

ANNUAL
COMPREHENSIVE
FINANCIAL
REPORT

For the Year Ended September 30, 2022

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Annual Comprehensive Financial Report

September 30, 2022

CITY OF KINGSVILLE, TEXAS

City Commission

(for the fiscal year ended September 30, 2022)

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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P.O. BOX 1458 – KINGSVILLE, TEXAS 78364

April 24, 2023

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, 2022, 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, 2022, 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, 2022, 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 are 29,963; this represents a 14.31 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 25,069. 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, 3 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 a Captain and 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 SLOT 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. The Fire Department is currently fully staffed.

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 services. 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. Including complete street construction and reconstruction consisting of chipseal and hot mix overlays. The Garage Division maintains and repairs over 500 units consisting of vehicles, heavy machinery, and small equipment.

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. The 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. In Fiscal year 2021-2022 and 2022 and 2023 we have been working on a grant project partnering with Texas Parks & Wildlife, City of Kingsville, and several other partners to complete a new playground with surfacing and shade structures covering, completed renovation of two baseball fields with Shade structures and new lighting on one and improvements to a softball field. We have also installed a new outdoor exercise circle on the playground at Dick Kleberg Park, a new sensory garden, and informational kiosks along the creek trail in Dick Kleberg Park. We are also adding one new shade structure and renovating a couple more in Dick Kleberg Park as well. We have added a new playground to Corral Park and will be adding a new swing set to Flato Park.

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, 2022, 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 2021. Compared to the rest of the country, Kingsville's cost of living is 27.5% which is lower than the U.S. average. The median home cost in Kingsville is \$128,900 with a 13.5% appreciation rate over the last 12 months. Median household income is \$37,448 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.

Major Expenses

The government's expenses relating to public safety and public works comprise 68.99% 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 decreased slightly for Public Safety while remaining relatively constant for Public Works for the last 10 years.

Expenses as a Percent of Total Governmental Activities

Activity	FY 11-12	FY 21-22	Net Change			
Public Safety - Police & Fire	46.30%	41.79%	-4.51%			
Public Works	26.92%	27.20%	0.28%			
Total	73.22%	68.99%	-4.23%			

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 FY21-22 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, approx. 6.2 miles of street reconstruction, 1.3 miles of new UG reinforced concrete pipe (RCP), and 120 new stormwater inlets. The city was also awarded loan/grants by the Texas Water Development Board (TWDB) \$6.7M for drainage projects to correct poor drainage in five of the nine areas identified in a 2018 Master Drainage Plan study. Concrete and drainage Improvements Phase I and II included 1.8 miles of drainage improvements city-wide.

Wastewater Improvements: 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 4 miles of new sewer lines, repair to 78 manholes, approx. 1 mile of street reconstruction and a new lift station that will redirect approximately 750,000 gallons of daily sewage from the south Wastewater Treatment Plant (WWTP) to the North WWTP.

Street Improvements: In FY 22-23, 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. Escondido Road between 6th St. and Brahma Blvd is being designed for 0.72

mile of full depth construction, 3,400 feet of sidewalk, 1.4 miles of curb & gutter, approx. 2,000 feet drainage improvements. This project is a collector road for Dick Kleberg Park and modified a two-lane road into a road, two travel lanes, a center turn lane, and separated bike lanes.

Sidewalk Improvements: 2019 Safe Routes to Schools includes 0.85 miles of 5 feet wide sidewalk, crosswalks, and approx. 30 ADA Ramps to A.D. Harvey Elementary and Jubilee Academies.

In-House Engineering: Other projects savings were realized in FY 22-23 due to efforts by the Engineering Dept. to plan, design and manage projects In-House, including miscellaneous concrete, gutter, and drainage improvements 1.8 miles, Municipal Building parking lot improvements and several grants submitted for an additional \$40.0MM of infrastructure improvements.

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 & Becs 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.

The city is also expecting a new development at the 'Somerset At Kingsville' comprising 220 homes at \$250,000 per unit and few commercial units.

Fuel America, a petroleum distribution company, is set to develop a ten-acre land across the Loves' Fuel Retail shop on East Corral Avenue in the near future.

Other developers have shown interest in developing lands between Franklin Adams and South 6th Street.

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 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 Kingsville was born on July 4, 1904, when the first passenger train headed south, opening travel to all South Texas. The railroad made it 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 on many platforms, from the Kingsville Symphony Orchestra to Chicana Artist Santa Barraza's gallery to Hibler Taxidermy.

Log on 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 aircraft 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). Tourism is actively involved in assisting in planning the anticipated 2024 USS Kingsville Commissioning Ceremony.

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 21-22, 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.

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, 2021, continuing to confirm compliance with both GAAP and legal requirements. The City has received this prestigious award for the last 33 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, Linda Garcia, Lauren Flores, and Norma Cavazos. Special thanks must be given to our City Manager, Mark McLaughlin for his continued guidance and support.

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

Respectfully submitted,

Deborah Balli, CPA, CGFO

Deboral Balli

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, 2021

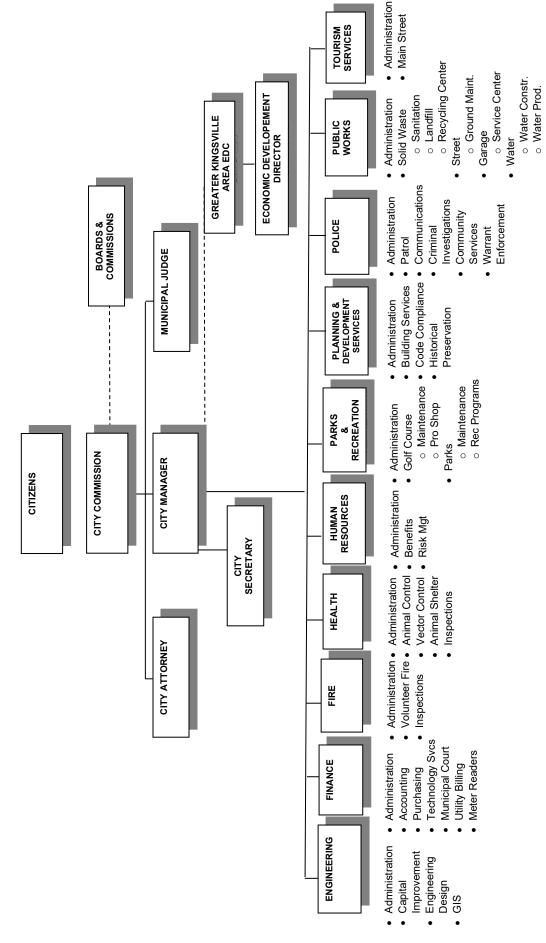
Christopher P. Morrill

Executive Director/CEO

CITY OF KINGSVILLE

ORGANIZATION CHART





North PlantSouth PlantConstruction

Waste Water

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

Report on the Audit of the Financial Statements

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the City of Kingsville's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, 2022, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Kingsville and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As described in Note A to the financial statements, in 2022, the City of Kingsville adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

City of Kingsville's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.



In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Kingsville's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- · Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or
 error, and design and perform audit procedures responsive to those risks. Such procedures including
 examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 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.

Supplementary Information

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

Other Information Included in the ACFR

Management is responsible for the other information included in the ACFR. The other information comprises the information included in the ACFR but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statement, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated April 3, 2023 on our consideration of City of Kingsville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Kingsville's internal control over financial reporting and compliance.

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Respectfully submitted,

John Womack & Company, P.C.

Kingsville, TX April 3, 2023

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, 2022. 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 \$87.4 million compared to \$77.6 million in the prior fiscal year ended September 30, 2021. This increase is attributable to increases in property and sales tax revenues and utility revenues for water and sewer services.
- Total deferred outflows of resources were \$1.51 million compared to \$1.01 million in the prior fiscal year ended September 30, 2021. This increase is attributable to increases in outflows related to pensions.
- Total liabilities were \$30.2 million compared to \$31.7 million in the prior fiscal year ended September 30, 2021. This decrease is attributable to decreases in leases and contractual obligations for bond issues.
- Total deferred inflows of resources were \$10.6 million compared to \$6.1 million in the prior fiscal year ended September 30, 2021. This increase is attributable to increases in inflows related to pensions.
- Total net position was \$48.14 million compared to \$40.87 million in the prior fiscal year ended September 30, 2021. This increase is attributable to increases in Capital Asset Investments, and Federal and State grants.
- Assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$48.14 million.

Governmental Activities

On a government-wide basis for governmental activities:

- The City had net program expenses of \$13.1 million for the fiscal year ended September 30, 2022, compared to \$15.4 million for the prior year, representing a 15.25% decrease.
- General revenues and transfers totaled \$18.9 million for the fiscal year ended September 30, 2022, compared to the prior year's amount of \$18.4 million, representing a 2.52% increase.
- Net position overall increased 24.66% from \$23.5 million on September 30, 2021, to \$29.3 million on September 30, 2022.

Business Type Activities

On a government-wide basis for business type activities:

- The City had net program revenues of \$3.6 million for the fiscal year ended September 30, 2022, compared to \$4.3 million for the prior year, representing a 14.96% decrease.
- General revenues and transfers out totaled (\$2.1) million for the fiscal year ended September 30, 2022, compared to the prior year's amount of (\$3.4) million, representing a 36.99% decrease.

- Net position overall increased 8.57% from \$17.4 million on September 30, 2021, to \$18.9 million on September 30, 2022.
- On September 30, 2022, business-type activities had \$16.6 million in total liabilities compared to \$17.2 million on September 30, 2021.

Governmental Activities vs Business-Type Activities

- The ratio of total assets to total liabilities for governmental activities was 3.55 times; for business-type activities the ratio was 2.36 times. This ratio is a measure of leverage and solvency, indicating how much assets are financed through borrowing and other obligations, and how easily debts can be paid by selling assets. The higher the ratio, the financial risk is lowered.
- The quick ratio (current assets to current liabilities) was 5.51 times for governmental activities and 5.10 times for business-type activities. This ratio is an indicator of the short-term liquidity position and measures the ability to meet short-term obligations with assets that can be converted quickly to pay down current liabilities. A high ratio, which is generally anything above 1.0, indicates good liquidity and financial health.
- Total net position was \$48.14 million, which is an increase of \$7.3 million from the prior year, or about 17.81%. Governmental activities' net position increased by 24.66%, while business-type activities' net position increased by 8.57%.

General Fund

- The fund balance of the General Fund decreased from \$13.8 million to \$13.3 million. This represents a 3.82% decrease from the prior year's fund balance, and furthermore, represents 56.52% of the \$23.5 million in expenditures in the current year. The General Fund's Unassigned Fund Balance was \$8.96 million, or 38.16% of general fund expenditures.
- General Fund revenues for the fiscal year ended September 30, 2022, of \$23.45 million were 0.10% lower than the prior year revenues of \$23.48 million. The \$24 thousand decrease is mainly due to a \$1.0 million increase in taxes, and a \$730 thousand increase in charges for services, but these were more than offset by a \$1.3 million decrease in debt issuance along with a \$507 thousand decrease in intergovernmental revenues.
- General Fund's expenditures, including transfers out, for the fiscal year ended September 30, 2022, of \$23.98 million were 4.99% higher than the prior year expenditures of \$22.84 million. The \$1.14 million increase is mainly due to a \$1.18 million increase in divisional expenditures and a \$37 thousand 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, 2021, was \$8.81 million, representing a 42.16% reserve. The fund balance decreased to \$8.26 million on September 30, 2022, representing a 37.30% reserve.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Annual Comprehensive Financial Report has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) for local governments as prescribed by the Governmental Accounting Standards Board (GASB). The report consists of three components: management's discussion and analysis (this section), the basic financial statements, and supplementary information.

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.

Management's Basic Required Discussion Financial Supplementary And Analysis Statements Information Government-wide Fund Notes to the Financial Financial Financial Statements Statements Statements Detail Summary

Figure A-1: Required Components of the City's Annual Financial 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.
- O 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 as a business: enterprise funds and internal service funds. The major proprietary fund is the combined Utility System Fund.
 - o 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 funds.
- *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.

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, 2022, the net position totaled \$48.14 million, \$7.28 million more than the prior year. The composition of this net position is \$29.25 million for governmental activities and \$18.89 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 46.0% 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 35.8% 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, 2022 and 2021 (in thousands of dollars)

	Governmenta			ctivities	Business-type Activities					Total				
		2022	2021			2022		2021		2022	2021			
Current & other assets	\$	25,013	\$	22,902	\$	17,011	\$	15,582	\$	42,024	\$	38,484		
Capital assets		20,060		18,256		21,659		20,892		41,719		39,148		
Net pension assets	20_0	3,106	2	0	_	531	122	0		3,637	-	0		
Total assets	-	48,179	_	41,158	-	39,201	9	36,474	_	87,380	-	77,632		
Deferred Outflows of Revenues	8 _	1,258	-	821	_	253		185	-	1,511	-	1,006		
Long-term liabilities		9,046		9,705		13,253		14,121		22,299		23,826		
Other liabilities	-	4,536	944	4,802		3,338	22	3,054	-	7,874	22	7,856		
Total liabilities		13,582		14,507	-	16,591	2	17,175	-	30,173	_	31,682		
Deferred Inflows of Revenues	_	6,602	-	4,007	172	3,973	_	2,084	=	10,575	-	6,091		
Net investment in capital assets		12,191		9,712		9,952		9,457		22,143		19,169		
Restricted		6,591		4,299		4,583		2,504		11,174		6,803		
Unrestricted	_	10,471	_	9,454	- S	4,355	_	5,439		14,826	2	14,893		
Total net position	\$_	29,253	\$_	23,465	\$_	18,890	\$_	17,400	\$_	48,143	\$_	40,865		

TABLE A-1: Governmental-Type Activities

Current & Other Assets increased \$2.11 million from \$22.90 million in FY21 to \$25.01 million in FY22, or 9.22%. Most of this increase is due to the City's higher cash balances. Capital assets, net of accumulated depreciation, increased \$1.8 million from \$18.26 million in FY21, to \$20.06 million in FY22, or 9.88%. Net pension assets are new in FY 21-22, as it was a liability in FY 20-21. Long-term liabilities decreased \$659 thousand from \$9.71 million in FY21 to \$9.05 million in FY22, or 6.79%. Most of this decrease is due to decreases in contractual obligations for debt issues through normally scheduled principal payments. Other liabilities decreased \$266 thousand from \$4.80 million in FY21 to \$4.54 million in FY22 or, 5.54%. This was due to decreases in accounts payable, accrued wages and customer deposits.

Restricted Net Position increased by \$2.29 million from \$4.30 million in FY21 to \$6.59 million in FY22, or 53.3% as follows:

\$1,691,533	increase	Federal and State Programs
\$159,501	increase	Debt Service
\$183,142	increase	Capital Projects
\$11,784	increase	Municipal Court Security
\$157,216	increase	Law Enforcement
\$710	increase	Municipal Court Technology
\$87,558	increase	Tourism

Unrestricted Net Position increased \$1.02 million from \$9.45 million in FY21 to \$10.47 million in FY22, or 10.76%.

TABLE A-1: Business-Type Activities

The Combined Utility System's net position was \$18.89 million in FY22, which is 39.2% of total net position and is \$1.49 million more than the prior year. The Combined Utility System contributed all the total unrestricted business-type net position.

Current & Other Assets increased \$1.43 million from \$15.58 million in FY21 to \$17.01 million in FY22, or 9.17%. Cash, both unrestricted and restricted is up \$1.49 million from \$13.31 million in FY21 to \$14.80 million in FY22 attributable to ARP funding and other increases in cash balances. Capital assets, net of accumulated depreciation, increased \$768 thousand from \$20.89 million in FY21 to \$21.66 million in FY22, or 3.68%, due to annual straight-line depreciation costs.

Long-term liabilities decreased \$868 thousand from \$14.12 million in FY21 to \$13.25 million in FY22, or 6.15% due to decreases in contractual obligations, other post-employment benefits, and accrued pension liabilities which are now a long-term asset. Net investment in capital assets increased \$493 thousand from \$9.46 million in FY21 to \$9.95 million in FY22, or 5.21% due to the decreases in contractual debt obligations.

Restricted net position increased \$2.08 million from \$2.50 million in FY21 to \$4.58 million in FY22, or 83.05%. Capital projects make up all the restricted net position and are attributable to projects related to ARP funding and other grants.

Unrestricted net position decreased \$1.08 million from \$5.44 million in FY21 to \$4.36 million in FY22, or 19.92%. This decrease is attributable to increased operational departmental costs due to inflationary factors.

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, 2022 and 2021 (in thousands of dollars)

	(Governmental Activities		Business-type Activities			Total				
	U.S.	2022	V 405	2021		2022	2021	-	2022		2021
Revenue:	_							_			
Program revenue:											
Charges for services	\$	3,988	\$	3,024	\$	14,643 \$	14,096	\$	18,631	\$	17,120
Operating grants & contributions		937		1,355		5	508		942		1,863
Capital grants & contributions		2,331				1,017	*		3,348		
General revenues:											
Property taxes		8,577		7,635		*	*		8,577		7,635
Sales taxes		6,279		5,704		-	5 3		6,279		5,704
Other taxes		1,539		1,545		-			1,539		1,545
Intergovernmental earnings		10		2							
Investment earnings		212		31		54	6		266		37
Insurance Settlement				ā.		±:			-		-
Gain (loss) on disposal of capital assets		2		71		2	12		24		71
Other	12_	59		24			-		59		24
Total revenues	-	23,932	_	19,389	9	15,719	14,610	_	39,651	_	33,999
Expenses:											
General government		4,805		4,535		8			4,805		4,535
Public safety		9,069		8,565		7:	(/5)		9,069		8,565
Public works		3,120		3,589		2	-		3,120		3,589
Health & other public services		2,593		2,515		19			2,593		2,515
Tourism		539		415		-	850		539		415
Interest on long-term debt		203		185		-	-		203		185
Water, wastewater & storm water		2		27		8,801	7,530		8,801		7,530
Solid waste				+		3,243	2,816		3,243		2,816
Total expenses	-	20,329	-	19,804	3	12,044	10,346	_	32,373	_	30,150
Increase (Decrease) in net position before transfers		3603		(415)		3,675	4,264		7,278		3,849
Transfers		2,184		3,387		(2,184)	(3,387)		-		
Increase (decrease) in net position		5,787		2,972		1,491	877		7,278		3,849
Net position, beginning		23,466		20,494		17,399	16,522		40,865		37,016
Prior period adjustment		-		10 m		0	0		0		0
Net position, ending	\$_	29,253	\$	23,466	\$	18,890 \$	17,399	\$_	48,143	\$_	40,865

TABLE A-2: Governmental Activities

As shown in Table A-2, revenues were split between governmental activities and business-type activities at 60.36% and 39.64%, respectively. Expenses for each were 62.80% and 37.20%. Net position increased 24.66% from the prior period for governmental activities, increased 8.57% for business-type activities, and increased 17.81% overall.

The cost of all *governmental* activities for the fiscal year 2022 was \$20.3 million. However, the amount that taxpayers paid for these services through City taxes and business fees was \$16.4 million.

Some of the cost was paid by:

- Those who directly benefited from the programs, or \$3.99 million, and
- Other governments and organizations that subsidized certain programs with grants and contributions was \$3.27 million.
- Charges for services comprised 15.27% of governmental activities' revenues including transfers in and 93.15% of business-type activities' revenues.
- Taxes contributed 62.78% of governmental activities' revenues including transfers.
- Investment earnings, not including transfers, generated 0.89% and 0.34% of governmental activities revenues and business-type activities, respectively, reflective of increasing interest rates in 2022 compared to 2021.
- Public Safety (including Police, Fire, Emergency Management, Inspections and Municipal Court) expenses accounted for 44.61% of governmental activities' expenses and 15.35% 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 \$6.97 million.
- General government comprises 23.64% of all governmental activities' expenses.

Charges for services revenue increased \$964 thousand from \$3.02 million in FY21 to \$3.99 million in FY22, or 31.88%. These revenues come from licenses and permit fees, along with park and recreation activities and other miscellaneous changes. Sales tax revenue increased \$575 thousand from \$5.70 million in FY21 to \$6.28 million in FY22, or 10.08%. The City's level of sales tax held throughout the pandemic and continued strong throughout FY22. It is believed that residents are shopping locally due to increasing fuel costs, rather than traveling to neighboring Corpus Christi. In FY22, the City's one-time comptroller audit adjustments increased overall sales tax payments by \$129 thousand.

Other Revenues increased from \$24 thousand in FY21 to \$59 thousand in FY22.

General government expenses increased \$270 thousand from \$4.54 million in FY21 to \$4.80 million in FY22, or 5.95%. Public Safety expenses increased \$504 thousand from \$8.6 million in FY21 to \$9.1 million in FY22, or 5.88%. Public Works expenses decreased \$469 thousand from \$3.59 million in FY21 to \$3.12 million in FY22, or 13.07%. Overall expenditures went up by \$525 thousand due to inflationary costs in the operational divisions. These increased costs were covered by the City as fees were not increased for current services.

The net increase in net position before transfers changed by \$4.01 million, from a \$415 thousand decrease in FY21 to a \$3.60 million increase in FY22. Transfers decreased \$1.20 million, from \$3.4 million in FY21 to \$2.18 million in FY22, or 35.52%.

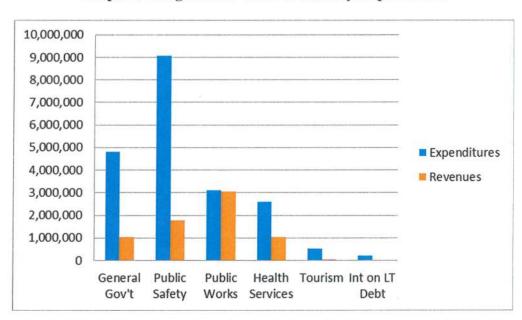
TABLE A-2: Business-Type Activities

Charges for services revenue increased \$547 thousand from \$14.09 million in FY21 to \$14.64 million in FY22, or 3.88%. Wastewater rates increased 7% in FY22.

The net decrease in net position before transfers was \$589 thousand, from \$4.26 million in FY21 to \$3.68 million in FY22, or 13.81%. Transfers Out decreased \$1.2 from \$3.39 million in FY21 to \$2.18 million in FY22, or 35.52%.

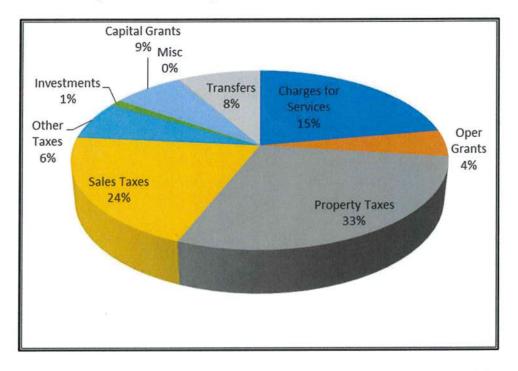
Solid Waste expenses increased \$427 thousand from \$2.82 million in FY21 to \$3.24 million in FY22, or 15.16%. Water and wastewater expenses increased \$1.28 million from \$7.53 million in FY21 to \$8.80 million in FY22, or 16.88%.

