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS**LAST TEN FISCAL YEARS*

Property Value (in \$000's)(1)

<u>Fiscal Year</u>	<u>Commercial</u>	<u>Residential</u>	<u>Non-Taxable</u>	<u>Total</u>
1996	\$ 7,137,964	\$ 1,200,000	\$ 12,540	\$ 8,325,424
1997	5,027,055	1,542,690	--	6,569,745
1998	4,656,000	7,913,000	25,774	12,543,226
1999	3,221,000	1,316,500	45,000	4,492,500
2000	5,136,456	2,834,984	2,351,430	5,620,010
2001	2,677,318	1,208,714	192,470	3,693,562
2002	7,217,070	1,753,690	--	8,970,760
2003	7,429,512	1,763,750	--	9,193,262
2004	11,727,720	1,998,940	--	13,726,660
2005	8,568,510	4,163,600	--	12,732,110

(1) Source - Kleberg County Appraisal District - estimated fair market value.

(2) Source - FDIC website (This column has been restated to reflect the June 30 balances as per FDIC.gov)

Commercial Construction		Residential Construction		Bank Deposits (2) (IN \$000'S)
Number of Units	Value	Number of Units	Value	
17	\$ 7,137,964	17	\$ 1,200,000	\$ 227,634
59	5,027,055	50	1,542,690	224,555
14	4,656,000	141	7,913,000	202,878
15	3,221,000	19	1,316,500	204,929
30	5,136,456	28	2,834,984	189,890
21	2,677,318	128	1,208,714	208,936
18	7,217,070	180	1,753,690	229,366
21	7,429,512	181	1,763,750	236,663
14	11,727,720	167	1,998,940	231,662
27	8,568,510	298	4,163,600	229,085

Form of Government	Commission/Manager
Date of Incorporation	1911
Date of Adoption of City Charter	1916
Date of Last Revision	1986
Area in square miles	13.63
City of Kingsville	
Miles of streets:	
Paved streets	105.25
Caliche	1
Sewers:	
Miles of storm sewer	15.77
Miles of sanitary sewer	92.40
Fire Protection:	
Number of stations	2
Number of budgeted employees (full-time equivalents)	33
Police Protection:	
Number of stations	1
Number of budgeted employees (full-time equivalents)	67
City Employees:	
Part-time	3
Full-time	260
Water System-combination of surface and ground water:	
Number of operating water wells	5
Number of customers	7,504
Estimated daily consumption - gallon per capita	120
Miles of water lines	114.72

	<u>Population (1)</u>
<u>Year</u>	<u>Population</u>
1930	6,815
1940	7,732
1950	16,898
1960	25,297
1970	28,711
1980	28,808
1990	25,050
2000	25,575
2001	25,631
2002	26,037
2003	26,331
2004	26,412
2005	26,479

Top Ten Employers (1)

	<u>Product/Service</u>	<u>Total Employed</u>
Naval Air Station (military)	Military Training Base	1718
Texas A&M Kingsville	State University	1143
Kingsville I.S.D.	Public Education	727
Hoechst Celanese	Chemicals/Plastics	425
Christus Spohn Kleberg Memorial Hospital	Medical Services	425
Wal-Mart	Retail Store	361
King Ranch	Cattle Ranch/Agriculture	325
Mundy Corporation	Construction/Maintenance	299
HEB Grocery	Grocery Store	150
Kingsville Nursing and Rehabilitation	Nursing Home	120

Source: (1) Chamber of Commerce

CITY OF KINGSVILLE

TEXAS MUNICIPAL RETIREMENT SYSTEM

PENSION DATA

LAST TEN YEARS

TABLE F-18

Fiscal Year Ended December 31,	Unfunded Pension Plan Liability	Pension Plan Contributions	Pension Plan Assets	Pension Benefits Paid	Investment Income
1996	\$ 1,625,548	\$ 635,416	\$ 10,807,240	\$ 602,768	\$ 945,926
1997	1,900,086	714,386	11,228,069	1,323,060	1,029,685
1998	1,831,616	757,922	11,909,113	1,154,287	1,080,943
1999	1,781,750	771,996	12,627,411	1,181,237	1,125,793
2000	2,383,705	816,403	14,072,616	612,114	1,240,857
2001	2,870,635	1,022,541	15,788,636	687,082	1,380,562
2002	2,962,026	1,048,940	17,131,396	1,161,180	1,444,218
2003	3,339,431	1,118,101	18,497,783	1,218,250	1,458,624
2004	3,877,345	1,205,511	20,101,029	1,067,868	1,444,471
2005	4,249,405	1,270,317	19,340,981	3,332,638	1,353,141

Note: Information is as of December 31, of the previous year, which is the latest information available.

