



City of King'sville, Texas

ANNUAL
COMPREHENSIVE
FINANCIAL
REPORT

For the Year Ended September 30, 2021

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Annual Comprehensive Financial Report

September 30, 2021

CITY OF KINGSVILLE, TEXAS

City Commission

(for the fiscal year ended September 30, 2021)

Sam R. Fugate	Mayor
Hector Hinojosa	Mayor Pro-Tem
Edna Lopez	Commissioner
Norma Nelda Alvarez	Commissioner
Ann Marie Torres	Commissioner

City Manager

Mark McLaughlin

Prepared By:

Department of Finance

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King'sville
TEXAS

City of Kingsville
Comprehensive Annual Financial Report
For The Year Ended September 30, 2021

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King'sville
TEXAS

May 3, 2022

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

The Annual Comprehensive Financial Report of the City of Kingsville, Texas (City) for the fiscal year ended September 30, 2021, is submitted herewith. As required by the TEX. LOCAL GOV'T CODE ANN. § 103.001 et seq., the report includes financial statements which have been audited by an independent firm of certified public accountants, John Womack & Co. PC. The financial statements are presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and are audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

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

The goal of the independent audit, conducted by John Womack & Co. PC, was to provide reasonable assurance that the financial statements of the City of Kingsville for fiscal year ended September 30, 2021, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Kingsville's financial statements for the fiscal year ended September 30, 2021, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

THE CITY AND ITS ORGANIZATION

Population and Location

Current population estimates for the City of Kingsville is at 30,780; this represents a 17.42 percent increase over the 2010 Census of 26,213. The City of Kingsville's standard metropolitan statistical area consists of Kleberg County which has a population of 32,061 according to the 2010 Census. The geographic location of the City is on U. S. Highway 77 which has been proposed to be the new Interstate 69 which will facilitate travel from Mexico, Central and South America to the U.S. and Canada. The City is also home to a major military installation, NAS Kingsville, and tourist attraction, the King Ranch.

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

Form of Government and City Services

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

The City Commission consists of the Mayor and four Commission Members elected for four-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.

Police Department

Police protection is provided by the Kingsville Police Department comprised of 50 sworn peace officers and staff totaling 74 members performing varied and multiple tasks, serving a population of 28,498. We are located on Interstate 69/US Highway 77 South, a major thoroughfare utilized in major trade and industry due to the North American Free Trade Agreement that connects Canada, Mexico, and the United States.

The Uniform Patrol Division makes up the largest portion of the department with a Commander, 4 Captains, 3 Lieutenants, 24 officers, K-9 Nicky, K-9 Krachel, and a traffic enforcement officer. Their duties include vehicle and bicycle patrol, criminal enforcement, traffic enforcement, and accident investigation.

The Criminal Investigations Division is headed by a Commander, Captain, Lieutenant and six detectives who follow up investigations reported to the patrol division and participate in proactive criminal investigations, and an accident investigator. The Street Level Operations Team within the Criminal Investigations Bureau consists of a Lieutenant, 2 interdiction/directed investigations officers and K-9 Krachel whose responsibilities include targeting criminal offenses in our city and drug trafficking organizations on US 77 to include bulk narcotic and bulk currency offenses. The Crime Scene Technician and Evidence Clerk are also assigned to CID. The Crime Scene Technician is responsible for processing crime scenes, packaging evidence, cataloguing, and photographing evidence for submission to the appropriate laboratory for analysis. The Evidence Clerk is responsible for the acceptance of all property & evidence brought into the department for storage. This includes the proper receipt of acceptance, inventory control, and final disposition of said property or evidence.

The Communications Division is headed by a civilian telecommunications officer, 4 lead telecommunicators, and 10 telecommunicators who provide dispatching services for the Kingsville Police Department and the Kingsville Fire Department.

The training officer is assigned to the Support Services Division and his duties include coordination of the Citizens Police Academy, serving as the Field Training Officer Program Coordinator, as well as provide all In Service training for incoming or current officers.

The Administration Division consists of the Office of the Chief of Police, his administrative assistant and the Office of Professional Standards manned by a Captain, conducts administrative investigations regarding officers who have violated departmental rules or policy and assist SLOD with narcotics investigations. The IT Manager and Help Desk Technician are also assigned to the Administration Division. The IT Manager is responsible for the efficient and effective operation of all Police Department information technology services including all computer hardware and software systems, network infrastructure, VOIP and cell phone systems. The Help Desk Technician is responsible for assisting internal and external customers with information technology components.

Our department handles well over 35,000 calls for service during a calendar year. The pride of our department is KPD's SWAT unit which received the Texas Tactical Police Officers Association, First Annual Unit Citation Award for Meritorious Service in 2007 and provides mutual aid to the Coastal Bend Area. SWAT responds to approximately 30 callouts to include low and high-risk warrant service as well as barricaded/armed subjects.

We here at the Kingsville Police Department are "Breeding a Culture of Civility." We create a civil atmosphere through the practice of our "Code of Civility" as outlined below.

- We greet and acknowledge each other.
- We say please and thank you.

- We treat each other equally with respect, no matter the condition.
- We acknowledge the impact of our behavior on others.
- We welcome feedback from each other.
- We are approachable.
- We are direct, sensitive, and honest.
- We acknowledge the contributions of others.
- We respect each other's time commitments.
- We address incivility.

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

Fire Department

The City's Fire Department operates two fire stations, and provides fire protection, advanced life support emergency medical services, transport, fire inspections, fire investigations, Haz-mat response, technical rescue, supports a volunteer firefighter division, and emergency management for the City of Kingsville. It also provides and receives mutual aid for Naval Air Station (NAS) Kingsville. The Department staffs 2 fire engines, 2 MICU ambulances, and cross staffs a variety of other apparatus, depending on the emergency. They utilize a minimum of 8 full time personnel each day and are augmented by volunteer firefighters when available. The above-mentioned services are provided by 31 professional firefighters, 28 volunteer firefighters, and 4 support staff, which include the Fire Chief, Fire Marshal, Administrative Assistant, and a Customer Service Representative. Of the 31 professional firefighters, currently there are 17 certified EMT Paramedics, 3 Advanced EMT's, and 12 Basic EMT's and are in hopes of filling the remaining department vacancy soon.

Public Works

The City has a combined utility system (System) comprised of water and wastewater. The City's water system, consisting of 159 miles of waterlines, serves all residents of the City, as well as many other customers and industries within Kleberg County and the City's Certificate of Convenience and Necessity (CCN). The City's water supply is primarily provided by seven water wells. The second water supply source is with the South Texas Water Authority (STWA,) which maintains a 42" water line to the City of Corpus Christi. The City's water supply is sufficient to continue serving the City for the next several decades.

Wastewater collection and treatment is provided within the city limits to more than 30,000 residential, commercial, and industrial customers. The collection system consists of 111 miles of gravity and force mains, 1,381 manholes, and 9 lift stations. The City owns and operates 2 treatment plants with separate collection basins, with an average aggregated daily flow at treatment plants of 2,200,000 gallons per day, or 55% of aggregate permitted capacity.

In addition to operating the combined utility system, the City also provides garbage collection, brush, and white goods disposal. Garbage collection is primarily limited to residential and commercial service. The City, with its automated side load trucks provides garbage pick-up twice a week for residential customers. The commercial garbage collection is also automated side load and is collected up to six days a week. The City's recycling center diverts approximately 150 tons of garbage a year from the landfill. The City owns and operates a Type I 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 the Street Division maintaining 117 miles of asphalt and concrete streets and traffic signalization.

Parks and Recreation

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

The City of Kingsville and Kleberg County own and maintain extensive recreational facilities, which include 631 acres of parks and playgrounds, one swimming pool, 12 baseball and softball diamonds, 12 multi-purpose fields, a disc golf course, a walking/jogging path, 2 cricket pads, one recreational center, one BBQ hut, a Skate Park and an 18-hole golf course that is located at LE Ramey park. City of Kingsville, in the last several years, has also developed a new community Xeriscape Garden and Pavilion area in the downtown area which is being incorporated into the Parks Department inventory. In the fiscal year 2017-2018, a Kiddie Pool was added to the Brookshire Pool and a new Splash Pad was constructed at Los Hermanos Flores Park. In fiscal year 2019-2020 we completed construction of the Vishal Ragu Baghat Memorial Dog Park. Due to Covid -19 restrictions starting in March of 2020 activities and rentals were limited resulting in reduced revenues in all Divisions of Parks & Recreation.

Health Department

Environmental Health/sewage complaints, Food Services/inspections & complaints, Animal Control & Care Services, Vector Control (mosquitos) Services, Foster Homes & Day Care inspections & complaints, Monthly Food Handler & Fundraiser Classes and Onsite Sewage Facilities inspections & complaints are operated by City of Kingsville Health Department.

Annual Budget Process

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

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

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

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

FINANCIAL CONDITION

Local Economy

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

Major Revenues

The City's major sources of revenue are property, sales and other taxes, and business fees. The September 30, 2021, period, showed the following changes in these sources from the prior year: (1) an increase in current property tax receipts due to increase property tax values, (2) an increase in charges for services and (3) an increase in building permit fees and (4) an increase in sales taxes. This illustrates the resilience of the local economy. Real property tax collections, as a percent of levy collected, has remained stable. Current fiscal year collected taxes to date, as a percent of the net current tax levy, increased slightly.

Employment

The local unemployment rate stood at 8.7% for September 2021 compared to 6.0% for the nation. Future Job growth for the City fell below the National average and was

projected at 5.4% compared to 33.5% nationally for this same period ending in March 2019. Compared to the rest of the country, Kingsville's cost of living is 21.5% lower than the U.S. average. The median home cost in Kingsville is \$104,000 with a 1.7% appreciation rate over the last 12 months. Median household income is \$36,500 versus \$53,482 for the rest of the country. *(This information is from bestplaces.net)*

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 proximity, include industrial, construction, fast food restaurants, convenience stores, banking, and financial services.

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

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

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

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

The land in the City of Kingsville region has strong mineral deposits, rich soil, and an excellent climate, with the principal crops being grain, sorghum, and cotton. The region produces a large supply of livestock including cattle, hogs, and poultry. The oil and gas

industry are a major factor in the growth and stability within the trade area. This industry provides a secondary market for petroleum by-products and chemicals.

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

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

Transportation

The City is served by a network of major highways. Interstate 69 (I-69) comes into Kingsville from the north and replaced U.S. Highway 77 up to General Cavazos Blvd. TXDOT is currently building the next section of I-69 from General Cavazos Blvd south to approximately one mile beyond the city limits. This is a three-year construction project that will add access lanes on both sides of the interstate highway. I-69/Highway 77 links the City of Kingsville to both the Rio Grande Valley/Mexico to the south and Victoria (which then provides a direct connection to U.S. 59 and Houston). State Highway 44 and U.S. Highway 59 also link the City of Kingsville to Laredo/Mexico from I-69/Highway 77 at Robstown and Victoria. All highways are four-lane roads and are maintained at interstate or near interstate standards. There is a total of 212 miles of local streets within the city limits of Kingsville. Of this total, the Texas Department of Transportation (TXDOT) owns and maintains approximately 25.76 miles of roadway. The City of Kingsville owns and maintains the remainder. Rail service to and from the City of Kingsville is provided by the Burlington Northern/Santa Fe Railway, Texas Mexican Railway and Union Pacific Railroad.

A primary component of the City's transportation system is the 2,457-acre Corpus Christi International Airport (CCIA), which is only 45 minutes from the City of Kingsville. Currently, the airport is served by approximately 24-30 daily flights from three major domestic carriers that use the airport's 7,510 and 6,080 feet of lighted and instrument procedure runways. COVID 19 affected transportation nationwide this past year and CCIA tallied a total of 171,297 enplanes and 169,894 deplanes.

Major Expenses

The government's expenses relating to public safety and public works comprise 68.96% of total expenses for governmental activities as reflected in Exhibit B1 of the Annual Comprehensive Finance Report. As evidenced by the table below, the government's expenses relating to these activities have remained relatively constant. Expenses for public safety have slightly decreased while public works have slightly increased as a percentage of total expenses for governmental activities over the last ten years.

Expenses as a Percent of Total Governmental Activities			
Activity	FY 10-11	FY 20-21	Net Change
Public Safety - Police & Fire	56.29%	42.22%	-14.07%
Public Works	15.52%	26.74%	11.22%
Total	71.81%	68.96%	-2.85%

Long-term Financing Plan/Relevant Financing Policies

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

Major Initiatives

The City of Kingsville focused FY20-21 on code enforcement, infrastructure improvement, economic development, and park maintenance.

Code Enforcement targeted dilapidated commercial and residential structures as well as compliance with property maintenance.

Infrastructure improvements focused on drainage, wastewater, and street projects. When possible, the Engineering Dept. also provided In-House engineering to save on costs.

Drainage Improvements: In FY20-21, the City received notice of award for a \$36.3M Community Development Block Grant from the General Land Office (GLO) to mitigate drainage/stormwater issues comprised of 14 separate projects, made up of 4.4 miles of new underground (UG) concrete box culverts, 1.3 miles of new UG reinforced concrete pipe (RCP), and 120 new stormwater inlets.

Wastewater Improvements: A second notice of award for a \$7.2M Community Development Block Grant from the GLO was received to address sewer line and lift station maintenance including over four miles of new sewer lines, repair to 78 manholes and a new lift station that will re-direct approximately 150,000 gallons of daily sewage from the south Wastewater Treatment Plant (WWTP) to the North WWTP. The city is also finalizing the details of a loan/grant initiative with the Texas Water Development Board (TWDB) who awarded over \$6M for drainage projects to correct poor drainage in four of the nine areas identified in a 2018 Master Drainage Plan study.

Street Improvements: In FY19-20 and continuing into FY 20-21, the city has expensed, or planned to expense, nearly \$2M in street improvements ranging from full depth reconstruction to hot mix overlays and chip seal overlays of various city streets and a park road. One street project engineered In-House by the Engineering Dept during FY 20-21 saw a nearly \$860,000 expenditure for full depth construction of Armstrong Street from Santa Gertrudis Ave. south to Kleberg Ave. This project is a major arterial road for Texas A&M-Kingsville and modified a two-lane road into a road with two bicycle lanes, two travel lanes and a center turn lane.

In-House Engineering: Other projects savings were realized in FY 20-21 due to efforts by the Engineering Dept. to plan, design and manage projects In-House, including replacement of the Well #14 Groundwater Storage tank (GST) and demolition of Well #20 tank, Dick Kleberg Park baseball field renovations, miscellaneous concrete and gutter improvements, US Hwy 77 utility relocation, and downtown improvements at 7th St.

The City utilized a Texas Parks and Wildlife Grant, and money budget from the City, to make numerous improvements to the park's system. The largest park in Kingsville is the Dick Kleberg Park on the south side of the City. This park is over 180 acres and had major improvements to ball fields, playgrounds, added a dog park and replaced decorative bollards along the street front the length of the park. The other six parks in the City all had a level of maintenance performed that included upgrades to many of the playscape features. The L.E. Ramey Golf Course is owned by the Kleberg County but maintained and operated by the City of Kingsville.

Economic Development

The City continues to partner with Kleberg County, The Kingsville Chamber of Commerce, the Greater Kingsville Economic Development Council (EDC), Texas A&M University-Kingsville (TAMUK), Workforce Solutions of the Coastal Bend and Coastal Bend College in creating quality jobs and programs toward achieving optimal economic stability and diversification. Major initiatives tied to economic development are being collaborated on with these partners. The City has recently partnered with the Chamber of Commerce and EDC to create and execute a strategic plan is focused on growing the commercial and industrial sectors of the economy. The Chamber/EDC has also commissioned a housing study to examine housing needs and growth patterns for the community. The Chamber/EDC recently located to the Wilson Building on Kleberg Ave. in the Kingsville Historic District. This move places the Chamber closer to the developing historic district, provides a larger venue for their work and co-locates the Chamber/EDC with the Kingsville Record Newspaper.

The Chamber/EDC has partnered with the City of Kingsville to launch a new economic development grant program designed to assist residents with working capital to launch new businesses within the city limits. The grant is focused on providing funds needed to start or expand a business and requires new job creation as a qualifying factor for the grant.

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

Economic Development has seen an increase in both large and small commercial development in the city. Businesses that opened recently include Starbucks, Chick-fil-A, Marshalls, Harbor Freight, Eve's Heavenly Delight (bakery), Stef & Bees Boutique relocated to a larger space, Kingsville Steakhouse, Tot-ally Kids Daycare, NAPA Auto Parts relocation to a larger space, Burke's Outlet, Factory Connection, Real Deals, and Quick Quack Car Wash. There are multiple redevelopment projects currently taking place in the downtown corridor including the renovation of the historic Texas Theater and the Kate Building. In addition, there are plans for multiple large commercial automobile and truck travel center to purchase and build on to I-69 in Kingsville. The Chamber/EDC is actively recruiting entertainment establishments and other businesses interested in opening along the newly constructed I-69 corridor through Kingsville.

Construction Projects

There is continued construction in the Wildwood Trails subdivision. Of the 184 lots that can be built on, 114 lots already have homes on them. This subdivision has been under development for seven-years.

Twenty-two new single-family residences were constructed in the past year at an average cost of \$153,434.50, increase in construction cost due to material increases has slightly affected the amount of new homes being constructed.

Multiple small apartment projects, throughout the community are in progress. One new multi-family construction project started. Additional renovation and small remodel projects on multi-family construction were limited. One mobile home permitted in this time.

Commercial projects include commercial renovations and a new Church's Chicken building, valued at 750,000.00

Nine Commercial projects with valuations of \$3,974,197.00

Future Construction Projects

The City is expecting to see renovation projects in the historic district including a NAPA auto. Also, smaller renovation projects for other buildings. Also expecting a service center addition for Loves truck stop.

We have also seen an increase in the number of remodeling projects. We have two major renovations of downtown vacant commercial buildings in the planning stages.

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

Tourism

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

The rich ranchland area, first known as the Wild Horse Desert, supports local events, along with tourism of our heritage; golfing, birding, and hunting opportunities. The mostly open range acquired by Captain Richard King back in 1853 is well-known as one of the largest working ranches in the world. Capt. King established his working ranch the following year along the Santa Gertrudis creek and as a sprawling ranch, the novel and later the motion picture *Giant*, was inspired by it all. In 2020, the City became a Monarch City USA member to further harvest ecotourism in the area. Tourism also works to help promote the bi-annual Wings Over South Texas Air Show and coordinates collaborative events such as Meet the Blues, offering a unique opportunity for visitors to interact with air show performers.

The King Ranch's support and influence has left an indelible mark on the Kingsville's growth and culture that continues to this day. As a centennial city, the secret to the City's longevity lies in the resilience of its people and the array of local attractions that draw a wide variety of guests who are seeking to immerse themselves in a bit of historical southern charm and a slower pace of life. Today, Kingsville has become a multicultural city that offers something for everyone. Tourism also manages and maintains the 1904 Train Depot, the spot where the Kingsville was born on July 4, 1904, when the first passenger train headed south, opening travel to all South Texas. The railroad made possible with assistance from Henrietta King, who donated 70,000 acres of land for railroad construction. The Train Depot Museum is open five days a week and during special events, such as our Monthly Main Street Wine Walk series.

Today, the City of Kingsville Tourism Department works in close concert with King Ranch to promote Kingsville as a great destination to learn the Wild Horse Desert history. The department also helps promote the ability to experience nature and study art in many platforms, from the Kingsville Symphony Orchestra to Chicana Artist Santa Barraza's gallery to Hibler Taxidermy.

Logon to our website at KingsvilleTexas.com to find out what events are coming to our region or give us a call for hotel discounts and tips when planning your trip to Kingsville!

Early on, with Kingsville having mostly open range and the scarcely populated area, land was acquired to build a four-year Institution and naval air station. Renowned in public research, Texas A&M University-Kingsville was chartered in 1917 but did not open its

doors until 1925 due to the United States entering the First World War. With continuing operations for over 90 years, it has been designated as South Texas' oldest public college south of San Antonio. Today the university continues its growth and popularity especially by its sports-related events, visitors, and diverse population.

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

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

Financing of Major Capital Projects

During FY 20-21, the City continued to utilize bond issues from the previous fiscal years to fund projects and capital assets planned and approved during the past fiscal year. These are major initiatives that represent a significant long-term commitment to revitalization strategies that support commercial and industrial growth and improved quality of life for current residents.

Budget Program

The City's budget for FY 21-22 received the Distinguished Budget Presentation Award from the Government Finance Officers Association (GFOA). This was the seventh year that the City submitted and received this prestigious award. This award is valid for a period of one year only.

Annual Comprehensive Financial Report Program

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Kingsville for its Annual Comprehensive Financial Report for the fiscal year ended September 30, 2020, continuing to confirm compliance with both GAAP and legal requirements. The City has received this prestigious award for the last 32 consecutive years. A Certificate of Achievement is valid for a period of one year only. We believe this Annual

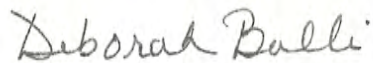
Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility certification.

ACKNOWLEDGEMENTS

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

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

Respectfully submitted,

A handwritten signature in cursive script that reads "Deborah Balli".

Deborah Balli, CPA, CGFO
Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Kingsville
Texas**

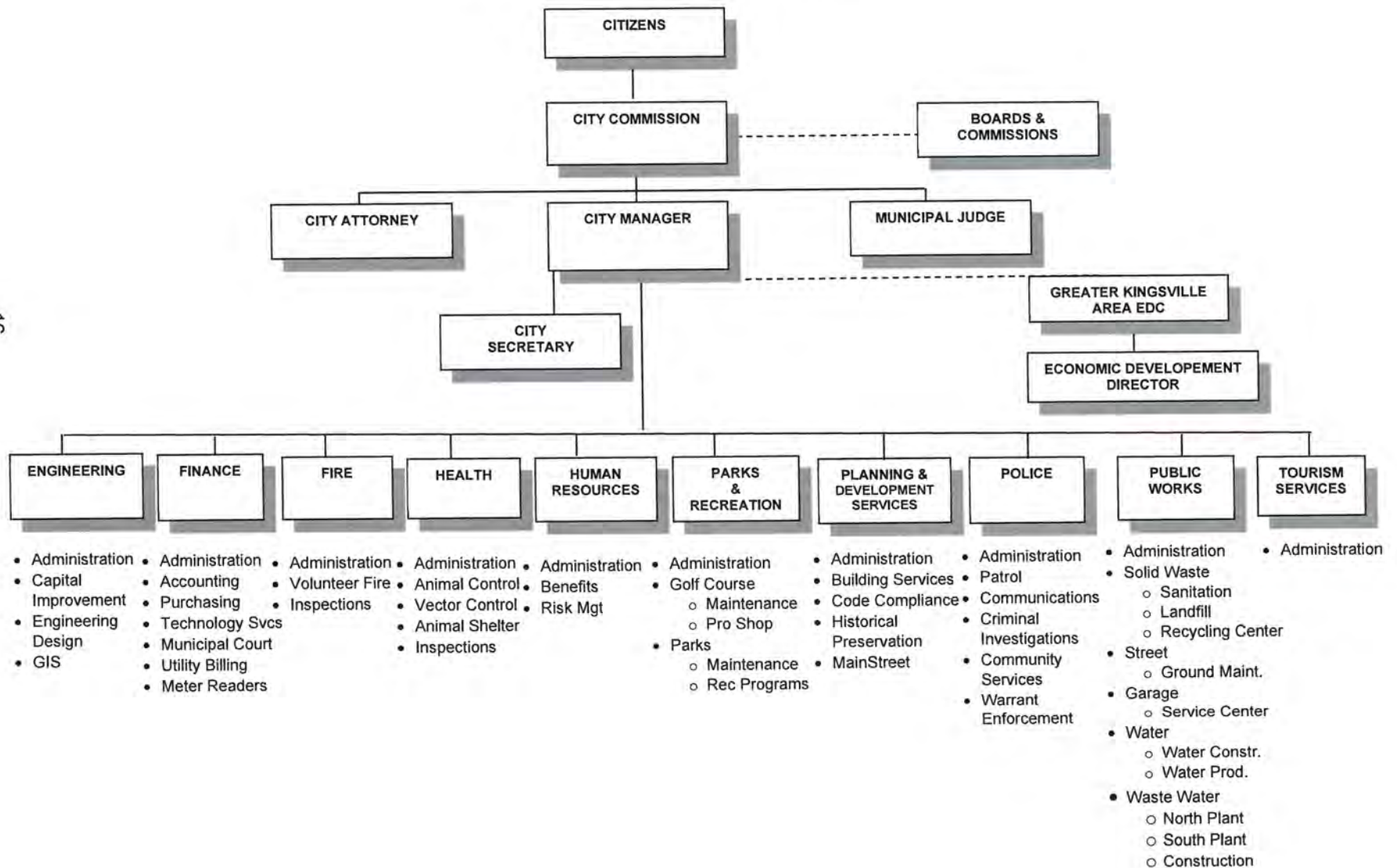
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morill

Executive Director/CEO

ORGANIZATION CHART





King'sville
TEXAS

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

JOHN L. WOMACK, CPA
MARGARET KELLY, CPA

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

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kingsville ("the City") as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



PRIVATE COMPANIES PRACTICE SECTION, AICPA DIVISION FOR CPA FIRMS

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Kingsville as of September 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As described in Note A to the financial statements, in 2021, City of Kingsville adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and budgetary comparison information and schedule of the City's proportionate share of the net pension liability and schedule of City pension contributions, and schedule of the City's proportionate share of the net OPEB liability and schedule of City OPEB contributions identified as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Kingsville's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not required parts of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2022 on our consideration of City of Kingsville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Kingsville's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in black ink that reads "John Womack & Co. P.C." in a cursive style.

John Womack & Company, P.C.
Kingsville, TX
April 15, 2022

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, 2021. The MD&A should be read in conjunction with the transmittal letter found in the Introductory Section of this report and the City's Financial Statements which follow this section.

FINANCIAL HIGHLIGHTS

Entity Wide

- Total assets for the City were \$77.6 million compared to \$69.7 million in the prior fiscal year ended September 30, 2020.
- Total deferred outflows of resources were \$1.01 million compared to \$1.04 million in the prior fiscal year ended September 30, 2020.
- Total liabilities were \$31.7 million compared to \$30.4 million in the prior fiscal year ended September 30, 2020.
- Total deferred inflows of resources were \$6.1 million compared to \$3.4 million in the prior fiscal year ended September 30, 2020.
- Total net position was \$40.87 million compared to \$37.02 million in the prior fiscal year ended September 30, 2020.
- The assets of the City exceeded its liabilities by \$40.87 million.

Governmental Activities

On a government-wide basis for governmental activities:

- The City had net program expenses of \$15.4 million for the fiscal year ended September 30, 2021, compared to \$14.6 million for the prior year, representing a 5.42% increase.
- General revenues and transfers totaled \$18.4 million for the fiscal year ended September 30, 2021, compared to the prior year's amount of \$17.3 million, representing a 6.07% increase.
- Net position overall increased 14.50% from \$20.5 million on September 30, 2020 to \$23.5 million on September 30, 2021.

Business Type Activities

On a government-wide basis for business type activities:

- The City had net program revenues of \$4.3 million for the fiscal year ended September 30, 2021 compared to \$3.9 million for the prior year, representing a 9.96% increase.
- General revenues and transfers out totaled (\$3.4) million for the fiscal year ended September 30, 2021, compared to the prior year's amount of (\$2.7) million, representing a 24.36% decrease.
- Net position overall increased 5.31% from \$16.5 million on September 30, 2020 to \$17.4 million on September 30, 2021.
- On September 30, 2021, business-type activities had \$17.2 million in total liabilities compared to \$15.3 million on September 30, 2020.