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 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 73.07% of the expenses generated for business-type activities, with solid waste accounting for an additional 26.93%. The Utilities System had operating revenues of \$10.14 million, up by \$565 thousand, operating income of \$2.36 million, down by \$190 thousand and operating income after transfers was \$1.49 million, an increase of \$613 thousand. The major causes of these results were:

- Water revenues were up by \$250 thousand due to increased consumption.
- Wastewater revenues were up by \$315 thousand due to a rate increase.
- Stormwater revenues were up by \$13 thousand.
- Operating grant revenues were up by \$515 thousand.
- The operating expenses increased by \$1.3 million, primarily due to grant funding received.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

- Total assets of the General Fund decreased \$485 thousand from \$15.69 million to \$15.21 million between FY21 and FY22. Most of this overall decrease in total assets is from a decrease of \$70 thousand in Accounts Receivable, a \$319 thousand decrease in Due From Other Funds, and a decrease of \$265 thousand in Inventory.
- Deferred Revenues for FY22 increased \$70 thousand. Total liabilities of the General Fund decreased by \$28 thousand to approximately \$1.29 million or, 2.14%. Most of the decrease is attributed to a \$11 thousand decrease in Due To Other Funds, and an \$18 thousand decrease in Due To Other Governments. This brings the ratio of total assets to total liabilities (including deferred revenues) to 7.83 times in 2022, down from 8.26 in 2021.
- Starting on page 89, 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 increased by \$257 thousand. The Committed Fund Balance for Landfill Closure/ Post Closure increased by \$324 thousand and decreased \$123 thousand for Capital Outlay. The overall Fund Balance decreased \$526 thousand from \$13.79 million in FY21 to \$13.26 million in FY22.

Police Forfeiture Funds

- Total assets of the Police Forfeiture Fund increased \$55 thousand from \$1.9 million to \$2.0 million between FY21 and FY22. Most of this overall increase in total assets is from an increase in Cash and Cash Equivalents of \$162 thousand offset by a decrease in Restricted Cash and Cash Equivalents of \$107 thousand as compared to FY21.
- Total liabilities of the Police Forfeiture Fund decreased by \$112 thousand from \$796 thousand in FY21 to approximately \$684 thousand in FY22. This brings the quick ratio (current assets to current liabilities) to 2.92 times in FY22 from 2.44 times in FY21.
- Year-end unsettled seizures remain from current City of Kingsville Police department seizures. Unsettled seizures pending were down \$108 thousand.
- The Police Forfeiture Fund revenues increased \$314 thousand, or 1983%, from \$16 thousand in FY21 to \$330 thousand in FY22. This amount of increase was due to the adjudication of pending seizure cases. Police Forfeiture Fund expenditures saw an increase of \$62 thousand from \$101 thousand in FY21 to \$163 thousand in FY22. As the number of awarded seizures increases, so too will the amount of expenditures.
- The Police Forfeiture Fund Restricted Fund Balance increased by \$167 thousand from \$1.1 million in FY21 to \$1.3 million in FY22. The net of revenues over or under expenditures determines the change in value of the fund balance.

Federal Grants

- Total assets of the Federal Grants increased \$794 thousand from \$1.86 million to \$2.65 million between FY21 and FY22 for a 42.71% increase.
- Total liabilities and deferred inflows increased \$468 thousand or 27.80% from \$1.68 million in FY21 to \$2.15 million in FY22.

• Fund Balance increased \$327 thousand or 183.61% from \$178 thousand in FY21 to \$505 thousand in FY22.

Debt Service Fund

• The Debt Service Fund Balance increased \$87 thousand from \$404 thousand in FY21 to \$492 thousand in FY22. This was an increase of 21.61% from FY21 to FY22. The City structures the Debt Service Fund Balance to minimize the balance being carried to no more than required for the cash flow necessary to service the City's debt.

Other Governmental Funds

- Total assets of the Other Governmental Funds decreased \$58 thousand from \$1.64 million to \$1.59 million between FY21 and FY22. Equity in Pooled Cash and Cash equivalents decreased \$165 thousand, while Restricted Cash and Cash equivalents increased \$14 thousand. Accounts Receivable decreased \$4 thousand and Due From Other Funds and Governments increased \$92 thousand between FY21 and FY22.
- Total liabilities and deferred revenues of the Other Governmental Funds decreased by \$24 thousand to \$92 thousand, a 20.47% decrease. Most of the decrease is attributed to a \$20 thousand decrease in Accounts Payable.
- Other Governmental Funds include State grants and Capital Projects Funds. The fund balance for these funds was \$1.53 million in FY21 and decreased to \$1.49 million in FY22. This decrease was mostly due to federal grants no longer including funds set aside for additional grant opportunity.

Budgetary Results of the General Fund

Revenues

Per page 89, General Fund taxes and business tax revenues were \$14.0 million, which was \$828 thousand, or 6.28% above the final budget. Ad Valorem Tax Delinquent revenues were \$233 thousand, which was \$83 thousand, or 55.27% above budget. Ad Valorem Tax Penalty revenues were \$151 thousand, which was \$36 thousand, or 31.38% above budget, respectively. The City usually budgets these estimated revenues low to adjust for possible anomalies that might occur in the collection process which the City does not manage. Sales Tax Revenues were \$6.28 million, which was \$779 thousand, or 14.17% above budget. Franchise tax revenue was \$840 thousand, which was \$28 thousand, or 3.20% lower 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 and inflation that continues to increase. This practice allowed actuals to come close to conservative budget estimates. Sales taxes had the highest increase, which indicated that consumers continued to shop more locally.

Fines and Forfeiture revenue was less than the Final Budget for FY22 by \$161 thousand, or 21.81%. The Budget for FY22 was once again decreased due to decreased revenues and indications that smaller dockets and virtual court sessions would continue. Issues at the County jail continue as they are still not accepting Municipal Court defendants due to social distancing,

sanitizing requirements, and staffing shortages. There is a movement that the County jail will start accepting Municipal Court defendants in FY23.

Total Charges for Sanitation Services revenues were \$4.15 million, which was \$10 thousand, or 0.24% less than the final budget. Garbage Fees revenue was higher than the final budget by \$13 thousand, or 0.38% of the Final Budget for FY22. The Landfill Fees revenue was less than the final budget by \$2 thousand, or 0.20% for FY22.

Expenditures

City Administration Department

The City Commission expenditures were lower than the final budget by \$9 thousand or 4.93%. Commissioners traveled less than anticipated and subscriptions and memberships decreased.

The City Manager expenditures were lower than the final budget by \$5 thousand or 1.5%. 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 \$40 thousand, or 6.72%. This favorable budget variance was mainly the result of lower expenditures for the Appraisal District anticipated billing and a reduction of claims against the City.

Overall, the City Administration Department was able to reduce expenditures by \$100 thousand or 7.01%.

Management Services Department

The Personnel Division expenditures were lower than the final budget by \$22 thousand or 5.05% due to lower costs associated with collective bargaining due to negotiations being kept in-house and lower personnel costs due to a staffing change.

Municipal Court expenditures were lower than the final budget by \$15 thousand or 4.67%. Expenditures for personnel decreased due to a staffing change and associated travel costs also decreased.

Finance expenditures were lower than the final budget by \$4 thousand or 0.33%. Expenditures on personnel decreased due to staffing changes.

Facilities expenditures were lower than the final budget by \$4 thousand or 1.34%. Expenditures for building maintenance decreased due to maintenance projects that were put on hold and less was spent on city hall communications due to less remote work.

Overall, the Management Services Department's expenditures were lower by \$47 thousand or 1.91%.

Legal Department

The Legal Department expenditures were lower by \$11 thousand, or 4.35%. Expenditures for contract attorney work decreased due to reduced Municipal Court dockets. Travel and subscriptions expenditures also decreased.

Urban Development Department

Planning expenditures were lower by \$72 thousand, or 22.27% due to a grant cash match set aside that was not needed as funding was not awarded. The City set aside funding for the completion of the Master Plan which was not completed by year end and changes in staffing resulted in lower personnel expenditures.

Permits and Licenses expenditures were lower by \$5 thousand, or 2.97% due to reduced travel, personnel, and operating lease expenditures.

Code Compliance expenditures were lower than the final budget by \$25 thousand, or 5.84% due to lower personnel costs resulting from a staffing change. Costs for demos and maintenance were also reduced.

Overall, the Urban Development Department expenditures were lower by \$102 thousand or 11.08%.

Police Department

Police Department total expenditures were lower than the final budget by \$735 thousand, or 10.81%. Of this lower amount, \$470 thousand was related to Personal Services expenditures due to vacancies. Supplies were lower by \$12 thousand due to vacancies which resulted in lower gasoline usage, guns and ammunition needs and uniforms. Services were lower by \$68 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. Repairs were lower by \$11 thousand due to less vehicle maintenance. Capital outlay expenditures were lower by \$174 thousand as purchases were not completed due to supply issues.

Fire Department

The Fire Department total expenditures were lower than the final budget by \$193 thousand, or 4.95%. Personal Services expenditures for the Fire Department were \$97 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 \$8 thousand below budget due to lower travel costs, subscriptions, and medical treatment. Equipment Maintenance was \$12 thousand below budget due to some costs covered by ARP funding. Capital outlay expenditures were lower by \$70 thousand due to purchases not completed due to supply issues.

Volunteer Fire Department

Expenditures for the Volunteer Fire Department were \$11 thousand less than the final budget, or 22.85%. The use of volunteers declined which resulted in lower costs across the board.

Public Works Department

Expenditures for the Public Works Administration division were \$294 less than the final budget, or 0.14% due to vacancies which reduced costs across the board.

Garage expenditures were \$863 less than the final budget, or 0.17% due to staffing shortages which reduced costs across the board.

Sanitation expenditures were less than the final budget by \$422 thousand, or 16.11% due to vacancies which resulted in reduced costs across the board and capital outlay items were not completed due to supply issues.

Street total expenditures were lower than the final budget by \$249 thousand, or 9.59%. The majority of this came from lower building maintenance costs of \$251 thousand due to delays in work.

Landfill total expenditures were lower than the final budget by \$193 thousand, or 14.71%. Lower expenditures were mainly due to lower professional services, motor gas and oil and state fees. There were vacancies which reduced overall costs across the division.

Overall, the Public Works Department expenditures were lower by \$865 thousand, or 11.93%.

Health Department

The Health Department expenditures were lower than the final budget by \$33 thousand, or 4.63% due to reduced operations because of staffing issues.

Parks and Recreation Department

Total expenditures for the Parks and Recreation Department were lower than the final budget by \$86 thousand, or 7.04%. This division saw reductions in most categories due to reduced operations because of staffing issues and capital outlay purchases were not completed due to supply issues.

Golf Course

Total expenditures for the Golf Course were lower than the final budget by \$255 thousand, or 27.29%. The savings were mostly attributable to capital outlays not completed due to supply issues.

Total Revenues and Expenditures

General Fund total revenues, not including transfers-in, were \$22.03 million which is \$706 thousand, or 3.31% above the final budget. The General Fund expenditures, not including transfers-out, came in at \$23.47 million, which was \$2.44 million or 9.41% below the final budget. Actual revenues were below expenditures by \$1.43 million, but it does not include Other Financing Sources of \$908 thousand.

Budget Amendments of the General Fund

The General Fund revenues budget, excluding transfers-in, was amended by an increase of \$220,260 from the following sources:

- Park and recreation fees include donations that were received from various sources to be used for special events, scoreboard sponsorships, supplies for the Pony league, and golf course greens renovations.
- The Fire department received a small donation from Other's First organization for the purchase of fire-fighting equipment.

Further information on the revenue amendments is detailed on pages 84-85 of the Notes to the Financial Statement.

The General Funds comparison of expenditures from the Original Budget to the Final Budget's overall change of \$2.13 million came from the following sources:

The City Administration Department budget increased by \$89,245. Divisions within this department include the City Commission, City Manager, City Special and Economic Development. Budget increases were due to prior year's uncompleted purchase orders rolled forward, and changes in health insurance elections.

The Management Services Department budget changed by \$15,844. Divisions within this department include Personnel, Finance Administration, Municipal Court, and Facilities. Budget increases were due to prior year uncompleted purchase orders rolled forward, increased costs for software maintenance, and increased utility costs for the Municipal Building.

The Urban Development Department budget changed by \$46,707. Divisions within the department include Planning, Permits & Licenses, Code Compliance and Community Appearance. Budget increases were due to cost overruns for the operating lease on copiers, motor gas & oil, and additional demolitions approved by the City Commission.

The Police department budget increased by \$407,201. There are five divisions that include Administration, Patrol, Communications, Criminal Investigations and Warrants. Budget increases were for additional overtime due to vacancies, prior year uncompleted purchase orders rolled forward, increased supplies, motor gas & oil, vehicle maintenance, and professional services.

The Fire department changed by \$84,355 due to increases in motor gas and oil, additional equipment for the donation received, vehicle maintenance and prior year uncompleted purchase orders rolled forward.

The Public Works Department changed by \$1.05 million. Divisions within this department include Public Works Administration, Garage, Sanitation, Street and Landfill. Budget increases were for additional overtime, motor gas and oil, professional services, vehicle maintenance, and prior year uncompleted purchase orders rolled forward.

The Health Department budget increased \$13,967 due to increases in motor gas and oil, animal care costs, postage and freight, professional services, minor vet care, state fees, vehicle maintenance and uncompleted purchase orders rolled forward.

The Parks and Recreation Department budget changed by \$124,909 due to prior year rolled over purchase orders for items not received by prior year end, increased utility costs, additional programs, equipment, and supplies because of donations received.

The Golf Course Department budget changed by \$304,150 due to the greens maintenance project that was rolled over from the prior year, and increased costs of irrigation supplies, motor gas and oil, utilities, pro-shop items, overtime, and associated fringe.

Operating transfers-out increased by \$39,588 for a tax note payment that was not anticipated during the budget process.

Additional information on the City's Original Budget to Final Budget and Final Budget to Actual can be found on Exhibit B-1, pages 89-95. Further information on the expenditure amendments is detailed on pages 84-85 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 104-112. Total assets for the combined funds were \$1.24 million, total liabilities were \$47 thousand, total deferred inflows were \$41 thousand and total fund balances were \$1.16 million, with \$26 thousand in non-spendable funds and \$1.13 million in Restricted Fund Balance.

The Tourism Fund makes up 62.16% 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, 36.09%, 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, 2022 and 2021 (In thousands of dollars)

	100	Governmental Activities		Business-type Activities				
				% Change			% Change	
	932	2022	2021	FY 21-22	2022	2021	FY 21-22	
Land	\$	580 \$	580	0.00% \$	595 \$	595	0.00%	
Construction in progress		2,310	511	352.05%	2,392	2,062	16.00%	
Road network		5,047	5,561	-9.24%	-	140	0.00%	
Building & improvements		8,354	7,961	4.94%	15,281	15,925	-4.04%	
Equipment		1,124	718	56.55%	2,799	1,770	58.14%	
Vehicles		2,645	2,924	-9.54%	592	540	9.63%	
Total	\$_	20,060 \$	18,255	9.89% \$_	21,659 \$	20,892	3.67%	

In the Notes to the Financial Statements located on pages 70-71, the City has invested \$4.65 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 \$1.8 million from \$511 thousand in FY21 to \$2.31 million in FY22 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, decreased \$644 thousand from \$15.92 million in FY21 to \$15.28million in FY22, or 4.04% net of accumulated depreciation. Equipment increased \$1.02 million thousand from \$1.8 million in FY21 to \$2.8 million in FY22, or 58.14%. Construction in progress increased \$330 thousand from \$2.06 million in FY21 to \$2.39 million in FY22, or 16.0% indicating construction projects remained uncompleted.

Additional information on the City's Capital Assets can be found in Note E, pages 70-71 of the Notes to the Financial Statements.

Table A-4: Long-Term Liabilities September 30, 2022 and 2021 (in thousands of dollars)

		Governme	ntal .	Activities	8 42	Business-T	ype	Activities	1000	1	otal	
		2022		2021		2022		2021		2022	_	2021
Certificates of obligation	\$	4,280	\$	5,325	\$	3,875	\$	3,358	\$	8,155	\$	8,683
Limited tax refunding bonds		4,452		3,545		7,341		8,520		11,793		12,065
Premium on bonds payable		427		500		498		557		925		1,057
Capital Leases		322		526		896		1,161	_	1,218		1,687
Total debt		9,481		9,896		12,610		13,596		22,091		23,492
Net pension liability		(3,106)		75		(531)		13		(3,637)		88
Landfill closure cost		0		0		1,987		1,821		1,987		1,821
OPEB Liability		561		732		147		198		708		930
Compensated absences	12.0	1,283		1,143		104	<u></u>	86	-	1,387		1,229
Total long-term debt	\$_	8,219	\$_	11,846	\$	14,317	\$_	15,714	\$_	22,536	\$_	27,560

Table A-4 indicates that total long-term debt decreased by \$5 million from FY21 to FY22, or 18.23%. Of that, landfill closure costs increased \$166 thousand, or 9.11%, while compensated absences increased 12.87%, and other post-employment costs decreased \$222 thousand or 23.87%. Total debt outstanding at the fiscal year-end was \$22.5 million, from \$27.6 million for the prior year.

In addition, there were overall reductions of \$528 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 \$1 million debt decrease and

the Business-type activities had an increase of \$517 thousand. Additional information on the City's Long-Term Obligations can be found on Note G, Item # 1-3, and pages 72-74 of the Notes to the Financial Statements.

Ad Valorem Taxes

The FY22 tax rates were \$0.68452 for the General Fund and \$0.15548 for the Debt Service Fund, totaling \$0.84000 per \$100 of assessed value. Therefore, the City's tax margin of \$1.66 per \$100 of assessed value could increase taxes \$16.8 million each year based on the assessed value of \$1,013,910,781. 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 62-63 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 2022-2023 ADOPTED OPERATING BUDGET

The total Revenues and Expenditures adopted for the FY22-23 budget are \$88,931,509 and \$97,423,155, respectively. The \$8,491,646 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 reappropriated, 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 \$5,567,613, and our ending estimated fund balance is \$5,927,998, leaving a projected operating surplus of \$360,385 over the required minimum of \$5.6 million.

The net deficits for FY21 and FY22 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

FY23 expenditures for personnel services are proposed to increase \$50 thousand or 0.24% from budgeted expenditures of \$20,713,768 in FY22 to \$20,764,163 of budgeted expenditures in FY23. This increase is attributed to a 3% cost of living increase for all non-civil service employees, and an increased longevity payment for all non-civil service employees. All positions are budgeted at 100% regardless of prior year vacancies.

Capital Outlays

Capital outlay requests for FY23 totaled \$4,281,894; of which \$1,886,703 was approved. The capital outlay items approved promote employee efficiency, effectiveness, and safety and are a combination of large and small items. It includes:

•	\$7,540	Ice maker and bin for Service Center
•	\$10,000	Shade structures for Kleberg Park playground
	\$5,600	Swing set for Flato Park
•	\$33,490	US Radar GPRover
•	\$15,435	(7) water lever transducers
	\$6,000	Stingray 2.0 portable flow level velocity logger
	\$35,456	Cash match – mobile generator grant
•	\$68,894	Cash match – backup generator grant
•	\$308,529	Commercial side loader garbage truck
•	\$26,000	Excavator arm repairs
•	\$322,085	Southside landfill drainage plan
•	\$10,881	Parts for portable windscreens
•	\$22,000	(2) 72" deck John Deere Mowers
•	\$12,000	John Deere utility gator
•	\$137,078	(2) Chevy Tahoes for Police
•	\$74,791	Rotary broom for Streets
•	\$126,872	(2) Hidrostal submersible pumps
•	\$400,000	Ultraviolet disinfection system for north wastewater plant
•	\$200,000	Ultraviolet disinfection system for south wastewater plant
•	\$7,885	Diesel tank with trailer
•	\$47,120	Batwing shredder for Streets
•	\$9,047	6 Stall slide-in animal control unit

CITY'S FINANCIAL MANAGEMENT

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

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

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

STATEMENT OF NET POSITION SEPTEMBER 30, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents Equity in pooled cash and cash equivalents Receivables (net of allowances for uncollectibles):	\$ 4,477,869 13,370,643	\$ 16,261 9,002,693	\$ 4,494,130 22,373,336
Taxes	1,987,859	122	1,987,859
Accounts receivable	396,832	1,466,536	1,863,368
Internal balances	16,559	(16,559)	.,,,
Due from other governments	363,971		363,971
Prepaid expenses	603,959	1,754	605,713
Inventory, at cost	219,150	703,384	922,534
Restricted assets:			
Cash and cash equivalents	2,240,765	5,783,621	8,024,386
Equity in pooled cash and cash equivalents	1,335,407		1,335,407
Accounts receivable	22	52,845	52,845
Long-term assets:	0.000.007	0.007.000	E 077 477
Land and construction in progress	2,890,087	2,987,390	5,877,477
Capital assets, net of related depreciation Net Pension Asset	17,169,536	18,672,085 530,652	35,841,621 3,637,045
Total Assets	3,106,393 48,179,030	39,200,662	87,379,692
Total Assets	40,173,000	33,200,002	07,073,032
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on Refunding	45,173	39,430	84,603
Deferred outlow related to pensions	1,162,902	198,650	1,361,552
Deferred outlow related to OPEB	50,226	15,126	65,352
Total Deferred Outflows of resources	1,258,301	253,206	1,511,507
LUADUSTES.			
LIABILITIES Accounts payable	1,062,286	715,729	1,778,015
Accrued wages payable	216,785	40,461	257,246
Payable from restricted assets:	210,100	10,101	20,12,10
Accrued interest payable	43,236	62,070	105,306
Customer deposits	675,027	924,829	1,599,856
Due to:			
Other governments	258,804	14	258,804
Others	448		448
Liabilities due within one year:			
Accumulated unpaid compensated absences	576,680	38,500	615,180
Financed purchases payable	132,058	136,437	268,495
Contractual obligations payable	1,570,949	1,420,051	2,991,000
Liabilities due beyond one year:	700 710	CE 700	770 400
Accumulated unpaid compensated absences Financed purchases payable	706,710 190,293	65,782 759,807	772,492 950,100
OPEB liability	561,131	146,989	708,120
Contractual obligations payable	7,588,097	10,293,375	17,881,472
Landfill closure costs		1,986,942	1,986,942
Total Liabilities	13,582,504	16,590,972	30,173,476
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	4,087,528	698,251	4,785,779
Deferred inflows of resources related to OPEB	339,292	82,981	422,273
Other deferred inflows of resources	2,175,380	3,191,394	5,366,774
Total Deferred Inflows of Resources	6,602,200	3,972,626	10,574,826
NET POSITION:			
Net Investment in Capital Assets	12,190,877	9,951,488	22,142,365
Restricted For:	EN 19	23 85	
Federal and State Programs	3,439,636	<u> 22</u> 0	3,439,636
Debt Service	965,165	**	965,165
Capital Projects	212,159	4,583,395	4,795,554
Municipal Court Security	34,492	-	34,492
Law Enforcement	1,274,940	17.5	1,274,940
Municipal Court Technology	41,366	## (C	41,366
Tourism	622,617	 4 255 297	622,617
Unrestricted Total Not Regition	10,471,375 \$ 29,252,627	4,355,387 \$ 18,890,270	14,826,762 \$ 48,142,897
Total Net Position	\$29,252,627	φ 10,090,270	φ_ 40,142,097