Data Source: 2004 T.M.R.S. Comprehensive Financial Report.

SUMMARY OF PROPERTY AND LIABILITY POLICIES

<u>ITEM(S)</u>	<u>DESCRIPTION OF COVERAGE</u>
Data Processing Equipment - All Departments	Fire and Extended Coverage
Communication Equipment - All Departments	Fire and Extended Coverage
Various Construction Equipment Acquired Through Lease Purchase Agreements	Mobile Equipment Coverage
City of Kingsville	General Liability - Limits: \$2,000,000 aggregate \$1,000,000 each occurrence \$1,000 deductible
City of Kingsville Police Department	Law Enforcement Liability \$2,000,000 aggregate \$1,000,000 each occurrence \$2,500 deductible
City of Kingsville Public Officials and Employees	Errors and Omissions \$1,000,000 aggregate \$500,000 each wrongful act \$2,500 deductible
City Hall	Public Employee Dishonesty \$50,000 limit \$1,000 deductible Forgery or Alteration \$25,000 limit \$1,000 deductible Theft, Disappearance and Destruction \$50,000 outside limit \$1,000 deductible
Vehicle Fleet 1999 & Newer	Liability: \$500,000 each occurrence Auto medical payment \$25,000 each person Deductible \$0 Auto physical damage - covered up to actual cash value Deductible \$500
Commercial Property	Various Locations: \$18,819,887 \$1,000 deductible
Public Works Underground Tanks (3)	Pollution Liability (TCEQ Required) - Limits: \$1,000,000 per incident \$2,000,000 aggregate Personal injury, property damage, and clean-up costs \$25,000 deductible

CITY OF KINGSVILLE

INSURANCE IN FORCE

SEPTEMBER 30, 2005

TABLE F-19
(Continued)

BUILDINGS, PERMANENT STRUCTURES, AND CONTENTS

Coverage: Fire and Extended Coverage Deduction only (windstorm, hurricane, and hail); 90% Co-insurance.

Insurer: Texas Windstorm Insurance Assn.; Term 1/30/04 to 1/30/05

Property Description/Location	Value	
	Contents	Building
Law Enforcement Center - 1700 East King	\$ 502,230	\$ 842,700
Kingsville Fire Department Training - 309 North Sixth Street	8,000	102,400
Task Force Office Equipment - 350 W. CR 2140	35,822	0
Central Fire Station - 119 North Tenth Street	128,670	445,600
Fire Station #2 - 515 North Armstrong	53,196	102,000
Public Works Department:		
Building - 1300 East Corral	186,247	488,500
Equipment Shed - 1300 East Corral	0	239,800
City Hall - 200 East Kleberg	384,540	881,200
Sewer Pump Station - Farm Road 1717	195,800	9,100
South Sewer Treatment Plant - 20000 Farm Road 1717:		
Blower Building	0	62,300
Treatment Plant	44,241	1,673,530
Sewer Pump Station Building	0	13,800
Portable Office Building	0	14,700
Portable Office/Equipment Building	0	9,500
UV Shed	0	10,800
North Sewer Treatment Plant - 2801 E. Santa Gertrudis:		
Treatment Plant Unit	1,336,684	3,150,022
Blower Building #2	0	93,800
UV Shed	0	15,200
Plant Offices & Lab	52,250	64,000
Maintenance Building/Lift Station	15,000	38,800
Chemical Storage Building	10,000	5,500
Employee Breakroom	1,000	16,000
Animal Shelter - 15000 N. Armstrong Ave	0	116,200
City Landfill - 348 E. CR. 2130		
Heavy Equipment Shed	3,000	25,400
Break Room Building	5,000	10,100
Weigh Station Office	30,000	8,600
Storage	0	800
Heavy Equipment Shed/Storage Shop	0	139,100
Scale House	0	122,300
Catwalk	0	6,500
Wastewater Dept - 2801 E. Santa Gertrudis - Grit Box	0	12,900
Wastewater Plant - 20000 FM 1717 - Cyclone Replace. for 1gpm sewer	0	5,261
Recycling Center:		
Main Building - 202A W. Lee	44,351	336,700
Warehouse - 202B W. Lee	37,375	69,000

CITY OF KINGSVILLE

INSURANCE IN FORCE
 SEPTEMBER 30, 2005

TABLE F-19
 (Continued)