Governmental Activities vs Business-Type Activities

- The ratio of total assets to total liabilities for governmental activities was 2.84 times; for business-type activities the ratio was 2.12 times.
- The quick ratio (current assets to current liabilities) was 4.77 times for governmental activities and 5.10 times for business-type activities.
- Total net position was \$40.87 million, which is an increase of \$3.85 million from the prior year, or about 10.40%. Governmental activities' net position increased by 14.50%, while business-type activities' net position increased by 5.31%.

General Fund

- The fund balance of the General Fund increased from \$13.2 million to \$13.8 million. This represents a 4.86% increase from the prior year's fund balance, and furthermore, represents 61.87% of the \$22.3 million in expenditures. The General Fund's Unassigned Fund Balance was \$9.93 million, or 44.56% of general fund expenditures.
- General Fund revenues for the fiscal year ended September 30, 2021, of \$23.45 million were 1.14% higher than the prior year revenues of \$23.18 million. The \$265 thousand increase is mainly due to a \$1.3 million increase in debt issuance, an \$829 thousand increase in tax revenue, a \$348 thousand decrease in transfers in and a \$1.5 million decrease in intergovernmental revenues.
- General Fund's expenditures, including transfers out, for the fiscal year ended September 30, 2021, of \$22.84 million were 0.17% lower than the prior year expenditures of \$22.88 million. The \$40 thousand decrease is mainly due to a \$1.17 million increase in divisional expenditures and a \$1.2 million decrease in transfers out.
- General Fund 001 is part of the General Funds included in the Comprehensive Annual Financial Report. The financial policies state the City must maintain a reserve for major contingencies of at least 25% of the total General Fund 001 appropriations. General Fund 001's unassigned fund balance on September 30, 2020, was \$8.83 million, representing a 47.75% reserve, and that fund balance decreased to \$8.26 million on September 30, 2021, for a 39.56% reserve.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

The basic financial statements are comprised of three components:

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

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

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

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

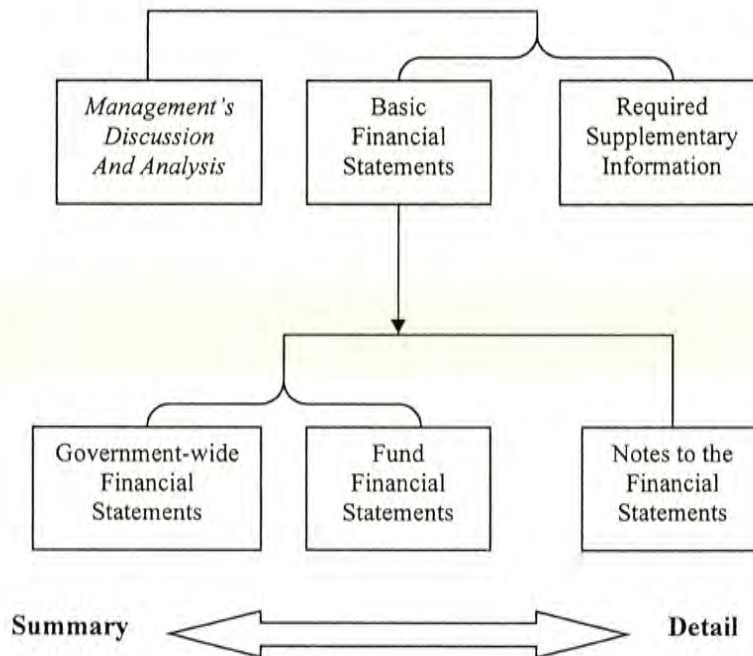


Figure A-1 shows how the required parts of this annual financial report are arranged and relate to one another. In addition to these required elements, a section with combining statements that provides details about the non-major governmental funds and internal service funds is included.

More about the City's Fund Financial Statements:

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

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

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

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

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

More about the City's Proprietary Funds:

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

Net position serves over time as a useful indicator of the City's financial position. On September 30, 2021, the net position totaled \$40.87 million, \$3.85 million more than the prior year. The composition of this net position is \$23.47 million for governmental activities and \$17.40 million for business-type activities, which is comprised primarily of the Combined Utility System.

A large portion of the City's net position is invested in capital assets (e.g., land, infrastructure, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding and represents 46.9% of the total net position. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The City has 2.0% of its net position set aside for the retirement of debt. Approximately 40.3% of the City's governmental activities' net position is unrestricted in their use for City activities.

Table A-1: Net Position for Governmental and Business-type Activities
September 30, 2021 and 2020
(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current & other assests	\$ 22,902	\$ 18,735	\$ 15,582	\$ 10,783	\$ 38,484	\$ 29,518
Capital assets	18,256	18,841	20,892	21,379	39,148	40,220
Total assets	41,158	37,576	36,474	32,162	77,632	69,738
Deferred Outflows of Revenues	821	841	185	194	1,006	1,035
Long-term liabilities	9,705	10,906	14,121	12,370	23,826	23,276
Other liabilities	4,802	4,188	3,054	2,931	7,856	7,119
Total liabilities	14,507	15,094	17,175	15,301	31,682	30,395
Deferred Inflows of Revenues	4,007	2,829	2,084	533	6,091	3,362
Net investment in capital assets	9,712	8,733	9,457	9,726	19,169	18,459
Restricted	4,299	3,023	2,504	2,735	6,803	5,758
Unrestricted	9,454	8,738	5,439	4,061	14,893	12,799
Total net position	\$ 23,465	\$ 20,494	\$ 17,400	\$ 16,522	\$ 40,865	\$ 37,016

TABLE A-1: Governmental-Type Activities

Current & Other Assets increased \$4.2 million from \$18.73 million in FY20 to \$22.90 million in FY21, or 22.25%. Most of this increase is due to the City's higher cash balances less a decrease in amounts due from Other Governments. Capital assets, net of accumulated depreciation, decreased \$585 thousand from \$18.8 million in FY20, to \$18.3 million in FY21, or 3.11%. Long-term liabilities decreased \$1.2 million from \$10.9 million in FY20 to \$9.7 million in FY21, or 11.01%. Most of this decrease is due to decreases in contractual obligations, post-employment benefit, and net pension accruals. Other liabilities increased \$614 thousand from \$4.19 million in FY20 to \$4.80 million in FY21 or, 14.66%. This was due to increases in customer deposits and contractual obligations.

As a result of accurately reflecting the restrictions on fund balances, Restricted Net Position increased by \$1.28 million from \$3.02 million in FY20 to \$4.30 million in FY21, or 42.2% as follows:

\$1,419,856	increase	Federal and State Programs
(\$128,846)	decrease	Debt Service
(\$5,309)	decrease	Capital Projects
\$14,317	increase	Municipal Court Security
(\$187,447)	decrease	Law Enforcement
\$6,585	increase	Municipal Court Technology
\$156,383	increase	Tourism

Unrestricted Net Position increased \$716 thousand from \$8.74 million in FY20 to \$9.45 million in FY21, or 8.20%.

TABLE A-1: Business-Type Activities

The Combined Utility System's net position was \$17.4 million at FY21, which is 42.6% of total net position and is \$877 thousand more than the prior year. The Combined Utility System contributed all the total unrestricted business-type net position.

Current & Other Assets increased \$4.8 million from \$10.8 million in FY20 to \$15.6 million in FY21, or 44.50%. Cash, both unrestricted and restricted is up \$4.6 million from \$8.68 million in FY20 to \$13.31 million in FY21 ARP funding and other increases in cash balances. Capital assets, net of accumulated depreciation, decreased \$487 thousand from \$21.38 million in FY20 to \$20.9 million in FY21, or 2.28%, due to annual straight-line depreciation costs.

Long-term liabilities increased \$1.8 million from \$12.4 million in FY20 to \$14.1 million in FY21, or 14.15% due to increases in contractual obligations, the post-employment and accrued pension liabilities and landfill closure cost estimates. Net investment in capital assets decreased \$269 thousand from \$9.73 million in FY20 to \$9.46 million in FY21, or 2.77% due to the increase in contractual debt obligations which reduces the net investment.

Restricted net position decreased \$231 thousand from \$2.7 million in FY20 to \$2.5 million in FY21, or 8.45%. Capital projects make up all the restricted net position.

Unrestricted net position increased \$1.38 million from \$4.06 million in FY20 to \$5.44 million in FY21, or 33.91%. This increase is due to an increase in drainage projects secured by outside funding sources and better performing operational funds.

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

Changes in Net Position

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

Table A-2: Changes in Net Position
September 30, 2021 and 2020
(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenue:						
Program revenue:						
Charges for services	\$ 3,024	\$ 2,995	\$ 14,096	\$ 13,549	\$ 17,120	\$ 16,544
Operating grants & contributions	1,355	2,607	508	142	1,863	2,749
Capital grants & contributions						
General revenues:						
Property taxes	7,635	7,652	-	-	7,635	7,652
Sales taxes	5,704	5,116	-	-	5,704	5,116
Other taxes	1,545	1,429	-	-	1,545	1,429
Investment earnings	31	261	6	105	37	366
Insurance Settlement	-	-	-	-	-	-
Gain (loss) on disposal of capital assets	71	24	-	-	71	24
Other	24	40	-	-	24	40
Total revenues	<u>19,389</u>	<u>20,124</u>	<u>14,610</u>	<u>13,796</u>	<u>33,999</u>	<u>33,920</u>
Expenses:						
General government	4,535	4,659	-	-	4,535	4,659
Public safety	8,565	9,545	-	-	8,565	9,545
Public works	3,589	3,053	-	-	3,589	3,053
Health & other public svcs.	2,515	2,168	-	-	2,515	2,168
Tourism	415	544	-	-	415	544
Interest on long-term debt	185	266	-	-	185	266
Water, wastewater & storm water	-	-	7,530	7,085	7,530	7,085
Solid waste	-	-	2,816	2,735	2,816	2,735
Total expenses	<u>19,804</u>	<u>20,235</u>	<u>10,346</u>	<u>9,820</u>	<u>30,150</u>	<u>30,055</u>
Increase (Decrease) in net position before transfers	(415)	(111)	4,264	3,976	3,849	3,865
Transfers	<u>3,387</u>	<u>2,823</u>	<u>(3,387)</u>	<u>(2,823)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	2,972	2,712	877	1,153	3,849	3,865
Net position, beginning	20,494	17,782	16,522	15,369	37,016	33,151
Prior period adjustment	-	0	0	0	0	0
Net position, ending	<u>\$ 23,466</u>	<u>\$ 20,494</u>	<u>\$ 17,399</u>	<u>\$ 16,522</u>	<u>\$ 40,865</u>	<u>\$ 37,016</u>

TABLE A-2: Governmental Activities

As shown in Table A-2, revenues were split between governmental activities and business-type activities at 57.03% and 42.97%, respectively. Expenses for each were 65.68% and 34.32%. Net position increased 14.50% from the prior period for governmental activities, increased 5.31% for business-type activities, and increased 10.40% overall.

The cost of all *governmental* activities for the fiscal year 2021 was \$19.8 million. However, the amount that taxpayers paid for these services through City taxes and business fees was \$14.9 million.

Some of the cost was paid by:

- Those who directly benefited from the programs, or \$3.0 million, and
- Other governments and organizations that subsidized certain programs with grants and contributions was \$1.36 million.
- Charges for services comprised 13.28% of governmental activities' revenues including transfers in and 96.48% of business-type activities' revenues.
- Taxes contributed 64.35% of governmental activities' revenues including transfers.
- Investment earnings, not including transfers, generated 0.16% and 0.04% of governmental activities revenues and business-type activities, respectively, reflective of the declining interest rate market in FY21.
- Public Safety (including Police, Fire, Emergency Management, Inspections and Municipal Court) expenses accounted for 43.25% of governmental activities' expenses and 18.12% of governmental activities' expenses were for Public Works.
- Public Safety required the largest net amount of public funds after deducting program revenue, grants, and contributions. The total subsidy was \$7.01 million.
- General government comprises 22.90% of all governmental activities' expenses.

Charges for services revenue increased \$29 thousand from \$3.0 million in FY20 to \$3.02 million in FY21, or 0.97%. These revenues come from licenses and permit fees along park and recreation activities along with other miscellaneous changes. Sales tax revenue increased \$588 thousand from \$5.12 million in FY20 to \$5.70 million in FY21, or 11.49%. The City's sales tax held throughout the pandemic that hit most of the United States beginning in March 2020. As the City of Kingsville is not a tourist destination, sales taxes did not fluctuate as in the neighboring city of Corpus Christi. As one sector may have declined, another sector increased. In FY21, the City's one-time comptroller audit adjustments increased overall sales tax payments by \$41 thousand.

Other Revenues decreased from \$40 thousand in FY20 to \$24 thousand in FY21.

General government expenses decreased \$124 thousand from \$4.66 million in FY20 to \$4.54 million in FY21, or 2.66%. Public Safety expenses decreased \$980 thousand from \$9.5 million in FY20 to \$8.6 million in FY21, or 10.27%. Public Works expenses increased \$536 thousand from \$3.05 million in FY20 to \$3.59 million in FY21, or 17.56%. Overall expenditures went down by \$431 thousand due to concerted efforts to cut expenditures without cutting services and outside federal funding received covering pandemic related costs.

The net decrease in net position before transfers changed by (\$304) thousand, from a \$111 thousand decrease in FY20 to a \$415 thousand decrease in FY21. Transfers increased \$564 thousand, from \$2.8 million in FY20 to \$3.4 million in FY21, or 19.98%.

TABLE A-2: Business-Type Activities

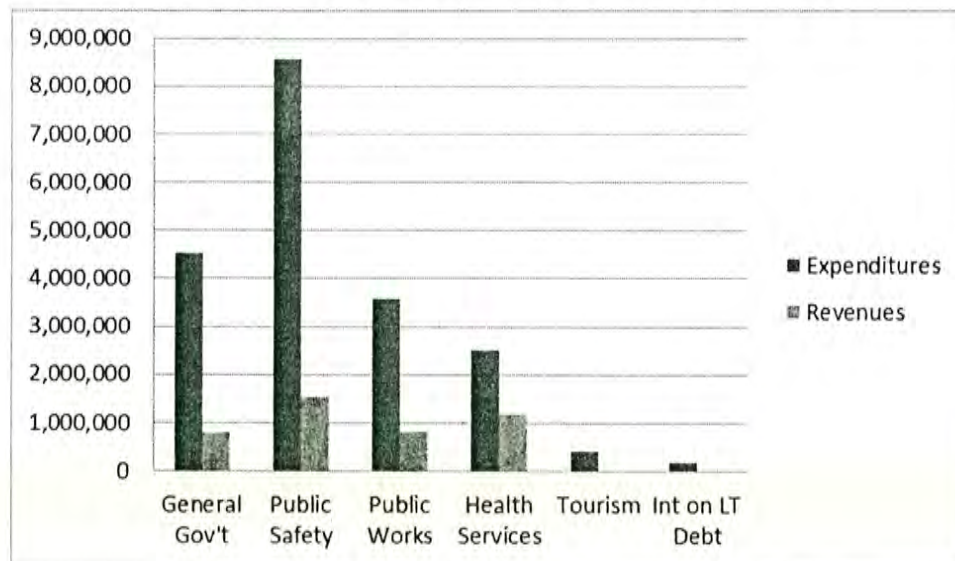
Charges for services revenue increased \$547 thousand from \$13.5 million in FY20 to \$14.1 million in FY21, or 4.04%. Wastewater rates increased 5% in FY21.

The net increase in net position before transfers was \$288 thousand, from \$3.98 million in FY20 to \$4.26 million in FY21, or 7.24%. Transfers Out increased \$564 thousand from \$2.8 million in FY20 to \$3.4 million in FY21, or 19.98%.

Solid Waste expenses increased \$81 thousand from \$2.7 million in FY20 to \$2.8 million in FY21, or 2.96%. Water and wastewater expenses increased \$445 thousand from \$7.09 million in FY20 to \$7.53 million in FY21, or 6.28%.

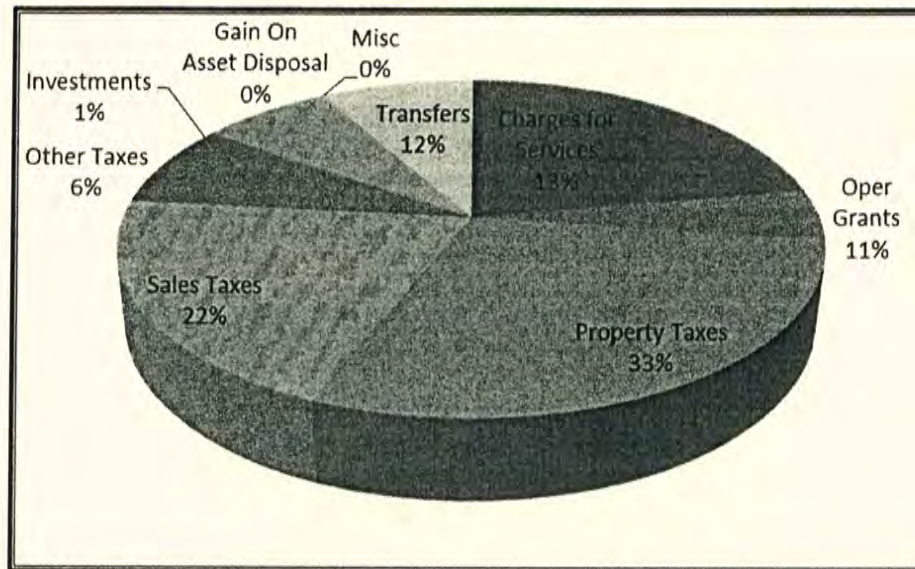
Graph 1 presents the cost of each of the City's major governmental functions, as well as the associated program revenues.

Graph 1: Program Revenues to Activity Expenditures



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

Graph 2: Revenue by Source – Governmental Activities



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

The Combined Utilities System of water, wastewater, and storm water accounted for 72.78% of the expenses generated for business-type activities, with solid waste accounting for an additional 27.22%. The Utilities System had operating revenues of \$9.57 million, up by \$546 thousand, and operating income before transfers was \$2.55 million, an increase of \$465 thousand. The major causes of these results were:

- Water revenues were up by \$109 thousand due to increased consumption
- Wastewater revenues were up by \$437 thousand due to a rate increase
- Stormwater revenues were down by \$3 thousand
- Operating grant revenues were up by \$364 thousand
- The operating expenses increased by \$445 thousand, primarily due to grant funding received.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

- Total assets of the General Fund increased \$243 thousand from \$15.45 million to \$15.69 million between FY20 and FY21. Most of this overall increase in total assets is from an increase of \$91 thousand in Accounts Receivable and \$210 thousand increase in Due From Other Funds.
- Deferred Revenues for FY21 decreased \$47 thousand. Total liabilities of the General Fund decreased by \$349 thousand to approximately \$1.31 million or, 20.97%. Most of the decrease is attributed to a \$162 thousand decrease in Accounts Payable and a \$210 thousand decrease in Due To Other Funds. This brings the ratio of total assets to total liabilities (including deferred revenues) to 8.26 times in 2021, up from 6.73 in 2020.
- Starting on page 91, see the Budgetary Results of the General Fund section below for more details on the General Fund revenues and expenditures resulting in General Fund excess of revenues over expenditures before other financing sources.
- Committed Fund Balance for Street Maintenance decreased by \$632 thousand. The Committed Fund Balance for Landfill Closure/ Post Closure increased by \$210 thousand and increased \$78 thousand for Capital Outlay. The overall Fund Balance increased \$639 thousand from \$13.2 million in FY20 to \$13.8 million in FY21.

Police Forfeiture Funds

- Total assets of the Police Forfeiture Fund increased \$220 thousand from \$1.7 million to \$1.9 million between FY20 and FY21. Most of this overall increase in total assets is from a decrease in Cash and Cash Equivalents of \$79 thousand and an increase in Restricted Cash and Cash Equivalents of \$299 thousand as compared to FY20.
- Total liabilities of the Police Forfeiture Fund increased by \$305 thousand from \$491 thousand in FY20 to approximately \$796 thousand in FY21. This brings the quick ratio (current assets to current liabilities) to 2.44 times in FY21 from 3.52 times in FY20.
- Year-end unsettled seizures remain from current City of Kingsville Police department seizures. Unsettled seizures pending were up \$292 thousand.
- The Police Forfeiture Fund revenues decreased \$106 thousand, or 87.0%, from \$122 thousand in FY20 to \$16 thousand in FY21. This amount of decrease was due to a decrease in awarded seizure of funds. Police Forfeiture Fund expenditures saw a decrease of \$89 thousand from \$191 thousand in FY20 to \$101 thousand in FY21. As the number of awarded seizures decrease, so too will the amount of expenditures.
- The Police Forfeiture Fund Restricted Fund Balance decreased by \$86 thousand from \$1.2 million in FY20 to \$1.1 million in FY21. The net of revenues over or under expenditures determines the change in value of the fund balance.

Debt Service Fund

- The Debt Service Fund Balance decreased \$440 thousand from \$618 thousand in FY20 to \$178 thousand in FY21. This was a decrease of 71.23% from FY20 to FY21. The City structures the Debt Service Fund Balance to minimize the balance being carried to no more than required for the cash flow necessary to service the City's debt.

Other Governmental Funds

- Total assets of the Other Governmental Funds increased \$601 thousand from \$1.0 million to \$1.6 million between FY21 and FY20. Equity in Pooled Cash and Cash equivalents increased \$838 thousand, while Restricted Cash and Cash equivalents decreased \$126 thousand. Accounts Receivable increased \$23 thousand and Due From Other Funds and Governments decreased \$135 thousand between FY20 and FY21.
- Total liabilities and deferred revenues of the Other Governmental Funds decreased by \$168 thousand to approximately \$115 thousand, a 59.40% decrease. Most of the decrease is attributed to a \$104 thousand decrease in Due to Other Funds and Governments due to end of year payoffs that were completed by year end.
- Other Governmental Funds includes Federal and State grants and Capital Projects Funds. The fund balance for these funds was \$760 thousand in FY20 and increased to \$1.5 million in FY21. This increase was mostly due to funds set aside for additional grant opportunity.

Budgetary Results of the General Fund

Revenues

Per page 91, General Fund taxes and business tax revenues were \$13.0 million, which was \$455 thousand, or 3.63% above the final budget. Ad Valorem Delinquent revenues were \$158 thousand, which was \$8 thousand, or 5.52% above budget. Penalty and interest were \$102 thousand, which was \$13 thousand, or 11.24% below budget, respectively. The City usually budgets these estimated revenues low to adjust for possible anomalies that might occur in the collection process. Sales Tax Revenue was \$5.7 million, which was \$551 thousand, or 10.7% above budget. Franchise tax revenue was \$882 thousand, which was \$117 thousand, or 15.25% higher than the final budget. These variances are the result of conservative budgeting and changes in the local economy. It is fortunate that the City of Kingsville practices conservative budgeting due to the pandemic that continues through today. This practice allowed actuals to come close to conservative budget estimates. Sales taxes had the highest increase which indicated that consumers shopped more locally during the pandemic.

Fines and Forfeitures revenue was less than the Final Budget for FY21 by \$98 thousand, or 12.53%. In FY21, there was \$42 thousand less budgeted for Fines revenue than in FY20. The budget was decreased due to decreased revenues and indications that smaller dockets and virtual court sessions would continue. Issues at the County jail continues as they are still not accepting Municipal Court defendants due to social distancing, sanitizing requirements, and staffing shortages. Revenues will continue to decline as long as the County jail continues to only accept serious offenders.

Total Charges for Sanitation Services revenues were \$4.11 million, which was \$61 thousand, or 1.46% less than the final budget. Sanitation Services Garbage Fees revenue was higher than the final budget by \$26 thousand, or 0.78% of the Final Budget for FY21. The Sanitation Services Landfill Fees revenue was less than the final budget by \$80 thousand, or about 9.51% for FY21.

Expenditures

City Administration Department

The City Commission expenditures were lower than the final budget by \$65 thousand or 37.86%. Commissioners were not able to travel as conferences were cancelled and a restoration project was put on hold due to the pandemic.

The City Manager expenditures were lower than the final budget by \$14 thousand or 5.0%. Travel expenses were less as many conferences were held virtually and other expenses were paired down.

City Special Services expenditures were lower than the final budget by \$38 thousand, or 5.73%. This favorable budget variance was mainly the result of a mural project delayed and savings on printing & publishing costs and credit card fees.

Overall, the City Administration Department was able to reduce expenditures by \$146 thousand or 10.21%.

Management Services Department

The Personnel Division expenditures were lower than the final budget by \$16 thousand or 4.12% due to lower costs associated with a wellness initiative that was put on hold. There were savings in supplies which included employee recognition, safety incentive and educational materials. Savings in services included training and travel with many conferences held virtually and less was spent on the health and wellness initiative.

Municipal Court expenditures were lower than the final budget by \$3 thousand or 0.96%. Expenditures for personnel decreased due to a staffing change.

Finance expenditures were lower than the final budget by \$3 thousand or 0.38%. Expenditures for communications and professional services decreased. As employees returned to the office, less remote services were needed.

Facilities expenditures were lower than the final budget by \$14 thousand or 3.18%. Expenditures for building maintenance decreased due to maintenance projects that were put on hold and several buildings had less traffic requiring less on-going maintenance.

Information Technology expenditures were higher than what was budgeted by \$24 thousand, or 4.52%. An unanticipated expenditure reclassification occurred towards the end of the fiscal year.

Overall, the Management Services Department expenditures were lower by \$12 thousand or 0.52%.

Legal Department

The Legal Department expenditures were lower by \$22 thousand, or 8.77%. Expenditures for contract attorney work decreased due to reduced Municipal Court dockets.

Urban Development Department

Planning expenditures were lower by \$72 thousand, or 28.74% due to a grant cash match set aside that was not needed as funding was not awarded.

Permits and Licenses expenditures were lower by \$500, or 0.33% due to reduce travel expenditures.

Code Compliance expenditures were lower than the final budget by \$16 thousand, or 4.06% due to a staffing change which affected personnel, supplies and services costs.

The Downtown Manager division expenditures were lower than the final budget by \$26 thousand, or 26.70% due to a change in personnel.

Overall, the Urban Development Department expenditures were lower by \$115 thousand or 12.80%.

Police Department

Police Department total expenditures were lower than the final budget by \$565 thousand, or 8.65%. Of this lower amount, \$294 thousand was related to Personal Services expenditures due to vacancies. Supplies were lower by \$7 thousand due to vacancies which resulted in lower gasoline usage, guns and ammunition needs and uniforms. Services were lower by \$32 thousand due to less travel and training and less costs to house inmates at the County jail as they were not accepting any local defendants due to COVID. Equipment Maintenance was lower by \$11 thousand due to less vehicle maintenance. Capital outlay expenditures were lower by \$221 thousand as these items were purchased through a tax note rather than a capital lease.

Fire Department

Fire Department total expenditures were lower than the final budget by \$155 thousand, or 4.32%. Personal Services expenditures for the Fire Department were \$70 thousand below budget due to vacancies, along with Supplies at \$5 thousand below budget due to lower costs of uniforms and personal protection items. Services were \$5 thousand below budget due to lower travel costs and Vehicle and Equipment Maintenance was \$2 thousand below budget due to services provided at a lower cost. Capital outlay expenditures were lower by \$74 thousand due to this item purchased through a tax note rather than a capital lease.