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2022

					Prog	ram Revenu	es		
Functions/Programs		Expenses		Charges for Services		Operating Grants and Contributions		Capital Grants and Contributions	
Primary Government							940		
General government and administration	\$	4,805,229	\$	400,742	\$	641,054	\$		
Public safety		9,069,157		1,500,917		274,552		327,451	
Public works		3,120,424		1,044,853				2,003,615	
City/County		2,592,537		1,026,714				(75)	
Tourism		539,067		14,761		21,275		220	
Interest on long-term debt		202,888		124					
Total Government Activities	8 -	20,329,302	2 2	3,987,987	24	936,881	22	2,331,066	
Business-type Activities:									
Water Improvement		5,861,743		5,245,790		4,678		1,017,042	
Stormwater		1,893		414,582					
Solid waste		3,242,982		4,088,685				77.	
Wastewater		2,937,849		4,894,266				no es	
Total Business-type Activities	ii:	12,044,467		14,643,323		4,678		1,017,042	
Total Primary Government	\$	32,373,769	\$_	18,631,310	\$	941,559	\$_	3,348,108	

General Revenues:

Property taxes

Sales taxes

Franchise taxes

Alcoholic beverage taxes

Hotel/Motel taxes

Intergovernmental revenue

Unrestricted investment earnings

Miscellaneous income

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

Net Position - Ending

Net (Expense) Revenue and Changes in Net Position

8	Governmental Activities	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	Business-type Activities		Total
\$	(3,763,433)			\$	(3,763,433)
	(6,966,237)				(6,966,237)
	(71,956)				(71,956)
	(1,565,823)				(1,565,823)
	(503,031)				(503,031)
	(202,888)				(202,888)
100	(13,073,368)				(13,073,368)
	***	\$	405,767		405,767
		7800	412,689		412,689
			845,703		845,703
	55		1,956,417		1,956,417
1.7		-	3,620,576		3,620,576
12	(13,073,368)	60	3,620,576	8-T	(9,452,792)
	8,576,529		-		8,576,529
	6,279,434				6,279,434
	840,179				840,179
	64,220		750		64,220
	635,149		920		635,149
	10,000				10,000
	211,507		54,229		265,736
	59,430				59,430
	2,184,060		(2,184,060)		
- 5	18,860,508		(2,129,831)		16,730,677
-	5,787,140		1,490,745		7,277,885
	23,465,487	V. (1)	17,399,525		40,865,012
\$_	29,252,627	\$_	18,890,270	\$	48,142,897

BALANCE SHEET - GOVERNMENTAL FUNDS SEPTEMBER 30, 2022

	General Fund	Police Forfeiture Fund
ASSETS	<u></u>	
Assets:		
Cash and cash equivalents	\$ 8,778	\$ 1,283,517
Equity in pooled cash and cash equivalents	11,067,018	##C
Receivables (net of allowances for uncollectibles):	ME201201	
Taxes	1,834,691	
Accounts receivable Assessments	695,961 59,824	
Due from:	59,624	₩.
Other funds	888	223
Other governments	33,608	22
Prepaid expenditures	263,268	***
Inventory, at cost	213,560	***
Restricted assets:		
Cash and cash equivalents	243,640	674,929
Equity in pooled cash and cash equivalents	731,888	41,909
Accounts receivable	52,845	
Total Assets	\$15,205,969_	\$ 2,000,355
LIABILITIES, DEFERRED INFLOWS OF		
RESOURCES, AND EQUITY		
Liabilities:		
Accounts payable	\$ 564,013	\$ 8,153
Accrued wages payable	213,311	1944
Payable from restricted assets:		
Customer deposits	(E)	675,027
Due to:	040.070	000
Other funds Other governments	249,079 258,754	888
Other governments Others	258,754	
Total Liabilities	1,285,605	684,068
Deferred Inflows of Resources:		
Deferred revenue	655,812	
Total Deferred Inflows of Resources	655,812	
Equity:		
Fund balances:		
Nonspendable:		
Inventory	213,560	**
Prepaids	263,268	122
Resricted:		
Debt service	***	100
Capital outlay		0.00
Municipal court building security	34,492	
Municipal court technology Law enforcement	-	41,366
Tourism		1,274,921
Federal and state programs		
Committed:		
Landfill	2,152,440	**
Street maintenance	573,950	122
Park maintenance	27,498	
JK Northway project	557,000	
Sanitation capital outlay	485,427	(4.0 2
Capital outlay	1,572	
Unassigned:	8,955,345	
Total Equity	13,264,552	1,316,287
Total Liabilities, Deferred Inflows of		
Resources, and Equity	\$ 15,205,969	\$ 2,000,355

Federal Grants	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
\$ 2,422,242	\$ 23,726	\$ 75 1,000,761	\$ 1,316,096 14,490,021
- A 50 -	153,168	\$100kma.abasa2aa	1,987,859
	7,980	60,727	764,668
-	-	-	59,824
	77 0		888 363,972
232,037		98,327 20,000	283,268
		5,590	219,150
(44)	497,650	400,017	1,816,236
	4,098		777,895
\$ 2,654,279	\$ 686,622	\$ 1,585,497	52,845 \$ 22,132,722
φ	Ψ	<u> </u>	ΨΕΩ,10Ω,16Ω
\$ 15,360	\$	\$ 45,386 3,474	\$ 632,912 216,785
		0,474	
# = 3	**		675,027
223	41,821	1,480	293,268
558 440		50	258,804 448
15,360	41,821	50,390	2,077,244
0.000.000.000.000.000	2012/2016/2016	700°C 35000B	25/26/2012
2,134,304 2,134,304	153,167 153,167	41,076 41,076	2,984,359 2,984,359
		5,590	219,150
170	**	20,000	283,268
1944	491,634	144	491,634
	(A-16)	338,305	338,305
877	255	985	34,492
**		19	41,366 1,274,940
		622,617	622,617
504,615	##	507,500	1,012,115
124		144	2,152,440
**	77		573,950
			27,498 557,000
122 122			485,427
450	1155	1772	1,572
			8,955,345
504,615	491,634	1,494,031_	17,071,119
\$2,654,279	\$686,622	\$1,585,497	\$ 22,132,722

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION SEPTEMBER 30, 2022

Total fund balances - governmental funds balance sheet

\$ 17,071,119

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.	20,059,623
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	699,142
The assets and liabilities of internal service funds are included in governmental activities in the SNP.	3,383,061
Payables for bond principal which are not due in the current period are not reported in the funds.	(8,731,594)
Payables for financed purchases which are not due in the current period are not reported in the funds.	(322,351)
Payables for debt interest which are not due in the current period are not reported in the funds.	(43,236)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(1,283,392)
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds.	45,173
Solid waste assets & liabilities are included in the general fund but are in business activities in SNP.	(529,036)
Recognition of the City's proportionate share of the net pension liability is not reported in the funds.	3,106,393
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(4,087,528)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	1,162,902
Bond premiums are amortized in the SNA but not in the funds.	(427,452)
Recognition of the City's proportionate share of the net OPEB liability is not reported in the funds.	(561,131)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.	(339,292)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.	50,226

Net position of governmental activities - Statement of Net Position

\$ 29,252,627

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2022

				Police
		General		Forfeiture
		Fund		Fund
Revenue:				
Taxes	\$	14,021,370	\$	
Licenses and permits		320,787		
Charges for services		6,881,093		22
Fines and forfeitures		576,571		328,921
Special assessments		6,003		7F2
Interest and miscellaneous		181,071		1,273
Donations		47,050		200
Intergovernmental revenue				
Federal and state grants				
Total Revenues		22,033,945	_	330,194
Expenditures:				
Current:				
General government and administration		4,781,684		9,556
Public safety		9,807,206		153,713
Public works		6,383,334		**
City/County		2,496,273		
Tourism				
Debt service:				
Principal retired		M.M.		
Interest				-
Paying agent fees				22
Total Expenditures	57	23,468,497	_	163,269
Total Experiations	-	20,100,101		.00,200
Excess (deficiency) of revenues (under) expenditures		(1,434,552)		166,925
Other Financing Sources (Uses):				
Transfers in		1,419,324		-
Transfers out		(510,947)		1/ 11/1 //
Gain on sale of assets				
Issuance of debt		***		
Total Other Financing Sources (Uses)	12	908,377	_	(##X
Net Change in Fund Balances		(526,175)		166,925
Fund Balances/Equity, October 1		13,790,727		1,149,362
Fund Balances/Equity, September 30	\$	13,264,552	\$	1,316,287
## P##020 N#D			-	

Federal Grants	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
\$	\$ 1,645,049	\$ 634,515	\$ 16,300,934
1200 Vine 1	a.e.	1-4	320,787
1,000		15,395	6,897,488
3.55	 :		905,492
1 (************************************	555		6,003
Face	5,671	1,777	189,792
199		30,048	77,098
460,216		A.	460,216
2,414,076		384,988	2,799,064
2,875,292	1,650,720	1,066,723	27,956,874
351,640	220	7,200	5,150,080
399,918		634,007	10,994,844
2,003,615		951,335	9,338,284
149,589			2,645,862
21,275	## S	514,904	536,179
	1,360,101	M 46	1,360,101
	237,912	7,975	245,887
	3,872	26,129	30,001
2,926,037	1,601,885	2,141,550	30,301,238
(50,745)	48,835	(1,074,827)	(2,344,364)
377,432	38,529	243,370	2,078,655
		(469,324)	(980,271)
	ii w	44,000	44,000
	Sec.	1,221,925	1,221,925
377,432	38,529	1,039,971	2,364,309
326,687	87,364	(34,856)	19,945
177,928	404,270	1,528,887	17,051,174
\$ 504,615	\$ 491,634	\$1,494,031	\$ 17,071,119

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, 2022

Net change in fund balances - total governmental funds	19,945
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA. The depreciation of capital assets used in governmental activities is not reported in the funds. Trade-in or disposal of capital assets decrease net position in the SOA but not in the funds. Certain property tax revenues are deferred in the funds. This is the change in these amounts this year. Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA. Repayment of financed purchases principal is an expenditure in the funds but is not an expense in the SOA. (Increase) decrease in accrued interest from beginning of period to end of period. The net revenue (expense) of internal service funds is reported with governmental activities. Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds. Solid waste activities are included in the general fund but are included in business activities in the SOA. Proceeds of bonds do not provide revenue in the SOA, but are reported as current resources in the funds. Bond premiums are reported in the funds but not in the SOA. Pension contributions made after the measurement date but in current FY were de-expended & reduced NPL. The City's share of the unrecognized deferred inflows and outflows for the pension plan was amortized. OPEB contributions made after the measurement date but in current FY were de-expended & reduced NPL. The City's share of the unrecognized deferred inflows and outflows for the OPEB plan was amortized. Other reconciling items	3,306,707 (1,496,145) (7,138) 93,943 1,360,101 203,739 5,740 993,576 (140,455) 840,841 (1,221,925) 72,280 775,813 796,460 138,849 49,829 (5,020)
Change in net position of governmental activities - Statement of Activities \$	5,787,140

CITY OF KINGSVILLE STATEMENT OF NET POSITION PROPRIETARY FUNDS SEPTEMBER 30, 2022

OLI TEMBETTON, EVEE	Enterprise Fund	Nonmajor Internal Service Fund
400770	Utility Fund	Insurance Fund
ASSETS		
Current assets:	121	121 121212122
Cash and cash equivalents Equity in pooled cash and cash equivalents	\$ 12,632 8,961,635	\$ 2,389,176 721,371
Receivables (net of allowances for uncollectibles):	0,901,000	121,011
Accounts	1,064,062	84,659
Due from:	0.00 Sept. 10 Sept. 1	
Other funds	41,821 1,754	308,938 320,691
Prepaid expenses Inventory, at cost	703,384	320,091
Restricted assets - noncurrent:	10.5-545550	
Cash and cash equivalents Total current assets	5,742,196 16,527,484	3,824,835
Noncurrent assets:		
Capital assets:		
Land	181,743	100
Utility plant	45,105,433	100
Equipment Vehicles	4,074,206 2,519,469	
Construction in progress	734,573	**
Total capital assets	52,615,424	-
Less accumulated depreciation	(36,753,666)	
Net capital assets Net pension asset	530,652	
Total noncurrent assets	16,392,410	
Total Assets	32,919,894	3,824,835
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflow related to pensions	198,650	***
Deferred outflow related to OPEB	10,362	177
Deferred Loss on Refunding Total Deferred Outflows of Resources	39,430 \$ 248,442	\$
ANALOS PRESIDENTES DE LA CONTRACTOR DE L	Ψ 240,442	Ψ
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 713,622	\$ 441,774
Accrued wages payable Due to:	40,461	-
Other funds	58,380	
Accumulated unpaid compensated absences	38,500	923
Current liabilities payable from restricted assets:	10.504	
Accrued interest payable Financed purchases payable	49,534 73,832	
Contractual obligations payable	1,420,051	
Customer deposits	924,829	
Total current liabilities	3,319,209	441,774
Long-term liabilities, net of current portion:		
Accumulated unpaid compensated absences	65,782	**
OPEB liability Financed purchases payable	108,008 321,850	
Contractual obligations payable	10,293,372	
Total long-term liabilities, net of current portion	10,789,012	
Total Liabilities	14,108,221	441,774
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow related to pensions	698,251	-
Deferred inflow related to OPEB Other Deferred inflows	56,995 3,191,394	-
Total Deferred Inflows of Resources	3,946,640	
NET POSITION		
Net investment in capital assets	4,654,337	
Restricted for:	355 150	0510-0505100
Self insurance	- H E02 205	3,383,061
Capital outlay Unrestricted	4,583,395 5,875,743	#1
Total Net Position	\$ 15,113,475	\$ 3,383,061
The accompanying notes are an integral part of this statement		

EXHIBIT A-7R

RECONCILIATION OF THE PROPRIETARY FUND STATEMENT OF NET POSITION TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION SEPTEMBER 30, 2022

Utility Fund Net Position - Proprietary Funds Statement of Net Position	\$ 15,113,475
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	3,733,593

Assets and liabilities of certain internal servole funds are included in business type activities in the SNP.

43,202

Net Position of Business-type Activities - Statement of Net Position

18,890,270

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2022

FOR THE TEAR ENDED SEPTEMBER 30, 2022		***
	Enterprise Fund	Nonmajor Internal Service Fund
	Utility Fund	Insurance Fund
OPERATING REVENUES:		S-1
Water	\$ 5,159,548	\$
Other income	2,785	11,574
Wastewater	5,395,090	
Insurance premiums	es es	4,569,437
Intergovernmental revenue	578,717	***
Federal Revenue	443,003	
Total Operating Revenues	11,579,143	4,581,011
OPERATING EXPENSES:		
Personal services	3,018,541	377
Supplies	571,411	
Services	2,152,273	3,587,435
Maintenance	1,750,835	and the second
Uncollectable accounts	77,175	
Depreciation and amortization	1,027,739	
Total Operating Expenses	8,597,974	3,587,435
Operating Income (Loss)	2,981,169	993,576
NON-OPERATING REVENUES (EXPENSES):		
Interest	39,142	
Gain or loss on sale of property	10,550	
Interest and fiscal agent charge	(203,511)	
Total Non-operating Revenues (Expenses)	(153,819)	
Net Income (Loss) before Transfers	2,827,350	993,576
TRANSFERS IN (OUT):		
Transfers In	618,403	120
Transfers Out	(1,716,787)	
Total Transfers In (Out)	(1,098,384)	
Net Income (Loss)	1,728,966	993,576
Net Position, October 1	13,384,509	2,389,485
Net Position, September 30	\$ 15,113,475	\$ 3,383,061
e de la restructura de la comprese del la comprese de la comprese de la comprese del la comprese de la comprese del la comprese de la comprese del la compr		

EXHIBIT A-8R

1,490,745

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, 2022

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

Change in net position - utility fund	\$	1,728,966
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.	_	(238,221)

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Utility Fund	Internal Service Fund
Cash Flows from Operating Activities:	Fund	Fund
Cash received from customers	\$ 10,720,861	\$
Cash receipts (payments) for interfund services	Ψ 10,720,001	Ψ
provided and used		4,608,499
Cash received from other governments	2,568,891	
Cash payments to employees for services	(4,304,010)	0.223
Cash payments to other suppliers for goods and services	(3,299,297)	(4,112,823)
Net Cash Provided (Used) by Operating Activities	5,686,445	495,676
, , , , , , , , , , , , , , , , , , ,		
Cash Flows from Non-capital Financing Activities:		
Proceeds (payments) from (for) interfund borrowings	(8,435)	**
Transfers from other funds	785,575	19,015
Transfers (to) other funds	(1,883,959)	
Net Cash Provided (Used) by Non-capital Financing Activities	(1,106,819)	19,015
Cash Flows from Capital and Related Financing Activities:		
Principal and interest paid	(1,620,988)	122
Proceeds from issuance of bonds	628,075	
Proceeds from sale of assets	10,550	122
Acquisition or construction of capital assets	(1,237,664)	224
Net Cash Provided (Used) for Capital & Related Financing Activities	(2,220,027)	
Cash Flows from Investing Activities:	20.110	
Interest and dividends on investments	39,142	
Net Cash Provided (Used) for Investing Activities	39,142	
Net Increase (Decrease) in Cash and Cash Equivalents	2,398,741	514,691
Cash and Cash Equivalents at Beginning of Year	12,317,722	2,595,856
Cash and Cash Equivalents at End of Year	\$ 14,716,463	\$ 3,110,547
Barara Wallan at One will be barara to Nat Oach		
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$ 2,981,169	\$ 993,576
Adjustments to Reconcile Operating Income to Net Cash	φ 2,961,109	φ 333,370
Provided by Operating Activities		
Depreciation	1,027,739	
Provision for uncollectible accounts	77,175	
Change in Assets and Liabilities:	77,173	
Decrease (increase) in receivables	145,378	27,488
Decrease (increase) in inventories	(133,200)	(204,697)
Decrease (increase) in prepaid expenses	(100,200)	(320,691)
Increase (decrease) in accounts payable	303,709	(020,00.)
Increase (decrease) in accrued wages payable	8,026	
Increase (decrease) in net pension liability	(543,494)	
Increase (decrease) in OPEB liability	(34,396)	
Increase (decrease) in deferred inflow related to pension	274,910	
Increase (decrease) in deferred inflow related to OPEB	(3,620)	
Increase (decrease) in other deferred inflows	1,547,171	
Increase (decrease) in accumulated compensated absences	17,818	
Increase (decrease) in customer deposits	18,060	**
Total Adjustments	2,705,276	(497,900)
Net Cash Provided (Used) by Operating Activities	\$ 5,686,445	\$ 495,676
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STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS SEPTEMBER 30, 2022

		Custodial Fund
	_	Court Cash Bond Account
ASSETS		
Assets:		
Cash and cash equivalents	\$_	29,620
Total Assets	\$_	29,620
LIABILITIES AND EQUITY		
Net Position:		
Fund balances:		
Restricted for Municipal Court Bonds		29,620
Total Net Position	\$_	29,620
Total Liabilities and Net Position	\$_	29,620

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2022

	*	Custodial Funds
ADDITIONS:		
Municipal Court Bonds	\$	18,730
Total Additions		18,730
DEDUCTIONS:		
Payment of Municipal Court Bonds		13,414
Total Deductions	-	13,414
Change in Fiduciary Net Position		5,316
Net Position-Beginning of the Year		24,304
Prior Period Adjustment		H-1
Net Position-End of the Year	\$	29,620

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2022

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, 2022.

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, 2022.

b. Discretely Presented Component Unit

The City did not have a Discretely Presented Component Unit at September 30, 2022.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2022

2. Basis of Presentation, Basis of Accounting

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2022

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 accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2022

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.

Under GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting," all proprietary funds will continue to follow Financial Accounting Standards Board ("FASB") standards issued on or before November 30, 1989. However, from that date forward, proprietary funds will have the option of either 1) choosing not to apply future FASB standards (including amendments of earlier pronouncements), or 2) continuing to follow new FASB pronouncements unless they conflict with GASB guidance. The City has chosen not to apply future FASB standards.

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. 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 has implemented this Statement in fiscal year 2022.

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. The City will implement this Statement in fiscal year 2023, if applicable.

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 will become effective for reporting periods ending December 31, 2022.

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 became effective for reporting periods ending June 30, 2022. This Statement had no effect on the City's financial statements.

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 became effective for reporting periods ending after December 31, 2021, and paragraphs 13 and 14 became effective for financial statements starting with the fiscal years ending June 30, 2022. This Statement had no effect on the City's financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 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 became effective for financial statements starting with the fiscal year ending June 30, 2022. This Statement had no effect on the City's financial statements.

The City has not fully determined the effects of those statements not yet implemented on the City's future financial statements.

4. Financial Statement Amounts

a. Equity in Pooled Cash and Cash Equivalents

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

b. Real Property and Sales Taxes

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2022

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 2021 tax rate was \$.84000, of which \$.67492 was distributed to the General Fund and \$.16508 was applied to the Debt Service Fund. Using the twenty-five percent rule, the City's legal margin is \$245,237,716.

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	21,731,140	2.14%
Rockstar Oak Tree LLC	Apartments	12,779,820	1.26%
Rockstar Kingsville Pointe LLC	Apartments	9,091,120	0.90%
HEB Grocery Inc	Retail	8,195,120	0.81%
KL Phase 1 Owner LTD	Apartments	7,885,980	0.78%
Apexone Javelina LLC	Apartments	7,060,000	0.70%
Wal-Mart Stores Inc #01-0442	Retail	6,873,790	0.68%
Kingsville Two Family Housing LTD	Apartments	6,513,542	0.64%
King Ranch Saddle Shop Inc.	Retail	6,351,380	0.63%
Lowes Home Centers Inc.	Retail	6,119,350	0.60%

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.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2022

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:

Asset Class	Estimated Useful Lives
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 2022.

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.

Deferred Inflows and Outflows

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

Deferred outflows of resources in the Statement of Net Position totaled \$1,511,507, of which \$1,258,301 is in governmental activities and \$253,206 in business-type activities.

There were deferred inflows of resources in the Statement of Net Position of \$10,574,826 of which \$6,602,200 is in governmental activities, and \$3,972,626 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2022

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:

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".

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2022

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, contsitutional provisions, or enabling legislation.

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

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

Minimum Unassigned Fund Balance - The City will maintain a minimum unassigned fund balance in its General Fund of 25% of the subsequent year's budgeted expenditures and outgoing transfers. The City will maintain a minimum unassigned fund balance in its Utility Fund of 25% of the subsequent year's budgeted expenditures and outgoing transfers. The City, as of September 30, 2022, met their minimum requirements.

Spending Prioritization in Using Available Resources:

When an expenditure is incurred for a purpose for which both restricted and unrestricted equity 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2022

I. Accumulated Unpaid Compensated Absences

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

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 retes, 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:

Violation Action Taken
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:

Fund Name Deficit
Amount Remarks
None reported Not applicable Not applicable

C. Deposits and Investments

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

Cash and Investments

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2022

Cash & Cash Equivalents

At September 30, 2022, the carrying amount of the City's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$14,488,561 and the bank balance was \$14,658,006. The City's cash deposits at September 30, 2022 and during the year ended September 30, 2022, were entirely covered by FDIC insurance or properly secured by collateral held by the City's agent in the City's name.

Investments

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

Investment Accounting Policy

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

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

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

	неропеа	rair
Investment	Amount	Value
Texas Class (Rated @ AAAm)	\$ 21,768,318 \$	21,768,318

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2022

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:

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.