Property Description/Location	Value	
	Contents	Building
Bandstand - 110 W. Kleberg	0	25,000
Stationary Sirens:		
500 E. Trant Road	0	16,033
17th and Lee Street	0	16,033
Kenedy and Armstrong	0	16,033
Leased Building, 2211 S. Brahma	0	1,495,900
Visitor's Center	0	127,600
Equipment Storage - 1300 Corral:		
North	0	25,600
South	0	76,900
Pump House/Water Well/Telemetry - 5th Street and Avenue C	280,400	75,000
Storage Tank - 5th Street and Avenue C	0	23,600
Fence - 5th Street and Avenue C	0	5,200
Tank/Telemetry - Kenedy and Armstrong Streets	9,000	625,000
Tank/Telemetry - 12th Street and Kenedy	9,000	625,000
Pump House/Water Well/Booster - 1100 E. General Cavazos	168,000	10,600
Ground Storage Tank - 1100 E. General Cavazos (Well 20)	0	67,600
Fence - 1100 E. General Cavazos	0	2,925
Elevated Tank - 1100 E. General Cavazos	0	1,065,000
Pump House/Water Well/Clorinator - 3rd Street and Caesar	303,463	12,800
Ground Storage Tank - 3rd Street and Caesar (Well 21)	0	569,300
Fence - 3rd Street and Caesar	0	5,000
Portable Building - 3rd Street and Caesar	0	4,500
Pump House/Water Well/Telemetry - 6th Street and Henrietta	76,810	26,100
Storage Tank - 6th Street and Henrietta (Well 19)	0	67,600
Fence - 6th Street and Henrietta	0	6,200
Pump House/Booster/Water Well/Telemetry - 1131 W. Kenedy	58,054	3,800
Ground Storage Tank - 1131 W. Kenedy (Well 14)	0	33,000
Fence - 1131 W. Kenedy	0	1,962
Portable Enclosure/Clorination - 101 Sage Road	123,483	2,600
Industrial Paper Shredder	0	9,351
Floor Scale with Indication	0	2,375
	<u>\$ 4,101,616</u>	<u>\$ 14,175,725</u>

SUMMARY OF PROPERTY AND LIABILITY POLICIES

VALUE	CARRIER	PREMIUM
\$ 3,080,914	TML (Mobile Equipment) Policy #8955 Term: 10/01/04 to 10/01/05	\$ 14,141
\$ 1,000,000	TML (General Liability) Policy #8955 Term: 10/01/04 to 10/01/05	\$ 37,337
\$ 1,000,000	TML (Law Enforcement Liability) Policy #8955 Term: 10/01/04 to 10/01/05	\$ 37,956
\$ 500,000	TML (Errors & Omissions Liability) Policy #8955 Term: 10/01/04 to 10/01/05	\$ 49,478
\$ 50,000	TML (Public Employee Dishonesty) Policy #8955 Term: 10/01/04 to 10/01/05	\$ 1,199
\$ 25,000	TML (Forgery or Alteration) Policy #8955 Term: 10/01/04 to 10/01/05	\$ 163
\$ 50,000	TML (Theft, Disappearance and Distruction) Policy #8955 Term: 10/01/04 to 10/01/05	\$ 549
\$ 500,000	TML (Auto Fleet) Liability Physical Damage Policy #8955 Term: 10/01/04 to 10/01/05	\$ 53,710 \$ 33,026
\$ 18,819,887	TML (Property) Policy #8955 Term: 10/01/04 to 10/01/05	\$ 26,329
\$ 16,082,718	TML (Windstorm) Policy #ICL4266102230700 Term: 1/01/04 to 12/31/05	\$ 32,239
\$ 2,000,000	Tank Owners Mutural Insurance Company (Liability) Policy #TM18020 Term: 7/31/05 to 7/31/06	\$ 2072
\$ 29,600	TML (Animal Mortality/Theft/Medical) Policy # 8955 Term: 10/01/04 to 10/01/05	\$ 2,868

CITY OF KINGSVILLE

SALARIES AND SURETY BONDS OF PRINCIPAL OFFICIALS
 SEPTEMBER 30, 2005

TABLE F-20

	Salary		Surety Bond	
City Commissioners				
Stanley Laskowski	\$	\$25/Mtg	\$	2,000 Hartford
Arturo Pecos		\$0/Mtg		2,000 Hartford
Alfonso Garcia		\$25/Mtg		2,000 Hartford
Charles E. Wilson		\$0/Mtg		2,000 Hartford
Mayor				
Sam Fugate		\$50/Mtg		25,000 Hartford
Finance Director				
Vacant		N/A		N/A N/A
Collections Manager				
Vilma Castillo		37,717		50,000 Hartford
Chief of Police				
Ricardo Torres		65,971		Covered by Public Employee Insurance up to \$50,000
City Attorney				
Courtney Alvarez		67,053		Covered by Public Employee Insurance up to \$50,000
City Manager				
Carlos Yerena		77,380		25,000 Hartford