Volunteer Fire Department

Expenditures for the Volunteer Fire Department were \$23 thousand less than the final budget, or 45.24%. Usage of volunteers declined which resulted in lower costs across the board.

Public Works Department

Expenditures for the Public Works Administration division were \$5 thousand less than the final budget, or 8.97% due to vacancies. Training costs were reduced as some conferences were cancelled or postponed.

Garage expenditures were \$22 thousand less than the final budget, or 4.34% due to staffing shortages.

Sanitation expenditures were less than the final budget by \$973 thousand, or 41.88% mostly due to the initial capital lease payment budgeted that did not occur in FY 20-21.

Street total expenditures were lower than the final budget by \$130 thousand, or 4.26%. The majority of this came from lower building maintenance costs of \$77 thousand due to delays in work and \$40 thousand due to employee vacancies.

Landfill total expenditures were lower than the final budget by \$107 thousand, or 8.90%. Lower expenditures were due to lower professional services and state fees.

The Recycling Center total expenditures were lower than the final budget by \$3 thousand, or 5.31% due to a vacancy.

Overall, the Public Works Department expenditures were lower by \$1.2 million, or 17.23%.

Health Department

Health Department expenditures were lower than the final budget by \$37 thousand, or 5.26% due to reduced operations due to the pandemic.

Parks and Recreation Department

Total expenditures for the Parks and Recreation Department were lower than the final budget by \$105 thousand, or 9.42%. This division saw reductions in most categories due to reduced operations due to the pandemic.

Golf Course

Total expenditures for the Golf Course were lower than the final budget by \$82 thousand, or 11.31%. Most of the budget savings were due to lower building maintenance costs.

Total Revenues and Expenditures

General Fund total revenues, not including transfers-in, were \$20.73 million which is \$203 thousand, or 0.99% above the final budget. The General Fund expenditures not including transfers-out, came in at \$22.3 million, which is \$3.1 million or 12.06% below the final budget. Actual revenues were below expenditures by \$1.56 million, but it does not include Other Financing Sources of \$2.2 million.

Budget Amendments of the General Fund

The General Fund revenues budget was amended by an increase of \$18,216 from the following sources:

- General services fee budget was amended by \$13,616. This budget includes donations which are never budgeted prior to receiving the donation and other service fees budget which was amended by \$6,516.
- Other donations increased by \$4,600

Further information on the revenue amendments is detailed on page 85 of the Notes to the Financial Statement.

The General Funds comparison of expenditures from the Original Budget to the Final Budget overall change of \$633 thousand from the following sources::

The City Administration Department budget increased by \$109,835. Included in this overall department is:

- City Manager budget increased by \$300. There was a mid-year change in contract terms and a change to an operating lease.
- City Special budget changed by \$53,444 for increases in expenditures reimbursed by the Cares Act advance funding and an irrigation project.
- Economic Development budget changed by \$56,091 for increases in incentive agreement payments and salary accruals.

The Management Services Department budget changed by \$24,741. Included in this overall department is:

- Personnel budget changed by \$1,200 for hazard pay.
- Municipal Court budget changed by (\$1,125) due to assisting finance with additional costs. This division is part of Finance and is allowed to provide funding if necessary.
- Finance budget changed by (\$12,522) due to assisting Facilities additional costs. This division oversees Facilities and is allowed to provide funding if necessary.
- Facilities budget changed by \$28,059 due to additional maintenance costs.
- Information Technology budget changed by \$9,129 due to additional operating costs which includes COVID19 expenditures and hazard pay.

The Legal Department budget changed by \$600 due to hazard pay.

The Urban Development Department budget changed by \$24,511. Included in this overall department is:

- Planning changed by \$3,979 due to a purchase order that was carried over and hazard pay.
- Permits and Licenses changed by (\$318) due to reduction in salaries and wages due a vacancy.
- Community Appearance changed by \$19,211 due a mower purchase, hazard pay and funding for an additional cleanup event.
- The Downtown Manager budget changed by \$1,639 due to hazard pay and COVID related expenditures not covered by outside funding.

The Police department budget changed by \$171,163 due to hazard pay, donations for supply purchases, prior year purchase orders rolled over that were not completed, and additional overtime costs.

The Fire department changed by \$6,985 due to hazard pay.

The Public Works Department changed by \$120,883 which includes the following divisions:

- The Garage budget increased \$2,400 due to hazard pay.
- The Sanitation budget decreased (\$78,194) due to equipment that was budgeted through a capital lease but was secured through a tax note.
- The Street budget increased \$161,604 due to hazard pay and increases in all operational line items due to increased costs.
- The Landfill budget increased \$33,003 due to hazard pay, additional supplies and equipment and building maintenance.
- The Recycling budget increased \$2,070 due to hazard pay, additional travel and training costs and equipment maintenance.

The Health Department budget increased \$3,100 due to hazard pay.

The Parks and Recreation Department budget changed by \$58,804 due to hazard pay, donation expenditures, prior year rolled over purchase orders for items not received by prior year end, and additional health care costs.

The Golf Course Department budget changed by \$112,150 due to increase personnel costs due to staffing changes and hazard pay, and a greens maintenance project that was rolled over from the prior year.

Operating transfers-in increased by \$134,706 for coverage of hazard pay, incentive agreement payments and capital outlay funding source change.

Operating transfers-out increased by \$222,074 for grant cash matches, hazard pay coverage, tax not issuance costs, additional incentive agreement payments, and salary accruals.

Additional information on the City's Original Budget to Final Budget and Final Budget to Actual can be found on Exhibit B-1, pages 91-98. Further information on the expenditure amendments is detailed on pages 85-87 of the Notes to the Financial Statement.

Non-major Governmental Funds

Four special revenue funds comprise the portion of the financial statements found on pages 107-112. Total assets for the combined funds were \$1.64 million, total liabilities were \$115 thousand, and total fund balances were \$1.53 million, \$1.52 million in Restricted Fund Balance and \$5 thousand in Committed Fund Balance.

The Tourism Fund makes up 86.46% of the revenues of the special revenue funds. The main source of funding for the Tourism Fund is from Hotel/Motel Occupancy Taxes. Another significant portion, 10.08%, of these special funds are the Federal and State Grants. Each of the

special revenue funds are maintained separately because of special provisions for the receipt and expenditure of funds in compliance with Federal or State laws or regulations and the City's bond ordinances, or other City Commission actions.

CAPITAL ASSET AND DEBT ADMINISTRATION

Table A-3: Capital Assets (net of depreciation)
September 30, 2021 and 2020
(In thousands of dollars)

	Governmental Activities			Business-type Activities		
	2021	2020	% Change FY 20-21	2021	2020	% Change FY 20-21
Land	\$ 580	\$ 580	0.00%	\$ 595	\$ 595	0.00%
Building & improvements	7,962	7,739	2.89%	15,925	15,558	2.36%
Equipment	718	1,150	-37.54%	1,770	2,323	-23.81%
Vehicles	2,924	3,307	-11.59%	540	533	1.34%
Road network	5,561	5,805	-4.21%	-	-	0.00%
Construction in progress	511	260	96.54%	2,062	2,370	-13.00%
Total	<u>\$ 18,256</u>	<u>\$ 18,841</u>	-3.10%	<u>\$ 20,892</u>	<u>\$ 21,379</u>	-2.28%

In the Notes to the Financial Statements located on pages 71-72, the City has invested \$109.0 million (before depreciation) in a broad range of capital assets, including police and fire equipment, buildings, park facilities, roads and bridges, and its utility system.

TABLE A-3: Governmental Activities

Construction in progress increased \$251 thousand from \$260 thousand in FY20 to \$511 thousand in FY21 with the on-going projects funded with Certificates of Obligation. As projects are started, construction in progress will continue to increase until project completion.

TABLE A-3: Business-type Activities

Building and improvements, net of depreciation, increased \$367 thousand from \$15.6 million in FY20 to \$15.9 million in FY21, or 2.36% net of accumulated depreciation. Equipment decreased \$553 thousand from \$2.3 million in FY20 to \$1.8 million in FY21, or 23.81%. Construction in progress decreased \$308 thousand from \$2.37 million in FY20 to \$2.06 million in FY21, or 13.0% indicating construction projects remained uncompleted.

Additional information on the City's Capital Assets can be found on Note E, pages 71-72 of the Notes to the Financial Statements.

Table A-4: Long-Term Liabilities
September 30, 2021 and 2020
(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Certificates of obligation	\$ 5,325	\$ 5,879	\$ 3,358	\$ 3,166	\$ 8,683	\$ 9,045
Limited tax refunding bonds	3,545	3,011	8,520	6,609	12,065	9,620
Premium on bonds payable	500	526	557	461	1,057	987
Capital Leases	526	692	1,160	1,416	1,686	2,108
Total debt	<u>9,896</u>	<u>10,108</u>	<u>13,595</u>	<u>11,652</u>	<u>23,491</u>	<u>21,760</u>
Net pension liability	91	949	13	162	104	1,111
Landfill closure cost	0	0	1,821	1,781	1,821	1,781
Compensated absences	1,143	1,125	87	87	1,230	1,212
OPEB Liability	732	620	198	163	930	783
Total long-term debt	<u>\$ 11,862</u>	<u>\$ 12,802</u>	<u>\$ 15,714</u>	<u>\$ 13,845</u>	<u>\$ 27,576</u>	<u>\$ 26,647</u>

Table A-4 indicates that total long-term debt increased by \$929 thousand from FY20 to FY21, or 3.49%. Of that, landfill closure costs increased \$40 thousand, or 2.24%, while compensated absences increased 1.49% and other post-employment costs increased \$147 thousand or 18.77%. Total debt outstanding at fiscal year-end was \$27.6 million, from \$26.6 million for the prior year.

In addition, there were overall reductions of \$362 thousand in certificates of obligation bonds and revenue bonds (Combined Utility System) through scheduled principal payments and a refunding. Governmental Activities' certificate of obligations had a \$554 thousand debt decrease and the Business-type activities had an increase of \$192 thousand. Additional information on the City's Long-Term Obligations can be found on Note G, Item # 1-3, and pages 74-77 of the Notes to the Financial Statements.

Ad Valorem Taxes

The FY21 tax rates were \$0.70027 for the General Fund and \$0.15181 for the Debt Service Fund, totaling \$0.85208 per \$100 of assessed value. Therefore, the City's tax margin of \$1.64792 per \$100 of assessed value could increase taxes \$14.7 million on each year based on the assessed value of \$889,415,464. A brief discussion of the ad valorem tax limitations of the Constitution of the State of Texas and the City Charter are found in Note A Item #4b, page 64 of the Notes to the Financial Statements.

Bond Ratings

The underlying credit rating on outstanding bonds is A+ from Standard & Poor's Global Ratings Service (S&P). The City no longer has revenue bonds outstanding, and therefore does not maintain revenue bond ratings.

FISCAL YEAR 2021-2022 ADOPTED OPERATING BUDGET

The total Revenues and Expenditures adopted for the FY21-22 budget are \$102,610,460 and \$103,196,540, respectively. The \$586,000 thousand difference between expenditures and revenues is due mostly to drawing down fund balances to complete capital projects, the largest portion of which are for projects financed by Certificates of Obligation (C.O.'s). The operating budgets and capital project budgets are combined, and C.O. fund balances are not re-appropriated which leads to a higher difference.

Budget Overview

The management practices employed, and the recommendations put forth in the Budget are intended to improve resident satisfaction with city services consistent with City commission goals. The City's General Fund is the largest and most diverse fund in terms of total budgeted dollars and scope of services to residents. The General Fund 001 budget is required to maintain reserves equal to 25% of budgeted expenditures for the subsequent year. Reserve requirements are \$5,594,782, and our ending estimated fund balance is \$5,935,437, leaving a projected operating surplus of \$340,644 over the required minimum of \$5.6 million.

The net deficits for FY20 and FY21 are not generally attributed to the City's basic operations resulting instead from planned expenditures and draw down of bond proceeds (Certificates of Obligation) and accumulated operating surpluses from previous years.

General Discussion

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

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

Other Postemployment Benefits (OPEB)

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

Compensation Plan and Personnel Adjustments

FY22 expenditures for personnel services are proposed to increase \$1.73 million or 9.11% from actual expenditures of \$18,984,004 in FY21 to \$20,713,768 of budgeted expenditures in FY22. This increase is attributed to a 3% cost of living increase for all non-civil service employees, an increased longevity payment for all non-civil service employees. All positions are budgeted at 100% regardless of prior year vacancies.

Capital Outlays

City staff capital outlay requests for FY22 totaled \$11,563,329; of which \$5,026,669 was approved. The capital outlay items approved promotes employee efficiency, effectiveness, and safety and is a combination of large and small items. It includes:

- \$25,000 Planning Master Plan
- \$4,066 Note payment for Ford F250 regular cab truck
- \$5,000 Police Department small conference room conversion
- \$17,019 Note payment for (3) Police vehicles
- \$10,665 License plate reader system
- \$6,000 1234yf A/C recovery machine for Garage
- \$65,412 Note payment for street excavator
- \$16,447 Note payment for street pneumatic roller
- \$8,721 Note payment for street bobcat skid steer
- \$29,282 Train Depot building improvements
- \$11,000 Train Depot AC repairs
- \$150,000 Visitor Center parking lot
- \$11,252 Note payment Water Construction Vac-Tron Vacuum Excavator
- \$6,816 Note payment Case CX26B mini excavator for Water Construction
- \$13,504 Slope mower arm assembly/rotary deck
- \$66,052 Note payment for 2100i vactor truck for WW Sewer Construction
- \$20,663 R121 Data Receiver
- \$74,497 (3) ½ Ton Trucks – Water Construction
- \$32,474 Ford F250 crew cab truck
- \$29,362 318G John Deere skid steer
- \$76,962 Caterpillar 816 wheeled trash compactor for Landfill
- \$12,674 Post & cables for all city parks
- \$650,000 High speed turbo Sulzer blower
- \$600,000 North Plant headworks grit system
- \$450,000 High speed turbo Sulzer blower
- \$634,089 Grit system overflow
- \$69,700 Centrisys mobile centrifuge
- \$25,639 Ford F250 Regular cab truck for Code Compliance
- \$485,382 Wheeled trash compactor for Landfill
- \$193,199 (3) Police Chevy Tahoes
- \$103,727 Street pneumatic roller
- \$55,000 Street skid steer
- \$412,533 Street excavator

CITY'S FINANCIAL MANAGEMENT

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

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

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King'sville
TEXAS

CITY OF KINGSVILLE
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

EXHIBIT A-1

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 8,448,332	\$ 1,916,168	\$ 10,364,500
Equity in pooled cash and cash equivalents	7,547,122	5,921,483	13,468,605
Receivables (net of allowances for uncollectibles):			
Taxes	1,799,761	--	1,799,761
Accounts	527,687	1,651,175	2,178,862
Internal balances	24,994	(24,994)	--
Due from other governments	508,133	--	508,133
Inventory, at cost	499,201	571,938	1,071,139
Restricted assets:			
Cash and cash equivalents	2,158,670	5,473,429	7,632,099
Equity in pooled cash and cash equivalents	1,387,917	--	1,387,917
Accounts receivable	--	72,985	72,985
Long-term assets:			
Land and construction in progress	1,081,347	2,656,483	3,747,830
Capital assets, net of related depreciation	17,164,852	18,235,144	35,399,996
Total Assets	<u>41,158,016</u>	<u>36,473,811</u>	<u>77,631,827</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on Refundig	50,193	43,373	93,566
Deferred outflow related to pensions	696,111	118,910	815,021
Deferred outflow related to OPEB	75,355	22,671	98,026
Total Deferred Outflows of resources	<u>821,659</u>	<u>184,954</u>	<u>1,006,613</u>
LIABILITIES			
Accounts payable	1,387,876	460,631	1,848,507
Accrued wages payable	164,935	32,435	197,370
Payable from restricted assets:			
Accrued interest payable	48,976	61,383	110,359
Customer deposits	782,967	906,782	1,689,749
Due to:			
Other governments	276,670	--	276,670
Others	448	--	448
Liabilities due within one year:			
Accumulated unpaid compensated absences	576,680	38,500	615,180
Leases payable	203,739	264,033	467,772
Contractual obligations payable	1,360,101	1,290,899	2,651,000
Liabilities due beyond one year:			
Accumulated unpaid compensated absences	566,257	47,964	614,221
Leases payable	322,351	896,244	1,218,595
OPEB liability	731,840	198,244	930,084
Contractual obligations payable	8,009,399	11,144,516	19,153,915
Net pension liability	75,175	12,842	88,017
Landfill closure costs	--	1,821,015	1,821,015
Total Liabilities	<u>14,507,414</u>	<u>17,175,488</u>	<u>31,682,902</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	2,011,440	343,601	2,355,041
Deferred inflows of resources related to OPEB	382,390	95,920	478,310
Other deferred inflows of resources	1,612,944	1,644,223	3,257,167
Total Deferred Inflows of Resources	<u>4,006,774</u>	<u>2,083,744</u>	<u>6,090,518</u>
NET POSITION:			
Net Investment in Capital Assets	9,712,649	9,456,955	19,169,604
Restricted For:			
Federal and State Programs	1,748,103	--	1,748,103
Debt Service	805,664	--	805,664
Capital Projects	29,017	2,503,844	2,532,861
Municipal Court Security	22,708	--	22,708
Law Enforcement	1,117,724	--	1,117,724
Municipal Court Technology	40,656	--	40,656
Tourism	535,059	--	535,059
Unrestricted	9,453,907	5,438,734	14,892,641
Total Net Position	<u>\$ 23,465,487</u>	<u>\$ 17,399,533</u>	<u>\$ 40,865,020</u>

The accompanying notes are an integral part of this statement.

CITY OF KINGSVILLE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government			
General government and administration	\$ 4,534,741	\$ 417,217	\$ 378,420
Public safety	8,565,107	1,297,364	253,082
Public works	3,588,399	822,553	--
City/County	2,515,339	472,948	723,575
Tourism	415,224	13,513	--
Interest on long-term debt	185,474	--	--
Total Government Activities	<u>19,804,284</u>	<u>3,023,595</u>	<u>1,355,077</u>
Business-type Activities:			
Water Improvement	4,629,416	4,995,788	507,183
Stormwater	1,188	401,508	--
Solid waste	2,815,547	4,120,239	--
Wastewater	2,899,735	4,578,835	--
Total Business-type Activities	<u>10,345,886</u>	<u>14,096,370</u>	<u>507,183</u>
Total Primary Government	<u>\$ 30,150,170</u>	<u>\$ 17,119,965</u>	<u>\$ 1,862,260</u>

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

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position

<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
\$ (3,739,104)		\$ (3,739,104)
(7,014,661)		(7,014,661)
(2,765,846)		(2,765,846)
(1,318,816)		(1,318,816)
(401,711)		(401,711)
(185,474)		(185,474)
<u>(15,425,612)</u>		<u>(15,425,612)</u>
--	\$ 873,555	873,555
--	400,320	400,320
--	1,304,692	1,304,692
--	1,679,100	1,679,100
--	4,257,667	4,257,667
<u>(15,425,612)</u>	<u>4,257,667</u>	<u>(11,167,945)</u>
7,634,770	--	7,634,770
5,704,000	--	5,704,000
881,639	--	881,639
54,035	--	54,035
609,475	--	609,475
31,377	6,420	37,797
70,797	--	70,797
24,381	--	24,381
3,386,814	(3,386,814)	--
<u>18,397,288</u>	<u>(3,380,394)</u>	<u>15,016,894</u>
2,971,676	877,273	3,848,949
20,493,811	16,522,260	37,016,071
<u>\$ 23,465,487</u>	<u>\$ 17,399,533</u>	<u>\$ 40,865,020</u>

CITY OF KINGSVILLE

BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

	General Fund	Police Forfeiture Fund
ASSETS		
Assets:		
Cash and cash equivalents	\$ 4,312,601	\$ 1,121,036
Equity in pooled cash and cash equivalents	8,646,518	--
Receivables (net of allowances for uncollectibles):		
Taxes	1,670,325	--
Accounts	766,246	--
Assessments	59,824	--
Due from:		
Other funds	320,064	--
Other governments	34,450	--
Inventory, at cost	478,980	--
Restricted assets:		
Cash and cash equivalents	41,956	782,967
Equity in pooled cash and cash equivalents	1,286,806	41,350
Accounts	72,985	--
Total Assets	<u>\$ 15,690,755</u>	<u>\$ 1,945,353</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND EQUITY		
Liabilities:		
Accounts payable	\$ 615,018	\$ 7,808
Accrued wages payable	162,036	--
Payable from restricted assets:		
Customer deposits	--	782,967
Due to:		
Other funds	259,660	5,217
Other governments	275,574	--
Others	448	--
Total Liabilities	<u>1,313,736</u>	<u>795,992</u>
Deferred Inflows of Resources:		
Deferred revenue	586,291	--
Total Deferred Inflows of Resources	<u>586,291</u>	<u>--</u>
Equity:		
Fund balances:		
Nonspendable:		
Inventory	478,980	--
Restricted:		
Debt service	--	--
Capital outlay	--	--
Municipal court building security	22,708	--
Municipal court technology	--	40,656
Law enforcement	--	1,108,705
Tourism	--	--
Federal and state programs	--	--
Committed:		
Landfill	1,828,878	--
Street maintenance	317,139	--
Park maintenance	43,789	--
JK Northway project	557,000	--
Sanitation capital outlay	608,920	--
Capital outlay	1,265	--
Assigned:		
Unassigned:	9,932,049	--
Total Equity	<u>13,790,728</u>	<u>1,149,361</u>
Total Liabilities, Deferred Inflows of Resources, and Equity	<u>\$ 15,690,755</u>	<u>\$ 1,945,353</u>

The accompanying notes are an integral part of this statement.

EXHIBIT A-3

Federal Grants	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
\$ --	\$ 103,137	\$ 575	\$ 5,537,349
1,392,581	--	1,165,918	9,205,017
--	129,436	--	1,799,761
--	5	64,540	830,791
--	--	--	59,824
--	--	--	320,064
467,343	--	6,340	508,133
--	--	20,221	499,201
--	657,797	386,304	1,869,024
--	--	--	1,328,156
--	--	--	72,985
<u>\$ 1,859,924</u>	<u>\$ 890,375</u>	<u>\$ 1,643,898</u>	<u>\$ 22,030,305</u>
\$ 113,821	\$ --	\$ 65,770	\$ 802,417
--	--	2,899	164,935
--	--	--	782,967
--	356,669	1,477	623,023
--	--	96	276,670
--	--	--	448
<u>113,821</u>	<u>356,669</u>	<u>70,242</u>	<u>2,650,460</u>
1,568,175	129,436	44,769	2,328,671
<u>1,568,175</u>	<u>129,436</u>	<u>44,769</u>	<u>2,328,671</u>
--	--	--	478,980
--	404,270	--	404,270
--	--	81,309	81,309
--	--	--	22,708
--	--	--	40,656
--	--	19	1,108,724
--	--	535,059	535,059
177,928	--	907,500	1,085,428
--	--	--	1,828,878
--	--	--	317,139
--	--	5,000	48,789
--	--	--	557,000
--	--	--	608,920
--	--	--	1,265
--	--	--	9,932,049
<u>177,928</u>	<u>404,270</u>	<u>1,528,887</u>	<u>17,051,174</u>
<u>\$ 1,859,924</u>	<u>\$ 890,375</u>	<u>\$ 1,643,898</u>	<u>\$ 22,030,305</u>



King'sville
TEXAS

CITY OF KINGSVILLE
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2021**

Total fund balances - governmental funds balance sheet	\$ 17,051,174
Amounts reported for governmental activities in the Statement of Net Position ("SNP") are different because:	
Capital assets used in governmental activities are not reported in the funds.	18,256,199
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	605,202
The assets and liabilities of internal service funds are included in governmental activities in the SNP.	2,389,485
Payables for bond principal which are not due in the current period are not reported in the funds.	(8,869,769)
Payables for capital leases which are not due in the current period are not reported in the funds.	(526,090)
Payables for bond interest which are not due in the current period are not reported in the funds.	(48,976)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(1,142,937)
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds.	50,193
Solid waste assets & liabilities are included in the general fund but are in business activities in SNP.	(1,369,885)
Recognition of the City's proportionate share of the net pension liability is not reported in the funds.	(75,175)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(2,011,440)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	696,111
Bond premiums are amortized in the SNA but not in the funds.	(499,731)
Recognition of the City's proportionate share of the net OPEB liability is not reported in the funds.	(731,840)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.	(382,390)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.	75,356
Net position of governmental activities - Statement of Net Position	\$ <u>23,465,487</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, 2021

	General Fund	Police Forfeiture Fund
Revenue:		
Taxes	\$ 12,981,587	\$ --
Licenses and permits	255,995	--
Charges for services	6,150,818	--
Fines and forfeitures	682,695	14,608
Special assessments	4,176	--
Interest and miscellaneous	50,326	1,249
Gain or loss on sale of property	70,797	--
Donations	24,381	--
Intergovernmental revenue	506,515	--
Federal and state grants	--	--
Total Revenues	<u>20,727,290</u>	<u>15,857</u>
Expenditures:		
Current:		
General government and administration	4,650,414	6,131
Public safety	9,413,666	95,268
Public works	5,907,837	--
City/County	2,318,742	--
Tourism	--	--
Debt service:		
Principal retired	--	--
Interest	--	--
Paying agent fees	--	--
Total Expenditures	<u>22,290,659</u>	<u>101,399</u>
Excess (deficiency) of revenues (under) expenditures	(1,563,369)	(85,542)
Other Financing Sources (Uses):		
Transfers in	1,408,120	--
Transfers out	(548,144)	--
Payment to refunding bonds escrow agent	--	--
Bond issuance premium	--	--
Issuance of debt	1,310,000	--
Issuance of debt-refunding bonds	--	--
Lease proceeds	32,229	--
Total Other Financing Sources (Uses)	<u>2,202,205</u>	<u>--</u>
Net Change in Fund Balances	638,836	(85,542)
Fund Balances/Equity, October 1	13,151,892	1,234,903
Fund Balances/Equity, September 30	<u>\$ 13,790,728</u>	<u>\$ 1,149,361</u>

The accompanying notes are an integral part of this statement.