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.

Concentration of Risk

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

4. Interest Rate Risk

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

5. Foreign Currency Risk

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

D. Receivables

Receivable balances at September 30, 2022 consists of the following:

		General	Debt Service		Enterprise	Enterprise Restricted	Primary Government Total
Receivables:	172.77						
Accounts	\$	8,092,383 \$		\$	2,927,418 \$	123,476 \$	11,143,277
Taxes - Property		883,759	255,279		77	550	1,139,038
Taxes - Franchise & Sales		1,304,435					1,304,435
Special Assessments		59,824	ee.				59,824
Gross Receivables Less: Allowance for		10,340,401	255,279		2,927,418	123,476	13,646,574
uncollectable	-	(8,108,878)	(102,111	<u>)</u> _	(1,460,883)	(70,631)	(9,742,503)
Net total receivable	\$	2,231,523 \$	153,168	\$_	1,466,535 \$_	52,845 \$	3,904,071

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2022

E. Capital Assets

Capital asset activity for the year ended September 30, 2022, was as follows:

		Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:					
Capital assets not being depreciated:	547	1490 0100 000000 1440	92	· ·	
Land	\$	580,399 \$	\$		580,399
Construction in progress	1	510,948	2,517,889	(719,149)	2,309,688
Total capital assets not being depreciated		1,091,347	2,517,889	(719,149)	2,890,087
Capital assets being depreciated:					
Road network		19,285,846			19,285,846
Buildings and improvements		11,586,060	684,139	**	12,270,199
Equipment		7,184,463	763,008	(218,882)	7,728,589
Vehicles		7,871,261	60,821	(260, 139)	7,671,943
Total capital assets being depreciated		45,927,630	1,507,968	(479,021)	46,956,577
Less accumulated depreciation for:					
Road network		(13,725,144)	(514,138)	++	(14,239,282)
Buildings and improvements		(3,624,825)	(291,134)	22	(3,915,959)
Equipment		(6,465,776)	(350,878)	211,743	(6,604,911)
Vehicles		(4,947,033)	(339,995)	260,139	(5,026,889)
Total accumulated depreciation		(28,762,778)	(1,496,145)	471,882	(29,787,041)
Total capital assets being depreciated,	net_	17,164,852	11,823	(7,139)	17,169,536
Governmental activities capital assets, net	\$_	18,256,199 \$_	2,529,712 \$	(726,288) \$	20,059,623
		Beginning			Ending
		Balances	Increases	Decreases	Balances
Business-type activities:	-				
Capital assets not being depreciated:					
Land	\$	594,943 \$	\$	\$	594,943
Construction in progress	<i>T</i> .	2,061,540	546,788	(215,881)	2,392,447
Total capital assets not being depreciated	-	2,656,483	546,788	(215,881)	2,987,390
Capital assets being depreciated:		17.710.010	015 001		17.005.704
Buildings and improvements		47,749,843	215,881	(475.074)	47,965,724
Equipment		6,608,725	1,606,091	(475,871)	7,738,945
Vehicles	-	4,976,032	145,019	(475.074)	5,121,051
Total capital assets being depreciated	-	59,334,600	1,966,991	(475,871)	60,825,720
Less accumulated depreciation for:		(04 004 500)	(000.040)		(00.005.474)
Buildings and improvements		(31,824,528)	(860,646)	444.044	(32,685,174)
Equipment		(4,839,236)	(511,727)	411,011	(4,939,952)
Vehicles		(4,435,693)	(92,816)		(4,528,509)
Total accumulated depreciation		(41,099,457)	(1,465,189)	411,011	(42,153,635)
Total capital assets being depreciated, r	iet_	18,235,143	501,802	(64,860)	18,672,085
Business-type activities capital assets, net	\$_	20,891,626 \$	1,048,590 \$	(280,741) \$	21,659,475

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2022

Governmental depreciation was charged to functions as follows:

General Government	\$	231,832
Tourism		5,460
Public Safety		666,256
Public Works		417,914
City/County	3-	174,683
	\$	1,496,145

Business-type depreciation was charged to functions as follows:

Water	\$ 380,635
Wastewater	437,450
Solid Waste	647,104
	\$ 1,465,189

F. Interfund Balances and Activity

1. Due To and From Other Funds

Balances due to and due from other funds at September 30, 2022, consisted of the following:

Due To Fund	Due From Fund	 Amount	Purpose
General Fund	Police Forfeiture Fund	\$ 888	Short-term loans
	Subtotal	 888	
Utility Fund	Debt Service Fund	41,821	Short-term loans
	Subtotal	41,821	
Internal Service Fund	General Fund	249,078	Short-term loans
Internal Service Fund	Utility Fund	58,380	Short-term loans
Internal Service Fund	Other Governmental Funds	1,480	Short-term loans
	Subtotal	308,938	
	Total	\$ 351,647	

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2022

2. Transfers To and From Other Funds

Transfers to and from other funds at September 30, 2022, consisted of the following:

Transfers To	Transfers From		Amount	Reason
General Fund	Other Governmental Fun	ds \$	69,324	Supplement other funds sources
General Fund	Utility Fund		1,350,000	Supplement other funds sources
	Sub	total:	1,419,324	
Federal Fund	General Fund		10,644	Supplement other funds sources
Federal Fund	Utility Fund		366,787	Supplement other funds sources
	Sub	total:	377,431	
Debt Service Fund	General Fund		38,529	Supplement other funds sources
Other Governmental Fund	General Fund		243,370	Supplement other funds sources
	Sub	total:	243,370	did :
Utility Fund	Other Governmental Fund	ds	400,000	Supplement other funds sources
Utility Fund	General Fund		218,403	Supplement other funds sources
5 .	Sub	total:	618,403	23
	Total	\$	2,697,057	

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, 2022, are as follows:

ue Within ne Year
1 001 000
1,221,823
349,126
Tem:
1,570,949
132,058
1,703,007
100
576,680
2,279,687
_

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2022

		Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Business-type activities:	83					
Certificates of obligation	\$	3,358,000 \$	628,075 \$	111,000 \$	3,875,075 \$	1,225,874
Limited Tax Refunding Bond		8,520,230	22	1,179,899	7,340,331	194,177
Premium on Bonds Payable		557,185		59,165	498,020	
Total bonds payable	100	12,435,415	628,075	1,350,064	11,713,426	1,420,051
Financed purchases		1,160,276	77	264,032	896,244	136,437
Total long-term debt	-	13,595,691	628,075	1,614,096	12,609,670	1,556,488
Net pension liability (asset) *		12,842	1,034,918	1,578,412	(530,652)	**
Landfill closure cost		1,821,015	**	165,927	1,986,942	77
OPEB liability *		198,245	13,334	64,590	146,989	22
Accumulated compensated						
absences*		86,464	71,350	53,533	104,281	38,500
Business-type activities	•	45.744.057. A	4 747 077 0	0.470.550.6	14.017.000 f	1 504 000
Long-term liabilities	ф _	15,714,257 \$	1,747,677 \$_	3,476,558 \$	14,317,230 \$_	1,594,988

^{*} Other long-term liabilities (assets)

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

	Liability Accumulated compensated absences Net OPEB liability Net pension liability (asset) Accumulated compensated absences Net OPEB liability Net pension liability (asset)	Activity Type Governmental activit Governmental activit Governmental activit Business-type activit Business-type activit Business-type activit	ties ties ties ties	Fund General General Utility Utility Utility	
Cert (1)	stificates of obligation payable: \$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)	\$	3,247,000		\$ 3,358,000
	\$9,040,000 Limited Tax Refunding Bonds Series 2014 due in annual installments of \$855,000 to \$895,000 through September 30, 2025, with interest at 2.0% to 2.5% (100% Utility Fund)		2,625,000		3,465,000
	\$5,025,000 Limited Tax Refunding Bonds Series 2020 due to original installments of \$360,000 to \$500,000 through August 31, 2032, interest at 4.0% to 4.6% (General Fund 53.8504% and Utility Fund 46.1496%.		4,500,000		4,800,000
	\$1,260,000 Limited Tax Refunding Bonds, Series 2013, for Capital Outlay and General Improvements, due in annual installments of \$105,000 to September 2023; Interest at 2.0% (100% General Fund)		105,000		205,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2022

\$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)	3,345,000	4,210,000
\$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%).	3,340,000	3,595,000
\$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)	935,000	1,115,000
\$1,850,000 Tax Note Series 2022, for Capital		
Outlay and General Improvements, due in		
annual installments of \$245,000 to \$285,000 through August 2027; interest at 2.640%.		
(66.05% General Fund and 33.95% Utility Fund)	1,850,000	
(Sold to Collection and Collection Ching Falls)	.,,500,000	
Total Certificates of Obligation Payable	\$19,947,000	\$ 20,748,000

⁽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, 2022, are as follows:

	_	Gove	rnmental Activities	
Year Ending September 30,		Principal	Interest	Total
2023	\$	1,570,949 \$	240,503 \$	1,811,452
2024		876,177	206,122	1,082,299
2025		906,476	184,064	1,090,540
2026		929,902	161,009	1,090,911
2027		953,382	135,917	1,089,299
2028-2032		2,901,207	342,115	3,243,322
2033-2036	-	593,500	44,344	637,844
Totals	\$_	8,731,593 \$_	1,314,074 \$_	10,045,667

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Business-type Activities						
	-	Certificates of Obligation				Revenue Bonds	
Year Ending September 30,	-	Principal		Interest		Total	
2023	\$	1,420,052	\$	227,525	\$	1,647,577	
2024		1,464,823		195,488		1,660,311	
2025		1,514,523		157,708		1,672,231	
2026		636,098		118,381		754,479	
2027		652,618		100,852		753,470	
2028-2032		3,113,793		239,744		3,353,537	
2033-2037		836,500		5,530		842,030	
2038-2042		560,000		-		560,000	
2043-2047		560,000		-		560,000	
2048-2051	-	457,000	-		-	457,000	
Totals	\$_	11,215,407	\$	1,045,228	\$_	12,260,635	

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, 2022, 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.

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. Refunding of Debt : There is \$0 of oustanding Refunded Debt as of September 30, 2022.

4. Financed Purchases Payable

Commitments for financed purchases payable for facilities and equipment as of September 30, 2022 are as follows:

Governmental Activities:	2022	2021
Installment loan for capital outlay, due in annual installments of \$54,071, including interest at 3.228%, through January 30, 2023, secured by street sweeper	\$ 52,380 \$	103,122
Installment loan for capital outlay, due in monthly installments of \$1,990, including interest at 2.4%, through August 12, 2023, secured by golf course mower	19,584	42,330
Installment loan for capital outlay, due in monthly installments of \$147, including interest at 2.0%, through April 15, 2024, secured by		
golf range picker	2,804	4,571

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2022

Installment loan for capital outlay, due in annual installments of \$74,355, paid in full on June 1, 2022, secured by fire equipment		-	72,202
Installment loan for capital outlay, due in annual installments of \$9,168, including interest at 4.33%, through August 31, 2023, secured by nimble array storage		8,785	17,203
Installment loan for capital outlay, due in annual installments of \$49,281, including interest at 3.47%, through December 31, 2026 secured by police vehicles		222,694	262,854
Installment loan for capital outlay, due in annual installments of \$8,417, including interest at 3.06%, through January 31, 2024, secured by nimble array storage		16,104	23,813
Control Contro			
Total	\$	322,351 \$	526,095
Business-type Activities:		0000	0004
Installment loan for capital outlay, due in annual installments of \$51,303, including interest at 3.47%, through December 31, 2026 secured by articulated dump truck	\$	2022	273,638
Installment loan for capital outlay, due in annual installments of \$95,279, including interest at 3.15, through January 30, 2025 secured by dump truck		268,731	352,894
Installment loan for capital outlay, secured by John Deere tractor, paid in full on April 28, 2022			66,707
Installment loan for capital outlay, due in annual installments of \$87,562, including interest at 3.47, through February 18, 2027 secured by		005.000	107.00-
clarifier	8	395,682	467,037
	\$	896,244 \$	1,160,276

Debt service requirements on financed purchases at September 30, 2022, are as follows:

	Governmental Activities					
Year Ending September 30,		Principal		Interest		Total
2023	\$	132,004	\$	15,173	\$	147,177
2024		52,206		6,628		58,834
2025		44,487		4,794		49,281
2026		46,031		3,250		49,281
2027	_	47,623	_	1,653	_	49,276
Totals	\$_	322,351	\$_	31,498	\$	353,849

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2022

	500	Business-type Activities					
Year Ending September 30,		Principal	Interest		Total		
2023	\$	203,904 \$	30,240	\$	234,144		
2024		210,701	23,441		234,142		
2025		217,725	16,417		234,142		
2026		129,706	9,157		138,863		
2027	_	134,208	4,656	-	138,864		
Totals	\$_	896,244 \$	83,911	\$	980,155		

H. Pension Plans

Texas Municipal Retirement System

1. Plan Description

The City participates as one of 924 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 annual comprehensive financial report (ACFR) 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.

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, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	198
Inactive employees entitled to but not yet receiving benefits	191
Active employees	270
Total covered employees	659

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2022

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 8.04% and 8.39% in calendar years 2022 and 2021, respectively. The City's contributions to TMRS for the year ended September 30, 2022 were \$1,065,042 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, 2021 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

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, 2021 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 2021 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:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2022

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.

		Inc	crease (Decrease)	
Changes in Net Pension Liability		Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2020	\$	68,419,150 \$		88,019
Changes for the year				
Service cost		1,693,432		1,693,432
Interest		4,567,986	-	4,567,986
Change of benefit terms		(*)	*	-
Difference between expected				
and actual experience		790,799	2	790,799
Changes of assumptions		(4)	12	
Contributions - employer		*	1,042,974	(1,042,974)
Contributions - employee		(7.)	872,261	(872,261)
Net investment income		2	8,902,980	(8,902,980)
Benefit payments, including				
refunds of employee contributions		(3,183,987)	(3,183,987)	(85
Administrative expense		=	(41,217)	41,217
Other changes		2	282	(282)
Net changes		3,868,230	7,593,293	(3,725,063)
Balance at 12/31/2021	\$_	72,287,380 \$	75,924,424 \$	(3,637,044)

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.

	19	6 Decrease in	Discount	1% Increase in
	D	iscount Rate	Rate	Discount Rate
		(5.75%)	(6.75%)	(7.75%)
City's net pension liability	\$	6,474,572 \$	(3,637,045)\$	(11,921,560)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2022

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2022, the City recognized pension expense of \$(775,813).

Schedule of Pension Expense

Total Service Cost	\$	1,693,432
Interest on the Total Pension Liability		4,567,986
Current Period Benefit Changes		-
Employee Contributions (Reduction of Expense)		(872,261)
Projected Earnings on Plan Investments (Reduction of Expense)		(4,612,351)
Administrative Expense		41,217
Other Changes in Fiduciary Net Position		(282)
Recognition of Current Year Outflow (Inflow) of Resources - Liabilities		245,590
Recognition of Current Year Outflow (Inflow) of Resources - Assets		(858,126)
Amortization of Prior Year Outflows (Inflows) of Resources - Liabilities		(290,580)
Amortization of Prior Year Outflows (Inflows) of Resources - Assets	90000	(690,438)
Total Pension Expense (Income)	\$	(775,813)

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	erred Outflows f Resources	5-90-5	eferred Inflows of Resources
Differences between expected and actual economic experience	\$ 545,209	\$	203,842
Changes in actuarial assumptions	10,997		2
Difference between projected and actual investment earnings	=		4,581,937
Contributions subsequent to the measure-			
ment date	805,346		12
Total	\$ 1,361,552	\$	4,785,779

\$805,346 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 Endi	ng Septem	iber 30,
2023	\$	(720,753)
2024	\$	(1,738,454)
2025	\$	(912,242)
2026	\$	(858,124)
2027	\$	*
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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2022

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 renumeration.

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

2. Annual Required Contributions-City

The employer annual pension cost of \$7,961 for fiscal year ended September 30, 2022 was equal to the required and actual contributions and the City has no future liability. Three-year information is as follows:

	2020		2021	2022
Annual Required Contribution	\$	4,980	\$ 2,278	\$ 7,961
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 Reenue 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 for Postemployment Benefits Other than Pensions ("GASB 75") which replaces GASB 45. GASB 75 requires public employers to perform periodic actuarial valuations to measure and disclose their retiree healthcare liabilities for the financial statement of the employer.

GASB 75 allows and actuarial valuation date no earlier than thirty months and one day prior to the fiscal year- end reporting date and a measurement date no earlier than one year and one day prior to the fiscal year end reporting date. For the reporting year ending September 30, 2022, the City used an actuarial valuation date of September 30, 2021 and measurement date of September 30, 2022.

Note: Actuarial valuations are done every two years. There are no assets accumulated in na GASB compliant

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2022

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 or retirement unless otherwise stated in the plan document or collective bargaining agreement. As of September 30, 2022, a total of 4 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.

Retirees are eligible to continue their medical coverage until they Eligibility for Retiree Benefits:

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

4

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, 2022 Actuarial Valuation Date: September 30, 2022

3.00% Inflation: Salary Increases, including inflation: 3.00% 4.40% Discount Rate: Prior Year Discount Rate: 2.19%

The discount rate was based on the 9/30/22 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-2021 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-2021 for males or females, as appropriate.

Inactive employees currently receiving benefits payments

Inactive employees entitled to but not vet receiving benefit payments

Active employees 198 202

82

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2022

Balance at 9/30/2021			\$	930,086		
Changes for the year: Service Cost Interest Differences between expected and actual Changes in Assumptions/Inputs Change in Benefit Terms Benefit payments Administrative expense Net Changes	l experi	ience	100	42,012 20,552 (180,900 (38,841 (64,787)	
Balance at 9/30/2022			\$_	708,122	=	
		ecrease in		No change in Discount Rate	7	1% Increase in Discount Rate
Discount Rate:	\$	766,748	\$	708,121	\$	655,326
Healthcare Cost Trend Rates:	\$	642,644	\$	708,121	\$	785,524
OPEB Expense Service cost Interest on liabilities Difference between actual and expected experience Changes in assumptions-inputs Change in benefit terms					\$	42,012 20,552 (129,660) (113,442)
Total OPEB Expense					\$	(180,538)
Deferred Outflows and Inflows			-	Outflows	5 1	Inflows
Differences between actual and expected experience			\$	55,056	\$	277,788
Changes of assumptions or other inputs				10,296		144,484
Total Deferred Outflows and Inflows			\$_ _	65,352	\$	422,272

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:	
2023	\$	(243,102)
2024		(3,948)
2025		(36,623)
2026		(36,623)
2027		(36,623)
Thereafter		

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2022

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, 2022.

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, 2022 for the following funds:

General Fund Tourism Fund Police Forfeiture Fund Federal Grants Fund State Grants Fund Debt Service Fund Capital Projects Fund Utility Fund

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

\$195,260 addition in revenues and other financing sources comprised of:

\$14,000 in Parks and Recreation - Donation revenue for recreational programs

\$2,500 in Parks and Recreation - Donation revenue for health events

\$500 in Fire Department - Donation revenue for emergency response equipment

\$13,300 in Parks and Recreation - Donation revenue for softball league

\$20,000 in Parks and Recreation - Donation revenue for parks scoreboards

\$129,760 in Parks and Recreation - Donation from County for golf course greens renovation

\$8,450 in Parks and Recreation - Donation revenue for Brookshire recreational programs

\$6,750 in Parks and Recreation - Donation revenue for pony league travel

\$989,272 addition to expenditures and other financing uses comprised of:

\$85,787 in various departments - For rollover projects

\$43,000 in Parks Department - For donations for recreational programs, supplies, league uniforms.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2022

\$20,000 in Parks and Recreation - For donation for scoreboard sponsorship

\$38,000 in Community Appearance - For demolition costs

\$14,500 in Parks and Recreation - For increase in gas and oil

\$2,500 in Parks and Recreation - For donation for health events

\$259,520 in Parks and Recreation - For golf course greens project

\$238,768 in Sanitation - For increase in costs

\$186,139 in Police Department - For increase in costs

\$8,707 in Planning - For increase in costs

\$500 in Fire Department - Donations for equipment

\$23,510 in Fire Department - For increase in costs

\$28,000 in Parks and Recreation - For additional funding for golf course utilities

\$17,696 in Parks and Recreation - For increse in costs at golf course and administration

\$1,060 in Transfers - For additional funding

\$2,000 in Finance Department - increase in costs

\$2,100 in Facilities Department - increase in costs

\$5,500 in Street Department - increase in costs

\$11,985 in Health Department - increase in costs

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
120	720(1)
120	720(2)
240	720
250	1200
166	800
	120 240 250

(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, 2022, the liability for accrued vacation leave and accrued sick leave is approximately \$1,387,672. The amounts applicable to the Governmental Activities and Business-type Activities are \$1,283,390 and \$104,282, respectively.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2022

M. Contracts With South Texas Water Authority

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

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

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:

Handling Charge

- 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, 2022 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.
- 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2022

Cost of Water

The cost of water shall be defined as meaning the actual price per one thousand gallons paid by the Authority to the City of Corpus Christi for water received by the Authority under the Corpus Christi Water Supply Agreement during a service month. It is expected that the cost of water will fluctuate from month to month, resulting in a corresponding fluctuation in the water rate. The water rate ranged from \$2.113888 to \$2.630873 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 \$380,312 and \$390,180 in 2022 and 2021, respectfully.

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.

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 \$441,774 at September 30, 2022 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 2022 and 2021 were:

		Current-Year		
	Beginning-of	Claims and		Balance at
	Fiscal-Year	Changes in	Claim	Fiscal
	Liability	Estimates	Payments	Year-End
2021	\$ 453,923 \$	3,521,850 \$	3,329,302 \$	646,471
2022	\$ 646,471 \$	3,382,797 \$	3,587,293 \$	441,774

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2022

The liability at year end is equal to three months of paid claims subsequent to September 30, 2022 but that had been incurred prior to that date, and is considered a current liability for reporting purposes. The City terminated its Self Insurance Plan as of 10/1/2022. See also Subsequent Events footnote.

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.

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, 2022 is \$1,986,942 based on 17.102% usage (filled) of the landfill through September 30, 2022. It is estimated that an additional \$9,631,243 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 \$11,618,185 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, 2022. 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. 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

Management has reviewed subsequent events and transactions that occurred after the balance sheet date through April 3, 2023 (the date of the Audit Report). The financial statements include all Type I events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles. Management and those charged with governance have determined that there is one non-recognized Type II subsequent events that require additional disclosure:

The City terminated its Self Insurance Plan as of October 1, 2022. The decision was made to switch from a self-funded plan to a fully funded plan based on increased costs of almost 10% in premium costs and additional risks due to high risk claims resulting in higher costs for stop loss insurance coverage. A change in plans allows the City to offer employees a more traditional health plan with enhanced network access and a choice of plans based on their health needs.

CITY OF KINGSVILLE GENERAL FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgete	ed Amounts		Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Taxes:				
General Property Taxes:				
Current taxes	\$ 6,386,483	\$ 6,386,483	\$ 6,341,421	\$ (45,062)
Delinquent taxes	150,000	150,000	232,899	82,899
Penalty and interest	115,000	115,000	151,082	36,082
Late rendition fee	8,000	8,000	7,374	(626)
In lieu of tax payments	106,000	106,000	104,761	(1,239)
Total General Property Taxes	6,765,483	6,765,483	6,837,537	72,054
City Sales Tax	5,500,000	5,500,000	6,279,434	779,434
Mixed Drink Tax	60,000	60,000	64,220	4,220
Business Taxes:				
Electric franchise tax	688,068	688,068	652,117	(35,951)
Telephone franchise tax	51,916	51,916	48,747	(3,169)
Gas franchise tax	75,649	75,649	92,801	17,152
Cable T.V. franchise tax	52,302	52,302	46,514	(5,788)
Total Business Taxes	867,935	867,935	840,179	(27,756)
Total Taxes	13,193,418	13,193,418	14,021,370	827,952
Permits and Licenses:				
Plumbing permits	9,000	9,000	18,396	9,396
Electric permits	17,000	17,000	25,460	8,460
Building permits	75,000	75,000	86,800	11,800
Moving permits	500	500	721	221
Other permits	110,100	110,100	118,055	7,955
Amusement licenses	50	50	45	(5)
Beer and mixed drink licenses	10,000	10,000	8,005	(1,995)
Electrical licenses			20	20
Contractor licenses	30,000 100	30,000 100	33,430 200	3,430 100
Solicitor licenses Food handler licenses		32,000	29,655	
Other licenses	32,000 100	100	29,000	(2,345) (100)
Total Permits and Licenses	283,850	283,850	320,787	36,937
	203,030	200,000	320,767	
Charges for Services: General Service Fees:				
Zoning fees	5,000	5,000	2,750	(2,250)
Platting fees	1,500	1,500	1,500	-
Animal control fees	9,550	9,550	12,979	3,429
Police accident reports			6	6
Arrest fees	11,500	11,500	7,666	(3,834)
Child safety	50	50	50	**
Ambulance service	550,000	550,000	581,750	31,750
Park and recreational fees	987,235	1,206,995	977,568	(229,427)
Cell tower rental	5,280	5,280	4,840	(440)
Street maintenance fees	1,046,356	1,046,356	1,044,853	(1,503)
Septic tank application fee	The recommendation		20,925	20,925
Other service fees	24,793	24,793	25,537	744
Total General Service Fees	2,641,264	2,861,024	2,680,424	(180,600)

City Special:

	Budgeted Amounts			Variance with Final Budget Positive	
	Original	Final	Actual	(Negative)	
City/County Services:					
Demolition recovery revenue	20,000	20,000	27,150	7,150	
Weed control	24,000	24,000	24,230	230	
Total City/County Services	44,000	44,000	51,380	7,380	
Sanitation Services:					
Garbage fees	3,325,000	3,325,000	3,337,635	12,635	
Landfill fees	770,000	770,000	768,496	(1,504)	
Miscellaneous	44,500	44,500	43,158	(1,342)	
Total Sanitation Services	4,139,500	4,139,500	4,149,289	9,789	
Total Charges for Services	6,824,764	7,044,524	6,881,093	(163,431)	
Fines and Forfeitures:	270 500	070 500	E40.000	(450,004)	
Court fines	678,500	678,500	519,899	(158,601)	
Minor fines	2,775 20,000	2,775	3,622	847 1,282	
Collection of state taxes		20,000	21,282 31,768	(4,357)	
Other court fines Total Fines and Forfeits	36,125 737,400	36,125 737,400	576,571	(160,829)	
Total Filles and Folletts	737,400	737,400	370,371	(100,023)	
Special Assessments	5,000	5,000	6,003	1,003	
Interest and Miscellaneous:					
Interest from investments	22,750	22,750	103,357	80,607	
Auction revenue			36,225	36,225	
Sale of city publications	1,700	1,700	873	(827)	
Sale of recycle item	22,000	22,000	12,523	(9,477)	
Miscellaneous	16,750	16,750	28,093	11,343	
Total Interest and Miscellaneous	63,200	63,200	181,071	117,871	
Donations		500	47,050	46,550	
Total Revenues	21,107,632	21,327,892	22,033,945	706,053	
Expenditures:					
City Administration Department					
City Commission:	0.60 23 (1.000)		\$555\$\pi\$50000	12/4/2012/00/20	
Personal services	46,147	74,542	72,149	2,393	
Supplies	1,000	730	428	302	
Services	51,375	99,045	93,138	5,907	
Total City Commission	98,522	174,317	165,715	8,602	
City Manager:	279,738	200 026	280,814	12	
Personal services Supplies	1,000	280,826 432	178	254	
Services	22,101	20,681	16,405	4,276	
Other operating expenditures	2,259	2,259	2,245	14	
Service Andrews Control Contro		520 5000000			
Total City Manager	305,098	304,198	299,642	4,556	

Variance with

CITY OF KINGSVILLE GENERAL FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED SEPTEMBER 30, 2022

Page 3 of 7

				Final Budget
	Budgeted /	Amounts		Positive
	Original	Final	Actual	(Negative)
Personal services	15,265	18,754	17,582	1,172
Supplies	2,600	11,500	11,065	435
Services	545,714	543,625	510,981	32,644
Other operating expenditures	14,476	18,526	12,940	5,586
Total City Special	578,055	592,405	552,568	39,837
Economic Development:				
Personal services	65,000	65,000	62,887	2,113
Services	295,000	295,000	249,844	45,156
Total Economic Development	360,000	360,000	312,731	47,269
Total City Administration Department	1,341,675	1,430,920	1,330,656	100,264
Management Services Department				
Personnel:				
Personal services	356,429	360,226	355,903	4,323
Supplies	14,645	15,109	13,856	1,253
Services	64,003	62,350	47,001	15,349
Other operating expenditures	2,364	2,364	1,058	1,306
Total Personnel	437,441	440,049	417,818	22,231
Municipal Court:				
Personal services	315,142	320,771	309,562	11,209
Supplies	3,636	2,601	2,165	436
Services	7,129	8,164	4,323	3,841
Total Municipal Court	325,907	331,536	316,050	15,486
Finance:				
Personal services	843,941	841,843	838,160	3,683
Supplies	73,898	75,372	74,615	757
Services	402,099	402,657	402,657	(##C)
Other operating expenditures	12,013	17,585	17,585	
Total Finance	1,331,951	1,337,458	1,333,017	4,441
Facilities:				
Supplies	28,554	24,295	24,114	181
Services	168,561	178,251	177,307	944
Equipment maintenance	3,250	3,779	3,710	69
Building maintenance	124,000	120,140	116,877	3,263
Capital outlay	5,000	5,000	5,000	
Total Facilities	329,365	331,465	327,008	4,457
Total Management Services Department	2,424,664	2,440,507	2,393,893	46,614

	Budgeted Amounts			Variance with Final Budget Positive	
		Final	Actual	(Negative)	
Legal Department	Original	FIIIdi	Actual	(ivegative)	
Personal services	219,825	219,825	218,461	1,364	
Supplies	500	552	552	7.00	
Services	28,659	28,431	19,136	9,295	
Other operating expenditures	543	719	529	190	
Total Legal Department	249,527	249,527	238,678	10,849	
Urban Development Department					
Planning:					
Personal services	251,575	249,362	235,004	14,358	
Supplies	1,200	1,200	1,031	169	
Services	62,785	57,818	7,255	50,563	
Equipment maintenance	500	500	57	500	
Other operating expenditures	798	12,826	6,759	6,067	
Total Planning	316,858	321,706	250,049	71,657	
Permits and Licenses:					
Personal services	145,607	145,607	144,444	1,163	
Supplies	1,800	3,563	3,298	265	
Services	7,090	6,748	5,128	1,620	
Equipment maintenance	350	750	731	19	
Other operating expenditures	3,833	6,401	4,619	1,782	
Total Permits and Licenses	158,680	163,069	158,220	4,849	
Community Appearance:					
Personal services	323,879	323,879	307,679	16,200	
Supplies	10,150	12,418	12,364	54	
Services	53,620	90,453	82,318	8,135	
Equipment maintenance	10,500	8,870	7,827	1,043	
Total Community Appearance	398,149	435,619	410,188	25,431	
Total Urban Development Department	873,687	920,394	818,457	101,937	
Police Department					
Personal services	5,645,619	5,762,619	5,292,342	470,277	
Supplies	177,106	229,368	217,615	11,753	
Services	422,009	426,166	357,868	68,298	
Equipment maintenance	70,383	85,884	75,226	10,658	
Other operating expenditures	63,250	63,430	63,429	1	
Capital outlay	10,665	228,767	54,990	173,777	
Total Police Department	6,389,032	6,796,233	6,061,470	734,763	

	Budgeted Amounts			Variance with Final Budget Positive	
	Original	Final	Actual	(Negative)	
Fire Department					
Personal services	3,331,747	3,306,252	3,208,826	97,426	
Supplies	145,102	159,952	154,912	5,040	
Services	219,566	219,957	211,862	8,095	
Equipment maintenance	43,000	67,245	55,323	11,922	
Building maintenance		42	42	(max)	
Other operating expenditures	77,705	77,705	77,376	329	
Capital outlay	· · · · · · · · · · · · · · · · · · ·	70,322		70,322	
Total Fire Department	3,817,120	3,901,475	3,708,341	193,134	
Volunteer Fire Department					
Personal services	16,022	16,022	13,719	2,303	
Supplies	9,150	13,650	6,530	7,120	
Services	21,300	13,310	11,656	1,654	
Equipment maintenance	2,000	5,490	5,490		
Total Volunteer Fire Department	48,472	48,472	37,395	11,077	
Public Works Department					
Public Works Administration:					
Personal services	188,155	152,786	152,714	72	
Supplies	3,495	2,726	2,703	23	
Services	48,616	49,346	49,186	160	
Equipment maintenance	3,500	731	731		
Other operating expenditures	3,663	5,150	5,111	39	
Total Public Works Administration	247,429	210,739	210,445	294	
Garage:					
Personal services	538,729	475,134	474,794	340	
Supplies	18,526	17,786	17,756	30	
Services	5,588	5,493	5,142	351	
Equipment maintenance	4,100 612	5,090 834	5,075 804	15 30	
Other operating expenditures Capital outlay	6,000	5,697	5,600	97	
Total Garage	573,555	510,034	509,171	863	
Sanitation:					
Personal services	848,247	877,490	860,383	17,107	
Supplies	163,343	259,299	257,226	2,073	
Services	32,201	39,082	36,796	2,286	
Equipment maintenance	213,626	396,734	365,127	31,607	
Building maintenance	500	242	242	100 0	
Other operating expenditures	296,550	258,454	146,581	111,873	
Capital outlay		754,857	497,750	257,107	
Bad debt	15,000	33,770	33,770		
Total Sanitation	1,569,467	2,619,928	2,197,875	422,053	

	Rudgeted	Budgeted Amounts		Variance with Final Budget Positive	
	Original	Final	Actual	(Negative)	
Street:					
Personal services	1,107,033	1,003,202	1,003,202		
Supplies	57,023	113,927	113,137	790	
Services	232,928	252,757	252,757	88 0	
Equipment maintenance	57,446	149,487	149,487	223	
Building maintenance	1,031,356	1,018,967	770,950	248,017	
Other operating expenditures	54,119	54,155	54,071	84	
Bad debt		3,417	3,417		
Total Street	2,539,905	2,595,912	2,347,021	248,891	
Landfill:					
Personal services	604,569	633,846	630,280	3,566	
Supplies	72,500	124,937	108,704	16,233	
Services	371,171	362,973	190,044	172,929	
Equipment maintenance	144.196	110,193	110,192	1	
Building maintenance	10,000	7,144	7,144) 1 2 2 2	
Other operating expenditures	68,362	69,362	69,155	207	
Bad debt		3,303	3,303		
Total Landfill	1,270,798	1,311,758	1,118,822	192,936	
Total Public Works Department	6,201,154	7,248,371	6,383,334	865,037	
Health Department					
Personal services	584,783	581,283	551,702	29,581	
Supplies	50,545	64,719	63,240	1,479	
Services	53,204	59,291	57,095	2,196	
Equipment maintenance	6,500	8,290	8,290		
Building maintenance	7,500	2,550	2,502	48	
Other operating expenditures	2,940	3,306	3,305	1	
Total Health Department	705,472	719,439	686,134	33,305	
Parks and Recreation Department					
Personal services	753,702	751,315	717,812	33,503	
Supplies	98,491	138,875	138,875		
Services	160,136	198,985	192,926	6,059	
Equipment maintenance	13,500	10,675	10,573	102	
Building maintenance	62,724	88,095	67,168	20,927	
Other operating expenditures	2,825	3,342	3,342		
Capital outlay		25,000		25,000	
Total Parks and Recreation Department	1,091,378	1,216,287	1,130,696	85,591	

CITY OF KINGSVILLE GENERAL FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED SEPTEMBER 30, 2022

EXHIBIT B-1 Page 7 of 7

	Budaete	d Amounts		Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Golf Course				
Personal services	389,838	401,396	399,518	1,878
Supplies	74,825	108,708	105,813	2,895
Services	49,270	82,976	82,476	500
Equipment maintenance	5,500	4,580	4,330	250
Building maintenance	51,000	30,745	30,440	305
Other operating expenditures	59,931	56,866	56,866	AND THE
Capital outlay		249,243		249,243
Total Golf Course	630,364	934,514	679,443	255,071
Total Expenditures	23,772,545	25,906,139	23,468,497	2,437,642
Excess (deficiency) of revenues (under) expenditures	(2,664,913)	(4,578,247)	(1,434,552)	3,143,695
Other Financing Sources (Uses):				
Operating transfers in	2,070,159	2,070,159	1,419,324	(650,835)
Operating transfers out	(1,080,144)	(1,119,732)	(510,947)	608,785
Total Other Financing Sources (Uses)	990,015	950,427	908,377	(42,050)
Excess of revenues and other financing sources over				
(under) expenditures and other financing uses	(1,674,898)	(3,627,820)	(526,175)	3,101,645
Fund Balances/Equity, October 1	13,790,729	13,790,727	13,790,727	
Fund Balances/Equity, September 30	\$ 12,115,831	\$ 10,162,907	\$ 13,264,552	\$3,101,645

POLICE FORFEITURE FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED SEPTEMBER 30, 2022

Revenues:	Budgete Original	ed Amounts Final	Actual	Variance with Final Budget Positive (Negative)
Fines and Forfeitures: Confiscated revenue Minor fines Total Fines and Forfeits	\$ 13,000 13,000	\$ 13,000 13,000	\$ 318,656 10,265 328,921	\$ 318,656 (2,735) 315,921
Interest and Miscellaneous: Interest from investments Total Interest and Miscellaneous	1,275 1,275	1,275 1,275	1,273 1,273	(2)
Total Revenues	14,275	14,275	330,194	315,919
Expenditures: Management Services Department				
Municipal Court: Services Other operating expenditures Total Municipal Court	4,500 4,400 8,900	4,775 5,166 9,941	4,583 4,973 9,556	192 193 385
Total Management Services Department	8,900	9,941	9,556	385
Police Department				
Supplies Services Equipment maintenance	234,100 152,243 	232,100 160,717 2,000	76,197 76,773 743	155,903 83,944 1,257
Total Police Department	386,343	394,817	153,713	241,104
Total Expenditures	395,243	404,758	163,269	241,489
Excess (deficiency) of revenues (under) expenditures	(380,968)	(390,483)	166,925	557,408
Fund Balances/Equity, October 1 Fund Balances/Equity, September 30	1,149,362 \$ 768,394	1,149,362 \$ 758,879	1,149,362 \$ 1,316,287	\$ 557,408

	Budgete Original	d Amounts	Actual	Variance with Final Budget Positive (Negative)
Revenues:	Ongmai	rillai	Actual	(ivegative)
Charges for Services: General Service Fees: Park and recreational fees Total General Service Fees	\$ 2,500 2,500	\$ 2,500 2,500	\$ 1,000 1,000	\$(1,500) (1,500)
Intergovernmental Revenue	2,787,000	2,787,000	460,216	(2,326,784)
Federal and state grants	37,849,578	38,009,478	2,414,076	(35,595,402)
Total Revenues	40,639,078	40,798,978	2,875,292	(37,923,686)
Expenditures:				
City Administration Department				
City Special: Personal services Supplies Services	95,934 44,505	95,934 44,505 199,950	88,795 49,950	7,139 44,505 150,000
Total City Special	140,439	340,389	138,745	201,644
Economic Development: Services	500,000	500,000		500,000
Total Economic Development	500,000	500,000		500,000
Total City Administration Department	640,439	840,389	138,745	701,644
Urban Development Department				
Downtown Manager: Building maintenance Capital outlay	350,000	76,937 273,063	 212,895	76,937 60,168
Total Downtown Manager	350,000	350,000	212,895	137,105
Total Urban Development Department	350,000	350,000	212,895	137,105
Police Department				
Personal services Supplies Capital outlay	28,000 19,170 123,076	140,020 256,352 200,290	84,267 191,802 57,145	55,753 64,550 143,145
Total Police Department	170,246	596,662	333,214	263,448

	Dudgata	od Amounta		Variance with Final Budget
	Original	ed Amounts Final	Actual	Positive (Negative)
Fire Department	Oliginal	Tindi	riotati	(rrogativo)
Equipment maintenance		67,000	66,704	296
Total Fire Department	224	67,000	66,704	296
Public Works Department				
Street:				
Services	6,735,624	6,735,624		6,735,624
Building maintenance	30,795,214	30,795,214		30,795,214
Capital outlay			2,003,615	(2,003,615)
Total Street	37,530,838	37,530,838	2,003,615	35,527,223
Total Public Works Department	37,530,838	37,530,838	2,003,615	35,527,223
Parks and Recreation Department				
Building maintenance	191,968	188,042	9,497	178,545
Capital outlay	74,000	84,000	30,810	53,190
Total Parks and Recreation Department	265,968	272,042	40,307	231,735
Golf Course				
Building maintenance		242,721	109,282	133,439
Capital outlay	122	277,862		277,862
Total Golf Course		520,583	109,282	411,301
Tourism Department				
Supplies		19,446	8,775	10,671
Services		25,000		25,000
Building maintenance		45,500	12,500	33,000
Total Tourism Department		89,946	21,275	68,671
Total Expenditures	38,957,491	40,267,460	2,926,037	37,341,423
Excess (deficiency) of revenues (under) expenditures	1,681,587	531,518	(50,745)	(582,263)
Other Financing Sources (Uses):				
Operating transfers in	876,372	1,224,520	377,432	(847,088)
Operating transfers out	(500,000)	(714,651)		714,651
Total Other Financing Sources (Uses)	376,372	509,869	377,432	(132,437)
Excess of revenues and other financing sources over (under) expenditures and other financing uses	2,057,959	1,041,387	326,687	(714,700)
Find Balance/Faulty Oataland	477.000	177.000	177.000	
Fund Balances/Equity, October 1 Fund Balances/Equity, September 30	177,928 \$ 2,235,887	177,928 \$ 1,219,315	177,928 \$ 504,615	\$ (714,700)
Tana balances/Equity, coptember of	Ψ	Ψ 1,210,010	ΨΟΟΤ,ΟΤΟ	(114,100)

CITY OF KINGSVILLE

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

					Measurement Year Ended December 31,	ed December 31,			
Total Pension Liability		2021	2020	2019	2018	2017	2016	2015	2014
Service cost	69	1,693,432 \$	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)		4,567,986	4,388,996	4,239,811	4,062,979	3,865,404	3,724,025		3.516.450
Changes of benefit terms		1	1	1	:	1	61	,	
Difference between expected and actual experience		790,799	(266,766)	(657,718)	(228,198)	(59,073)	(830.982)	(652 092)	37.693
Changes in assumptions		E	ï	73,235				70,021	
Benefit payments, including refunds of employee				ē,					
contributions		(3,183,987)	(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		3,868,230	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		68,419,150	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)	₩	72,287,380 \$	68,419,150 \$	65,747,412 \$	63,531,959 \$	60,687,383 \$	57,649,440 \$	55,585,074 \$	53,267,476
Plan Fiduciary Net Position									
Contributions - employer	↔	1,042,974 \$	1,078,646 \$	1,014,471 \$	1,007,184 \$	1,044,347 \$	1.044.455 \$	1.067.110 \$	1 076 141
Contributions - employee		872,261	858,014	818,122	802,082				761.677
Net investment income		8,902,980	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		(3,183,987)	(3,112,587)	(3,027,032)	(2,546,244)	(2,310,479)	(2,346,871)	(2,279,840)	(2,321,247)
contributions									
Administrative expense		(41,217)	(31,747)	(49,847)	(34,517)	(37,934)	(38,160)	(45,302)	(28,766)
Other		282	(1,239)	(1,497)	(1,803)	(1,922)	(2,056)	(2,237)	(2,365)
Net Change in Plan Fiduciary Net Position		7,593,293	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		68,331,132	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)	€	75,924,425 \$	68,331,132 \$	64,636,365 \$	57,062,805 \$	59,621,846 \$	52,813,366 \$	49,997,212 \$	50,404,198
Net Pension Liability - Ending (A-B)	69	(3,637,045) \$	88,018 \$	1,111,047 \$	6,469,154 \$	1,065,537 \$	4,836,074 \$	5,587,862 \$	2,863,278
Plan Fiduciary Net Position as a Percentage of Total Pension Liability		105.03%	99.87%	98.31%	89.82%	98.24%	91.61%	89.95%	94.62%
Covered Payroll	69	12,460,870 \$	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		-29.19%	0.72%	9.51%	56.46%	8.38%	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 *

					Fiscal Year	Fiscal Year Ended September 30,	30,			
		2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	↔	1,065,042 \$	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		(1,065,042)	(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)	₩	φ 	6	w	9	9	69	9	ω	1
City's covered payroll	₩	13,119,447 \$	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		8.12%	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.

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

Fiscal Year Ended September 30, 2018 2022 2021 2020 2019 **Total OPEB Liability** 51,950 \$ Service Cost \$ 42,012 \$ 35,155 \$ 71,543 \$ 50,437 Interest 20,552 19,223 47,127 50,802 50,887 Changes of benefit terms Differences between expected and actual experience (180,900)(508, 154)110,113 176,817 (11,837)Changes in assumptions or other inputs 20,591 (448,465)190,814 (38,841)Benefit payments (64,787)(37,106)(46,607)(156, 361)(30,090)(884,556) Net Change in Total OPEB Liability 147,976 314,022 59,397 (221,964)**Total OPEB Liability - Beginning** 930,086 782,110 1,666,666 1,352,644 1,293,247 Total OPEB Liability - Ending 708,122 \$ 930,086 \$ 782,110 \$ 1,666,666 \$ 1,352,644 Covered-employee Payroll 8,650,081 \$ 9,756,680 \$ 9,472,505 \$ 10,029,006 \$ 9,736,899 Total OPEB Liability as a percentage of covered-employee payroll 8.19% 9.53% 8.26% 16.62% 13.89%

There are no assets accumulated in a trust that meets the criteria of GASB codificatin P22.101 or P52.101 to pay related benefits for the Plan.

^{*} 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.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED SEPTEMBER 30, 2022

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.