Federal Grants	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
\$ --	\$ 1,358,959	\$ 608,397	\$ 14,948,943
--	--	--	255,995
--	--	14,592	6,165,410
--	--	--	697,303
--	--	--	4,176
--	591	1,434	53,600
--	--	--	70,797
--	--	25,000	49,381
33,137	--	--	539,652
717,650	--	72,775	790,425
<u>750,787</u>	<u>1,359,550</u>	<u>722,198</u>	<u>23,575,682</u>
478,572	32,244	35,000	5,202,361
148,791	--	97,756	9,755,481
--	--	--	5,907,837
360,901	--	--	2,679,643
--	--	410,502	410,502
--	1,371,163	--	1,371,163
--	260,980	--	260,980
--	1,558	--	1,558
<u>988,264</u>	<u>1,665,945</u>	<u>543,258</u>	<u>25,589,525</u>
(237,477)	(306,395)	178,940	(2,013,843)
160,934	48,029	938,350	2,555,433
(57)	--	(93,615)	(641,816)
--	(771,750)	--	(771,750)
--	61,008	--	61,008
--	--	--	1,310,000
--	754,950	--	754,950
--	--	--	32,229
<u>160,877</u>	<u>92,237</u>	<u>844,735</u>	<u>3,300,054</u>
(76,600)	(214,158)	1,023,675	1,286,211
254,528	618,428	505,212	15,764,963
<u>\$ 177,928</u>	<u>\$ 404,270</u>	<u>\$ 1,528,887</u>	<u>\$ 17,051,174</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, 2021**

Net change in fund balances - total governmental funds \$ 1,286,211

Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:

Capital outlays are not reported as expenses in the SOA.	948,982
The depreciation of capital assets used in governmental activities is not reported in the funds.	(1,534,076)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(66,101)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	2,084,870
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	198,283
Amortization of deferred resource inflows and outflows are amortized in the SOA but not in the funds.	66,282
(Increase) decrease in accrued interest from beginning of period to end of period.	20,794
The net revenue (expense) of internal service funds is reported with governmental activities.	1,170,218
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(17,541)
Solid waste activities are included in the general fund but are included in business activities in the SOA.	(150,487)
Proceeds of bonds do not provide revenue in the SOA, but are reported as current resources in the funds.	(2,064,950)
Bond premiums are reported in the funds but not in the SOA.	(61,008)
Proceeds of leases do not provide revenue in the SOA, but are reported as current resources in the funds.	(32,229)
Pension contributions made after the measurement date but in current FY were de-expended & reduced NPL.	783,278
The City's share of the unrecognized deferred inflows and outflows for the pension plan was amortized.	286,313
OPEB contributions made after the measurement date but in current FY were de-expended & reduced NPL.	52,836

Change in net position of governmental activities - Statement of Activities \$ 2,971,676

The accompanying notes are an integral part of this statement.

CITY OF KINGSVILLE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2021

	Enterprise Fund	Nonmajor Internal Service Fund
	Utility Fund	Insurance Fund
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,712,605	\$ 2,001,753
Equity in pooled cash and cash equivalents	4,971,428	594,103
Receivables (net of allowances for uncollectibles):		
Accounts	1,286,625	112,147
Due from:		
Other funds	41,821	327,953
Inventory, at cost	571,938	--
Restricted assets - noncurrent:		
Cash and cash equivalents	5,633,689	--
Total current assets	<u>14,218,106</u>	<u>3,035,956</u>
Noncurrent assets:		
Capital assets:		
Land	181,743	--
Utility plant	44,961,243	--
Equipment	3,590,029	--
Vehicles	2,374,450	--
Construction in progress	331,975	--
Total capital assets	51,439,440	--
Less accumulated depreciation	(35,787,607)	--
Net capital assets	15,651,833	--
Total noncurrent assets	15,651,833	--
Total Assets	<u>29,869,939</u>	<u>3,035,956</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflow related to pensions	118,910	--
Deferred outflow related to OPEB	15,425	--
Deferred Loss on Refunding	43,373	--
Total Deferred Outflows of Resources	<u>\$ 177,708</u>	<u>\$ --</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 409,913	\$ 646,471
Accrued wages payable	32,435	--
Due to:		
Other funds	66,815	--
Accumulated unpaid compensated absences	38,500	--
Current liabilities payable from restricted assets:		
Accrued interest payable	49,534	--
Leases payable	71,356	--
Contractual obligations payable	1,290,899	--
Customer deposits	906,782	--
Total current liabilities	<u>2,866,234</u>	<u>646,471</u>
Long-term liabilities, net of current portion:		
Accumulated unpaid compensated absences	47,964	--
OPEB liability	142,404	--
Leases payable	395,682	--
Contractual obligations payable	11,144,513	--
Net pension liability	12,842	--
Total long-term liabilities, net of current portion	<u>11,743,405</u>	<u>--</u>
Total Liabilities	<u>14,609,639</u>	<u>646,471</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow related to pensions	343,601	--
Deferred inflow related to OPEB	65,678	--
Other Deferred inflows	1,644,223	--
Total Deferred Inflows of Resources	<u>2,053,502</u>	<u>--</u>
NET POSITION		
Net investment in capital assets	4,910,405	--
Restricted for:		
Self insurance	--	2,389,485
Capital outlay	315,906	--
Unrestricted	8,158,195	--
Total Net Position	<u>\$ 13,384,506</u>	<u>\$ 2,389,485</u>

The accompanying notes are an integral part of this statement.

CITY OF KINGSVILLE**EXHIBIT A-7R****RECONCILIATION OF THE PROPRIETARY FUND STATEMENT OF NET POSITION
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
SEPTEMBER 30, 2021**

Utility Fund Net Position - Proprietary Funds Statement of Net Position	\$	13,384,506
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Amounts reported for business-type activities in the statement of net position are different because:

Solid Waste is a business-type activity that is included in the general fund. Assets and liabilities relating to Solid Waste are included in business-type activities in the government-wide statement of net position	3,971,825
--	-----------

Assets and liabilities of certain internal service funds are included in business type activities in the SNP.	<u>43,202</u>
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Net Position of Business-type Activities - Statement of Net Position	\$	<u><u>17,399,533</u></u>
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The accompanying notes are an integral part of this statement.

CITY OF KINGSVILLE**STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Enterprise Fund	Nonmajor Internal Service Fund
	Utility Fund	Insurance Fund
OPERATING REVENUES:		
Water	\$ 4,920,063	\$ --
Other income	--	1,359
Wastewater	5,056,068	--
Insurance premiums	--	4,447,849
Intergovernmental revenue	370,861	--
Federal Revenue	136,322	--
Total Operating Revenues	<u>10,483,314</u>	<u>4,449,208</u>
OPERATING EXPENSES:		
Personal services	2,973,110	--
Supplies	446,783	--
Services	1,878,229	3,346,995
Maintenance	795,564	--
Uncollectable accounts	225,711	--
Depreciation and amortization	981,422	--
Total Operating Expenses	<u>7,300,819</u>	<u>3,346,995</u>
Operating Income (Loss)	<u>3,182,495</u>	<u>1,102,213</u>
NON-OPERATING REVENUES (EXPENSES):		
Interest	6,225	--
Interest and fiscal agent charge	(229,520)	--
Total Non-operating Revenues (Expenses)	<u>(223,295)</u>	<u>--</u>
Net Income (Loss) before Transfers	<u>2,959,200</u>	<u>1,102,213</u>
TRANSFERS IN (OUT):		
Transfers In	346,569	68,005
Transfers Out	(2,328,190)	--
Total Transfers In (Out)	<u>(1,981,621)</u>	<u>68,005</u>
Net Income (Loss)	<u>977,579</u>	<u>1,170,218</u>
Net Position, October 1	12,406,927	1,219,267
Net Position, September 30	<u>\$ 13,384,506</u>	<u>\$ 2,389,485</u>

The accompanying notes are an integral part of this statement.

CITY OF KINGSVILLE**EXHIBIT A-8R**

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS TO
THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021*

Change in net position - utility fund

\$ 977,579

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.

(100,306)

Change in net position of Business-type activities - statement of activities

\$ 877,273

The accompanying notes are an integral part of this statement.

CITY OF KINGSVILLE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Utility Fund	Internal Service Fund
Cash Flows from Operating Activities:		
Cash received from customers	\$ 9,686,079	\$ --
Cash receipts (payments) for interfund services provided and used	--	4,533,191
Cash received from other governments	2,148,872	--
Cash payments to employees for services	(3,159,850)	--
Cash payments to other suppliers for goods and services	(3,352,332)	(3,154,447)
Net Cash Provided (Used) by Operating Activities	<u>5,322,769</u>	<u>1,378,744</u>
Cash Flows from Non-capital Financing Activities:		
Proceeds (payments) from (for) interfund borrowings	(2,693)	214,495
Transfers from other funds	346,569	68,005
Transfers (to) other funds	(2,328,190)	--
Net Cash Provided (Used) by Non-capital Financing Activities	<u>(1,984,314)</u>	<u>282,500</u>
Cash Flows from Capital and Related Financing Activities:		
Principal and interest paid	(4,405,402)	--
Proceeds from issuance of refunding bonds	2,840,050	--
Proceeds from bond premiums	3,358,000	--
Proceeds from capital leases	155,444	--
Acquisition or construction of capital assets	(946,202)	--
Net Cash Provided (Used) for Capital & Related Financing Activities	<u>1,000,890</u>	<u>--</u>
Cash Flows from Investing Activities:		
Interest and dividends on investments	6,224	--
Net Cash Provided (Used) for Investing Activities	<u>6,224</u>	<u>--</u>
Net Increase (Decrease) in Cash and Cash Equivalents	4,345,569	1,661,244
Cash and Cash Equivalents at Beginning of Year	7,972,153	934,612
Cash and Cash Equivalents at End of Year	<u>\$ 12,317,722</u>	<u>\$ 2,595,856</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$ 3,182,495	\$ 1,102,213
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation	981,422	--
Provision for uncollectible accounts	225,711	--
Change in Assets and Liabilities:		
Decrease (increase) in receivables	(313,558)	83,983
Decrease (increase) in inventories	(167,481)	--
Increase (decrease) in accounts payable	(64,275)	192,548
Increase (decrease) in deferred inflows	3,451	--
Increase (decrease) in accrued wages payable	7,767	--
Increase (decrease) in deferred inflow related to other post employment benefits	(40,773)	--
Increase (decrease) in net pension liability	(149,258)	--
Increase (decrease) in OPEB liability	24,919	--
Increase (decrease) in deferred inflow related to pension	(32,772)	--
Increase (decrease) in deferred inflow related to ARP grant	1,568,175	--
Increase (decrease) in other deferred inflows	73,514	--
Increase (decrease) in accumulated compensated absences	(74)	--
Increase (decrease) in customer deposits	23,506	--
Total Adjustments	<u>2,140,274</u>	<u>276,531</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 5,322,769</u>	<u>\$ 1,378,744</u>

The accompanying notes are an integral part of this statement.

CITY OF KINGSVILLE
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2021

	Custodial Fund
	Court Cash Bond Account
ASSETS	
Assets:	
Cash and cash equivalents	\$ 24,304
Total Assets	<u>\$ 24,304</u>
LIABILITIES AND EQUITY	
Net Position:	
Fund balances:	
Restricted for Municipal Court Bonds	\$ 24,304
Total Net Position	<u>24,304</u>
Total Liabilities and Net Position	<u>\$ 24,304</u>

The accompanying notes are an integral part of this statement.

CITY OF KINGSVILLE

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Custodial Funds
ADDITIONS:	
Municipal Court Bonds	\$ 25,094
Total Additions	<u>25,094</u>
DEDUCTIONS:	
Payment of Municipal Court Bonds	<u>31,746</u>
Total Deductions	<u>31,746</u>
Change in Fiduciary Net Position	(6,652)
Net Position-Beginning of the Year	~
Prior Period Adjustment	30,956
Net Position-End of the Year	<u>\$ 24,304</u>

CITY OF KINGSVILLE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

A. Reporting Entity and Summary of Significant Accounting Policies

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

The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of these Notes. The remainder of the Notes is organized to provide explanations, including required disclosures, on the City's financial activities for the fiscal year ended September 30, 2021.

1. Reporting Entity

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

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

a. Blended Component Units

The City did not have a Blended Component Unit at September 30, 2021.

b. Discretely Presented Component Unit

The City did not have a Discretely Presented Component Unit at September 30, 2021.

c. Related Organizations and Jointly Governed Organizations

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

CITY OF KINGSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

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

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

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

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

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

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

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

CITY OF KINGSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

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

The City reports the following major governmental funds:

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

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

Federal Grants Fund. This fund is used to account for federal grant receipts and related expenditures

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

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

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

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

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

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

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

CITY OF KINGSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

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

3. Implementation of New Standards

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

GASB Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities for all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The City will implement this Statement in fiscal year 2021.

GASB Statement No. 87, *Leases*, increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The City will implement this Statement in fiscal year 2022. (Postponed by 18 months by GASB in light of the COVID-19 pandemic).

GASB Statement No. 89, *Accounting for Interest Cost*, enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged. The City will implement this Statement in fiscal year 2022, if applicable. (Postponed by 1 year by GASB in light of the COVID-19 pandemic).

GASB Statement No. 90, *Majority Equity Interests*, improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. This Statement has no effect on the City's financial statements.

GASB Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related disclosures. The requirements of this Statement become effective for reporting periods ending December 31, 2022.

CITY OF KINGSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

GASB Statement No. 92, Omnibus 2020, addresses a variety of topics to enhance comparability in accounting and financial reporting, and to improve consistency of authoritative literature by addressing issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement become effective for reporting periods ending June 30, 2022.

GASB Statement No. 93, Replacement of Interbank Offered Rates, addresses accounting and financial reporting implications that result from the replacement of an Interbank Offered Rate on variable payments made or received. Paragraph 11b will become effective for reporting periods ending after December 31, 2021, and paragraphs 13 and 14 will become effective for financial statements starting with the fiscal year that ends June 30, 2022.

GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). It also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The requirements of this Statement will become effective for financial statements starting with the fiscal year ending June 30, 2023.

GASB Statement No. 96, Subscription-Based Information Technology Arrangements, provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. This Statement becomes effective for financial statements starting with the fiscal year ending June 30, 2023.

GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - An amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32, 1) increases consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform, 2) mitigates costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans as fiduciary component units in fiduciary fund financial statements; and 3) enhances the relevance, consistency, and comparability of the deferred accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement become effective for financial statements starting with the fiscal year ending June 30, 2022.

GASB Statement No. 98, The Annual Comprehensive Financial Report, establishes the term "annual comprehensive financial report" and its acronym ACFR to replace instances of "comprehensive annual financial report" and its acronym in generally accepted accounting principles for state and local governments. The City has implemented this Statement in the current year.

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

4. Financial Statement Amounts

a. Equity in Pooled Cash and Cash Equivalents

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

CITY OF KINGSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

b. Real Property and Sales Taxes

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

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

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

In order to obtain approval of its general obligation bonds by the Attorney General of the State, a satisfactory showing of adequate taxing power must be made. As a general rule, the Attorney General will not approve new bonds if this will make the net debt exceed twenty-five percent of the assessed value. The 2020 tax rate was \$.85208, of which \$.70027 was distributed to the General Fund and \$.15181 was applied to the Debt Service Fund. Using the twenty-five percent rule, the City's legal margin is \$263,886,103.

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

The top ten taxpayers are as follows:

Taxpayer Name	Nature of Operations	Assessed Valuation	% of Total Taxable Valuation
AEP Texas Inc.	Electric Utility	21,017,700	2.39%
KL Phase 1 Owner LTD	Apartments	13,351,850	1.52%
Rockstar Oak Tree LLC	Apartments	9,091,130	1.03%
Apexone Javelina LLC	Apartments	8,174,470	0.93%
Kingspointe- Victoria LLC	Apartments	7,866,000	0.89%
Alpha Lake LTD	Apartments	7,060,000	0.80%
KL Phase II Owner LTD	Apartments	6,873,790	0.78%
HEB Grocery Inc	Retail	6,513,682	0.74%
Wal-Mart Stores Inc #01-0442	Retail	6,351,380	0.72%
Wal-Mart Stores Texas, LLC US00442	Retail	6,160,420	0.70%

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.

CITY OF KINGSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

d. Use of Estimates

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

e. Capital Assets

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

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

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

Impairment losses related to capital assets are recognized and measured when there has been a significant, unexpected decline in the service utility of capital assets. The events or changes in circumstances which lead to impairment determinations are not considered to be normal or ordinary. The service utility of a capital asset is the usable capacity which, at acquisition, was expected to be used or provide service. Common indicators of impairment include - evidence of physical damage where the level of damage is such that restoration efforts are needed to restore service utility; enactment of laws or approval of regulations as well as changes in environmental factors; technological developments, or other evidence of obsolescence; changes in the manner of duration of use of capital assets; or construction stoppage due to lack of funding. There were no impairment charges during fiscal year 2021.

f. Receivable and Payable Balances

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

g. Deferred Inflows and Outflows

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

CITY OF KINGSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Deferred outflows of resources in the Statement of Net Position totaled \$1,006,613, of which \$821,659 is in governmental activities and \$184,954 in business-type activities.

There were deferred inflows of resources in the Statement of Net Position of \$6,090,518 of which \$4,006,774 is in governmental activities, and \$2,083,744 is in business-type activities.

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

h. Restricted Assets

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

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

i. Long-term Obligations

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

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

j. Pension Plans

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

k. Fund Equity

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

CITY OF KINGSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

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

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

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

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

Fund balances of the governmental funds are classified as follows:

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

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

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

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

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

CITY OF KINGSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Minimum Unassigned Fund Balance - The City will maintain a minimum unassigned fund balance in its General Fund of 25% of the subsequent year's budgeted expenditures and outgoing transfers. The City will maintain a minimum unassigned fund balance in its Utility Fund of 25% of the subsequent year's budgeted expenditures and outgoing transfers. The City, as of September 30, 2021, met their minimum requirements.

Spending Prioritization in Using Available Resources:

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

l. 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.

m. Interfund Activity

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

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

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

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

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

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

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

CITY OF KINGSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

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, 2021, the carrying amount of the City's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$32,877,425 and the bank balance was \$33,398,788. The City's cash deposits at September 30, 2021 and during the year ended September 30, 2021, were entirely covered by FDIC insurance or properly secured by collateral held by the City's agent in the City's name.

2. Investments

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

Investment Accounting Policy

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

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

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

Investment	Reported Amount	Fair Value
Texas Class (Rated @ AAAM)	\$ 4,687,569	\$ 4,687,569

Analysis of Specific Deposit and Investment Risks:

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

1. Credit Risks

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

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, 2021

D. Receivables

Receivable balances at September 30, 2021 consists of the following:

	General	Debt Service	Enterprise	Enterprise Restricted	Primary Government Total
Receivables:					
Accounts	\$ 7,801,494	\$ 5	\$ 3,034,883	\$ 140,313	\$ 10,976,695
Taxes - Property	885,385	245,642	--	--	1,131,027
Taxes - Franchise & Sales	1,274,820	--	--	--	1,274,820
Special Assessments	59,824	--	--	--	59,824
Gross Receivables	10,021,523	245,647	3,034,883	140,313	13,442,366
Less: Allowance for uncollectable	(7,823,515)	(116,206)	(1,383,708)	(67,328)	(9,390,757)
Net total receivable	\$ 2,198,008	\$ 129,441	\$ 1,651,175	\$ 72,985	\$ 4,051,609

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

E. Capital Assets

Capital asset activity for the year ended September 30, 2021, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<i>Governmental activities:</i>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 580,399	\$ --	\$ --	\$ 580,399
Construction in progress	260,172	505,134	(254,359)	510,947
Total capital assets not being depreciated	840,571	505,134	(254,359)	1,091,346
<i>Capital assets being depreciated:</i>				
Road network	19,285,846	--	--	19,285,846
Buildings and improvements	11,100,243	485,817	--	11,586,060
Equipment	6,972,073	212,390	--	7,184,463
Vehicles	7,937,894	--	(66,632)	7,871,262
Total capital assets being depreciated	45,296,056	698,207	(66,632)	45,927,631
Less accumulated depreciation for:				
Road network	(13,480,710)	(244,434)	--	(13,725,144)
Buildings and improvements	(3,361,612)	(263,213)	--	(3,624,825)
Equipment	(5,822,487)	(643,289)	--	(6,465,776)
Vehicles	(4,630,525)	(383,140)	66,632	(4,947,033)
Total accumulated depreciation	(27,295,334)	(1,534,076)	66,632	(28,762,778)
Total capital assets being depreciated, net	18,000,722	(835,869)	--	17,164,853
Governmental activities capital assets, net	\$ 18,841,293	\$ (330,735)	\$ (254,359)	\$ 18,256,199

CITY OF KINGSVILLE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Beginning Balances	Increases	Decreases	Ending Balances
<i>Business-type activities:</i>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 594,943	\$ --	\$ --	\$ 594,943
Construction in progress	2,369,920	801,950	(1,110,330)	2,061,540
Total capital assets not being depreciated	2,964,863	801,950	(1,110,330)	2,656,483
<i>Capital assets being depreciated:</i>				
Buildings and improvements	46,505,060	1,244,783	--	47,749,843
Equipment	6,598,925	9,800	--	6,608,725
Vehicles	4,976,032	--	--	4,976,032
Total capital assets being depreciated	58,080,017	1,254,583	--	59,334,600
Less accumulated depreciation for:				
Buildings and improvements	(30,947,093)	(877,435)	--	(31,824,528)
Equipment	(4,348,621)	(490,615)	--	(4,839,236)
Vehicles	(4,370,172)	(65,521)	--	(4,435,693)
Total accumulated depreciation	(39,665,886)	(1,433,571)	--	(41,099,457)
Total capital assets being depreciated, net	18,414,131	(178,988)	--	18,235,143
Business-type activities capital assets, net	\$ 21,378,994	\$ 622,962	\$ (1,110,330)	\$ 20,891,626

Governmental depreciation was charged to functions as follows:

General Government	\$ 207,597
Tourism	5,460
Public Safety	719,032
Public Works	432,496
City/County	169,491
	<u>\$ 1,534,076</u>

Business-type depreciation was charged to functions as follows:

Water	\$ 363,481
Wastewater	452,149
Solid Waste	617,941
	<u>\$ 1,433,571</u>

CITY OF KINGSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

F. Interfund Balances and Activity

1. Due To and From Other Funds

Balances due to and due from other funds at September 30, 2021, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Debt Service Fund	\$ 314,847	Short-term loans
General Fund	Police Forfeiture Fund	5,217	Short-term loans
	Subtotal	320,064	
Utility Fund	Debt Service Fund	41,821	
	Subtotal	41,821	
Internal Service Fund	General Fund	259,660	Short-term loans
Internal Service Fund	Utility Fund	66,815	Short-term loans
Internal Service Fund	Other Governmental Funds	1,477	Short-term loans
	Subtotal	327,952	
	Total	\$ 689,837	

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

2. Transfers To and From Other Funds

Transfers to and from other funds at September 30, 2021, consisted of the following:

Transfers To	Transfers From	Amount	Reason
General Fund	Other Governmental Funds	\$ 58,063	
General Fund	Federal Fund	57	Supplement other funds sources
General Fund	Utility Fund	1,350,000	Supplement other funds sources
	Subtotal:	1,408,120	
Federal Fund	General Fund	104,025	
Federal Fund	Utility Fund	56,908	
	Subtotal:	160,933	
Debt Service Fund	General Fund	48,029	
Other Governmental Fund	Utility Fund	907,500	Supplement other funds sources
Other Governmental Fund	General Fund	850	Supplement other funds sources
Other Governmental Fund	Other Governmental Funds	30,000	Supplement other funds sources
	Subtotal:	938,350	
Utility Fund	Other Governmental Funds	4,876	
Utility Fund	General Fund	341,693	Supplement other funds sources
	Subtotal:	346,569	
Internal Service Fund	General Fund	53,547	
Internal Service Fund	Utility Fund	13,781	
Internal Service Fund	Other Governmental Fund	677	Supplement other funds sources
	Subtotal:	68,005	
	Total	\$ 2,970,006	

CITY OF KINGSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

G. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended September 30, 2021, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Certificates of obligation	\$ 5,878,707	\$ 1,310,000	\$ 1,863,707	\$ 5,325,000	\$ 1,045,000
Limited Tax Refunding					
Bond	3,010,983	754,950	221,163	3,544,770	315,101
Premium on Bonds Payable	526,613	61,008	87,889	499,732	--
Total bonds payable	9,416,303	2,125,958	2,172,759	9,369,502	1,360,101
Capital leases	692,143	32,229	198,282	526,090	203,739
Total long-term debt	10,108,446	2,158,187	2,371,041	9,895,592	1,563,840
Net pension liability *	948,946	7,854,888	8,712,659	91,175	--
Accumulated compensated absences*	1,125,396	786,823	769,282	1,142,937	576,680
OPEB liability *	619,541	146,611	34,312	731,840	--
Governmental activities					
Total long-term debt	\$ 12,802,329	\$ 10,946,509	\$ 11,887,294	\$ 11,861,544	\$ 2,140,520

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Business-type activities:					
Certificates of obligation	\$ 3,166,293	\$ 3,358,000	\$ 3,166,293	\$ 3,358,000	\$ 111,000
Limited Tax Refunding Bond	6,609,017	2,840,050	928,837	8,520,230	1,179,899
Premium on Bonds Payable	460,905	155,441	59,165	557,181	--
Total bonds payable	10,236,215	6,353,491	4,154,295	12,435,411	1,290,899
Capital leases	1,416,379	--	256,103	1,160,276	264,032
Total long-term debt	11,652,594	6,353,491	4,410,398	13,595,687	1,554,931
Net pension liability *	162,100	1,341,775	1,491,033	12,842	--
Landfill closure cost	1,781,054	--	39,961	1,821,015	--
OPEB liability *	162,568	38,471	2,794	198,245	--
Accumulated compensated absences*	86,538	63,796	63,870	86,464	38,500
Business-type activities					
Long-term liabilities	\$ 13,844,854	\$ 7,797,533	\$ 6,008,056	\$ 15,714,253	\$ 1,593,431

* Other long-term liabilities

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

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

CITY OF KINGSVILLE
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Certificates of obligation payable:	2021	2020
(1) \$3,358,000 Combination Tax and Subordinate Lien Revenue Certificates of Obligation Series 2021 for General Improvements; paid in annual installments of \$111,000 to \$115,000 through 8/1/2051 with no interest. (100% Utility Fund)	\$ 3,358,000	\$ --
\$9,040,000 Limited Tax Refunding Bonds Series 2014 due in annual installments of \$810,000 to \$895,000 through September 30, 2025, with interest at 2.0% to 2.5% (100% Utility Fund)	3,465,000	4,290,000
\$4,270,000 Certificates of Obligation Series 2009 for Capital Outlay; due in annual installments of \$110,000 to \$55,000 through February 1, 2021; interest at 3.00% to 3.85%. (General Fund 15.831%, Utility Fund 84.169%).	--	55,000
\$5,025,000 Limited Tax Refunding Bonds Series 2020 due to original installments of \$225,000 through August 31, 2032, interest at 4.0% to 4.6% (General Fund 53.8504% and Utility Fund 46.1496%).	4,800,000	5,025,000
\$5,230,000 Certificates of Obligation Series 2013, for Capital Outlay and General Improvements, due in annual installments of \$250,000 to \$360,000 through September 2023; interest at 2.0% to 3.0% (18.45% to General Fund and 81.55% to Utility Fund). (Refunded in 2021)	--	3,935,000
\$1,260,000 Limited Tax Refunding Bonds, Series 2013, for Capital Outlay and General Improvements, due in annual installments of \$100,000 to \$105,000 through September 2023; interest at 2.0% (100% General Fund)	205,000	305,000
\$6,740,000 C.O. Series 2016, for Capital Outlay and General Improvements, due in annual installments of \$115,000 to \$845,000 through August 1, 2036; interest at 2.0% to 3.5% (100% General Fund)	4,210,000	5,055,000
\$3,595,000 Limited Tax Refunding Bonds Series 2021 due to original installments of \$225,000 to \$500,000 through August 31, 2032, interest at 3.00% to 4.00%. (General Fund 21% and Utility Fund 79%).	3,595,000	--

CITY OF KINGSVILLE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2021

	2021	2020
\$1,310,000 Tax Note Series 2021, for Capital Outlay and General Improvements, due in annual installments of \$190,000 to \$195,000 through August 2027; interest at 1.5%. (100% General Fund)	1,115,000	--
Total Certificates of Obligation Payable	\$ 20,748,000	\$ 18,665,000

- (1) This bond was issued for cash only. Therefore, no imputed interest was calculated.