Amortization method Level Percentage of Payroll, Closed

Remaining amortization period 24 years

Asset valuation method 10 Year smoothed fair value; 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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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Continued) FOR THE YEAR ENDED SEPTEMBER 30, 2022

City of Kingsville OPEB Plan

Valuation Date

September 30, 2021

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

4.40%

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%

2022 - 4.40%

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

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS SEPTEMBER 30, 2022

A. A		Special) 	Capital Projects Fund	G	Total Nonmajor Jovernmental
		Revenue Funds	Ca	pital Projects Fund		Funds (See Exhibit A-3)
ASSETS						
Assets:		The state of				
Cash and cash equivalents Equity in pooled cash and cash equivalents	\$	75 658,856	\$	341,905	\$	75 1,000,761
Receivables (net of allowances for uncollectibles):		000,000		041,000		
Accounts Due from:		60,727		1 81		60,727
Other governments		98,327		2000 Maria		98,327
Prepaid expenditures		20,000		144		20,000
Inventory, at cost Restricted assets:		5,590		688		5,590
Cash and cash equivalents		400,017				400,017
Total Assets	\$	1,243,592	\$	341,905	\$	1,585,497
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND EQUITY						
Liabilities:						
Accounts payable	\$	41,786	\$	3,600	\$	45,386
Accrued wages payable Due to:		3,474				3,474
Other funds		1,480				1,480
Other governments		50	-	0.000		50
Total Liabilities	-	46,790	-	3,600	·-	50,390
Deferred Inflows of Resources:		44.070				44.070
Deferred revenue Total Deferred Inflows of Resources	-	41,076 41,076	_		-	41,076 41,076
	-	11,010	=		· ·	11,010
Equity: Fund balances:						
Nonspendable:						
Inventory		5,590				5,590
Prepaids Resricted:		20,000				20,000
Capital outlay		77		338,305		338,305
Law enforcement		19				19 622,617
Tourism Federal and state programs		622,617 507,500				507,500
Total Equity		1,155,726		338,305	_	1,494,031
Total Liabilities, Deferred Inflows of						
Resources, and Equity	\$	1,243,592	\$	341,905	\$	1,585,497

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2022

FOR THE YEAR ENDED SEPTEMBER 30, 2022	Special Revenue	Capital Projects Fund Capital Projects	Total Nonmajor Governmental Funds (See
	Funds	Fund	Exhibit A-5)
Revenue:			
Taxes	\$ 634,515	\$	\$ 634,515
Charges for services	15,395	-	15,395
Interest and miscellaneous	1,761	16	1,777
Donations	30,048		30,048
Federal and state grants	384,988		384,988
Total Revenues	1,066,707	16	1,066,723
Expenditures:			
Current:			
General government and administration	1.77	7,200	7,200
Public safety	444,762	189,245	634,007
Public works	199	951,335	951,335
Tourism	514,904	5 22	514,904
Debt service:			
Interest		7,975	7,975
Paying agent fees		26,129	26,129
Total Expenditures	959,666	1,181,884	2,141,550
Excess (deficiency) of revenues (under) expenditures	107,041	(1,181,868)	(1,074,827)
Other Financing Sources (Uses):			
Transfers in	41,107	202,263	243,370
Transfers out	(440,000)	(29,324)	(469,324)
Gain on sale of assets		44,000	44,000
Issuance of debt		1,221,925	1,221,925
Total Other Financing Sources (Uses)	(398,893)	1,438,864	1,039,971
Net Change in Fund Balances	(291,852)	256,996	(34,856)
Fund Balances/Equity, October 1	1,447,578	81,309	1,528,887
	\$ 1,155,726	\$ 338,305	\$ 1,494,031

COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS SEPTEMBER 30, 2022

ASSETS	_	Tourism Fund		State Grants	_	Other Special Revenues	: ::=	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
Assets: Cash and cash equivalents Equity in pooled cash and cash equivalents Receivables (net of allowances for uncollectibles):	\$	75 193,921	\$	 442,865	\$	22,070	\$	75 658,856
Accounts Due from:		60,727		155				60,727
Other governments Prepaid expenditures Inventory, at cost		20,000 5,590		98,327 		 		98,327 20,000 5,590
Restricted assets: Cash and cash equivalents Total Assets	\$_	400,017 680,330	\$	 541,192	\$_	22,070	\$_	400,017 1,243,592
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND EQUITY								
Liabilities: Accounts payable Accrued wages payable Due to:	\$	27,119 3,474	\$		\$	14,667	\$	41,786 3,474
Other funds Other governments Total Liabilities	_	1,480 50 32,123	_		:= :=	14,667	_	1,480 50 46,790
Deferred Inflows of Resources: Deferred revenue Total Deferred Inflows of Resources	_		_	33,692 33,692	:- :-	7,384 7,384	_	41,076 41,076
Equity: Fund balances: Nonspendable: Inventory Prepaids		5,590 20,000				-		5,590 20,000
Resricted: Law enforcement Tourism Federal and state programs Total Equity	_	622,617 648,207	_	507,500 507,500	-	19 19	-	19 622,617 507,500 1,155,726
Total Liabilities, Deferred Inflows of Resources, and Equity	\$_	680,330	\$	541,192	\$_	22,070	\$_	1,243,592

Total

CITY OF KINGSVILLE

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2022

		Tourism Fund		State Grants	-	Other Special Revenues		Nonmajor Special Revenue Funds (See Exhibit C-2)
Revenue:	Φ	004 545	Ф		ф		ф	CO4 E1E
	\$	634,515	\$	S -11	\$		\$	634,515
Charges for services		15,395		0.77		70 C		15,395
Interest and miscellaneous		1,761				10.007		1,761
Donations		11,381		075 505		18,667		30,048
Federal and state grants	-		-	375,535	_	9,453	_	384,988
Total Revenues		663,052	-	375,535	-	28,120	-	1,066,707
Expenditures: Current:								
Public safety		221		416,642		28,120		444,762
Tourism		514.904						514,904
Total Expenditures		514,904	_	416,642	-	28,120	_	959,666
Excess (deficiency) of revenues (under) expenditures		148,148		(41,107)				107,041
Other Financing Sources (Uses):								
Transfers in		-		41,107		92 <u>0</u> 00		41,107
Transfers out		(35,000)		(400,000)		(5,000)		(440,000)
Total Other Financing Sources (Uses)		(35,000)	_	(358,893)	-	(5,000)		(398,893)
Net Change in Fund Balances		113,148		(400,000)		(5,000)		(291,852)
Fund Balances/Equity, October 1		535,059		907,500		5,019		1,447,578
	\$	648,207	\$	507,500	\$_	19	\$_	1,155,726

TOURISM FUND SPECIAL REVENUE FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED SEPTEMBER 30, 2022

		ed Amounts		Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Taxes:				
General Property Taxes:		40 0000000		400 10010000
Hotel/Motel property tax	\$ 628,000	\$ 628,000	\$ 634,515	\$ 6,515
Total Taxes	628,000	628,000	634,515	6,515
Ch				
Charges for Services:				
General Service Fees:	10 500	10 500	11701	4.004
Park and recreational fees	10,500	10,500	14,761	4,261
Total General Service Fees	10,500	10,500	14,761	4,261
Sanitation Services:				
Miscellaneous			634	634
Total Sanitation Services			634	634
		1000		
Total Charges for Services	10,500	10,500	15,395	4,895
Interest and Miscellaneous:				
Interest from investments	150	150	189	39
Miscellaneous		150	1,572	1,572
Total Interest and Miscellaneous	150	150	1,761	1,611
Total litterest and Miscellaneous		130	1,701	1,011
Donations		12,547	11,381	(1,166)
Total Revenues	638,650	651,197	663,052	11,855
Expenditures:				
Tourism Department				
Personal services	214,195	214,195	205,778	8,417
Supplies	12,947	18,401	17,602	799
Services	209,679	294,702	243,753	50,949
	500	500	499	30,949
Equipment maintenance			43,883	
Building maintenance	73,282	210,627		166,744
Other operating expenditures	3,295	3,389	3,389	
Capital outlay	150,000	150,000		150,000
Total Tourism Department	663,898	891,814	514,904	376,910
Total Expenditures	663,898	891,814	514,904	376,910
4904000000000000 #46 04040 0 10000 0 0				
Excess (deficiency) of revenues (under) expenditures	(25,248)	(240,617)	148,148	388,765
Other Financing Sources (Uses):				
Operating transfers out	(35,000)	(35,000)	(35,000)	
Total Other Financing Sources (Uses)	(35,000)	(35,000)	(35,000)	
				Ø
Excess of revenues and other financing sources over				
(under) expenditures and other financing uses	(60,248)	(275,617)	113,148	388,765
F 151 / 5 0 11	470.070	FOF OF 5	FOF 050	
Fund Balances/Equity, October 1	479,679	535,059	535,059	¢ 200.765
Fund Balances/Equity, September 30	\$419,431_	\$ 259,442	\$648,207	\$388,765

STATE GRANTS FUND SPECIAL REVENUE FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED SEPTEMBER 30, 2022

		Budgete	d Am	ounte				ariance with inal Budget Positive
		Original	u Aii	Final		Actual		(Negative)
Revenues:	-		_		-		-	
Federal and state grants	\$	5,656	\$_	208,865	\$	375,535	\$	166,670
Total Revenues		5,656	S	208,865	_	375,535		166,670
Expenditures:								
Police Department								
Personal services Services Capital outlay	6	3,000		78,000 5,610 412,403	_	42,760 5,324 368,558		35,240 286 43,845
Total Police Department	8	3,000	-	496,013	_	416,642		79,371
Fire Department								
Services	°	2,656		2,656				2,656
Total Fire Department		2,656	-	2,656	_	- 	_	2,656
Total Expenditures	-	5,656		498,669	<u> </u>	416,642	_	82,027
Excess (deficiency) of revenues (under) expenditures		or se		(289,804)		(41,107)		248,697
Other Financing Sources (Uses): Operating transfers in Operating transfers out Total Other Financing Sources (Uses)	_		_	41,107 (400,000) (358,893)	_	41,107 (400,000) (358,893)		
Excess of revenues and other financing sources over (under) expenditures and other financing uses				(648,697)		(400,000)		248,697
Fund Balances/Equity, October 1 Fund Balances/Equity, September 30	\$		\$	907,500 258,803	\$	907,500 507,500	\$	248,697

CITY OF KINGSVILLE DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED SEPTEMBER 30, 2022

		Budgete	ed Ar	nounts				ariance with inal Budget Positive
	50E	Original		Final		Actual		(Negative)
Revenues:								
Taxes:								
General Property Taxes:								
Current taxes	\$	1,601,996	\$	1,601,996	\$	1,549,971	\$	(52,025)
Delinquent taxes		38,500		38,500		55,185		16,685
Penalty and interest		26,000		26,000		39,893		13,893
Total General Property Taxes	84	1,666,496		1,666,496		1,645,049	2	(21,447)
Interest and Miscellaneous:								
Interest from investments		600		600		5,671		5,071
Total Interest and Miscellaneous	8	600	1.5	600	. 17	5,671		5,071
	-							
Total Revenues	8	1,667,096	8 8 5 -	1,667,096	-	1,650,720	-	(16,376)
Expenditures:								
Debt Service								
Principal retired		1,359,367		1,360,101		1,360,101		
Interest		237,632		237,912		237,912		
Paying agent fees		5,250	_	4,236		3,872	_	364
Total Debt Service		1,602,249	_	1,602,249		1,601,885		364
Total Expenditures	_	1,602,249	_	1,602,249		1,601,885		364
Excess (deficiency) of revenues (under) expenditures		64,847		64,847		48,835		(16,012)
Other Financing Sources (Uses):								
Operating transfers in		<u> 1884 </u>		38,529		38,529		
Total Other Financing Sources (Uses)	-			38,529	-	38,529	20	
Excess of revenues and other financing sources over (under) expenditures and other financing uses		64,847		103,376		87,364		(16,012)
Fund Palances/Equity October 1		404,270		404,270		404,270		
Fund Balances/Equity, October 1 Fund Balances/Equity, September 30	¢	469,117	Φ_	507,646	Φ	491,634	Φ_	(16,012)
Turio Dalarices/Equity, September 30	Φ	403,117	$^{\phi}$	307,040	Ψ	401,004	Ψ	(10,012)

EXHIBIT C-8 Page 1 of 2

CAPITAL IMPROVEMENTS FUND CAPITAL PROJECTS FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgete Original	d Amounts Final	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Interest and Miscellaneous: Interest from investments Total Interest and Miscellaneous	\$ <u>100</u>	\$ 100 100	\$ <u>16</u>	\$ <u>(84)</u> (84)
Total Revenues	100	100	16	(84)
Expenditures:				
City Administration Department				
City Special: Services Capital outlay		7,200 15,000	7,200	 15,000
Total City Special	1.70	22,200	7,200	15,000
Total City Administration Department		22,200	7,200	15,000
Urban Development Department				
Permits and Licenses: Capital outlay	25,639	29,686		29,686
Total Permits and Licenses	25,639	29,686		29,686
Total Urban Development Department	25,639	29,686		29,686
Police Department				
Capital outlay	193,199	193,199	189,245	3,954
Total Police Department	193,199	193,199	189,245	3,954
Public Works Department				
Sanitation: Capital outlay	485,382	562,484	562,485	(1)
Total Sanitation	485,382	562,484	562,485	(1)
Street: Capital outlay	571,260	490,111	388,850	101,261
Total Street	571,260	490,111	388,850	101,261
Total Public Works Department	1,056,642	1,052,595	951,335	101,260

CAPITAL IMPROVEMENTS FUND CAPITAL PROJECTS FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED SEPTEMBER 30, 2022 EXHIBIT C-8 Page 2 of 2

	Budgete	ed Amounts		Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Debt Service				
Interest	202,242	202,242	7,975	194,267
Paying agent fees			26,129	(26,129)
Total Debt Service	202,242	202,242	34,104	168,138
Total Expenditures	1,477,722	1,499,922	1,181,884	318,038
Excess (deficiency) of revenues (under) expenditures	(1,477,622)	(1,499,822)	(1,181,868)	317,954
Other Financing Sources (Uses):				
Operating transfers in	202,242	202,242	202,263	21
Operating transfers out	(30,245)	(30,245)	(29,324)	921
Gain on disposal of assets	4		44,000	44,000
Issuance of debt	1,275,480	1,275,480	1,221,925	(53,555)
Total Other Financing Sources (Uses)	1,447,477	1,447,477	1,438,864	(8,613)
Excess of revenues and other financing sources over				
(under) expenditures and other financing uses	(30,145)	(52,345)	256,996	309,341
Fund Balances/Equity, October 1	81,309	81,309	81,309	
Fund Balances/Equity, September 30	\$ 51,164	\$ 28,964	\$ 338,305	\$ 309,341

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.

Contents	Page
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.	113-120
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.	121-129
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.	130-135
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time with other governments.	136-137
Operating Information	
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	138-142

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

NET POSITION BY COMPONENT, LAST TEN FISCAL YEARS

Fiscal	

	2022		2021	-	2020		2019		2018
\$	12,190,877	\$	9,712,649	\$	8,732,847	\$	8,388,284	\$	6,481,143
	6,590,375		4,298,931		3,023,392		3,538,577		3,450,739
	10,471,375		9,453,907		8,737,572		5,855,585	- ≃	7,847,141
\$ _	29,252,627	\$ _	23,465,487	. \$ _	20,493,811	\$ =	17,782,446	\$ =	17,779,023
\$	9,951,488	\$	9,456,955	\$	9,726,407	\$	9,265,006	\$	9,269,664
	4,583,395		2,503,844		2,734,415		3,599,174		2,277,168
	4,355,387		5,438,734		4,061,441	_	2,504,378		2,541,750
\$	18,890,270	\$ _	17,399,533	\$ _	16,522,263	\$ _	15,368,558	\$ _	14,088,582
\$	22,142,365	\$	19,169,604	\$	18,459,254	\$	17,653,290	\$	15,750,807
	11,173,770		6,802,775		5,757,807		7,137,751		5,727,907
-	14,826,762		14,892,641		12,799,013	_	8,359,963		10,388,891
\$	48,142,897	\$	40,865,020	\$	37,016,074	\$	33,151,004	\$_	31,867,605
	\$ = \$ = \$	\$ 12,190,877 6,590,375 10,471,375 \$ 29,252,627 \$ 9,951,488 4,583,395 4,355,387 \$ 18,890,270 \$ 22,142,365 11,173,770 14,826,762	\$ 12,190,877 \$ 6,590,375 10,471,375 \$ 29,252,627 \$ \$ 9,951,488 \$ 4,583,395 4,355,387 \$ 18,890,270 \$ \$ 22,142,365 \$ 11,173,770 14,826,762	\$ 12,190,877 \$ 9,712,649 6,590,375 4,298,931 10,471,375 9,453,907 \$ 29,252,627 \$ 23,465,487 \$ 9,951,488 \$ 9,456,955 4,583,395 2,503,844 4,355,387 5,438,734 \$ 18,890,270 \$ 17,399,533 \$ 22,142,365 \$ 19,169,604 11,173,770 6,802,775 14,826,762 14,892,641	\$ 12,190,877 \$ 9,712,649 \$ 6,590,375 4,298,931 9,453,907 \$ 29,252,627 \$ 23,465,487 \$ \$ 9,951,488 \$ 9,456,955 \$ 4,583,395 2,503,844 4,355,387 5,438,734 \$ 18,890,270 \$ 17,399,533 \$ \$ 22,142,365 \$ 19,169,604 \$ 11,173,770 6,802,775 14,826,762 14,892,641	\$ 12,190,877 \$ 9,712,649 \$ 8,732,847 6,590,375 4,298,931 3,023,392 10,471,375 9,453,907 8,737,572 \$ 29,252,627 \$ 23,465,487 \$ 20,493,811 \$ 9,951,488 \$ 9,456,955 \$ 9,726,407 4,583,395 2,503,844 2,734,415 4,355,387 5,438,734 4,061,441 \$ 18,890,270 \$ 17,399,533 \$ 16,522,263 \$ 22,142,365 \$ 19,169,604 \$ 18,459,254 11,173,770 6,802,775 5,757,807 14,826,762 14,892,641 12,799,013	\$ 12,190,877 \$ 9,712,649 \$ 8,732,847 \$ 6,590,375	\$ 12,190,877 \$ 9,712,649 \$ 8,732,847 \$ 8,388,284 6,590,375 4,298,931 3,023,392 3,538,577 10,471,375 9,453,907 8,737,572 5,855,585 \$ 29,252,627 \$ 23,465,487 \$ 20,493,811 \$ 17,782,446 \$ 9,951,488 \$ 9,456,955 \$ 9,726,407 \$ 9,265,006 4,583,395 2,503,844 2,734,415 3,599,174 4,355,387 5,438,734 4,061,441 2,504,378 \$ 18,890,270 \$ 17,399,533 \$ 16,522,263 \$ 15,368,558 \$ 22,142,365 \$ 19,169,604 \$ 18,459,254 \$ 17,653,290 11,173,770 6,802,775 5,757,807 7,137,751 14,826,762 14,892,641 12,799,013 8,359,963	\$ 12,190,877 \$ 9,712,649 \$ 8,732,847 \$ 8,388,284 \$ 6,590,375

SCHEDULE 1

Fiscal Year

·-	2017		2016	. 2	2015	- 1	2014		2013
\$	8,359,623 3,391,989 4,923,248	\$	8,385,155 2,691,190 5,042,603	\$	9,978,832 3,214,449 2,347,890	\$	7,857,043 4,552,225 1,671,613	\$	7,196,801 5,952,091 2,846,877
\$ =	16,674,860	\$ =	16,118,948	\$ =	15,541,171	\$ =	14,080,881	\$	15,995,769
\$	7,888,672 3,124,894 2,394,348	\$	5,337,203 3,783,641 5,265,570	\$	3,658,702 5,606,600 4,667,465	\$	842,427 6,361,728 8,899,435	\$	2,766,006 539,925 11,624,979
\$ =	13,407,914	\$ =	14,386,414	\$ =	13,932,767	\$ =	16,103,590	\$ _	14,930,910
\$	16,248,295 6,516,883 7,317,596	\$	13,722,358 6,474,831 10,308,173	\$	13,637,534 8,821,049 7,015,355	\$	8,699,470 10,913,953 10,571,048	\$	9,962,807 6,492,016 14,471,856
\$_	30,082,774	\$	30,505,362	\$_	29,473,938	\$	30,184,471	\$	30,926,679

CHANGES IN NET POSITION LAST TEN FISCAL YEARS

					Fis	cal Year				
	_	2022		2021		2020	5 8	2019	s -	2018
Expenses										
Governmental Activities:										
General Government	\$	4,805,229	\$	4,534,741	\$	4,658,647	\$	4,719,760	\$	4,509,275
Public Safety		9,069,157		8,565,107		9,544,822		10,272,984		9,299,188
Public Works		3,120,424		3,588,399		3,053,129		3,632,080		3,382,760
City/County		2,592,537		2,515,339		2,168,364		2,337,837		2,060,985
Tourism		539,067		415,224		543,425		651,531		590,957
Interest on Long-Term Debt	-	202,888		185,474		266,416		279,826	a -	337,368
Total Governmental Activities Expenses	200	20,329,302		19,804,284	5 1/2	20,234,803		21,894,018	80 2	20,180,533
Business-Type Activities:										
Water		5,861,743		4,629,416		4,126,370		4,392,972		4,381,668
Solid Waste		3,242,982		2,815,547		2,735,102		2,966,136		2,697,771
Waste Water		2,937,849		2,899,735		2,957,232		2,939,875		3,004,453
Storm Water	-	1,893	_	1,188		1,261		860		327
Total Business-Type Activity Expenses	-	12,044,467		10,345,886		9,819,965		10,299,843	0 - 1 33 <u>- 1</u>	10,084,219
Total Primary Government Expenses	\$ _	32,373,769	\$ _	30,150,170	\$.	30,054,768	s	32,193,861	\$ _	30,264,752
Program Revenue (see schedule 3) Governmental Activities Charges for Services:										
General Government	\$	400,742	\$	417,217	\$	380,421	\$	324,138	\$	270,992
Public Safety	16	1,500,917	10000	1,297,364	1070	1,386,835	0.000.00	1,597,664	200.00	2,515,424
Public Works		1,044,853		822,553		807,064		787,122		813,052
City/County		1,026,714		472,948		370,251		361,675		314,270
Tourism		14,761		13,513		50,090		58,534		51,128
Operating Grants and Contributions		936,881		1,355,078		2,607,026		1,379,626		1,003,090
Capital Grants and Contributions		2,331,066		-		-		-		
	_	7,255,934		4,378,673		5,601,687		4,508,759		4,967,956
Business-Type Activities:										
Charges for Services:										
Water		5,245,790		4,995,788		4,886,760		4,730,167		5,071,190
Waste Water		-		-		4,141,620		3,800,783		3,543,469
Solid Waste		8,982,951		8,699,074		4,115,973		3,890,518		3,927,251
Storm Water		414,582		401,508		404,887		390,799		330,649
Operating Grants and Contributions		4,678		507,183		142,715		24,907		42,587
Capital Grants and Contributions	_	1,017,042				-			0	
Total Business-Type Activities Program Revenues	82-00	15,665,043	· **	14,603,553		13,691,955		12,837,174	005.	12,915,146
Total Primary Government Program Revenues	\$ _	22,920,977	\$ _	18,982,226	\$ _	19,293,642	\$	17,345,933	\$ _	17,883,102

	Year

					Fiscal Year				
107	2017		2016		2015	. 9	2014	200	2013
\$	4,803,413	\$	4,487,935	\$	3,995,650	\$	4,127,259	\$	3,957,983
	9,056,283		10,415,086		9,204,930		10,189,111		9,100,303
	3,978,987		3,321,641		3,306,944		3,727,188		3,342,824
	2,116,324		2,735,353		1,861,469		797,635		754,701
	976,056 362,092		533,758 415,124		489,686 255,927		482,331 309,706		404,947 362,523
1	21,293,155		21,908,897	-	19,114,606		19,633,230		17,923,281
	4,587,773		4,576,376		4,136,054		4,569,960		4,232,121
	2,861,670		2,594,497		2,705,535		2,706,916		2,541,678
	3,234,997		2,992,974		2,769,038		2,547,557		2,287,392
-	270		253	-	631	8 8	834		1,074
1	10,684,710		10,164,100	=	9,611,258		9,825,267		9,062,265
\$ =	31,977,865	\$ =	32,072,997	\$ =	28,725,864	\$:	29,458,497	\$	26,985,546
\$	289,523	\$	342,476	\$	336,553	\$	427,047	\$	373,672
	1,738,745		3,596,477		3,394,881		2,374,591		2,718,033
	853,075		601,700		62,577		54,893		531,161
	308,082		467,315		295,084		30,038		23,118
	55,173		935		1,985		626,066		519,940
	1,192,770		1,071,004		947,173		298,649 2,074		403,484 2,673
_	4,437,368	-	6,079,907	-	5,038,253		3,813,358		4,572,081
	5,084,940		4,748,558		4,509,790		5,021,529		5,239,019
	3,497,038		3,409,252		3,451,936		3,830,649		3,357,948
	3,924,740		3,856,298		3,915,060		3,776,750		3,303,720
	227,449		226,086		224,545		228,883		243,952
	191,926		111,987		-		-		-
	-	v ₂	-	-	<u> </u>	0 4			
_	12,926,093	_	12,352,181	_	12,101,331		12,857,811		12,144,639
\$ =	17,363,461	\$ =	18,432,088	\$ _	17,139,584	\$ _	16,671,169	\$:	16,716,720

CHANGES IN NET POSITION LAST TEN FISCAL YEARS

	Fiscal Year								
	ë.	2022	2021	2020	2019	2018			
Net (Expense)/Revenue Governmental Activities Business-Type Activities	\$	(13,073,368) \$ 3,620,576	(15,425,611) \$ 4,257,667	(14,633,116) \$ 3,871,990	(17,385,259) \$ 2,537,331	(15,212,577) 2,830,927			
Total Primary Government Net Expenses	\$_	(9,452,792) \$	(11,167,944) \$	(10,761,126) \$	(14,847,928) \$	(12,381,650)			
General Revenues - Other Changes in Net Position Governmental Activities Taxes		8							
Property Taxes Franchise Taxes Sales Taxes Hotel/Motel Taxes Other Taxes	\$	8,576,529 \$ 840,179 6,279,434 635,149 64,220	7,634,771 \$ 881,639 5,704,000 609,475 54,035	7,651,822 \$ 868,834 5,116,414 508,437 51,862	7,407,799 \$ 1,023,299 5,080,332 649,312 67,931	6,983,970 979,444 4,764,200 566,267 64,514			
Payment in Lieu of Taxes Insurance Settlement Investment Earnings Gain (loss) on disposal of capital assets Intergovernmental Revenue Miscellaneous (loss) Transfers		211,507 - 10,000 59,430 2,184,060	31,377 70,797 - 24,379 3,386,814	260,690 23,500 - 39,536 2,823,386	396,086 31,605 - 40,982 2,691,336	280,161 3,000 - 61,377 2,286,274			
Total Governmental Activities	45	18,860,508	18,397,287	17,344,481	17,388,682	15,989,207			
Business-Type Activities Investment Earnings Other Transfers	_	54,229 - (2,184,060)	6,420 - (3,386,814)	105,101 - (2,823,386)	157,476 - (2,691,336)	84,354 8,002 (2,286,274)			
Total Business-Type Activities		(2,129,831)	(3,380,394)	(2,718,285)	(2,533,860)	(2,193,918)			
Total Primary Government	\$ _	16,730,677 \$	15,016,893 \$	14,626,196 \$	14,854,822 \$	13,795,289			
Changes in Net Position Governmental Activities (loss) Business-Type Activities (loss)	\$ _	5,787,140 \$ 1,490,745	2,971,676 \$ 877,273	2,711,365 \$ 1,153,705	3,423 \$ 3,471	776,630 637,009			
Total Primary Government (loss)	\$ _	7,277,885 \$	3,848,949 \$	3,865,070 \$	6,894 \$	1,413,639			

Fiscal Year

-	2017	e e	2016	- 1-	2015		2014		2013
\$	(16,855,787) 2,241,383	\$	(15,828,990) 2,188,081	\$	(14,076,353) 2,490,073	\$	(15,819,872) 3,032,544	\$	(13,351,200) 3,082,374
\$=	(14,614,404)	\$=	(13,640,909)	\$_	(11,586,280)	\$=	(12,787,328)	\$=	(10,268,826)
				_					
\$	6,837,284	\$	6,425,348	\$	6,247,458	\$	6,111,394	\$	5,956,227
	989,053 4,770,174		996,256 4,599,145		1,003,931 4,520,268		1,019,888 4,543,435		971,761
	549,471		510,673		564,056		4,545,455		4,338,360
	66,553		55,932		57,265		57,136		49,137
	-		100,000		100,000		100,000		100,000
	573,250		1,605,908		-		-		120
	134,896		251,491		128,334		83,492		211,942
	87,712		- 8		2 2		-		-
	7		8		15		-		1.7
	98,935		24,320		21,292		2,000		399
_	3,304,371		1,837,694	_	4,442,361		1,987,639		1,849,660
_	17,411,699	-	16,406,767		17,084,965	-	13,904,984	a <u>=</u>	13,477,486
	73,974		103,258		45,957		127,777		37,971
	10,514		(4.927.604)		(4 442 264)		(4.007.639)		(1 940 660)
-	(3,304,371)	_	(1,837,694)	_	(4,442,361)	-	(1,987,638)	_	(1,849,660)
-	(3,219,883)	_	(1,734,436)	-	(4,396,404)	-	(1,859,861)	-	(1,811,689)
\$_	14,191,816	\$=	14,672,331	\$=	12,688,561	\$=	12,045,123	\$=	11,665,797
\$		\$	577,777	\$		\$	(1,914,888)	\$	126,286
	(978,500)	-	453,645		(1,906,331)	-	1,172,684	-	1,270,685
\$	(422,588)	\$	1,031,422	\$	1,102,281	\$	(742,204)	\$	1,396,971

FUND BALANCES, GOVERNMENTAL FUNDS, LAST TEN FISCAL YEARS

						Fiscal Year				
	-	2022		2021	4 1	2020		2019		2018
General Fund										
Nonspendable	\$	476,828	\$	478,980	\$	375,986	\$	320,068	\$	354,036
Restricted		34,492		22,708		8,391		5,600		2,314
Committed		3,797,887		3,356,991		3,701,093		3,259,455		2,664,778
Unassigned	-	8,955,345		9,932,049	-0.1	9,066,420		7,193,210		6,963,901
Total General Fund	\$ =	13,264,552	\$ =	13,790,728	\$	13,151,890	\$.	10,778,333	\$ =	9,985,029
Restricted										
Debt Service Funds		491,634		404,270		618,428		612,098		559,382
Special Revenue Funds		1,660,341		1,625,506		638,204		561,021		344,117
Capital Projects Funds		338,305		81,309		121,478		369,208		1,723,633
Unassigned, Reported in										
Special Revenue Funds		1,316,287		1,149,361		1,234,903		1,307,616		2,091,534
Assigned										
Drug Awareness	_	371				58		58		58
Total All Other Governmental Funds	\$_	3,806,567	\$_	3,260,446	\$	2,613,071	\$_	2,850,001	\$_	4,718,724

Fiscal Year

,	2017		2016	-	2015		2014		2013
6	205 222	6	252 475	¢.	224 260	\$	209 104	6	209 104
\$	285,323	\$	252,475	\$	224,369	D.	208,104	\$	208,104
	97,057		97,400		137,203		129,744		122,629
	1,266,453		2,945,543		4,817,647		6,396,343		5,785,885
	7,470,863		7,149,475		5,339,938		4,792,075		4,933,418
\$:	9,119,696	\$.	10,444,893	\$ =	10,519,157	\$ =	11,526,266	\$ =	11,050,036
	757,325		618,994		579,648		588,942		625,918
	412,248		534,268		1,124,758		2,095,662		570,780
	4,007,567		6,509,573		-		-		3,498,203
	1,461,090		1,726,151		1,439,902		890,143		1,734,655
	2,365	_	2,365	_	2,365		2,365	-	Ψ.
\$	6,640,595	\$_	9,391,351	\$_	3,146,673	\$_	3,577,112	\$_	6,429,556

CITY OF KINGSVILLE

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

Fisca	Yea

							Fiscal Year				
2	_	2022	-00	_	2021	*:	2020	-	2019		2018
Revenues											
Property Taxes	\$	8,576,533	\$		7,592,914	\$	7,492,381	\$	7,120,452	\$	6,998,136
Taxes-Other		7,724,401			7,356,029		6,645,547		6,924,607		6,488,517
Licenses, Fees and Permits		320,787			255,995		273,086		239,639		193,757
Fines and Penalties		905,492			697,303		759,214		894,774		1,886,822
Charges for Services		6,897,488			6,165,410		6,070,476		5,852,479		5,860,636
Special Assessment		6,003			4,176		5,333		4,811		774
Intergovernmental		460,216			539,652		2,033,862		585,000		550,000
Investment Earnings/Other		189,792			53,600		256,334		432,802		300,139
Gain or Loss on Sale of Property		-			70,797		23,500		45,599		-
Federal Grant		2,799,064			790,425		573,163		787,787		448,342
Donations	22	77,098	27		49,381	200	23,767		45,891		7,025
Total Revenues	-	27,956,874			23,575,682	40	24,156,663		22,933,841	-	22,734,148
Expenditures											
General Government		4,932,186			4,609,833		4,535,714		4,423,846		4,334,387
Public Safety		10,324,906			9,606,373		8,990,262		9,108,029		8,994,258
Public Works		5,879,985			5,894,087		5,048,455		5,708,912		5,244,664
City/County		2,625,052			2,486,047		2,046,965		2,137,638		2,009,023
Tourism		536,179			410,502		536,110		639,401		580,694
Other					-		-		-		13 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5
Capital Outlay		4,366,941			948,982		1,167,343		2,080,589		3,151,215
Debt Service		4,000,041			040,002		1,107,040		2,000,000		0,101,210
Interest		245,887			260,980		251,620		332,397		357,712
Principal		1,360,101			1,371,163		1,226,939		1,097,715		1,124,637
Bond Issuance Cost		30,001			1,558		64,743		3,150		2,900
Total Expenditures	_	30,301,238		_	25,589,525		23,868,151	- Sa	25,531,677	+	25,799,490
Total Experiolities	10	00,001,200			20,000,020		20,000,101		20,001,077	-	20,700,400
Excess of Revenues over/											
(under) Expenditures	ş. 	(2,344,364)			(2,013,843)		288,512	- 87	(2,597,836)	-	(3,065,342)
Other Financing Sources (uses)											
Gain on Sale of Assets		44,000			2		12.		_		3,000
Issuance of Debt		1,221,925			2		9-1		42,166		845,105
Bonds Issued		1,22.,020			1,310,000		128				2
Bond Issuance Costs		5			1,010,000		100				_
Bond Issuance Premium		2			61,008		358,635		2		22 22
Insurance Settlement		2:					14,548		_		_
Refunding Bonds Issued		7.			754,950		2,705,982				
Payment to Refunding Bonds					754,950		2,705,862				_
Escrow Agent		5			(771,750)		(3,051,000)		B.		
Lease Proceeds		-									
		0.070.055			32,229		622,780		2,209,342		4 000 000
Transfers In		2,078,655			2,555,433		1,997,815		100		1,669,896
Transfers Out	_	(980,271)	- 6	_	(641,816)		(800,644)	1	(729,092)	_	(509, 196)
Total Other Financing											
Sources (uses)		2,364,309			3,300,054		1,848,116		1,522,416	_	2,008,805
Net Change In											
Fund Balances	\$ =	19,945	\$		1,286,211	\$	2,136,628	\$ =	(1,075,420)	\$ =	(1,056,537)
Debt Services as a Percentage											
of Noncapital Expenditures		6.19%			6.62%		6.51%		6.10%		6.55%

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

Fiscal Year

,	2017 *	•3 3	2016 *	2015 *	-01	2014 *		2013 *
\$	6,706,943	\$	6,370,231	\$ 6,324,292	\$	6,211,394	\$	6,056,227
	6,483,549		6,267,496	6,144,962		6,224,035		5,834,703
	246,379		262,275	281,595		371,219		228,156
	1,107,731		2,999,672	2,857,165		1,766,230		2,193,241
	5,900,175		5,417,808	4,868,259		4,448,868		4,417,144
	2,797		-	-		2,571		9,965
	550,000		550,000	947,173		300,723		393,927
	207,464		402,997	161,103		176,663		372,414
	-		1111	*		-		-
	642,770		521,004	2		120		2
92	29,300		1,730	4,400		2,000		399
-	21,877,108		22,793,213	21,588,949		19,503,703		19,506,176
	5,387,819		4,499,066	3,946,280		4,031,495		3,854,608
	9,392,971		9,726,283	9,420,023		9,720,606		9,193,035
	5,994,479		4,953,034	4,961,418		5,519,498		4,830,337
	2,976,194		2,846,518	1,892,789		771,719		768,239
	971,148		553,609	513,596		480,742		401,893
	=		-	2,800		53,888		35,230
	2,750,583		2,165,305	2,362,760		1,217,907		635,678
	*		T1 1020101010			-		-1
	458,762		278,696	318,555		377,700		469,062
	980,798		1,463,485	1,425,793		1,452,714		1,417,329
	3,550		91,800	1,,				-
1/2	28,916,304	905	26,577,796	24,844,014		23,626,269		21,605,411
38	(7,039,196)	87	(3,784,583)	(3,255,065)		(4,122,566)		(2,099,235
	105 806					38,000		23,000
	105,806		10,396			458,350		414,191
	750,879		6,740,000	151		450,550		
			6,740,000	0.40		-		965,000
	19 7 0		400 603	558 8.00				E0 400
	- F72 050		198,693	-		-		58,408
	573,250		1,605,908	(=)		≅ . 10		4 260 000
			2	-		5		1,260,000
	-		-	-		*		- (4.047.040)
	-		-			- 707 000		(1,247,918)
	3,121,412		2,365,743	2,297,234		2,767,926		1,880,045
_	(1,588,105)	-	(965,743)	(479,714)	8 9	(1,517,925)		(441,587)
_	2,963,242	-	9,954,997	1,817,520		1,746,351		2,911,139
\$ _	(7,039,196)	\$ =	6,170,414	\$ (1,437,545)	\$	(2,376,215)	\$:	811,904
	5.50%		7.14%	7.76%		8.17%		9.00%

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

Fiscal Year	 Real Property	5 d	Mineral Property	· ·	Personal Property	 Less: Tax-Exempt Property	 Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value
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
2022	1,119,514,936		34,770,782		99,026,950	239,401,887	1,013,910,781	0.82500%	1,253,312,668

Source: Kleberg County Tax Assessor Office

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

SCHEDULE 6

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

		Cit	y Direct Rates			Ov	erlapping R	ates	
Fiscal Year	 Basic Rate		General Obligation Debt Service	Total Direct Rate	 School District		County		STWA
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
2022	0.68452		0.15548	0.84000	1.51890		0.77187		0.08242

Source: Kleberg County Tax Assessor Office

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

			2022			2013	
Taxpayer		Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed
AEP Texas Inc.	\$	21,731,140	1	2.14%			
KL Phase 1 Owner LTD	*	12,779,820	2	1.26%			
Rockstar Oak Tree LLC		9,091,120	3	0.90%			
Apexone Javelina LLC		8,915,120	4	0.88%			
Kingspointe-Victoria LLC		7.885.980	5	0.78%			
Alpha Lake LTD		7,060,000	6	0.70%			
KL Phase II Owner LTD		6,873,790	7	0.68%			
HEB Grocery Inc		6,513,542	8	0.64%			
Wal-Mart Stores Inc #01-0442		6,351,380	9	0.63%			
Wal-Mart Stores Texas, LLC US00442		6,119,350	10	0.60%			
AEP Texas Central Company					\$ 13,519,460	1	0.82%
Wal-Mart Stores East LP #01-0442					8,321,030	2	0.64%
Kingsville Two					6,521,890	3	0.62%
Eddie Yaklin Ford Lincoln Mercury LTD					6,288,720	4	0.60%
HBC Holding LTD					6,100,610	5	0.55%
Collegiate Kingsville Partners LP					5,555,450	6	0.51%
Wal-Mart Stores Inc #01-0442					5,123,540	7	0.47%
HEB Grocery Inc					4,778,800	8	0.44%
Lowes Home Centers Inc					4,470,230	9	0.42%
Yaklin, Eddie L	-			·	 4,296,710	10	0.00%
Total	\$	93,321,242		9.21%	\$ 64,976,440		5.07%

Source: Kleberg County Appraisal District

PROPERTY TAX LEVIES AND COLLECTIONS, LAST TEN FISCAL YEARS

	Taxes		Collected w Fiscal Year			Collections in		Total Collections to Date		
Fiscal	Levied for		=	Percent		Subsequent	- 7		Percent	
Year	 the Year	Amount		of Levy	-	Years	: <u>=</u>	Amount	of Levy	
2013	\$ 5,831,373	\$	5,618,741	96.4%	\$	172,246	\$	5,769,979	98.95%	
2014	5,987,424		5,791,937	96.7%		146,553		5,964,183	99.61%	
2015	6,145,880		5,939,500	96.6%		148,941		6,086,053	99.03%	
2016	6,350,640		6,115,195	96.3%		161,188		6,264,136	98.64%	
2017	6,640,180		6,396,334	96.3%		139,544		6,557,522	98.76%	
2018	6,880,532		6,645,832	96.6%		89,824		6,785,376	98.62%	
2019	7,056,152		6,799,232	96.4%		133,747		6,889,056	97.63%	
2020	7,473,551		7,180,302	96.1%		122,109		7,314,049	97.87%	
2021	7,520,817		7,260,036	96.5%		288,084		7,382,145	98.16%	
2022	8,164,047		7,886,943	96.6%		ω		8,175,027	100.13%	

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.

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

Fiscal Year

	_	2022		2021		2020		2019	-	2018
Building Materials, Hardware, etc.	\$	46,650	\$	44,587	\$	44,066	\$	33,660	\$	31,589
General Merchandise		59,840		57,006		53,764		49,564		53,021
Food Stores		26,950		25,309		23,879		20,778		21,319
Automotive Dealers and Gasoline		25,250		24,140		23,598		22,820		21,449
Apparel and Accessory Stores		9,400		8,744		5,434		3,147		2,343
Home Furniture, Furnishing, and Equipment		37,420		3,653		3,735		4,594		4,828
Eating and Drinking Places		65,450		63,115		53,372		55,899		51,130
All Other Outlets		10,900	_	10,028		10,093	-	12,724		14,066
Total	\$ _	281,860	\$ =	236,582	\$ =	217,941	\$ =	203,186	\$ =	199,745
City Direct Sales Tax Rate		1.5%		1.5%		1.5%		1.5%		1.5%

Source: Texas Comptroller of Public Accounts

Notes:

Due to timing of Comptroller's reports, 2022 numbers are not available. Estimates are used instead.

SCHEDULE 9

Fiscal Year

-	2017	_	2016		2015	_	2014	. <u>.</u>	2013
\$	31,293	\$	31,075	\$	28,114	\$	26,377	\$	25,717
	50,670		48,926		48,493		47,472		46,063
	20,990		18,733		21,273		20,521		19,363
	21,689		22,194		23,225		22,701		22,359
	3,209		4,256		5,388		6,089		6,161
	4,685		5,059		5,439		5,795		4,100
	48,936		46,526		48,222		46,716		44,846
-	14,064	_	15,596	_	12,843	_	17,483	_	19,920
\$ _	195,536	\$ _	192,365	\$_	192,997	\$ _	193,154	\$ _	188,529
	1.5%		1.5%		1.5%		1.5%		1.5%

DIRECT AND OVERLAPPING SALES TAX RATES, LAST TEN FISCAL YEARS

Fiscal Year	City Property Tax Relief	City Sales Tax	Kleberg County Property Tax Relief	State Sales Tax
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%
2022	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.

SCHEDULE 11

RATIOS OF OUTSTANDING DEBT BY TYPE, LAST TEN FISCAL YEARS

	-	Governmental Activities			-	Business-Type Activities						
Fiscal Year	: (-	General Obligation Bonds	s 2 .	Financed Purchases		Certificates of Obligation	10 ×	Financed Purchases	. 10-	Total Primary Government	Percentage of Personal Income	Per Capita
2013	\$	9,182,245	\$	57,637	\$	20,416,799	\$	354,930	\$	30,011,611	3.85% \$	1,128.30
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		12,713,167		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		12,435,415		1,160,276		23,491,282	3.22%	763.20
2022		9,159,045		322,351		11,713,426		896,244		22,091,066	3.03%	726.58

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

RATIOS OF GENERAL BONDED DEBT OUTSTANDING, LAST TEN FISCAL YEARS

General Bonded Debt Outstanding (1)

_	Fiscal Year	 General Obligation Bonds	Less: Amount Available in Debt Service Fund	Net Bonded Debt	Percentage of Actual Taxable Value of Property	 Per Capita
	2013	\$ 29,599,044	\$ 625,918	\$ 28,973,126	3.8548%	\$ 1,089.26
	2014	27,443,523	588,912	26,854,611	3.4666%	1,206.22
	2015	24,826,487	579,648	24,246,839	3.0418%	9,133.97
	2016	29,081,029	618,994	28,462,035	3.4113%	1,085.80
	2017	26,787,258	757,325	26,029,933	3.0069%	992.56
	2018	24,417,067	559,382	23,857,685	2.6629%	911.40
	2019	22,007,584	612,098	21,395,486	2.2409%	737.06
	2020	19,652,518	618,428	19,034,090	1.8905%	667.91
	2021	21,804,916	404,270	21,400,646	1.9644%	695.28
	2022	20,872,471	491,634	20,380,837	1.6262%	670.33

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

⁽¹⁾ General bonded debt outstanding restated to reflect both governmental and business-type general bonded debt outstanding.

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT AS OF SEPTEMBER 30, 2022

	_	Net Debt Outstanding	Estimated Percentage Applicable		Estimated Share of Direct and Overlapping Debt
Governmental Unit					
Debt Repaid With Property Taxes					
Kingsville ISD	\$	54,735,000	83.57%	\$	45,742,040
Kleberg County		8,615,000	55.18%		4,753,757
Ricardo ISD		933,000	6.14%		57,286
Santa Gertrudis ISD		710,000	4.87%		34,577
South Texas Water Authority		3,165,000	33.85%	2	1,071,353
Subtotal, Overlapping Debt					51,659,012
City Direct Debt; Bonds					19,947,000
Capital Leases				-	322,351
Total Direct and Overlapping Debt				\$	71,928,363

SCHEDULE 13

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.