2. Debt Service Requirements

Debt service requirements on long-term debt at September 30, 2021, are as follows:

Governmental Activities			
Year Ending September 30.	Principal	Interest	Total
2022	\$ 1,360,101	\$ 237,912	\$ 1,598,013
2023	1,409,126	208,244	1,617,370
2024	711,052	178,135	889,187
2025	738,049	160,437	898,486
2026	754,869	141,828	896,697
2027-2031	2,798,469	415,788	3,214,257
2032-2036	1,098,102	78,450	1,176,552
Totals	\$ 8,869,768	\$ 1,420,794	\$ 10,290,562

Business-type Activities			
Year Ending September 30.	Certificates of Obligation		Revenue Bonds
	Principal	Interest	Total
2022	\$ 1,290,899	\$ 239,325	\$ 1,530,224
2023	1,336,874	210,944	1,547,818
2024	1,379,948	181,102	1,561,050
2025	1,427,951	145,563	1,573,514
2026	546,131	108,522	654,653
2027-2031	2,876,531	308,387	3,184,918
2032-2036	1,330,898	23,275	1,354,173
2037-2041	560,000	--	560,000
2042-2046	560,000	--	560,000
2047-2051	569,000	--	569,000
Totals	\$ 11,878,232	\$ 1,217,118	\$ 13,095,350

The City also may be contingently liable for rebates to the Federal government associated with interest earned on proceeds of tax exempt bonds issued. Based on regulations of the Tax Reform Act of 1986, the rebate would not be made until five years from the bond issuance date and may be liquidated through lower interest earnings in future years. For the fiscal year ended September 30, 2021, the City has no arbitrage liability.

In May 2020, the City issued \$5,025,000 of general obligation bonds with an interest rate of 4.0% to 4.6%. These refunding bonds were issued to defease bonds issued in 2011. The refunding resulted in an economic gain of \$778,087 with a total savings of \$828,458.

CITY OF KINGSVILLE
NOTES TO THE FINANCIAL STATEMENTS
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In June 2021, the City issued \$3,595,000 of general obligation bonds with an interest rate of 2.5% to 3.0%. These refunding bonds were issued to defease bonds issued in 2013. The refunding resulted in an economic gain of \$238,316, with a total savings of \$224,315.

3. Advance Refunding of Debt : There is \$7,270,000 of outstanding Refunded Debt as of September 30, 2020. This Debt is scheduled to be paid in full by August 31, 2032.

4. Capital Leases

Commitments under capitalized lease agreements for facilities and equipment provide for minimum future lease payments as of September 30, 2021, as follows:

<u>Year Ending September 30:</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>(1)</u>
2022	\$ 220,946	\$ 302,453	
2023	142,609	234,143	
2024	58,737	237,143	
2025	49,281	234,143	
2026	49,281	138,864	
2027	49,281	138,865	
Total Minimum Rentals	570,135	1,285,611	
Less: Amount representing interest	44,039	125,333	
Present value of net minimum lease payments	\$ 526,096	\$ 1,160,278	

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

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

H. Pension Plans

Texas Municipal Retirement System

1. Plan Description

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

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

2. Benefits Provided

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

CITY OF KINGSVILLE

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FOR THE YEAR ENDED SEPTEMBER 30, 2021

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

Employees covered by benefit terms:

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	196
Inactive employees entitled to but not yet receiving benefits	187
Active employees	264
Total covered employees	<u>647</u>

3. Contributions

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

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 8.39% and 8.80% in calendar years 2021 and 2020, respectively. The City's contributions to TMRS for the year ended September 30, 2021 were \$1,104,036 and were equal to the required contributions.

4. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2020, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.5% to 11.5% including inflation
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

CITY OF KINGSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

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

Actuarial assumptions used in the December 31, 2020 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2014 through December 31, 2018 first used in the December 31, 2019 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Assumptions are reviewed annually. No additional changes were made for the 2020 valuation.

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

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

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

Discount Rate

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

CITY OF KINGSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension
	Liability	Net Position	Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2019	\$ 65,747,412	\$ 64,636,364	\$ 1,111,048
Changes for the year			
Service cost	1,662,095	-	1,662,095
Interest	4,388,996	-	4,388,996
Change of benefit terms	-	-	-
Difference between expected and actual experience	(266,766)	-	(266,766)
Changes of assumptions	-	-	-
Contributions - employer	-	1,078,646	(1,078,646)
Contributions - employee	-	858,014	(858,014)
Net investment income	-	4,903,680	(4,903,680)
Benefit payments, including refunds of employee contributions	(3,112,587)	(3,112,587)	-
Administrative expense	-	(31,747)	31,747
Other changes	-	(1,239)	1,239
Net changes	\$ 2,671,738	\$ 3,694,767	\$ (1,023,029)
Balance at 12/31/2020	\$ 68,419,150	\$ 68,331,131	\$ 88,019

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

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$ 9,773,749	\$ 88,019	\$ (7,826,547)

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2021, the City recognized pension expense of \$(148,263).

CITY OF KINGSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Schedule of Pension Expense

Total Service Cost	\$ 1,662,095
Interest on the Total Pension Liability	4,388,996
Current Period Benefit Changes	-
Employee Contributions (Reduction of Expense)	(858,014)
Projected Earnings on Plan Investments (Reduction of Expense)	(4,362,955)
Administrative Expense	31,747
Other Changes in Fiduciary Net Position	1,239
Recognition of Current Year Outflow (Inflow) of Resources - Liabilities	(80,838)
Recognition of Current Year Outflow (Inflow) of Resources - Assets	(108,145)
Amortization of Prior Year Outflows (Inflows) of Resources - Liabilities	(239,355)
Amortization of Prior Year Outflows (Inflows) of Resources - Assets	(583,033)
Total Pension Expense (Income)	<u>\$ (148,263)</u>

At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ -	\$ 515,168
Changes in actuarial assumptions	31,743	-
Difference between projected and actual investment earnings	-	1,839,873
Contributions subsequent to the measurement date	783,278	-
Total	<u>\$ 815,021</u>	<u>\$ 2,355,041</u>

\$783,278 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending September 30,	
2022	\$ (981,018)
2023	\$ (108,217)
2024	\$ (1,125,918)
2025	\$ (108,145)
2026	\$ -
Thereafter	\$ -

Contributions made after the measurement date of the net pension liability, but before the end of the employer's or governmental nonemployer contributing entity's reporting period will be recognized as a reduction of the net pension in the subsequent fiscal period rather than in the current fiscal period.

Texas Statewide Emergency Services Personnel Retirement Fund

1. Plan Description

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

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

CITY OF KINGSVILLE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

2. Annual Required Contributions-City

The employer annual pension cost of \$2,278 for fiscal year ended September 30, 2021 was equal to the required and actual contributions and the City has no future liability. Three-year information is as follows:

	2019	2020	2021
Annual Required Contribution	\$ 5,158	\$ 4,980	\$ 2,278
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.

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

Deferred Compensation Plan

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

I. Post Retirement Benefits

1. Post-Employment Health Care Benefits

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

GASB 75 allows an actuarial valuation date no earlier than thirty months and one day prior to the fiscal year-end reporting date and a measurement date no earlier than one year and one day prior to the fiscal year-end reporting date. For the reporting year ending September 30, 2021, the City used an actuarial valuation date of September 30, 2020 and measurement date of September 30, 2021.

Note: Actuarial valuations are done every two years.

Plan Description and Funding Policy

Employees who retire from the City of Kingsville are eligible to continue to participate in the City's health insurance program at the employee group rate which is determined annually by the City of Kingsville and approved by the City Commission. Retirees have 31 days to elect to continue with the City's self-funded health insurance plan (City of Kingsville Benefit Plan Trust) in which they were participating at the time of retirement unless otherwise stated in the plan document or collective bargaining agreement. As of September 30, 2021, a total of 2 eligible retirees were participating in the City's group health program. The City provides one-half of the funding for retiree premiums. Retiree's dependents are excluded from the calculation and are eligible to continue health coverage at the designated COBRA rates during their eligibility period.

CITY OF KINGSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Eligibility for Retiree Benefits:	Retirees are eligible to continue their medical coverage until they reach age 65. To be eligible to continue coverage, retired employees must be receiving benefits for retirement from the Texas Municipal Retirement System, actively employed at the time of retirement. Texas Municipal Retirement System Age 60 with 5 years of service 20 years of service
Dependent Eligibility	Spouses and children of the retiree are not eligible for the plan
Medical Benefits	Retirees can continue coverage under the self-funded medical plan
Other Post Retirement Welfare Benefits	None

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

Measurement Date:	September 30, 2021
Actuarial Valuation Date:	September 30, 2020
Inflation:	3.00%
Salary Increases, including inflation:	3.00%
Discount Rate:	2.19%
Prior Year Discount Rate:	2.41%

The discount rate was based on the 9/30/21 Fidelity General Obligation AA 20-Year Yield.

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

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

Inactive employees currently receiving benefits payments	2
Inactive employees entitled to but not yet receiving benefit payments	
Active employees	228
	<u>230</u>
Balance at 9/30/2020	\$ 782,110
Changes for the year:	
Service Cost	35,155
Interest	19,223
Differences between expected and actual experience	110,113
Changes in Assumptions/Inputs	20,591
Change in Benefit Terms	—
Benefit payments	(37,106)
Administrative expense	—
Net Changes	\$ <u>147,976</u>
Balance at 9/30/2021	\$ <u>930,086</u>

CITY OF KINGSVILLE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	1% Decrease in Discount Rate	No change in Discount Rate	1% Increase in Discount Rate
Discount Rate:	\$ 1,040,689	\$ 930,085	\$ 831,635
Healthcare Cost Trend Rates:	\$ 800,808	\$ 930,085	\$ 1,086,832
OPEB Expense			
Service cost		\$	35,155
Interest on liabilities			19,223
Difference between actual and expected experience			(43,531)
Changes in assumptions-inputs			(43,364)
Change in benefit terms			--
Total OPEB Expense		\$	(32,517)
Deferred Outflows and Inflows		Outflows	Inflows
Differences between actual and expected experience		\$ 82,584	\$ 254,077
Changes of assumptions or other inputs		15,443	224,233
Total Deferred Outflows and Inflows		\$ 98,027	\$ 478,310

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

Year Ended Sept. 30:	
2022	\$ (206,479)
2023	(206,479)
2024	32,676
2025	--
2026	--
Thereafter	

J. Commitments and Contingencies

1. Contingencies

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

2. Litigation

No reportable litigation was pending against the City at September 30, 2021.

CITY OF KINGSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

K. Budgetary Data

Budgets for the General Fund, budgeted special revenue, debt service, and budgeted capital projects funds are adopted in accordance with generally accepted accounting principles (GAAP). The City adopted budgets for the fiscal year ended September 30, 2020 for the following funds:

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

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

\$293,133 addition in revenues and other financing sources comprised of:

\$2,500 in Parks and Recreation - Donation revenue for recreational programs
\$250 in Police Department - Donation revenue for trunk or treat event supplies
\$2,500 in Fire Department - Donation revenue for emergency response equipment
\$4,100 in Parks and Recreation - Donation revenue for softball league uniforms
\$30,000 in Parks and Recreation - Donation revenue for parks scoreboards
\$(240,000) in Police Department - Lease purchase for vehicles
\$(77,515) in Fire Department - Lease purchase for fire command vehicle
\$(34,000) in Parks and Recreation - Lease purchase for Golf Course backhoe
\$1,750 in Fire Department - Donation revenue for equipment maintenance and supplies
\$10,432 in Parks and Recreation - Donation revenue for Brookshire recreational programs
\$3,000 in Parks and Recreation - Donation revenue for softball league equipment
\$100 in Health Department - Donation revenue for minor vet care
\$3,750 in Parks and Recreation - Donation revenue for drainage project

\$250,391 addition to expenditures and other financing uses comprised of:

\$2,500 in Parks and Recreation - For recreational programs
\$250 in Police Department - For trunk or treat event supplies
\$32,549 in Transfers - For sidewalk improvements
\$1,761 in Planning - For rollover projects
\$1,647 in Landfill - For rollover projects

CITY OF KINGSVILLE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

\$3,350 in Police Department - For rollover projects

\$1,500 in Street - For rollover projects

\$28,904 in Parks and Recreation - For rollover projects

\$4,585 in Transfers - For Police Bulletproof Vest Grant Match

\$20,665 in Transfers - For Police Enhancement BWC Cash Match

\$2,500 in Fire Department - Donations for supplies

\$13,750 in Planning - For mower for code compliance

\$4,100 in Parks and Recreation - Donations for uniforms

\$850 in Transfers - For hazard pay in Tourism

\$16,775 in Transfers - For hazard pay in Utility Fund

\$250 in Transfers - For hazard pay in EDC

\$84,975 in General - For hazard pay across general divisions

\$(240,000) in Police Department - For lease purchase to tax notes

\$(77,515) in Fire Department - For lease purchase to tax notes

\$(34,000) in Parks and Recreation - For lease purchase to tax notes

\$55,831 in Transfers - To Tax Note - Cost Issuance

\$(38,232) in Police Department - For tax note payment

\$(12,348) in Fire Department - For tax note payment

\$(5,416) in Parks and Recreation - For tax note payment

\$18,241 in Transfers - For incentive payments

\$22,784 in Transfers - For transfers regarding CARES ACT

\$15,000 in Finance - For additional audit fees

\$1,750 in Fire Department - Donation for equipment and supplies

\$140,157 in Police Department - For additional overtime

\$13,432 in Parks and Recreation - Donation for recreational programs and supplies

\$4,700 in Parks and Recreation - For additional health care costs

\$1,870 in Transfers - For grant cash match

CITY OF KINGSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

\$100 in Health - Donation for minor vet care

\$14,704 in Street - For COVID testing site / parking lot

\$70,000 in Sanitation - For additional overtime and vehicle maintenance

\$3,750 in Parks and Recreation - Donation for recreational programs and equipment

\$1,600 in Transfers - For salary accrual and incentive agreement

\$74 in Transfers - To transfer grant overage

\$27,000 in Sanitation - For additional motor gas and oil

\$36,000 in Transfers - For Chick-Fil-A incentive agreement

\$10,000 in Transfers - For cash match transfer

L. Compensated Absences

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

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

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

There is no limit on accumulated holiday hours to be paid at termination. As of September 30, 2020, the liability for accrued vacation leave and accrued sick leave is approximately \$1,211,934. The amount applicable to the General Fund and Enterprise Fund of \$1,125,396 and \$86,538, respectively, and have been recorded in its respective fund.

M. Contracts With South Texas Water Authority

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

The South Texas Water Authority (STWA) was created in 1979 as a conservation and reclamation district to finance, construct and operate a regional water supply system which will supply treated water on a wholesale basis to the incorporated cities of Kingsville, Bishop, Driscoll, and Agua Dulce and to the unincorporated community of Banquete. Each of these cities is completely reliant on ground water from the Goliad Formation, an aquifer which underlies Nueces, Kleberg and several adjacent counties. Withdrawal of water from the Goliad Formation created numerous zones of depression or declines in the water table. Additionally, some locations in the area as well as a number of individual wells were producing water of marginal quality particularly in regard to dissolved solids and chloride levels. The Authority's system, which was completed and accepted on September 1, 1984, consists of pipeline facilities originating at the City of Corpus Christi O.N. Stevens Water Treatment Plant at Calallen, Texas, with terminal ground storage facilities located at Driscoll (150,000 gallons), Bishop (750,000), Kingsville (5,000,000), Banquete and Agua Dulce (150,000). The Authority is also authorized to contract the sale of water to non-members. Contracts have been entered into with Coastal Bend Youth City, Ricardo Water Supply Corporation and Nueces Water Supply Corporation. The Authority has the ability to levy property taxes in its district not to

CITY OF KINGSVILLE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

exceed \$.10 per \$100 assessed valuation. The Authority purchases treated water from the City of Corpus Christi and delivers it into ground storage facilities constructed by it and located at the designated delivery point in each customer city. Use and resale of such water by the customer city is subject to all of the terms, conditions, and restrictions set forth in the Authority's water supply contract with Corpus Christi. The price of water will be uniform among the STWA customer cities and will be based on water rates as discussed below.

PRICES AND TERMS

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

1. Handling Charge

- a. The handling charge shall be designed to cover all of the Authority's expenses other than the cost of water, including operation and maintenance expenses and amounts budgeted to be paid in the current year for capital improvements, plus an amount sufficient to accumulate and maintain a reasonably adequate reserve fund as stated in subparagraph b, less tax receipts and all other income and revenue. The handling charge, commencing on the effective date of this one-year contract extension and remaining in effect until September 30, 2021 was \$.426386 per thousand gallons of water delivered.
- b. The adjustment in the handling charge may exceed an increase of 5% in any contract year if the Authority obtains prior written approval of customers representing in the aggregate not less than 75% of the water purchased from the Authority during its preceding Fiscal Year.
- c. Notice of a change in handling charge shall be delivered to the City on or before the 10th day of August of each contract year. The notice shall state the amount of the new charge and the reason and calculations for the adjustment. The new handling charge shall be effective commencing at the beginning of the next contract year.
- d. The City may object to the handling charge for any contract year after the initial year by delivering to the Authority a notice stating the nature of the City's objection to the charge. The objection shall be resolved by following the dispute resolution procedures established in the contract. If the dispute is not resolved by the beginning of the subject contract year, the City shall pay at the new rate until the dispute is resolved. The handling charge determined through the dispute resolution procedure shall be effective as the beginning of that contract year unless otherwise agreed by the parties.
- e. Any change in the handling charge, by agreement, dispute resolution, or otherwise shall apply to all customers of the Authority, in accordance with the contract.

2. Cost of Water

The cost of water shall be defined as meaning the actual price per one thousand gallons paid by the Authority to the City of Corpus Christi for water received by the Authority under the Corpus Christi Water Supply Agreement during a service month. It is expected that the cost of water will fluctuate from month to month, resulting in a corresponding fluctuation in the water rate. The water rate ranged from \$.2510093 to \$.624316 per thousand gallons.

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

(C) Guaranteed Purchase - The City shall purchase a minimum volume of water not to be less than \$300,000 annually unless additional purchases are necessary to supplement the City of Kingsville water requirements. The City purchased \$390,180 and \$380,312 in 2021 and 2020, respectfully.

CITY OF KINGSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

N. Risk Management

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

2. **Health Insurance**

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

All funds of the City participate in the program and make payments to the Self-Insurance Fund based on estimates of amounts needed to pay prior and current year claims. The claims liability of \$646,471 at September 30, 2021 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 2021 and 2020 were:

	Beginning-of Fiscal-Year Liability	Current-Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2020	\$ 207,095	\$ 3,321,182	\$ 3,074,354	\$ 453,923
2021	\$ 453,923	\$ 3,521,850	\$ 3,329,302	\$ 646,471

The liability at year end is equal to three months of paid claims subsequent to September 30, 2021 but that had been incurred prior to that date, and is considered a current liability for reporting purposes.

3. **Litigation Tort Claims**

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

CITY OF KINGSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

O. Closure and Postclosure Care Cost

State and federal laws and regulations require that the City place a final cover on its landfill when closed and perform maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, expense provisions and related liabilities are being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure costs is based on the amount of the landfill used during the year. The amount of the liability is based on what it would cost to have all such closure and postclosure care performed in the current year, and is assigned to periods based on cumulative landfill use. The estimated liability for landfill closure and postclosure care costs recorded in the business-type activities at September 30, 2021 is \$1,821,015 based on 16.671% usage (filled) of the landfill through September 30, 2021. It is estimated that an additional \$9,037,102 will be recognized as closure and postclosure care expenses between the date of the balance sheet and the date the landfill is expected to be filled to capacity in 2115. The estimated total current cost for the landfill closure and postclosure care of \$10,858,117 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, 2021. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

P. Segment Information for Enterprise Funds

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

Q. Non-Budgeted Funds

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

R. Subsequent Event

Management has reviewed subsequent events and transactions that occurred after the balance sheet date through April 15, 2022 (the date of the Audit Report). The financial statements include all Type I events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles. Management and those charged with governance have determined that there are no non-recognized Type II subsequent events that require additional disclosure.



King'sville
TEXAS

CITY OF KINGSVILLE
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2021

EXHIBIT B-1
Page 1 of 8

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Taxes:				
General Property Taxes:				
Current taxes	\$ 6,177,070	\$ 6,177,070	\$ 5,967,061	\$ (210,009)
Delinquent taxes	150,000	150,000	158,278	8,278
Penalty and interest	115,000	115,000	102,070	(12,930)
Late rendition fee	8,000	8,000	6,546	(1,454)
In lieu of tax payments	106,000	106,000	107,959	1,959
Total General Property Taxes	6,556,070	6,556,070	6,341,914	(214,156)
City Sales Tax	5,152,890	5,152,890	5,704,000	551,110
Mixed Drink Tax	50,000	50,000	54,035	4,035
Bingo Tax	3,000	3,000	--	(3,000)
Business Taxes:				
Electric franchise tax	575,000	575,000	694,527	119,527
Telephone franchise tax	50,000	50,000	52,802	2,802
Gas franchise tax	80,000	80,000	82,870	2,870
Cable T.V. franchise tax	60,000	60,000	51,440	(8,560)
Total Business Taxes	765,000	765,000	881,639	116,639
Total Taxes	12,526,960	12,526,960	12,981,587	454,628
Permits and Licenses:				
Plumbing permits	9,000	9,000	10,733	1,733
Electric permits	21,500	21,500	22,394	894
Building permits	75,000	75,000	57,308	(17,692)
Moving permits	500	500	455	(45)
Other permits	78,100	78,100	97,750	19,650
Amusement licenses	45	45	45	--
Beer and mixed drink licenses	7,000	7,000	8,005	1,005
Contractor licenses	36,000	36,000	30,125	(5,875)
Solicitor licenses	400	400	625	225
Food handler licenses	35,000	35,000	28,430	(6,570)
Other licenses	100	100	125	25
Total Permits and Licenses	262,645	262,645	255,995	(6,650)
Charges for Services:				
General Service Fees:				
Zoning fees	3,500	3,500	5,750	2,250
Platting fees	200	200	1,000	800
Animal control fees	24,592	24,592	11,664	(12,928)
Police accident reports	700	700	--	(700)
Arrest fees	11,500	11,500	9,889	(1,611)
Child safety	150	150	150	--
Ambulance service	690,000	690,000	687,920	(2,080)
Park and recreational fees	917,139	924,239	415,853	(508,386)
Cell tower rental	5,500	5,500	4,840	(660)
Street maintenance fees	802,000	802,000	822,553	20,553
Septic tank application fee	1,800	1,800	--	(1,800)
Other service fees	24,071	30,587	25,833	(4,754)
Total General Service Fees	2,481,151	2,494,767	1,985,452	(509,315)

CITY OF KINGSVILLE
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2021

EXHIBIT B-1
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	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
City/County Services:				
Demolition recovery revenue	12,000	12,000	22,265	10,265
Weed control	15,500	15,500	36,620	21,120
Total City/County Services	27,500	27,500	58,885	31,385
Sanitation Services:				
Garbage fees	3,272,000	3,272,000	3,297,602	25,602
Landfill fees	842,000	842,000	761,956	(80,044)
Miscellaneous	53,200	53,200	46,923	(6,277)
Total Sanitation Services	4,167,200	4,167,200	4,106,481	(60,719)
Total Charges for Services	6,675,851	6,689,467	6,150,818	(538,649)
Fines and Forfeits:				
Court fines	727,500	727,500	619,196	(108,304)
Minor fines	4,000	4,000	2,270	(1,730)
Collection of state taxes	20,000	20,000	23,390	3,390
Other court fines	29,000	29,000	37,839	8,839
Total Fines and Forfeits	780,500	780,500	682,695	(97,805)
Special Assessments	5,500	5,500	4,176	(1,324)
Interest and Miscellaneous:				
Interest from investments	209,000	209,000	19,917	(189,083)
Sale of city publications	1,700	1,700	1,524	(176)
Sale of recycle item	12,000	12,000	20,505	8,505
Miscellaneous	31,850	31,850	8,380	(23,470)
Total Interest and Miscellaneous	254,550	254,550	50,326	(204,224)
Gain or Loss on Sale of Property	--	--	70,797	70,797
Donations	--	4,600	24,381	19,781
Intergovernmental Revenue	--	--	506,515	506,515
Total Revenues	20,506,006	20,524,222	20,727,290	203,069
Expenditures:				
City Administration Department				
City Commission:				
Personal services	77,903	77,903	72,342	5,561
Supplies	1,000	1,000	482	518
Services	93,015	93,015	34,004	59,011
Total City Commission	171,918	171,918	106,828	65,090
City Manager:				
Personal services	262,022	264,885	264,885	--
Supplies	1,000	1,000	362	638
Services	22,705	20,048	6,265	13,783
Lease payments	2,172	2,266	2,266	--
Total City Manager	287,899	288,199	273,778	14,421

CITY OF KINGSVILLE
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2021

EXHIBIT B-1
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	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
City Special:				
Personal services	20,500	33,826	28,402	5,424
Supplies	2,300	29,937	17,656	12,281
Services	576,235	576,498	559,352	17,146
Building maintenance	--	10,913	10,913	--
Lease payments	14,476	15,782	12,437	3,345
Total City Special	613,511	666,955	628,760	38,195
Economic Development:				
Personal services	65,000	66,340	66,131	209
Services	177,980	232,731	205,066	27,665
Total Economic Development	242,980	299,071	271,197	27,874
Total City Administration Department	1,316,308	1,426,143	1,280,563	145,580
Management Services Department				
Personnel:				
Personal services	343,106	337,130	337,122	8
Supplies	14,836	17,562	10,884	6,678
Services	39,994	43,806	34,446	9,360
Lease payments	912	1,549	1,100	449
Total Personnel	398,848	400,048	383,552	16,496
Municipal Court:				
Personal services	294,419	299,277	297,184	2,093
Supplies	4,136	3,704	3,228	476
Services	7,379	1,828	1,466	362
Total Municipal Court	305,934	304,809	301,878	2,931
Finance:				
Personal services	564,034	565,968	565,968	--
Supplies	5,000	5,190	5,064	126
Services	100,046	87,800	85,398	2,402
Lease payments	2,528	127	127	--
Total Finance	671,608	659,086	656,557	2,529
Facilities:				
Supplies	34,542	26,151	25,224	927
Services	154,525	184,248	179,909	4,339
Equipment maintenance	3,650	4,673	4,155	518
Building maintenance	146,353	153,943	145,874	8,069
Capital outlay	68,000	66,115	66,115	--
Total Facilities	407,070	435,129	421,277	13,852

CITY OF KINGSVILLE
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2021

EXHIBIT B-1
Page 4 of 8

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Information Technology:				
Personal services	163,800	166,940	166,741	199
Supplies	43,698	48,255	37,769	10,486
Services	296,778	298,210	292,188	6,022
Lease payments	9,485	9,485	17,601	(8,116)
Capital outlay	--	--	32,229	(32,229)
Total Information Technology	513,761	522,890	546,528	(23,638)
Total Management Services Department	2,297,221	2,321,962	2,309,792	12,170
Legal Department				
Personal services	211,117	211,844	211,530	314
Supplies	500	983	573	410
Services	37,632	36,928	15,691	21,237
Lease payments	456	550	550	--
Total Legal Department	249,705	250,305	228,344	21,961
Urban Development Department				
Planning:				
Personal services	163,684	164,284	163,635	649
Supplies	700	725	666	59
Services	80,346	84,200	13,290	70,910
Equipment maintenance	500	--	--	--
Total Planning	245,230	249,209	177,591	71,618
Permits and Licenses:				
Personal services	139,730	125,444	125,442	2
Supplies	1,700	2,289	2,253	36
Services	6,446	19,335	18,940	395
Equipment maintenance	350	192	130	62
Lease payments	3,833	4,481	4,481	--
Total Permits and Licenses	152,059	151,741	151,246	495
Community Appearance:				
Personal services	311,155	311,616	305,009	6,607
Supplies	6,400	10,831	10,365	466
Services	57,255	50,824	43,481	7,343
Equipment maintenance	650	7,650	6,056	1,594
Capital outlay	--	13,750	13,750	--
Total Community Appearance	375,460	394,671	378,661	16,010

CITY OF KINGSVILLE
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2021

EXHIBIT B-1
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	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Downtown Manager:				
Personal services	84,680	86,319	64,894	21,425
Supplies	750	2,563	1,541	1,022
Services	10,938	9,125	5,594	3,531
Lease payments	798	798	399	399
Total Downtown Manager	97,166	98,805	72,428	26,377
Total Urban Development Department	869,915	894,426	779,926	114,500
Police Department				
Personal services	5,340,992	5,532,542	5,238,211	294,331
Supplies	174,360	195,765	189,276	6,489
Services	425,187	384,962	352,959	32,003
Equipment maintenance	74,083	76,724	65,846	10,878
Lease payments	101,481	63,233	63,233	-
Capital outlay	240,000	274,039	53,210	220,829
Total Police Department	6,356,103	6,527,266	5,962,735	564,531
Fire Department				
Personal services	3,051,159	3,070,330	3,000,399	69,931
Supplies	129,000	118,907	114,000	4,907
Services	183,631	177,886	173,349	4,537
Equipment maintenance	39,000	58,324	56,666	1,658
Building maintenance	-	114	114	-
Lease payments	90,052	78,234	78,233	1
Capital outlay	77,515	73,548	-	73,548
Total Fire Department	3,570,357	3,577,342	3,422,761	154,581
Volunteer Fire Department				
Personal services	15,995	15,995	7,791	8,204
Supplies	9,500	9,500	5,789	3,711
Services	23,950	23,950	13,993	9,957
Equipment maintenance	2,000	2,000	597	1,403
Total Volunteer Fire Department	51,445	51,445	28,170	23,275
Public Works Department				
Public Works Administration:				
Supplies	4,070	3,263	2,159	1,104
Services	50,544	49,752	45,774	3,978
Equipment maintenance	3,500	3,010	2,964	46
Lease payments	3,185	5,274	4,905	369
Total Public Works Administration	61,299	61,299	55,802	5,497

CITY OF KINGSVILLE
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2021

EXHIBIT B-1
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	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Garage:				
Personal services	477,718	480,128	461,695	18,433
Supplies	18,461	18,153	17,055	1,098
Services	6,388	6,720	5,241	1,479
Equipment maintenance	4,100	3,448	2,367	1,081
Lease payments	-	617	616	1
Total Garage	506,667	509,067	486,974	22,093
Sanitation:				
Personal services	730,554	748,299	741,482	6,817
Supplies	162,838	177,739	154,164	23,575
Services	18,660	23,377	22,426	951
Equipment maintenance	246,600	279,372	262,714	16,658
Building maintenance	500	39	39	-
Lease payments	296,550	148,682	146,581	2,101
Capital outlay	930,000	930,000	-	930,000
Bad debt	15,000	15,000	22,378	(7,378)
Total Sanitation	2,400,702	2,322,508	1,349,784	972,724
Street:				
Personal services	1,069,521	1,035,393	994,978	40,415
Supplies	56,373	96,465	95,780	685
Services	228,748	239,238	236,510	2,728
Equipment maintenance	79,446	129,924	119,632	10,292
Building maintenance	1,380,676	1,476,503	1,399,452	77,051
Lease payments	54,129	54,224	54,071	153
Capital outlay	15,000	13,750	13,750	-
Bad debt	-	-	1,573	(1,573)
Total Street	2,883,893	3,045,497	2,915,746	129,751
Landfill:				
Personal services	570,802	595,778	590,152	5,626
Supplies	61,960	71,337	68,493	2,844
Services	374,899	371,215	274,454	96,761
Equipment maintenance	88,000	90,308	89,997	311
Building maintenance	10,000	10,026	5,953	4,073
Lease payments	68,309	68,309	68,308	1
Bad debt	-	-	2,174	(2,174)
Total Landfill	1,173,970	1,206,973	1,099,531	107,442
Recycling Center:				
Personal services	36,425	34,500	33,183	1,317
Supplies	650	682	451	231
Services	12,746	15,599	14,829	770
Equipment maintenance	800	2,513	2,513	-
Building maintenance	2,000	1,398	813	585
Total Recycling Center	52,621	54,691	51,789	2,902

CITY OF KINGSVILLE
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2021

EXHIBIT B-1
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	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Total Public Works Department	7,079,152	7,200,035	5,959,626	1,240,409
Health Department				
Personal services	566,951	571,602	562,133	9,469
Supplies	45,350	47,971	42,174	5,797
Services	67,624	63,937	49,187	14,750
Equipment maintenance	7,000	8,365	6,219	2,146
Building maintenance	10,000	7,630	3,051	4,579
Lease payments	2,940	3,460	3,235	225
Total Health Department	699,865	702,965	665,999	36,966
Parks and Recreation Department				
Personal services	685,575	693,140	651,020	42,120
Supplies	100,266	115,208	108,190	7,018
Services	164,995	172,225	152,323	19,902
Equipment maintenance	15,300	17,990	17,990	--
Building maintenance	40,424	57,881	46,906	10,975
Lease payments	2,825	3,255	3,254	1
Capital outlay	48,304	56,793	31,614	25,179
Total Parks and Recreation Department	1,057,689	1,116,493	1,011,297	105,196
Golf Course				
Personal services	355,949	357,721	356,268	1,453
Supplies	72,506	90,968	81,638	9,330
Services	52,256	55,544	52,302	3,242
Equipment maintenance	7,500	6,491	6,491	--
Building maintenance	23,500	119,286	53,914	65,372
Lease payments	65,348	59,199	59,194	5
Capital outlay	34,000	34,000	31,639	2,361
Total Golf Course	611,059	723,209	641,446	81,763
Tourism Department				
Services	557,000	557,000	--	557,000
Total Tourism Department	557,000	557,000	--	557,000
Total Expenditures	24,715,819	25,348,590	22,290,659	3,057,931
Excess (deficiency) of revenues (under) expenditures	(4,209,813)	(4,824,368)	(1,563,368)	3,261,000

CITY OF KINGSVILLE
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2021

EXHIBIT B-1
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	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Other Financing Sources (Uses):				
Operating transfers in	1,957,671	2,092,377	1,408,120	(684,257)
Operating transfers out	(990,788)	(1,212,862)	(548,144)	664,718
Bond proceeds	-	1,281,515	1,310,000	28,485
Lease proceeds	1,281,515	-	32,229	32,229
Total Other Financing Sources (Uses)	<u>2,248,398</u>	<u>2,161,030</u>	<u>2,202,205</u>	<u>41,174</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(1,961,415)	(2,663,338)	638,836	3,302,174
Fund Balances/Equity, October 1	<u>13,151,892</u>	<u>13,151,892</u>	<u>13,151,892</u>	-
Fund Balances/Equity, September 30	<u>\$ 11,190,477</u>	<u>\$ 10,488,554</u>	<u>\$ 13,790,728</u>	<u>\$ 3,302,174</u>

CITY OF KINGSVILLE
POLICE FORFEITURE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2021

EXHIBIT B-2

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines and Forfeits:				
Confiscated revenue	\$ --	\$ --	\$ 1,892	\$ 1,892
Minor fines	11,000	11,000	12,716	1,716
Total Fines and Forfeits	11,000	11,000	14,608	3,608
Interest and Miscellaneous:				
Interest from investments	5,100	5,100	1,244	(3,856)
Miscellaneous	--	--	5	5
Total Interest and Miscellaneous	5,100	5,100	1,249	(3,851)
Total Revenues	16,100	16,100	15,857	(243)
Expenditures:				
Managment Services Department				
Municipal Court:				
Services	12,000	12,000	1,861	10,139
Lease payments	5,292	5,292	4,270	1,022
Total Municipal Court	17,292	17,292	6,131	11,161
Total Management Services Department	17,292	17,292	6,131	11,161
Police Department				
Supplies	55,367	70,755	38,602	32,153
Services	136,850	132,690	45,959	86,731
Equipment maintenance	--	4,160	1,707	2,453
Capital outlay	15,000	24,023	9,000	15,023
Total Police Department	207,217	231,628	95,268	136,360
Total Expenditures	224,509	248,920	101,399	147,521
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(208,409)	(232,820)	(85,542)	147,278
Fund Balances/Equity, October 1	1,234,903	1,234,903	1,234,903	--
Fund Balances/Equity, September 30	\$ 1,026,494	\$ 1,002,083	\$ 1,149,361	\$ 147,278

CITY OF KINGSVILLE
FEDERAL GRANTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2021

EXHIBIT B-3
Page 1 of 2

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal and state grants	\$ 1,122,568	\$ 1,751,039	\$ 717,650	\$ (1,033,389)
Total Revenues	1,122,568	1,751,039	750,787	(1,000,252)
Expenditures:				
City Administration Department				
City Special:				
Personal services	--	4,506	6,011	(1,505)
Supplies	--	23,205	20,323	2,882
Services	--	6,803	6,803	--
Total City Special	--	34,514	33,137	1,377
Total City Administration Department	--	34,514	33,137	1,377
Urban Development Department				
Downtown Manager:				
Services	--	54,999	--	54,999
Building maintenance	350,000	627,550	--	627,550
Capital outlay	--	--	445,435	(445,435)
Total Downtown Manager	350,000	682,549	445,435	237,114
Total Urban Development Department	350,000	682,549	445,435	237,114
Police Department				
Personal services	--	142,982	60,983	81,999
Supplies	13,325	75,705	910	74,795
Capital outlay	--	145,222	86,898	58,324
Total Police Department	13,325	363,909	148,791	215,118
Fire Department				
Supplies	--	20,567	--	20,567
Total Fire Department	--	20,567	--	20,567
Public Works Department				
Street:				
Services	56,908	--	--	--
Building maintenance	793,262	793,262	--	793,262
Total Street	850,170	793,262	--	793,262
Total Public Works Department	850,170	793,262	--	793,262

CITY OF KINGSVILLE
FEDERAL GRANTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2021

EXHIBIT B-3
Page 2 of 2

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Parks and Recreation Department				
Personal services	--	--	14,625	(14,625)
Building maintenance	359,500	229,157	215,933	13,224
Capital outlay	--	130,343	130,343	--
Total Parks and Recreation Department	359,500	359,500	360,901	(1,401)
Total Expenditures	1,572,995	2,254,301	988,264	1,266,037
Excess (deficiency) of revenues (under) expenditures	(450,427)	(503,262)	(237,477)	265,785
Other Financing Sources (Uses):				
Operating transfers in	90,927	160,670	160,934	264
Operating transfers out	(57)	(57)	(57)	--
Total Other Financing Sources (Uses)	90,870	160,613	160,877	264
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(359,557)	(342,649)	(76,600)	266,049
Fund Balances/Equity, October 1	254,528	254,528	254,528	--
Fund Balances/Equity, September 30	<u>\$ (105,029)</u>	<u>\$ (88,121)</u>	<u>\$ 177,928</u>	<u>\$ 266,049</u>

CITY OF KINGSVILLE

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

EXHIBIT B-4

	Measurement Year Ended December 31,						
	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service cost	\$ 1,662,095	\$ 1,587,157	\$ 1,556,039	\$ 1,542,091	\$ 1,518,194	\$ 1,478,821	\$ 1,277,906
Interest (on the total pension liability)	4,388,996	4,239,811	4,062,979	3,865,404	3,724,025	3,700,688	3,516,450
Changes of benefit terms	--	--	--	--	--	--	--
Difference between expected and actual experience	(266,766)	(657,718)	(228,198)	(59,073)	(830,982)	(652,092)	37,693
Changes in assumptions	--	73,235	--	--	--	70,021	--
Benefit payments, including refunds of employee contributions	(3,112,587)	(3,027,032)	(2,546,244)	(2,310,479)	(2,346,871)	(2,279,840)	(2,321,247)
Net Change in Total Pension Liability	2,671,738	2,215,453	2,844,576	3,037,943	2,064,366	2,317,598	2,510,802
Total Pension Liability - Beginning	65,747,412	63,531,959	60,687,383	57,649,440	55,585,074	53,267,476	50,756,674
Total Pension Liability - Ending (A)	<u>\$ 68,419,150</u>	<u>\$ 65,747,412</u>	<u>\$ 63,531,959</u>	<u>\$ 60,687,383</u>	<u>\$ 57,649,440</u>	<u>\$ 55,585,074</u>	<u>\$ 53,267,476</u>
Plan Fiduciary Net Position							
Contributions - employer	\$ 1,078,646	\$ 1,014,471	\$ 1,007,184	\$ 1,044,347	\$ 1,044,455	\$ 1,067,110	\$ 1,076,141
Contributions - employee	858,014	818,122	802,082	795,478	780,276	778,913	761,677
Net investment income	4,903,680	8,819,344	(1,785,743)	7,318,990	3,378,510	74,370	2,755,154
Benefit payments, including refunds of employee contributions	(3,112,587)	(3,027,032)	(2,546,244)	(2,310,479)	(2,346,871)	(2,279,840)	(2,321,247)
Administrative expense	(31,747)	(49,847)	(34,517)	(37,934)	(38,160)	(45,302)	(28,766)
Other	(1,239)	(1,497)	(1,803)	(1,922)	(2,056)	(2,237)	(2,365)
Net Change in Plan Fiduciary Net Position	3,694,767	7,573,561	(2,559,041)	6,808,480	2,816,154	(406,986)	2,240,594
Plan Fiduciary Net Position - Beginning	64,636,365	57,062,804	59,621,846	52,813,366	49,997,212	50,404,198	48,163,604
Plan Fiduciary Net Position - Ending (B)	<u>\$ 68,331,132</u>	<u>\$ 64,636,365</u>	<u>\$ 57,062,805</u>	<u>\$ 59,621,846</u>	<u>\$ 52,813,366</u>	<u>\$ 49,997,212</u>	<u>\$ 50,404,198</u>
Net Pension Liability - Ending (A-B)	<u>\$ 88,018</u>	<u>\$ 1,111,047</u>	<u>\$ 6,469,154</u>	<u>\$ 1,065,537</u>	<u>\$ 4,836,074</u>	<u>\$ 5,587,862</u>	<u>\$ 2,863,278</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	99.87%	98.31%	89.82%	98.24%	91.61%	89.95%	94.62%
Covered Payroll	\$ 12,257,338	\$ 11,687,462	\$ 11,458,315	\$ 11,363,969	\$ 11,146,799	\$ 11,127,323	\$ 10,881,102
Net Pension Liability as a Percentage of Covered Payroll	0.72%	9.51%	56.46%	9.38%	43.39%	50.22%	26.31%

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

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

EXHIBIT B-5

	Fiscal Year Ended September 30,							
	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 1,104,036	\$ 1,033,057	\$ 1,011,365	\$ 1,023,749	\$ 1,036,718	\$ 1,056,924	\$ 1,067,110	\$ 1,076,141
Contributions in relation to the contractually required contribution	(1,104,036)	(1,033,057)	(1,011,365)	(1,023,749)	(1,036,718)	(1,056,924)	(1,067,110)	(1,076,141)
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
City's covered payroll	\$ 13,003,126	\$ 11,782,516	\$ 11,612,444	\$ 11,503,830	\$ 11,222,189	\$ 11,208,130	\$ 11,127,323	\$ 10,881,102
Contributions as a percentage of covered payroll	8.49%	8.77%	8.71%	8.90%	9.24%	9.43%	9.59%	9.89%

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

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

	Fiscal Year Ended September 30,			
	2021	2020	2019	2018
Total OPEB Liability				
Service Cost	\$ 35,155	\$ 71,543	\$ 51,950	\$ 50,437
Interest	19,223	47,127	50,802	50,887
Changes of benefit terms	--	--	--	--
Differences between expected and actual experience	110,113	(508,154)	176,817	(11,837)
Changes in assumptions or other inputs	20,591	(448,465)	190,814	--
Benefit payments	(37,106)	(46,607)	(156,361)	(30,090)
Net Change in Total OPEB Liability	<u>147,976</u>	<u>(884,556)</u>	<u>314,022</u>	<u>59,397</u>
Total OPEB Liability - Beginning	<u>782,110</u>	<u>1,666,666</u>	<u>1,352,644</u>	<u>1,293,247</u>
Total OPEB Liability - Ending	<u><u>\$ 930,086</u></u>	<u><u>\$ 782,110</u></u>	<u><u>\$ 1,666,666</u></u>	<u><u>\$ 1,352,644</u></u>
 Covered Payroll	 \$ 9,756,680	 \$ 9,472,505	 \$ 10,029,006	 \$ 9,736,899
 Total OPEB Liability as a percentage of covered payroll	 9.53%	 8.26%	 16.62%	 13.89%

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

CITY OF KINGSVILLE**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

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

Texas Municipal Retirement System

Valuation Date	Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	25 years
Asset valuation method	10 Year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.5% to 11.5%, including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table based on rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.
Other Information	There were no benefit changes during the year.

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CITY OF KINGSVILLE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2021

City of Kingsville OPEB Plan

Valuation Date	September 30, 2020
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	4 years
Inflation	3.0%
Salary Increases	3.0%, including inflation
Discount Rate	2.19%
Retirement Age	Experience-based table based on rates that are specific to the City's plan of benefits.
Mortality	Active Employees: PubG.H-2010 (general employees) and PubS.H-2010 (public safety) Employee Mortality Tables, Generational with Projections Scale MP-2021 for males or females, as appropriate. Retirees:: PubG.H-2010 (general employees) and PubS.H-2010 (public safety) Healthy Retiree Mortality Tables, Generational with Projections Scale MP-2021 for males or females, as appropriate.
Changes of Benefit Terms	None
Changes of Assumptions	Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period: 2018 - 3.83% 2019 - 2.75% 2020 - 2.41% 2021 - 2.19% Mortality Rates: 2019 - PubG.H-2010 (general employees) and PubS.H-2010 (public safety) Employee and Healthy Annuitant Generational with MP-2019 2020 - PubG.H-2010 (general employees) and PubS.H-2010 (public safety) Employee and Healthy Annuitant Generational with MP-2020 2021 - PubG.H-2010 (general employees) and PubS.H-2010 (public safety) Employee and Healthy Annuitant Generational with MP-2021

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

CITY OF KINGSVILLE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

	Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds (See Exhibit A-3)
ASSETS			
Assets:			
Cash and cash equivalents	\$ 575	\$ --	\$ 575
Equity in pooled cash and cash equivalents	1,136,901	29,017	1,165,918
Receivables (net of allowances for uncollectibles):			
Accounts	64,540	--	64,540
Due from:			
Other governments	6,340	--	6,340
Inventory, at cost	20,221	--	20,221
Restricted assets:			
Cash and cash equivalents	334,012	52,292	386,304
Total Assets	<u>\$ 1,562,589</u>	<u>\$ 81,309</u>	<u>\$ 1,643,898</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND EQUITY			
Liabilities:			
Accounts payable	\$ 65,770	\$ --	\$ 65,770
Accrued wages payable	2,899	--	2,899
Payable from restricted assets:			
Due to:			
Other funds	1,477	--	1,477
Other governments	96	--	96
Total Liabilities	<u>70,242</u>	<u>--</u>	<u>70,242</u>
Deferred Inflows of Resources:			
Deferred revenue	44,769	--	44,769
Total Deferred Inflows of Resources	<u>44,769</u>	<u>--</u>	<u>44,769</u>
Equity:			
Fund balances:			
Nonspendable:			
Restricted:			
Capital outlay	--	81,309	81,309
Law enforcement	19	--	19
Tourism	535,059	--	535,059
Federal and state programs	907,500	--	907,500
Committed:			
Park maintenance	5,000	--	5,000
Total Equity	<u>1,447,578</u>	<u>81,309</u>	<u>1,528,887</u>
Total Liabilities, Deferred Inflows of Resources, and Equity	<u>\$ 1,562,589</u>	<u>\$ 81,309</u>	<u>\$ 1,643,898</u>

CITY OF KINGSVILLE

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds (See Exhibit A-5)
Revenue:			
Taxes	\$ 608,397	\$ --	\$ 608,397
Charges for services	14,592	--	14,592
Interest and miscellaneous	1,342	92	1,434
Donations	25,000	--	25,000
Federal and state grants	72,775	--	72,775
Total Revenues	<u>722,106</u>	<u>92</u>	<u>722,198</u>
Expenditures:			
Current:			
General government and administration	--	35,000	35,000
Public safety	97,756	--	97,756
Tourism	410,502	--	410,502
Debt service:			
Total Expenditures	<u>508,258</u>	<u>35,000</u>	<u>543,258</u>
Excess (deficiency) of revenues (under) expenditures	213,848	(34,908)	178,940
Other Financing Sources (Uses):			
Transfers in	938,350	--	938,350
Transfers out	(88,354)	(5,261)	(93,615)
Total Other Financing Sources (Uses)	<u>849,996</u>	<u>(5,261)</u>	<u>844,735</u>
Net Change in Fund Balances	1,063,844	(40,169)	1,023,675
Fund Balances/Equity, October 1	383,734	121,478	505,212
Fund Balances/Equity, September 30	<u>\$ 1,447,578</u>	<u>\$ 81,309</u>	<u>\$ 1,528,887</u>

CITY OF KINGSVILLE
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2021

	Tourism Fund	State Grants	Other Special Revenues	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
ASSETS				
Assets:				
Cash and cash equivalents	\$ 575	\$ --	\$ --	\$ 575
Equity in pooled cash and cash equivalents	160,972	945,929	30,000	1,136,901
Receivables (net of allowances for uncollectibles):				
Accounts	64,540	--	--	64,540
Due from:				
Other governments	--	6,340	--	6,340
Inventory, at cost	20,221	--	--	20,221
Restricted assets:				
Cash and cash equivalents	334,012	--	--	334,012
Total Assets	<u>\$ 580,320</u>	<u>\$ 952,269</u>	<u>\$ 30,000</u>	<u>\$ 1,562,589</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND EQUITY				
Liabilities:				
Accounts payable	\$ 40,789	\$ --	\$ 24,981	\$ 65,770
Accrued wages payable	2,899	--	--	2,899
Payable from restricted assets:				
Due to:				
Other funds	1,477	--	--	1,477
Other governments	96	--	--	96
Total Liabilities	<u>45,261</u>	<u>--</u>	<u>24,981</u>	<u>70,242</u>
Deferred Inflows of Resources:				
Deferred revenue	--	44,769	--	44,769
Total Deferred Inflows of Resources	<u>--</u>	<u>44,769</u>	<u>--</u>	<u>44,769</u>
Equity:				
Fund balances:				
Nonspendable:				
Restricted:				
Law enforcement	--	--	19	19
Tourism	535,059	--	--	535,059
Federal and state programs	--	907,500	--	907,500
Committed:				
Park maintenance	--	--	5,000	5,000
Total Equity	<u>535,059</u>	<u>907,500</u>	<u>5,019</u>	<u>1,447,578</u>
Total Liabilities, Deferred Inflows of Resources, and Equity	<u>\$ 580,320</u>	<u>\$ 952,269</u>	<u>\$ 30,000</u>	<u>\$ 1,562,589</u>

CITY OF KINGSVILLE

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Tourism Fund	State Grants	Other Special Revenues	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
Revenue:				
Taxes	\$ 608,397	\$ --	\$ --	\$ 608,397
Charges for services	14,592	--	--	14,592
Interest and miscellaneous	1,342	--	--	1,342
Donations	--	--	25,000	25,000
Federal and state grants	--	72,775	--	72,775
Total Revenues	<u>624,331</u>	<u>72,775</u>	<u>25,000</u>	<u>722,106</u>
Expenditures:				
Current:				
Public safety	--	72,775	24,981	97,756
Tourism	410,502	--	--	410,502
Debt service:				
Total Expenditures	<u>410,502</u>	<u>72,775</u>	<u>24,981</u>	<u>508,258</u>
Excess (deficiency) of revenues (under) expenditures	213,829	--	19	213,848
Other Financing Sources (Uses):				
Transfers in	30,850	907,500	--	938,350
Transfers out	(88,296)	--	(58)	(88,354)
Total Other Financing Sources (Uses)	<u>(57,446)</u>	<u>907,500</u>	<u>(58)</u>	<u>849,996</u>
Net Change in Fund Balances	156,383	907,500	(39)	1,063,844
Fund Balances/Equity, October 1	378,676	--	5,058	383,734
Fund Balances/Equity, September 30	<u>\$ 535,059</u>	<u>\$ 907,500</u>	<u>\$ 5,019</u>	<u>\$ 1,447,578</u>

CITY OF KINGSVILLE
TOURISM FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2021

EXHIBIT C-5

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
General Property Taxes:				
Hotel/Motel property tax	\$ 547,200	\$ 547,200	\$ 608,397	\$ 61,197
Total General Property Taxes	547,200	547,200	608,397	61,197
Business Taxes:				
JK Northway venue tax	156,343	156,343	--	(156,343)
Total Business Taxes	156,343	156,343	--	(156,343)
Total Taxes	703,543	703,543	608,397	(95,146)
Charges for Services:				
General Service Fees:				
Park and recreational fees	15,725	15,725	13,514	(2,211)
Total General Service Fees	15,725	15,725	13,514	(2,211)
Sanitation Services:				
Miscellaneous	--	--	1,078	1,078
Total Sanitation Services	--	--	1,078	1,078
Total Charges for Services	15,725	15,725	14,592	(1,133)
Interest and Miscellaneous:				
Interest from investments	150	150	172	22
Miscellaneous	--	--	1,170	1,170
Total Interest and Miscellaneous	150	150	1,342	1,192
Donations	--	3,837	--	(3,837)
Total Revenues	719,418	723,255	624,331	(98,924)
Expenditures:				
Tourism Department				
Personal services	200,451	200,791	198,956	1,835
Supplies	11,600	13,872	11,617	2,255
Services	236,821	220,838	181,031	39,807
Equipment maintenance	500	1,690	870	820
Building maintenance	--	16,867	14,713	2,154
Lease payments	4,061	4,061	3,315	746
Total Tourism Department	453,433	458,120	410,502	47,618
Total Expenditures	453,433	458,120	410,502	47,618
Excess (deficiency) of revenues (under) expenditures	265,985	265,135	213,829	(51,306)
Other Financing Sources (Uses):				
Operating transfers in	30,000	30,850	30,850	--
Operating transfers out	(107,631)	(107,631)	(88,296)	19,335
Total Other Financing Sources (Uses)	(77,631)	(76,781)	(57,446)	19,335
Excess of revenues and other financing sources over (under) expenditures and other financing uses	188,354	188,354	156,383	(31,971)
Fund Balances/Equity, October 1	378,676	378,676	378,676	--
Fund Balances/Equity, September 30	\$ 567,030	\$ 567,030	\$ 535,059	\$ (31,971)

CITY OF KINGSVILLE

STATE GRANTS FUND

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2021

EXHIBIT C-6

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal and state grants	\$ --	\$ 259,294	\$ 72,775	\$ (186,519)
Total Revenues	<u>--</u>	<u>259,294</u>	<u>72,775</u>	<u>(186,519)</u>
Expenditures:				
Police Department				
Personal services	--	234,000	46,626	187,374
Services	<u>5,000</u>	<u>7,808</u>	<u>4,564</u>	<u>3,244</u>
Total Police Department	<u>5,000</u>	<u>241,808</u>	<u>51,190</u>	<u>190,618</u>
Fire Department				
Supplies	4,417	26,903	21,585	5,318
Services	<u>2,657</u>	<u>2,657</u>	<u>--</u>	<u>2,657</u>
Total Fire Department	<u>7,074</u>	<u>29,560</u>	<u>21,585</u>	<u>7,975</u>
Total Expenditures	<u>12,074</u>	<u>271,368</u>	<u>72,775</u>	<u>198,593</u>
Excess (deficiency) of revenues (under) expenditures	(12,074)	(12,074)	--	12,074
Other Financing Sources (Uses):				
Operating transfers in	<u>907,500</u>	<u>907,500</u>	<u>907,500</u>	<u>--</u>
Total Other Financing Sources (Uses)	<u>907,500</u>	<u>907,500</u>	<u>907,500</u>	<u>--</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	895,426	895,426	907,500	12,074
Fund Balances/Equity, October 1	--	--	--	--
Fund Balances/Equity, September 30	<u>\$ 895,426</u>	<u>\$ 895,426</u>	<u>\$ 907,500</u>	<u>\$ 12,074</u>

CITY OF KINGSVILLE
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2021

EXHIBIT C-7

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
General Property Taxes:				
Current taxes	\$ 1,374,917	\$ 1,374,917	\$ 1,293,551	\$ (81,366)
Delinquent taxes	38,500	38,500	39,929	1,429
Penalty and interest	30,000	30,000	25,479	(4,521)
Total General Property Taxes	<u>1,443,417</u>	<u>1,443,417</u>	<u>1,358,959</u>	<u>(84,458)</u>
Interest and Miscellaneous:				
Interest from investments	11,000	11,000	591	(10,409)
Total Interest and Miscellaneous	<u>11,000</u>	<u>11,000</u>	<u>591</u>	<u>(10,409)</u>
Total Revenues	<u>1,454,417</u>	<u>1,454,417</u>	<u>1,359,550</u>	<u>(94,867)</u>
Expenditures:				
City Administration Department				
City Special:				
Services	--	33,194	32,244	950
Total City Special	<u>--</u>	<u>33,194</u>	<u>32,244</u>	<u>950</u>
Total City Administration Department	<u>--</u>	<u>33,194</u>	<u>32,244</u>	<u>950</u>
Debt Service				
Principal retired	1,176,165	1,337,970	1,371,163	(33,193)
Interest	252,068	303,277	260,980	42,297
Paying agent fees	3,400	5,264	1,558	3,706
Total Debt Service	<u>1,431,633</u>	<u>1,646,511</u>	<u>1,633,701</u>	<u>12,810</u>
Total Expenditures	<u>1,431,633</u>	<u>1,679,705</u>	<u>1,665,945</u>	<u>13,760</u>
Excess (deficiency) of revenues (under) expenditures	22,784	(225,288)	(306,395)	(81,107)
Other Financing Sources (Uses):				
Operating transfers in	48,029	48,029	48,029	--
Bond proceeds - refunding bonds	--	754,950	754,950	--
Bond premium	--	61,008	61,008	--
Payment to escrow agent	--	(771,750)	(771,750)	--
Total Other Financing Sources (Uses)	<u>48,029</u>	<u>92,237</u>	<u>92,237</u>	<u>--</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	70,813	(133,051)	(214,158)	(81,107)
Fund Balances/Equity, October 1	618,428	618,428	618,428	--
Fund Balances/Equity, September 30	<u>\$ 689,241</u>	<u>\$ 485,377</u>	<u>\$ 404,270</u>	<u>\$ (81,107)</u>



King'sville
TEXAS

CITY OF KINGSVILLE
CAPITAL IMPROVEMENTS FUND
CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2021

EXHIBIT C-8

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest and Miscellaneous:				
Interest from investments	\$ 4,000	\$ 4,000	\$ 92	\$ (3,908)
Total Interest and Miscellaneous	4,000	4,000	92	(3,908)
Total Revenues	4,000	4,000	92	(3,908)
Expenditures:				
City Administration Department				
City Special:				
Services	16,372	16,372	--	16,372
Capital outlay	25,000	60,000	35,000	25,000
Total City Special	41,372	76,372	35,000	41,372
Total City Administration Department	41,372	76,372	35,000	41,372
Total Expenditures	41,372	76,372	35,000	41,372
Excess (deficiency) of revenues (under) expenditures	(37,372)	(72,372)	(34,908)	37,464
Other Financing Sources (Uses):				
Operating transfers out	(5,266)	(5,266)	(5,261)	5
Total Other Financing Sources (Uses)	(5,266)	(5,266)	(5,261)	5
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(42,638)	(77,638)	(40,169)	37,469
Fund Balances/Equity, October 1	121,478	121,478	121,478	--
Fund Balances/Equity, September 30	\$ 78,840	\$ 43,840	\$ 81,309	\$ 37,469



King'sville
TEXAS

Statistical Section

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

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Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	115-122
Revenue Capacity	
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	123-131
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	132-138
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time with other governments.	139-140
Operating Information	
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	141-145

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

CITY OF KINGSVILLE
NET POSITION BY COMPONENT,
LAST TEN FISCAL YEARS

	Fiscal Year				
	2021	2020	2019	2018	2017
Governmental Activities					
Net investment in Capital Assets	\$ 9,712,649	\$ 8,732,847	\$ 8,388,284	\$ 6,481,143	\$ 8,359,623
Restricted	4,298,931	3,023,392	3,538,577	3,450,739	3,391,989
Unrestricted	9,453,907	8,737,572	5,855,585	7,847,141	4,923,248
Total Governmental Activities Net Position	\$ 23,465,487	\$ 20,493,811	\$ 17,782,446	\$ 17,779,023	\$ 16,674,860
Business-type activities					
Net Investment in Capital Assets	\$ 9,455,955	\$ 9,726,407	\$ 9,265,006	\$ 9,269,664	\$ 7,888,672
Restricted	2,503,844	2,734,415	3,599,174	2,277,168	3,124,894
Unrestricted	5,438,734	4,061,441	2,504,378	2,541,750	2,394,348
Total Business-Type Activities Net Position	\$ 17,399,533	\$ 16,522,263	\$ 15,368,558	\$ 14,088,582	\$ 13,407,914
Primary Government					
Net investment in Capital Assets	\$ 19,169,604	\$ 18,459,254	\$ 17,653,290	\$ 15,750,807	\$ 16,248,295
Restricted	6,802,775	5,757,807	7,137,751	5,727,907	6,516,883
Unrestricted	14,892,641	12,799,013	8,359,963	10,388,891	7,317,596
Total Primary Government Net Position	\$ 40,865,020	\$ 37,016,074	\$ 33,151,004	\$ 31,867,605	\$ 30,082,774

SCHEDULE 1

		Fiscal Year				
2016		2015	2014	2013	2012	
\$	8,385,155	\$ 9,978,832	\$ 7,857,043	\$ 7,196,801	\$ 8,641,553	
	2,691,190	3,214,449	4,552,225	5,952,091	3,139,930	
	5,042,603	2,347,890	1,671,613	2,846,877	4,221,605	
\$	<u>16,118,948</u>	<u>15,541,171</u>	<u>14,080,881</u>	<u>15,995,769</u>	<u>16,003,088</u>	
\$	5,337,203	\$ 3,658,702	\$ 842,427	\$ 2,766,006	\$ 4,049,345	
	3,783,641	5,606,600	6,361,728	539,925	1,086,225	
	5,265,570	4,667,465	8,899,435	11,624,979	8,689,906	
\$	<u>14,386,414</u>	<u>13,932,767</u>	<u>16,103,590</u>	<u>14,930,910</u>	<u>13,825,476</u>	
\$	13,722,358	\$ 13,637,534	\$ 8,699,470	\$ 9,962,807	\$ 12,690,898	
	6,474,831	8,821,049	10,913,953	6,492,016	4,226,155	
	10,308,173	7,015,355	10,571,048	14,471,856	12,911,511	
\$	<u>30,505,362</u>	<u>29,473,938</u>	<u>30,184,471</u>	<u>30,926,679</u>	<u>29,828,564</u>	

CITY OF KINGSVILLE
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	Fiscal Year				
	2021	2020	2019	2018	2017
Expenses					
Governmental Activities:					
General Government	\$ 4,534,741	\$ 4,658,647	\$ 4,719,760	\$ 4,509,275	\$ 4,803,413
Public Safety	8,565,107	9,544,822	10,272,984	9,299,188	9,056,283
Public Works	3,588,399	3,053,129	3,632,080	3,382,760	3,978,987
City/County	2,515,339	2,168,364	2,337,837	2,060,985	2,116,324
Tourism	415,224	543,425	651,531	590,957	976,056
Interest on Long-Term Debt	185,474	266,416	279,826	337,368	362,092
Total Governmental Activities Expenses	19,804,284	20,234,803	21,894,018	20,180,533	21,293,155
Business-Type Activities:					
Water	4,629,416	4,126,370	4,392,972	4,381,668	4,587,773
Solid Waste	2,815,547	2,735,102	2,966,136	2,697,771	2,861,670
Waste Water	2,899,735	2,957,232	2,939,875	3,004,453	3,234,997
Storm Water	1,188	1,261	860	327	270
Total Business-Type Activity Expenses	10,345,886	9,819,965	10,299,843	10,084,219	10,684,710
Total Primary Government Expenses	\$ 30,150,170	\$ 30,054,768	\$ 32,193,861	\$ 30,264,752	\$ 31,977,865
Program Revenue (see schedule 3)					
Governmental Activities					
Charges for Services:					
General Government	\$ 417,217	\$ 380,421	\$ 324,138	\$ 270,992	\$ 289,523
Public Safety	1,297,364	1,386,835	1,597,664	2,515,424	1,738,745
Public Works	822,553	807,064	787,122	813,052	853,075
City/County	472,948	370,251	361,675	314,270	308,082
Tourism	13,513	50,090	58,534	51,128	55,173
Operating Grants and Contributions	1,355,078	2,607,026	1,379,626	1,003,090	1,192,770
Capital Grants and Contributions	-	-	-	-	-
Total Governmental Activities Program Revenues	4,378,673	5,601,687	4,508,759	4,967,956	4,437,368
Business-Type Activities:					
Charges for Services:					
Water	4,995,788	4,886,760	4,730,167	5,071,190	5,084,940
Waste Water	-	4,141,620	3,800,783	3,543,469	3,497,038
Solid Waste	8,699,074	4,115,973	3,890,518	3,927,251	3,924,740
Storm Water	401,508	404,887	390,799	330,649	227,449
Operating Grants and Contributions	507,183	142,715	24,907	42,587	191,926
Capital Grants and Contributions	-	-	-	-	-
Total Business-Type Activities Program Revenues	14,603,553	13,691,955	12,837,174	12,915,146	12,926,093
Total Primary Government Program Revenues	\$ 18,982,226	\$ 19,293,642	\$ 17,345,933	\$ 17,883,102	\$ 17,363,461

SCHEDULE 2

		Fiscal Year							
		2016	2015	2014	2013	2012			
\$	4,487,935	\$	3,995,650	\$	4,127,259	\$	3,957,983	\$	3,285,875
	10,415,086		9,204,930		10,189,111		9,100,303		9,475,608
	3,321,641		3,306,944		3,727,188		3,342,824		2,823,707
	2,735,353		1,861,469		797,635		754,701		811,546
	533,758		489,686		482,331		404,947		389,259
	415,124		255,927		309,706		362,523		335,136
	<u>21,908,897</u>		<u>19,114,606</u>		<u>19,633,230</u>		<u>17,923,281</u>		<u>17,121,131</u>
	4,576,376		4,136,054		4,569,960		4,232,121		4,570,338
	2,594,497		2,705,535		2,706,916		2,541,678		2,417,443
	2,992,974		2,769,038		2,547,557		2,287,392		2,451,466
	253		631		834		1,074		-
	<u>10,164,100</u>		<u>9,611,258</u>		<u>9,825,267</u>		<u>9,062,265</u>		<u>9,439,247</u>
\$	<u><u>32,072,997</u></u>	\$	<u><u>28,725,864</u></u>	\$	<u><u>29,458,497</u></u>	\$	<u><u>26,985,546</u></u>	\$	<u><u>26,560,378</u></u>
\$	342,476	\$	336,553	\$	427,047	\$	373,672	\$	265,724
	3,596,477		3,394,881		2,374,591		2,718,033		1,975,762
	601,700		62,577		54,893		531,161		23,470
	467,315		295,084		30,038		23,118		21,581
	935		1,985		626,066		519,940		542,582
	1,071,004		947,173		298,649		403,484		308,366
	-		-		2,074		2,673		19,700
	<u>6,079,907</u>		<u>5,038,253</u>		<u>3,813,358</u>		<u>4,572,081</u>		<u>3,157,185</u>
	4,748,558		4,509,790		5,021,529		5,239,019		5,064,986
	3,409,252		3,451,936		3,830,649		3,357,948		3,815,313
	3,856,298		3,915,060		3,776,750		3,303,720		3,329,278
	226,086		224,545		228,883		243,952		-
	111,987		-		-		-		-
	<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>
	<u>12,352,181</u>		<u>12,101,331</u>		<u>12,857,811</u>		<u>12,144,639</u>		<u>12,209,575</u>
\$	<u><u>18,432,088</u></u>	\$	<u><u>17,139,584</u></u>	\$	<u><u>16,671,169</u></u>	\$	<u><u>16,716,720</u></u>	\$	<u><u>15,366,760</u></u>

CITY OF KINGSVILLE
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	Fiscal Year				
	2021	2020	2019	2018	2017
Net (Expense)/Revenue					
Governmental Activities	\$ (15,425,611)	\$ (14,633,116)	\$ (17,385,259)	\$ (15,212,577)	\$ (16,855,787)
Business-Type Activities	4,257,667	3,871,990	2,537,331	2,830,927	2,241,383
Total Primary Government Net Expenses	\$ (11,167,944)	\$ (10,761,126)	\$ (14,847,928)	\$ (12,381,650)	\$ (14,614,404)
General Revenues - Other Changes in Net Position					
Governmental Activities					
Taxes					
Property Taxes	\$ 7,634,771	\$ 7,651,822	\$ 7,407,799	\$ 6,983,970	\$ 6,837,284
Franchise Taxes	881,639	868,834	1,023,299	979,444	989,053
Sales Taxes	5,704,000	5,116,414	5,080,332	4,764,200	4,770,174
Hotel/Motel Taxes	609,475	508,437	649,312	566,267	549,471
Other Taxes	54,035	51,862	67,931	64,514	66,553
Payment in Lieu of Taxes	-	-	-	-	-
Insurance Settlement	-	-	-	-	573,250
Investment Earnings	31,377	260,690	396,086	280,161	134,896
Gain (loss) on disposal of capital assets	70,797	23,500	31,605	3,000	87,712
Miscellaneous (loss)	24,379	39,536	40,982	61,377	98,935
Transfers	3,386,814	2,823,386	2,691,336	2,286,274	3,304,371
Total Governmental Activities	18,397,287	17,344,481	17,388,682	15,989,207	17,411,699
Business-Type Activities					
Investment Earnings	6,420	105,101	157,476	84,354	73,974
Other	-	-	-	8,002	10,514
Transfers	(3,386,814)	(2,823,386)	(2,691,336)	(2,286,274)	(3,304,371)
Total Business-Type Activities	(3,380,394)	(2,718,285)	(2,533,860)	(2,193,918)	(3,219,883)
Total Primary Government	\$ 15,016,893	\$ 14,626,196	\$ 14,854,822	\$ 13,795,289	\$ 14,191,816
Changes in Net Position					
Governmental Activities (loss)	\$ 2,971,676	\$ 2,711,365	\$ 3,423	\$ 776,630	\$ 555,912
Business-Type Activities (loss)	877,273	1,153,705	3,471	637,009	(978,500)
Total Primary Government (loss)	\$ 3,848,949	\$ 3,865,070	\$ 6,894	\$ 1,413,639	\$ (422,588)

SCHEDULE 2
(Continued)

Fiscal Year				
2016	2015	2014	2013	2012
\$ (15,828,990)	\$ (14,076,353)	\$ (15,819,872)	\$ (13,351,200)	\$ (13,963,946)
<u>2,188,081</u>	<u>2,490,073</u>	<u>3,032,544</u>	<u>3,082,374</u>	<u>2,770,328</u>
\$ <u>(13,640,909)</u>	\$ <u>(11,586,280)</u>	\$ <u>(12,787,328)</u>	\$ <u>(10,268,826)</u>	\$ <u>(11,193,618)</u>
\$ 6,425,348	\$ 6,247,458	\$ 6,111,394	\$ 5,956,227	\$ 5,891,693
996,256	1,003,931	1,019,888	971,761	977,459
4,599,145	4,520,268	4,543,435	4,338,360	4,204,521
510,673	564,056	-	-	-
55,932	57,265	57,136	49,137	45,703
100,000	100,000	100,000	100,000	100,000
1,605,908	-	-	-	-
251,491	128,334	83,492	211,942	83,886
-	-	-	-	-
24,320	21,292	2,000	399	295,794
<u>1,837,694</u>	<u>4,442,361</u>	<u>1,987,639</u>	<u>1,849,660</u>	<u>2,662,842</u>
<u>16,406,767</u>	<u>17,084,965</u>	<u>13,904,984</u>	<u>13,477,486</u>	<u>14,261,898</u>
103,258	45,957	127,777	37,971	137,410
-	-	-	-	-
<u>(1,837,694)</u>	<u>(4,442,361)</u>	<u>(1,987,638)</u>	<u>(1,849,660)</u>	<u>(2,662,842)</u>
<u>(1,734,436)</u>	<u>(4,396,404)</u>	<u>(1,859,861)</u>	<u>(1,811,689)</u>	<u>(2,525,432)</u>
\$ <u>14,672,331</u>	\$ <u>12,688,561</u>	\$ <u>12,045,123</u>	\$ <u>11,665,797</u>	\$ <u>11,736,466</u>
\$ 577,777	\$ 3,008,612	\$ (1,914,888)	\$ 126,286	\$ 297,952
<u>453,645</u>	<u>(1,906,331)</u>	<u>1,172,684</u>	<u>1,270,685</u>	<u>244,896</u>
\$ <u>1,031,422</u>	\$ <u>1,102,281</u>	\$ <u>(742,204)</u>	\$ <u>1,396,971</u>	\$ <u>542,848</u>

CITY OF KINGSVILLE

FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS

	Fiscal Year				
	2021	2020	2019	2018	2017
General Fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
Nonspendable	478,980	375,986	320,068	354,036	285,323
Restricted	22,708	8,391	5,600	2,314	97,057
Committed	3,356,991	3,701,093	3,259,455	2,664,778	1,266,453
Unassigned	9,932,049	9,066,420	7,193,210	6,963,901	7,470,863
Total General Fund	\$ 13,790,728	\$ 13,151,890	\$ 10,778,333	\$ 9,985,029	\$ 9,119,696
All Other Governmental Funds					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, Reported in					
Special Revenue Funds	-	-	-	-	-
-	-	-	-	-	-
Restricted					
Debt Service Funds	404,270	618,428	612,098	559,382	757,325
Special Revenue Funds	1,625,506	638,204	561,021	344,117	412,248
Capital Projects Funds	81,309	121,478	369,208	1,723,633	4,007,567
Unassigned, Reported in					
Special Revenue Funds	1,149,361	1,234,903	1,307,616	2,091,534	1,461,090
Assigned					
Drug Awareness	-	58	58	58	2,365
Total All Other Governmental Funds	\$ 3,260,446	\$ 2,613,071	\$ 2,850,001	\$ 4,718,724	\$ 6,640,595

CITY OF KINGSVILLE
FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS

	Fiscal Year				
	2021	2020	2019	2018	2017
General Fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
Nonspendable	478,980	375,986	320,068	354,036	285,323
Restricted	22,708	8,391	5,600	2,314	97,057
Committed	3,356,991	3,701,093	3,259,455	2,664,778	1,266,453
Unassigned	9,932,049	9,066,420	7,193,210	6,963,901	7,470,863
Total General Fund	\$ 13,790,728	\$ 13,151,890	\$ 10,778,333	\$ 9,985,029	\$ 9,119,696
All Other Governmental Funds					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, Reported in					
Special Revenue Funds	-	-	-	-	-
Restricted					
Debt Service Funds	404,270	618,428	612,098	559,382	757,325
Special Revenue Funds	1,625,506	638,204	561,021	344,117	412,248
Capital Projects Funds	81,309	121,478	369,208	1,723,633	4,007,567
Unassigned, Reported in					
Special Revenue Funds	1,149,361	1,234,903	1,307,616	2,091,534	1,461,090
Assigned					
Drug Awareness	-	58	58	58	2,365
Total All Other Governmental Funds	\$ 3,260,446	\$ 2,613,071	\$ 2,850,001	\$ 4,718,724	\$ 6,640,595

CITY OF KINGSVILLE

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

	Fiscal Year				
	2021	2020	2019	2018	2017 *
Revenues					
Property Taxes	\$ 7,592,914	\$ 7,492,381	\$ 7,120,452	\$ 6,998,136	\$ 6,706,943
Taxes-Other	7,356,029	6,645,547	6,924,607	6,488,517	6,483,549
Licenses, Fees and Permits	255,995	273,086	239,639	193,757	246,379
Fines and Penalties	697,303	759,214	894,774	1,886,822	1,107,731
Charges for Services	6,165,410	6,070,476	5,852,479	5,860,636	5,900,175
Special Assessment	4,176	5,333	4,811	774	2,797
Intergovernmental	539,652	2,033,862	585,000	550,000	550,000
Investment Earnings/Other	53,600	256,334	432,802	300,139	207,464
Gain or Loss on Sale of Property	70,797	23,500	45,599	-	-
Federal Grant	790,425	573,163	787,787	448,342	642,770
Donations	49,381	23,767	45,891	7,025	29,300
Total Revenues	23,575,682	24,156,663	22,933,841	22,734,148	21,877,108
Expenditures					
General Government	4,609,833	4,535,714	4,423,846	4,334,387	5,387,819
Public Safety	9,606,373	8,990,262	9,108,029	8,994,258	9,392,971
Public Works	5,894,087	5,048,455	5,708,912	5,244,664	5,994,479
City/County	2,486,047	2,046,965	2,137,638	2,009,023	2,976,194
Tourism	410,502	536,110	639,401	580,694	971,148
Other	-	-	-	-	-
Capital Outlay	948,982	1,167,343	2,080,589	3,151,215	2,750,583
Debt Service					
Interest	260,980	251,620	332,397	357,712	458,762
Principal	1,371,163	1,226,939	1,097,715	1,124,637	980,798
Bond Issuance Cost	1,558	64,743	3,150	2,900	3,550
Total Expenditures	25,589,525	23,868,151	25,531,677	25,799,490	28,916,304
Excess of Revenues over/ (under) Expenditures	(2,013,843)	288,512	(2,597,836)	(3,065,342)	(7,039,196)
Other Financing Sources (uses)					
Gain on Sale of Assets	-	-	-	3,000	105,806
Issuance of Debt	-	-	42,166	845,105	750,879
Bonds Issued	1,310,000	-	-	-	-
Bond Issuance Costs	-	-	-	-	-
Bond Issuance Premium	61,008	358,635	-	-	-
Insurance Settlement	-	14,548	-	-	573,250
Refunding Bonds Issued	754,950	2,705,982	-	-	-
Payment to Refunding Bonds					
Escrow Agent	(771,750)	(3,051,000)	-	-	-
Lease Proceeds	32,229	622,780	-	-	-
Transfers In	2,555,433	1,997,815	2,209,342	1,669,896	3,121,412
Transfers Out	(641,816)	(800,644)	(729,092)	(509,196)	(1,588,105)
Total Other Financing Sources (uses)	3,300,054	1,848,116	1,522,416	2,008,805	2,963,242
Net Change In Fund Balances	\$ 1,286,211	\$ 2,136,628	\$ (1,075,420)	\$ (1,056,537)	\$ (4,075,954)
Debt Services as a Percentage of Noncapital Expenditures	6.63%	6.80%	6.11%	6.54%	5.51%

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

SCHEDULE 4

Fiscal Year				
2016 *	2015 *	2014 *	2013 *	2012
\$ 6,370,231	\$ 6,324,292	\$ 6,211,394	\$ 6,056,227	\$ 6,019,795
6,267,496	6,144,962	6,224,035	5,834,703	5,769,313
262,275	281,595	371,219	228,156	185,708
2,999,672	2,857,165	1,766,230	2,193,241	1,367,469
5,417,808	4,868,259	4,448,868	4,417,144	4,453,626
-	-	2,571	9,965	15,725
550,000	947,173	300,723	393,927	326,628
402,997	161,103	176,663	372,414	178,110
-	-	-	-	-
521,004	-	-	-	-
1,730	4,400	2,000	399	295,794
<u>22,793,213</u>	<u>21,588,949</u>	<u>19,503,703</u>	<u>19,506,176</u>	<u>18,612,168</u>
4,499,066	3,948,280	4,031,495	3,854,608	3,406,264
9,726,283	9,420,023	9,720,606	9,193,035	9,221,523
4,953,034	4,961,418	5,519,498	4,830,337	5,447,175
2,846,518	1,892,789	771,719	768,239	773,413
553,609	513,596	480,742	401,893	389,081
-	2,800	53,888	35,230	17,187
2,165,305	2,362,760	1,217,907	635,678	-
278,696	318,555	377,700	469,062	536,062
1,463,485	1,425,793	1,452,714	1,417,329	1,266,933
91,800	-	-	-	-
<u>26,577,796</u>	<u>24,844,014</u>	<u>23,626,269</u>	<u>21,605,411</u>	<u>21,057,638</u>
<u>(3,784,583)</u>	<u>(3,255,065)</u>	<u>(4,122,566)</u>	<u>(2,099,235)</u>	<u>(2,445,470)</u>
-	-	38,000	23,000	58,500
10,396	-	458,350	414,191	-
6,740,000	-	-	965,000	-
-	-	-	-	-
198,693	-	-	58,408	-
1,605,908	-	-	-	-
-	-	-	1,260,000	-
-	-	-	(1,247,918)	-
2,365,743	2,297,234	2,767,926	1,880,045	1,677,920
<u>(965,743)</u>	<u>(479,714)</u>	<u>(1,517,925)</u>	<u>(441,587)</u>	<u>(427,920)</u>
<u>9,954,997</u>	<u>1,817,520</u>	<u>1,746,351</u>	<u>2,911,139</u>	<u>1,308,500</u>
\$ <u>6,170,414</u>	\$ <u>(1,437,545)</u>	\$ <u>(2,376,215)</u>	\$ <u>811,904</u>	\$ <u>(1,136,970)</u>
7.51%	7.77%	8.17%	9.00%	8.56%

CITY OF KINGSVILLE

SCHEDULE 5

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

Fiscal Year	Real Property	Mineral Property	Personal Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value
2012	\$ 660,216,670	\$ 24,266,424	\$ 72,655,450	\$ 73,884,909	\$ 683,253,635	0.84220%	\$ 757,138,544
2013	664,122,931	23,606,860	80,127,290	74,423,849	693,433,232	0.84220%	767,857,081
2014	676,002,957	26,907,000	88,736,830	77,398,392	714,248,395	0.84220%	791,646,787
2015	694,469,813	26,395,108	95,315,110	87,266,366	728,913,665	0.84220%	816,180,031
2016	723,790,576	29,640,590	99,061,220	96,803,747	755,688,639	0.84220%	852,492,386
2017	761,756,167	39,541,260	89,558,210	101,398,477	789,457,160	0.84220%	890,855,637
2018	793,841,251	39,726,389	83,376,720	115,036,371	801,907,989	0.84220%	916,944,360
2019	848,688,558	45,403,810	87,986,520	135,228,653	846,850,235	0.83000%	982,078,888
2020	889,415,464	30,688,477	86,717,700	125,595,358	881,226,283	0.85304%	1,006,821,641
2021	962,485,950	32,551,053	94,366,980	209,568,241	879,835,742	0.85208%	1,089,403,983

Source: Kleberg County Tax Assessor Office

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

CITY OF KINGSVILLE

DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN FISCAL YEARS

(RATE PER \$100 OF ASSESSED VALUE)

SCHEDULE 6

Fiscal Year	City Direct Rates			Overlapping Rates		
	Basic Rate	General Obligation Debt Service	Total Direct Rate	School District	County	STWA
2012	\$ 0.63752	\$ 0.20468	\$ 0.84220	\$ 1.46380	\$ 0.75100	\$ 0.06189
2013	0.66395	0.17825	0.84220	1.49410	0.74481	0.06189
2014	0.65404	0.18816	0.84220	1.51890	0.74481	0.08511
2015	0.65558	0.18662	0.84220	1.51890	0.74481	0.85409
2016	0.65567	0.18653	0.84220	1.51890	0.81500	0.83250
2017	0.66088	0.18132	0.84220	1.51890	0.82880	0.08294
2018	0.69055	0.15165	0.84220	1.51890	0.79500	0.08517
2019	0.66488	0.16512	0.83000	1.51890	0.78145	0.08666
2020	0.68522	0.16782	0.85304	1.51890	0.76950	0.08691
2021	0.70027	0.15181	0.85208	1.51890	0.78546	0.08691

Source: Kleberg County Tax Assessor Office

CITY OF KINGSVILLE

PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND NINE YEARS AGO

SCHEDULE 7

Taxpayer	2021			2012		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
AEP Texas Inc.	\$ 21,017,700	1	2.39%			
KL Phase 1 Owner LTD	13,351,850	2	1.52%			
Rockstar Oak Tree LLC	9,091,130	3	1.03%			
Apexone Javelina LLC	8,174,470	4	0.93%			
Kingspointe-Victoria LLC	7,866,000	5	0.89%			
Alpha Lake LTD	7,060,000	6	0.80%			
KL Phase II Owner LTD	6,873,790	7	0.78%			
HEB Grocery Inc	6,513,682	8	0.74%			
Wal-Mart Stores Inc #01-0442	6,351,380	9	0.72%			
Wal-Mart Stores Texas, LLC US00442	6,160,420	10	0.70%			
AEP Texas Central Company				\$ 9,996,040	1	1.46%
Wal-Mart Stores East LP #01-0442				7,958,570	2	1.16%
Kingsville Two				6,876,800	3	1.01%
Eddie Yaklin Ford Lincoln Mercury LTD				6,710,900	4	0.98%
HBC Holding LTD				5,768,860	5	0.84%
Collegiate Kingsville Partners LP				5,555,450	6	0.81%
Wal-Mart Stores Inc #01-0442				5,370,600	7	0.79%
HEB Grocery Inc				4,825,090	8	0.71%
Lowes Home Centers Inc				4,296,710	9	0.63%
Yaklin, Eddie L				4,112,580	10	0.60%
Total	\$ 92,460,422		10.51%	\$ 61,471,600		9.00%

Source: Kleberg County Appraisal District

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

SCHEDULE 8

Fiscal Year	Taxes Levied for the Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2012	\$ 5,751,687	\$ 5,564,076	96.7%	\$ 151,238	\$ 5,715,314	99.37%
2013	5,831,373	5,618,741	96.4%	172,246	5,790,987	99.31%
2014	5,987,424	5,791,937	96.7%	146,553	5,938,490	99.18%
2015	6,145,880	5,939,500	96.6%	148,941	6,088,441	99.07%
2016	6,350,640	6,115,195	96.3%	161,188	6,276,383	98.83%
2017	6,640,180	6,396,334	96.3%	139,544	6,535,878	98.43%
2018	6,880,532	6,645,832	96.6%	89,824	6,735,656	97.89%
2019	7,056,152	6,799,232	96.4%	133,747	6,932,979	98.25%
2020	7,473,551	7,180,302	96.1%	122,109	7,302,411	97.71%
2021	7,520,817	7,260,036	96.5%	-	7,260,036	96.53%

Source: Kleberg County Tax Assessor Office

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

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

	Fiscal Year				
	2021	2020	2019	2018	2017
Building Materials, Hardware, etc.	\$ 44,587	\$ 44,066	\$ 33,660	\$ 31,589	\$ 31,293
General Merchandise	57,006	53,764	49,564	53,021	50,670
Food Stores	25,309	23,879	20,778	21,319	20,990
Automotive Dealers and Gasoline	24,140	23,598	22,820	21,449	21,689
Apparel and Accessory Stores	8,744	5,434	3,147	2,343	3,209
Home Furniture, Furnishing, and Equipment	3,653	3,735	4,594	4,828	4,685
Eating and Drinking Places	63,115	53,372	55,899	51,130	48,936
All Other Outlets	10,028	10,093	12,724	14,066	14,064
Total	<u>\$ 236,582</u>	<u>\$ 217,941</u>	<u>\$ 203,186</u>	<u>\$ 199,745</u>	<u>\$ 195,536</u>
City Direct Sales Tax Rate	1.5%	1.5%	1.5%	1.5%	1.5%

Source: Texas Comptroller of Public Accounts

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

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

SCHEDULE 9

Fiscal Year				
2016	2015	2014	2013	2012
\$ 31,075	\$ 28,114	\$ 26,377	\$ 25,717	\$ 24,742
48,926	48,493	47,472	46,063	46,642
18,733	21,273	20,521	19,363	17,751
22,194	23,225	22,701	22,359	23,282
4,256	5,388	6,089	6,161	5,662
5,059	5,439	5,795	4,100	2,497
46,526	48,222	46,716	44,846	43,511
15,596	12,843	17,483	19,920	17,576
<u>\$ 192,365</u>	<u>\$ 192,997</u>	<u>\$ 193,154</u>	<u>\$ 188,529</u>	<u>\$ 181,663</u>
1.5%	1.5%	1.5%	1.5%	1.5%



King'sville
TEXAS

CITY OF KINGSVILLE

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

SCHEDULE 10

<u>Fiscal Year</u>	<u>City Property Tax Relief</u>	<u>City Sales Tax</u>	<u>Kieberg County Property Tax Relief</u>	<u>State Sales Tax</u>
2012	1.00%	0.50%	0.50%	6.25%
2013	0.50%	1.00%	0.50%	6.25%
2014	0.50%	1.00%	0.50%	6.25%
2015	0.50%	1.00%	0.50%	6.25%
2016	0.50%	1.00%	0.50%	6.25%
2017	0.50%	1.00%	0.50%	6.25%
2018	0.50%	1.00%	0.50%	6.25%
2019	0.50%	1.00%	0.50%	6.25%
2020	0.50%	1.00%	0.50%	6.25%
2021	0.50%	1.00%	0.50%	6.25%

Source: Texas Comptroller of Public Accounts

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

CITY OF KINGSVILLE

RATIOS OF OUTSTANDING DEBT BY TYPE,
LAST TEN FISCAL YEARS

SCHEDULE 11

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Capital Leases	Certificates of Obligation	Capital Lease			
2012	\$ 8,977,194	\$ 84,647	\$ 17,467,552	\$ -	\$ 26,529,393	3.73%	\$ 1,004.41
2013	9,182,245	57,637	20,416,799	354,930	29,656,681	3.80%	1,114.95
2014	8,332,813	417,362	19,110,710	299,882	28,160,767	3.72%	1,070.26
2015	7,502,881	327,194	17,323,616	243,255	25,396,946	3.46%	957.33
2016	13,588,258	273,205	15,492,771	184,999	29,539,233	4.05%	1,126.89
2017	12,713,187	635,470	14,074,091	443,332	27,866,060	3.81%	1,062.58
2018	11,671,955	768,108	12,745,112	917,457	26,102,632	3.58%	997.16
2019	10,571,999	597,466	11,435,585	709,053	23,314,103	3.20%	803.16
2020	9,416,303	692,143	10,236,215	1,416,379	21,761,040	2.99%	763.60
2021	9,369,501	526,090	9,735,402	1,160,276	20,791,269	2.85%	675.48

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

SCHEDULE 11

Capital Lease	Total Primary Government	Percentage of Personal Income	Per Capita
\$ -	\$ 26,529,393	3.73%	\$ 1,004.41
354,930	29,656,681	3.80%	1,114.95
299,882	28,160,767	3.72%	1,070.26
243,255	25,396,946	3.46%	957.33
184,999	29,539,233	4.05%	1,126.89
443,332	27,866,060	3.81%	1,062.58
917,457	26,102,632	3.58%	997.16
709,053	23,314,103	3.20%	803.16
1,416,379	21,761,040	2.99%	763.60
1,160,276	20,791,269	2.85%	675.48

CITY OF KINGSVILLE

RATIOS OF GENERAL BONDED DEBT OUTSTANDING,
LAST TEN FISCAL YEARS

SCHEDULE 12

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Per Capita (1)
	General Obligation Bonds	Less: Amount Available in Debt Service Fund	Net Bonded Debt		
2012	\$ 9,062,841	\$ 733,822	\$ 8,329,019	1.1970%	\$ 315.29
2013	9,239,882	625,918	8,613,964	1.2033%	323.84
2014	8,750,175	588,912	8,161,235	1.1053%	310.17
2015	7,830,075	579,648	7,250,427	0.9594%	273.30
2016	13,861,463	618,994	13,242,469	1.6260%	505.19
2017	13,348,638	757,325	12,591,313	1.4984%	480.13
2018	12,440,063	559,382	11,880,681	1.3567%	453.86
2019	11,169,465	612,098	10,557,367	1.1373%	363.69
2020	10,108,446	618,428	9,490,018	0.9426%	333.00
2021	9,845,591	404,270	9,441,321	0.8667%	306.74

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

(1) Per Capita calculation was restated since it was originally stated based on General Bond Debt not Net Bonded Debt.

CITY OF KINGSVILLE

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2021**

SCHEDULE 13

	<u>Net Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Governmental Unit			
Debt Repaid With Property Taxes			
Kingsville ISD	\$ 56,985,000	84.74%	\$ 48,289,089
Kleberg County	9,090,000	54.41%	4,945,869
Ricardo ISD	1,026,000	5.95%	61,047
South Texas Water Authority	3,405,000	39.04%	<u>1,329,312</u>
Subtotal, Overlapping Debt			54,625,317
City Direct Debt; Bonds			16,355,000
Capital Leases			<u>526,095</u>
Total Direct and Overlapping Debt			<u>\$ 71,506,412</u>

Sources: Data provided by Municipal Advisory Council of Texas

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

CITY OF KINGSVILLE

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

	Fiscal Year				
	2012	2013	2014	2015	2016
Debt Limit	\$ 189,284,636	\$ 191,964,270	\$ 197,911,697	\$ 204,045,008	\$ 213,123,097
Total Net Debt Applicable to Limit	<u>8,165,426</u>	<u>8,430,848</u>	<u>7,628,579</u>	<u>6,814,889</u>	<u>12,673,491</u>
Legal Debt Margin	\$ <u>181,119,210</u>	\$ <u>183,533,422</u>	\$ <u>190,283,118</u>	\$ <u>197,230,119</u>	\$ <u>200,449,606</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	4.31%	4.39%	3.85%	3.34%	5.95%

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

SCHEDULE 14

Fiscal Year					
2017	2018	2019	2020	2021	
\$ 222,713,909	\$ 229,236,090	\$ 245,519,722	\$ 251,705,410	\$ 272,350,996	
11,676,198	10,849,298	9,741,152	8,083,010	8,464,893	
<u>\$ 211,037,711</u>	<u>\$ 218,386,792</u>	<u>\$ 235,778,570</u>	<u>\$ 243,622,400</u>	<u>\$ 263,886,103</u>	
5.24%	4.73%	3.97%	3.21%	3.11%	

Assessed Value		\$ 1,089,403,983
Debt Limit (25% of assessed value)		272,350,996
Debt Applicable to Limit:		
General Obligation Bonds	\$ 8,869,163	
Less: Amount Set Aside for Repayment of General Obligation Debt	<u>404,270</u>	
Total Net Debt Applicable to Limit		<u>8,464,893</u>
Legal Debt Margin		<u>\$ 263,886,103</u>

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

SCHEDULE 15

Fiscal Year	Waste Water Revenue Bonds and Certificates of Obligation Bonds (a)					
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2012	\$ 8,376,945	\$ 4,987,855	\$ 3,389,090	\$ 683,067	\$ 620,735	2.60
2013	8,824,532	4,956,345	3,868,187	832,670	601,948	2.70
2014	9,078,218	5,465,760	3,612,458	997,285	806,694	2.00
2015	8,186,271	5,462,815	2,723,456	1,159,208	448,536	1.69
2016	8,383,896	6,043,456	2,340,440	1,181,515	425,352	1.46
2017	* 8,809,429	6,734,194	2,075,235	1,259,203	400,464	1.25
2018	8,945,308	6,280,160	2,665,148	1,205,363	372,188	1.69
2019	* 8,921,749	5,947,375	2,974,374	1,227,285	340,985	1.90
2020	* 9,433,267	5,792,508	3,640,759	1,183,061	271,518	2.50
2021	9,976,131	5,848,305	4,127,826	1,133,837	276,273	2.93

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

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

* This year has been restated

CITY OF KINGSVILLE
DEMOGRAPHIC AND ECONOMIC STATISTICS,
LAST TEN CALENDAR YEARS

SCHEDULE 16

Calendar Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age	Education Level in Years of Schooling	School Enrollment	Unemployment Rate
2012	26,413	710,675 **	35,788 **	27.6	N/A	3,821	4.8%
2013	26,599	780,392	38,058	27.7	N/A	4,014	4.9%
2014	26,312	756,396	37,334	27.2	N/A	3,406	3.6%
2015	26,529	733,792	36,500	31.4	N/A	3,427	6.2%
2016	26,213	728,862	38,757	28.4	N/A	3,426	6.8%
2017	26,225	730,890	39,724	26.6	N/A	3,440	6.5%
2018	26,177	729,588	38,886	26.8	N/A	3,435	4.9%
2019	29,028	729,101	20,417	26.5	N/A	3,437	4.7%
2020	28,498	728,729	22,011	27.1	N/A	3,429	9.7%
2021	30,780	728,905	22,570	26.9	N/A	2,814	7.6%

** Corrections from previous report, quoting Coastal Bend Council of Governments

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

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

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

CITY OF KINGSVILLE
TOP TEN EMPLOYERS,
CURRENT YEAR AND NINE YEARS AGO

SCHEDULE 17

Employer	2021			2012		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
NAS Kingsville	1,500	1	12.15%	1,834	1	13.77%
Texas A&M Kingsville	950	2	7.69%	1,500	2	11.27%
Celanese	600	3	4.86%	290	8	2.18%
Kingsville ISD	502	4	4.07%	651	3	4.89%
Kleberg County	300	5	2.43%	275	10	1.95%
City of Kingsville	290	6	2.35%	260	9	2.07%
HEB	272	7	2.03%			
Walmart	250	8	2.02%	307	5	2.30%
Border Patrol	246	9	1.99%	300	7	2.25%
Christus Spohn	221	10	1.79%	300	6	2.25%
King Ranch	184		1.49%	376	4	2.82%
Total	5,315		42.88%	6,093		45.75%
Labor Force			13,390			
Employment			12,346			
Unemployment			1,044			
Rate			7.8%			

Source:
WorkForce Solutions of Coastal Bend
Kingsville Chamber of Commerce

*2012 Information from 11-12 CAFR

CITY OF KINGSVILLE

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

SCHEDULE 18

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
City Commission	5	5	5	5	5	5	5	5	5	5
General Government	50	46	45	43	45	40	34	38	35	33
Fire	34	32	33	33	32	34	33	30	32	31
Health	10	10	10	8	8	10	10	10	10	12
Library	0	9	8	9	9	9	9	9	6	9
Police	67	65	66	67	66	64	65	60	65	64
Public Works	103	93	99	93	93	98	94	94	94	94
Task Force	0	0	0	0	0	11	11	11	11	12
Parks Dept.	15	11	12	11	10	10	9	0	0	0
Golf Course	8	7	8	8	8	8	6	0	0	0
Total	<u>292</u>	<u>278</u>	<u>286</u>	<u>277</u>	<u>276</u>	<u>289</u>	<u>276</u>	<u>257</u>	<u>258</u>	<u>260</u>

Source: City of Kingsville

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

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

Function/Program	2021	2020	2019	2018	2017
General Government					
Building Permits Issued	1,424	1,829	2,144	2,059	2,374
Building Inspections Conducted	1,432	1,315	1,788	1,633	2,170
Police					
Physical Arrest	1,616	1,611	1,856	1,295	1,060
Parking Violations	85	68	165	246	408
Traffic Violations	7,523	4,046	3,237	6,307	3,032
Fire					
Emergency Responses	3,266	3,630	3,074	3,005	3,005
Fire Calls	314	654	723	610	641
Inspections	600	587	456	434	388
Refuse Collections					
Refuse Collected (tons per day; 365)	80	113	104	82	86
Recyclables Collected (tons per day; 365)	2	2	-	1	1
Other Public Works					
Street Resurfacing (miles)	2	2	2	2	2
Potholes Repaired	8,896	15,405	21,166	15,136	4,205
Parks and Recreation					
Athletic Field Permits Issued	334.00	220	486	474	396
Community Center Admissions	150.00	125	225	219	97
Library					
Volumes in Collection	-	60,081	58,728	55,326	53,903
Total Volumes Borrowed	-	15,644	26,636	34,859	34,014
Health					
Environmental Health	331	284	339	286	350
Consumer Health	2,391	2,253	2,975	2,436	2,847
Weed Control	2,242	3,382	3,181	3,966	3,967
Animal Control	7,183	7,995	7,740	8,225	7,075
Water					
New Connections	38	37	42	36	47
Water Main Breaks	530	620	319	254	342
Average Daily Consumption (thousands of gallons)	3,334	2,373	3,499	3,499	3,229
Peak Daily Consumption (thousands of gallons)	4,933	4,971	6,096	6,096	5,567
Wastewater					
Average Daily Sewer Treatment (thousands of gallons)	2,500	2,500	2,500	2,500	2,200

Sources: Various City Departments

SCHEDULE 19

2016	2015	2014	2013	2012
2,058	2,511	2,137	2,078	2,392
1,400	1,644	1,129	1,878	2,267
1,014	1,175	1,590	1,356	1,519
663	1,089	1,110	80	243
3,192	4,675	4,604	4,443	3,240
2,826	2,760	3,297	2,880	2,797
556	596	612	573	460
356	382	400	354	462
82	93	83	65	74
1	1	1	1	1
3	5	2	3	2
4,487	5,200	4,000	3,000	2,400
348	413	-	-	-
83	126	-	-	-
55,878	54,327	57,326	59,630	58,503
34,895	19,995	39,780	44,502	47,997
430	491	390	496	1,846
2,906	2,611	2,087	2,556	1,833
4,995	3,776	2,924	3,082	2,827
7,438	8,649	9,589	9,201	9,220
33	24	35	51	48
294	295	267	271	244
3,134	3,153	3,470	3,661	4,036
4,438	6,002	6,023	5,040	5,554
2,100	2,400	2,300	2,200	2,200

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

Function/Program	Fiscal Year				
	2021	2020	2019	2018	2017
Police					
Stations	1	1	1	1	1
Patrol Units	63	63	63	62	64
Fire Stations	2	2	2	2	2
Refuse Collections					
Collection Trucks	14	14	14	14	14
Other Public Works					
Street (miles)	146	146	146	146	146
Highway (miles)					
Streetlights	1,296	1,296	1,296	1,302	1,302
Traffic Signals	4	4	4	4	4
Parks and Recreation					
Acreage	195	195	195	195	195
Playgrounds	9	9	9	9	9
Baseball/Softball Diamonds	12	12	12	12	12
Soccer/Football Fields	12	12	12	12	12
Community Centers	2	2	2	2	2
Water					
Water Mains (miles)	120	120	120	120	120
Fire Hydrants	822	820	808	808	808
Storage Capacity (thousands of gallons)	5,425	5,425	5,425	5,632	5,632
Wastewater					
Sanitary Sewers (miles)	98	98	98	142	142
Storm Sewers (miles)	33	33	33	33	33
Treatment Capacity (thousand of gallons)	4,000	4,000	4,000	4,000	4,000

Sources: Various City Departments

SCHEDULE 20

	Fiscal Year			
2016	2015	2014	2013	2012
1	1	1	1	1
56	56	53	65	64
2	2	2	2	2
17	17	17	17	13
146	146	144	121	121
1,302	1,276	1,276	584	584
4	4	4	4	4
195	195	195	195	195
9	9	9	9	9
12	12	12	12	12
12	12	12	12	12
2	2	2	2	2
120	120	120	120	120
808	808	808	808	808
5,632	9,760	9,764	9,764	9,764
141	140	138	99	98
33	33	33	17	16
4,000	4,000	6,000	6,000	6,000



King'sville
TEXAS

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

JOHN L. WOMACK, CPA
MARGARET KELLY, CPA

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

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

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

Members of the Mayor and City Commission:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Kingsville, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise City of Kingsville's basic financial statements, and have issued our report thereon dated April 15, 2022.

Internal Control Over Financial Reporting

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

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

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



PRIVATE COMPANIES PRACTICE SECTION, AICPA DIVISION FOR CPA FIRMS

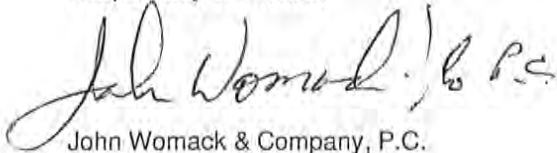
Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "John Womack & Co. P.C.", written in a cursive style.

John Womack & Company, P.C.
Kingsville, TX
April 15, 2022

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

JOHN L. WOMACK, CPA
MARGARET KELLY, CPA

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KINGSVILLE, TEXAS 78364
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Independent Auditor's Report on Compliance for Each Major Federal Program and
Report on Internal Control Over Compliance Required by the Uniform Guidance

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

Members of the Mayor and City Commission:

Report on Compliance for Each Major Federal Program

We have audited the City of Kingsville's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on City of Kingsville's major federal program for the year ended September 30, 2021. City of Kingsville's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of Kingsville's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Kingsville's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Kingsville's compliance.



PRIVATE COMPANIES PRACTICE SECTION, AICPA DIVISION FOR CPA FIRMS

Opinion on Each Major Federal Program

In our opinion, the City of Kingsville complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2021.

Report on Internal Control Over Compliance

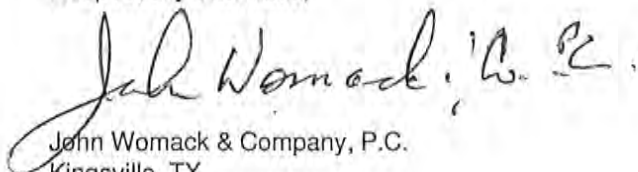
Management of the City of Kingsville is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Kingsville's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Kingsville's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



John Womack & Company, P.C.
Kingsville, TX
April 15, 2022

CITY OF KINGSVILLE**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021****A. Summary of Auditor's Results****1. Financial Statements**

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

One or more material weaknesses identified?

 Yes X NoOne or more significant deficiencies identified that
are not considered to be material weaknesses? Yes X None ReportedNoncompliance material to financial
statements noted? Yes X No**2. Federal Awards**

Internal control over major programs:

One or more material weaknesses identified?

 Yes X NoOne or more significant deficiencies identified that
are not considered to be material weaknesses? Yes X None ReportedType of auditor's report issued on compliance for
major programs:Unmodified

Version of compliance supplement used in audit:

July 2021Any audit findings disclosed that are required to be reported
in accordance with Title 2 U.S. Code of Federal Regulations
(CFR) Part 200? Yes X No

Identification of major programs:

CFDA Number(s)Name of Federal Program or Cluster

14.228

Community Development Block Grant

Dollar threshold used to distinguish between
type A and type B programs:\$750,000

Auditee qualified as low-risk auditee?

 Yes X No**B. Financial Statement Findings**

NONE

C. Federal Award Findings and Questioned Costs

NONE

CITY OF KINGSVILLE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
2020-1 Internal Control over Utility Billing Condition: The commercial sewer billing rate was incorrectly calculated resulting in a \$.21/1,000 gallons lower rate for usage above the 3,000 gallon minimum than the correct rate based on the increase approved by the City Commission. Criteria: The control process should ensure that the billing rate, based on the Commission's approval, is correctly calculated and correctly entered into the billing software. Cause: An incorrect prior year base amount was utilized in the calculation. Effect: The effect was a loss of revenue from commercial sewer services. Recommendation: We recommend that the City review its internal control policies and procedures over utility billing to ensure that rates are both calculated correctly in accordance with the Commission's approval process, and properly entered into the billing software.	Implemented	N/A

CITY OF KINGSVILLE
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2021

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

CITY OF KINGSVILLE
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**
EXHIBIT D-1

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
OTHER PROGRAMS:				
<u>U. S. Department of the Treasury</u>				
Passed Through Texas Department of Emergency Management:				
COVID-19 Coronavirus Relief Fund	21.019	N/A	\$ --	\$ 6,516
COVID-19 Disaster Recovery Assistance	21.019	N/A	--	20,254
Total Passed Through Texas Department of Emergency Management			--	26,769
Total U. S. Department of the Treasury			--	26,769
<u>U. S. Department of the Interior</u>				
Passed Through Texas Parks and Wildlife:				
Texas Parks and Wildlife Grant	15.916	P19AP00107	--	223,573
Total U. S. Department of the Interior			--	223,573
<u>U. S. Department of Justice</u>				
Passed Through Institute for Governmental Research:				
Southwest Border Rural & Tribal Grant	16.738	2019-MV-BX-K002	--	83,222
Total U. S. Department of Justice			--	83,222
<u>U. S. Department of Housing & Urban Development</u>				
Passed Through Texas Department of Agriculture:				
Community Development Block Grant	14.228	7218269	--	118,915
Community Development Block Grant	14.228	7219012	--	214,396
Community Development Block Grant	14.228	7219192	--	130,887
Total Passed Through Texas Department of Agriculture			--	464,198
Total U. S. Department of Housing & Urban Development			--	464,198
<u>Department of Homeland Security</u>				
Passed Through Texas Department of Public Safety:				
Operation Stone Garden	97.067	3194306	--	65,569
Passed Through Federal Emergency Management Agency:				
Winter Storm Disaster Recovery Assistance	97.036	181621	--	12,883
Total Department of Homeland Security			--	78,452
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ --	\$ 876,215

The accompanying notes are an integral part of this schedule.

CITY OF KINGSVILLE

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED SEPTEMBER 30, 2021

Basis of Presentation

The accompanying schedule of expenditures of federal awards ("the Schedule") includes the federal grant activity of City of Kingsville. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some amounts may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. These expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

City of Kingsville has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.