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

						Fiscal Year				
	: :	2013		2014		2015	s +	2016		2017
Debt Limit	\$	191,964,270	\$	197,911,697	\$	204,045,008	\$	213,123,097	\$	222,713,909
Total Net Debt Applicable to Limit	1	8,430,848		7,628,579	8 O	6,814,889	: :	12,673,491		11,676,198
Legal Debt Margin	\$ _	183,533,422	\$ =	190,283,118	\$ =	197,230,119	\$.	200,449,606	\$ =	211,037,711
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit		4.39%		3.85%		3.34%		5.95%		5.24%

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.

8,239,979

245,237,716

Fisca	

2018	7/2	2019		2020	_	2021		2022
\$ 229,236,090	\$	245,519,722	\$	251,705,410	\$	272,350,996	\$	253,477,695
10,849,298		9,741,152		8,083,010	_	8,464,893		8,239,979
\$ 218,386,792	\$ =	235,778,570	\$ =	243,622,400	\$ =	263,886,103	\$.	245,237,716
4.73%		3.97%		3.21%		3.11%		3.25%
Assessed Value							\$_	1,013,910,781
Debt Limit (25% of asse Debt Applicable to Limit		value)						253,477,695
Sour Applicable to Little	Ger Les	neral Obligation I s: Amount Set A payment of Gen	side		\$	8,731,593		
		gation Debt			_	491,614	2	

Total Net Debt Applicable to Limit

Legal Debt Margin

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

Waste Water Revenue Bonds and Certificates of Obligation Bonds (a) Utility Net Less: Fiscal Service Operating Available Debt Service Coverage Charges Revenue Principal Interest Year Expenses 2013 8,824,532 \$ 4,956,345 \$ 3,868,187 \$ 832,670 \$ 601,948 2.70 3,612,458 997,285 806,694 2.00 2014 9,078,218 5,465,760 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 1.25 372,188 2018 8,945,308 6,280,160 2,665,148 1.69 1,205,363 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 1,290,899 2022 10,554,638 7,493,060 3,061,578 203,511 2.17

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

SCHEDULE 16

DEMOGRAPHIC AND ECONOMIC STATISTICS, LAST TEN CALENDAR YEARS

Calendar Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age	Education Level in Years of Schooling	School Enrollment	Unemployment Rate
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%
2022	30.404	729,200	23,894	28.4	N/A	2,861	7.8%

^{**} 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.

TOP TEN EMPLOYERS, CURRENT YEAR AND NINE YEARS AGO SCHEDULE 17

		2022			2013	
			Percentage of Total City			Percentage of Total City
Employer	Employees	Rank	Employment	Employees	Rank	Employment
NAS Kingsville	1,500	1	12.15%	1,800	1	11.00%
Texas A&M Kingsville	950	2	7.69%	1,200	2	7.00%
Celanese	600	3	4.86%	329	5	2.00%
Kingsville ISD	502	4	4.07%	560	3	3.00%
Kleberg County	300	5	2.43%	310	6	2.00%
City of Kingsville	290	6	2.35%	280	9	2.00%
HEB	272	7	2.20%	-		39 4 3
Walmart	250	8	2.02%	300	7	2.00%
Border Patrol	246	9	1.84%	300	8	2.00%
Christus Spohn	221	10	1.79%	263	10	2.00%
King Ranch	*	5	F	376	4	2.00%
Total	5,131		41.40%	5,718		35.00%

13,390 Labor Force 12,346 Employment 1,044 7.8% Unemployment WorkForce Solutions of Coastal Bend Rate Kingsville Chamber of Commerce

Source:

^{*2013} Information from 12-13 CAFR

CITY OF KINGSVILLE SCHEDULE 18

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
City Commission	4	5	5	5	5	5	5	5	5	5
General Government	50	50	46	45	43	45	40	34	38	35
Fire	33	34	32	33	33	32	34	33	30	32
Health	9	10	10	10	8	8	10	10	10	10
Library	0	0	9	8	9	9	9	9	9	6
Police	65	67	65	66	67	66	64	65	60	65
Public Works	98	103	93	99	93	93	98	94	94	94
Task Force	0	0	0	0	0	0	11	11	11	11
Parks Dept.	15	15	11	12	11	10	10	9	0	0
Golf Course	8	8	7	8	8	8	8	6	0	0
Total	282	292	278	286	277	276	289	276	257	258

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.

An additional City Comissioner who does not get paid by the City is unlisted due to working at another taxing entity.

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

Building Inspections Conducted 1,703.00 1,432 1,315 1,788 1,633 Police Physical Arrest 1,482 1,616 1,611 1,856 1,295 Parking Violations 148 85 68 165 246 Traffic Violations 5,509 7,523 4,046 3,237 6,307 Fire Emergency Responses 3,021 3,266 3,630 3,074 3,005 Fire Calls 779 314 654 723 610 Inspections 794 600 557 456 434 Refuse Collections Refuse Collected (tons per day; 365) 67 80 70 104 82 Recyclables Collected (tons per day; 365) 0.18 0.38 2 2 2 2 2 2 Potholes Repaired 7,102 8,896 15,405 21,166 15,136 Parks and Recreation Athletic Field Permits Issued 397 334 220 486 474 Community Center Admissions 174 150 125 225 219 Library Volumes in Collection 2 3 2 2 2 2 2 2 2 Library Volumes in Collection 2 7 6,008 2,391 2,253 2,975 2,436 Weed Control 2,077 2,242 3,382 3,181 3,966 Animal Control 5,543 7,183 7,995 7,740 8,225 Water New Connections 41 38 37 42 36 Water Main Breaks 456 530 620 319 254 Water Main Breaks 456 530 620 319 354 Water Main Breaks 456 530 630 334 Water Ma		2022	2021	2020	2019	2018
Building Permits Issued 1,536 1,424 1,829 2,144 2,059 Building Inspections Conducted 1,703.00 1,432 1,315 1,788 1,633 Police Physical Arrest 1,482 1,616 1,611 1,856 1,295 Parking Violations 148 85 68 165 246 774fic Violations 5,509 7,523 4,046 3,237 6,307 Fire Emergency Responses 3,021 3,266 3,630 3,074 3,005 Fire Calls 797 314 654 723 610 Inspections 794 600 587 455 434 Refuse Collections 797 314 654 723 610 Inspections Refuse Collections 798 80 70 104 82 Recyclables Collected (tons per day; 365) 67 80 70 104 82 Recyclables Collected (tons per day; 365) 8 3 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	Function/Program	*************************************		 :	71.	
Building Inspections Conducted 1,703.00 1,432 1,315 1,788 1,633 Police Physical Arrest 1,482 1,616 1,611 1,856 1,295 Parking Violations 148 85 68 165 246 Traffic Violations 5,509 7,523 4,046 3,237 6,307 Fire Emergency Responses 3,021 3,266 3,630 3,074 3,005 Fire Calls 779 314 654 723 610 Inspections 794 600 557 456 434 Refuse Collections Refuse Collected (tons per day; 365) 67 80 70 104 82 Recyclables Collected (tons per day; 365) 0.18 0.38 2 2 2 2 2 2 Potholes Repaired 7,102 8,896 15,405 21,166 15,136 Parks and Recreation Athletic Field Permits Issued 397 334 220 486 474 Community Center Admissions 174 150 125 225 219 Library Volumes in Collection 2 3 2 2 2 2 2 2 2 Library Volumes in Collection 2 7 6,008 2,391 2,253 2,975 2,436 Weed Control 2,077 2,242 3,382 3,181 3,966 Animal Control 5,543 7,183 7,995 7,740 8,225 Water New Connections 41 38 37 42 36 Water Main Breaks 456 530 620 319 254 Water Main Breaks 456 530 620 319 354 Water Main Breaks 456 530 630 334 Water Ma	General Government					
Police	Building Permits Issued	1,536	1,424	1,829	2,144	2,059
Physical Arrest	Building Inspections Conducted	1,703.00	1,432	1,315	1,788	1,633
Parking Violations 148 85 68 165 246 Traffic Violations 5,509 7,523 4,046 3,237 6,307 Fire Traffic Violations 3,620 3,630 3,074 3,005 Fire Calls 797 314 654 723 610 Inspections 794 600 587 456 434 Refuse Collected (tons per day; 365) 67 80 70 104 82 Recyclables Collected (tons per day; 365) 67 80 70 104 82 Recyclables Collected (tons per day; 365) 67 80 70 104 82 Recyclables Collected (tons per day; 365) 67 80 70 104 82 Recyclables Collected (tons per day; 365) 71 80 38 2	Police					
Traffic Volations 5,509 7,523 4,046 3,237 6,307 Fire Emergency Responses 3,021 3,266 3,630 3,074 3,005 Fire Calls 797 314 654 723 610 Inspections 794 600 587 456 434 Refuse Collected (tons per day; 365) 67 80 70 104 82 Refuse Collected (tons per day; 365) 67 80 70 104 82 Recyclables Collected (tons per day; 365) 0.18 0.38 2 2 2 1 Other Public Works 3 2	Physical Arrest	1,482	1,616	1,611	1,856	1,295
Fire Emergency Responses 3,021 3,266 3,630 3,074 3,005 Fire Calls 797 314 654 723 610 Inspections 794 600 587 456 434 8456 A548 A549 A560 A587 A56 A545 A587 A560 A587 A56 A545 A587 A560 A560 A560 A560 A560 A560 A560 A560	Parking Violations	148	85	68	165	246
Emergency Responses 3,021 3,266 3,630 3,074 3,005 Fire Calls 797 314 654 723 610 Inspections 794 600 587 456 434 848 848 848 848 848 848 848 848 848	Traffic Violations	5,509	7,523	4,046	3,237	6,307
Fire Calls 797 314 654 723 610 Inspections 794 600 587 456 434 Refuse Collections 80 587 456 434 Refuse Collected (tons per day; 365) 67 80 70 104 82 Recyclables Collected (tons per day; 365) 0.18 0.38 2 2 - 1 Other Public Works 3 2	Fire	27	12			82
Fire Calls 797 314 654 723 610 Inspections 794 600 587 456 434 Refuse Collections 80 587 456 434 Refuse Collected (tons per day; 365) 67 80 70 104 82 Recyclables Collected (tons per day; 365) 0.18 0.38 2 2 - 1 Other Public Works 3 2	Emergency Responses	3,021	3,266	3,630	3,074	3,005
Refuse Collections Refuse Collected (tons per day; 365) 67 80 70 104 82 Recyclables Collected (tons per day; 365) 0.18 0.38 2 - 1 Other Public Works Street Resurfacing (miles) 3 2 </td <td></td> <td>797</td> <td></td> <td>654</td> <td>723</td> <td>610</td>		797		654	723	610
Refuse Collected (tons per day; 365) 67 80 70 104 82 Recyclables Collected (tons per day; 365) 0.18 0.38 2 - 1 Other Public Works Street Resurfacing (miles) 3 2	Inspections	794	600	587	456	434
Recyclables Collected (tons per day; 365) 0.18 0.38 2 - 10	Refuse Collections					
Other Public Works Street Resurfacing (miles) 3 2 2 2 2 2 2 2 2 2	Refuse Collected (tons per day; 365)	67	80	70	104	82
Other Public Works Street Resurfacing (miles) 3 2 <td>Recyclables Collected (tons per day; 365)</td> <td>0.18</td> <td>0.38</td> <td>2</td> <td>(*)</td> <td>1</td>	Recyclables Collected (tons per day; 365)	0.18	0.38	2	(*)	1
Potholes Repaired 7,102 8,896 15,405 21,166 15,136 Parks and Recreation 397 334 220 486 474 Community Center Admissions 174 150 125 225 219 Library Volumes in Collection - - 60,081 58,728 55,326 Total Volumes Borrowed - - 15,644 26,636 34,859 Health 275 331 284 339 285 Consumer Health 2,380 2,391 2,253 2,975 2,436 Weed Control 2,077 2,242 3,382 3,181 3,966 Animal Control 5,543 7,183 7,995 7,740 8,225 Water New Connections 41 38 37 42 36 Water Main Breaks 456 530 620 319 254 Average Daily Consumption 4,820 4,933 4,971 6,096 6,096 (t						
Potholes Repaired 7,102 8,896 15,405 21,166 15,136 Parks and Recreation 397 334 220 486 474 Athletic Field Permits Issued 397 334 220 486 474 Community Center Admissions 174 150 125 225 219 Library Volumes in Collection - - 60,081 58,728 55,326 Total Volumes Borrowed - - 60,081 58,728 55,326 Health 275 331 284 339 285 Consumer Health 2,380 2,391 2,253 2,975 2,436 Weed Control 2,077 2,242 3,382 3,181 3,966 Animal Control 5,543 7,183 7,995 7,740 8,225 Water New Connections 41 38 37 42 36 Water Main Breaks 456 530 620 319 254 Average	Street Resurfacing (miles)	3	2	2	2	2
Athletic Field Permits Issued 397 334 220 486 474 Community Center Admissions 174 150 125 225 219 Library Volumes in Collection 60,081 58,728 55,326 70tal Volumes Borrowed 15,644 26,636 34,859 Health Environmental Health 275 331 284 339 285 Consumer Health 2,380 2,391 2,253 2,975 2,436 Weed Control 2,077 2,242 3,382 3,181 3,966 Animal Control 5,543 7,183 7,995 7,740 8,225 Water New Connections 41 38 37 42 36 Water Main Breaks 456 530 620 319 254 Average Daily Consumption (thousands of gallons) Peak Daily Consumption 4,820 4,933 4,971 6,096 6,096 (thousands of gallons) Wastewater Average Daily Sewer Treatment		7,102	8,896	15,405	21,166	15,136
Community Center Admissions	Parks and Recreation	Met Shirts	10.5.10.00000	100000000000000000000000000000000000000	014(51)41,012(40)50	AL 2008, 15 3825 523
Library Volumes in Collection Total Volumes Borrowed Finvironmental Health Environmental Health Environmental Health 275 331 284 339 285 Consumer Health 2,380 2,391 2,253 2,975 2,436 Weed Control 2,077 2,242 3,382 3,181 3,966 Animal Control 5,543 7,183 7,995 7,740 8,225 Water New Connections 41 38 37 42 36 Water Main Breaks 456 530 620 319 254 Average Daily Consumption (thousands of gallons) Peak Daily Consumption 4,820 4,933 4,971 6,096 6,096 (thousands of gallons) Wastewater Average Daily Sewer Treatment	Athletic Field Permits Issued	397	334	220	486	474
Library Volumes in Collection 60,081 58,728 55,326 Total Volumes Borrowed 15,644 26,636 34,859 Health Environmental Health 275 331 284 339 285 Consumer Health 2,380 2,391 2,253 2,975 2,436 Weed Control 2,077 2,242 3,382 3,181 3,966 Animal Control 5,543 7,183 7,995 7,740 8,225 Water New Connections 41 38 37 42 36 Water Main Breaks 456 530 620 319 254 Average Daily Consumption 3,665 3,334 2,373 3,499 3,499 (thousands of gallons) Peak Daily Consumption 4,820 4,933 4,971 6,096 6,096 (thousands of gallons) Wastewater Average Daily Sewer Treatment	Community Center Admissions	174	150	125	225	219
Total Volumes Borrowed - - 15,644 26,636 34,859 Health Environmental Health 275 331 284 339 285 Consumer Health 2,380 2,391 2,253 2,975 2,436 Weed Control 2,077 2,242 3,382 3,181 3,966 Animal Control 5,543 7,183 7,995 7,740 8,225 Water New Connections 41 38 37 42 36 Water Main Breaks 456 530 620 319 254 Average Daily Consumption 3,665 3,334 2,373 3,499 3,499 (thousands of gallons) (thousands of gallons) 4,820 4,933 4,971 6,096 6,096 Wastewater Average Daily Sewer Treatment 4,820 4,933 4,971 6,096 6,096	14.554					
Health	Volumes in Collection	_	-	60,081	58,728	55,326
Environmental Health 275 331 284 339 285 Consumer Health 2,380 2,391 2,253 2,975 2,436 Weed Control 2,077 2,242 3,382 3,181 3,966 Animal Control 5,543 7,183 7,995 7,740 8,225 Water New Connections 41 38 37 42 36 Water Main Breaks 456 530 620 319 254 Average Daily Consumption 3,665 3,334 2,373 3,499 3,499 (thousands of gallons) Peak Daily Consumption 4,820 4,933 4,971 6,096 6,096 (thousands of gallons) Wastewater Average Daily Sewer Treatment	Total Volumes Borrowed			15,644	26,636	34,859
Consumer Health 2,380 2,391 2,253 2,975 2,436 Weed Control 2,077 2,242 3,382 3,181 3,966 Animal Control 5,543 7,183 7,995 7,740 8,225 Water New Connections 41 38 37 42 36 Water Main Breaks 456 530 620 319 254 Average Daily Consumption 3,665 3,334 2,373 3,499 3,499 (thousands of gallons) Peak Daily Consumption 4,820 4,933 4,971 6,096 6,096 (thousands of gallons) Wastewater Average Daily Sewer Treatment	Health			92	125	
Weed Control 2,077 2,242 3,382 3,181 3,966 Animal Control 5,543 7,183 7,995 7,740 8,225 Water New Connections 41 38 37 42 36 Water Main Breaks 456 530 620 319 254 Average Daily Consumption 3,665 3,334 2,373 3,499 3,499 (thousands of gallons) Peak Daily Consumption 4,820 4,933 4,971 6,096 6,096 (thousands of gallons) Wastewater Average Daily Sewer Treatment	Environmental Health	275	331	284	339	285
Animal Control 5,543 7,183 7,995 7,740 8,225 Water New Connections 41 38 37 42 36 Water Main Breaks 456 530 620 319 254 Average Daily Consumption 3,665 3,334 2,373 3,499 3,499 (thousands of gallons) Peak Daily Consumption 4,820 4,933 4,971 6,096 6,096 (thousands of gallons) Wastewater Average Daily Sewer Treatment	Consumer Health	2,380	2,391	2,253	2,975	2,436
Water New Connections 41 38 37 42 36 Water Main Breaks 456 530 620 319 254 Average Daily Consumption (thousands of gallons) 3,665 3,334 2,373 3,499 3,499 Peak Daily Consumption (thousands of gallons) 4,820 4,933 4,971 6,096 6,096 Wastewater Average Daily Sewer Treatment 4,820 4,933 4,971 6,096 6,096	Weed Control	2,077		3,382	3,181	3,966
New Connections 41 38 37 42 36 Water Main Breaks 456 530 620 319 254 Average Daily Consumption (thousands of gallons) 3,665 3,334 2,373 3,499 3,499 Peak Daily Consumption (thousands of gallons) 4,820 4,933 4,971 6,096 6,096 Wastewater Average Daily Sewer Treatment 4,820 4,933 4,971 6,096 6,096	Animal Control	5,543	7,183	7,995	7,740	8,225
Water Main Breaks 456 530 620 319 254 Average Daily Consumption (thousands of gallons) 3,665 3,334 2,373 3,499 3,499 Peak Daily Consumption (thousands of gallons) 4,820 4,933 4,971 6,096 6,096 Wastewater Average Daily Sewer Treatment 4,820 4,933 4,971 6,096 6,096	Water					
Average Daily Consumption 3,665 3,334 2,373 3,499 3,499 (thousands of gallons) Peak Daily Consumption 4,820 4,933 4,971 6,096 6,096 (thousands of gallons) Wastewater Average Daily Sewer Treatment	New Connections	41	38	37	42	36
(thousands of gallons) Peak Daily Consumption 4,820 4,933 4,971 6,096 6,096 (thousands of gallons) Wastewater Average Daily Sewer Treatment	Water Main Breaks	456	530	620	319	254
Peak Daily Consumption 4,820 4,933 4,971 6,096 6,096 (thousands of gallons) Wastewater Average Daily Sewer Treatment	Average Daily Consumption	3,665	3,334	2,373	3,499	3,499
Peak Daily Consumption 4,820 4,933 4,971 6,096 6,096 (thousands of gallons) Wastewater Average Daily Sewer Treatment	(thousands of gallons)			82	1.0	188
Wastewater Average Daily Sewer Treatment		4,820	4,933	4,971	6,096	6,096
Average Daily Sewer Treatment	(thousands of gallons)		91	2)	- 197	
그것 교육사람들은 경기를 보고 있었다. 아이들은 아이들의 사람들은 사람들은 사람들은 사람들은 사람들은 사람들은 사람들은 사람들은	Average Daily Sewer Treatment					
	(thousands of gallons)	2,500	2,500	2,500	2,500	2,500

Sources: Various City Departments

	2017	2016	2015	2014	2013
	2,374	2,058	2,511	2,137	2,078
	2,170	1,400	1,644	1,129	1,878
	1,060	1,014	1,175	1,590	1,356
	408	663	1,089	1,110	80
	3,032	3,192	4,675	4,604	4,443
	3,005	2,826	2,760	3,297	2,880
	641	556	596	612	573
	388	356	382	400	354
	86	82	93	83	65
	1	1	1	1	1
	2	3	5	2	3
	4,205	4,487	5,200	4,000	3,000
	396	348	413		2
	97	83	126	888	*
	53,903	55,878	54,327	57,326	59,630
	34,014	34,895	19,995	39,780	44,502
	350	430	491	390	496
	2,847	2,906	2,611	2,087	2,556
	3,967	4,995	3,776	2,924	3,082
	7,075	7,438	8,649	9,589	9,201
	47	33	24	35	51
#	342	294	295	267	271
	3,229	3,134	3,153	3,470	3,661
	5,567	4,438	6,002	6,023	5,040
	2,200	2,100	2,400	2,300	2,200

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

			Fiscal Year		
	2022	2021	2020	2019	2018
Function/Program					
Police					
Stations	1	1	1	1	1
Patrol Units	63	63	63	63	62
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	1,296	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	822	820	808	808
Storage Capacity (thousands of gallons)	5,425	5,425	5,425	5,425	5,632
Wastewater					
Sanitary Sewers (miles)	100	98	98	98	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

Figoa	Voor

2017	2016	2015	2014	2013
1	1	1	1	
64	56	56	53	6
2	2	2	2	3
14	17	17	17	1
146	146	146	144	12
1,302	1,302	1,276	1,276	584
4	4	4	4	
195	195	195	195	19
9	9	9	9	
12	12	12	12	13
12	12	12	12	1:
2	2	2	2	
120	120	120	120	120
808	808	808	808	808
5,632	5,632	9,760	9,764	9,76
142	141	140	138	99
33	33	33	33	17
4,000	4,000	4,000	6,000	6,000

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

JOHN L. WOMACK, CPA MARGARET KELLY, CPA P. O. BOX 1147 KINGSVILLE, TEXAS 78364 (361) 592-2671 FAX (361) 592-1411

Independent Auditor's Report on Internal Control over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements

Performed In Accordance With Government Auditing Standards

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

Members of the 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, 2022, 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 3, 2023.

Report on 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.



Report on 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,

John Womack & Company, P.C.

Womal. L.Ca

Kingsville, TX April 3, 2023

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 Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

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

Members of the City Commission:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Progam

We have audited City of Kingsville's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City of Kingsville's major federal programs for the year ended September 30, 2022. City of Kingsville's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Kingsville complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal Progam

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Kingsville and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Kingsville's compliance with the compliance requirements referred to above.



Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to City of Kingsville's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Kingsville's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Kingsville's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and
 perform audit procedures responsive to those risks. Such procedures include examining, on a test
 basis, evidence regarding City of Kingsville's compliance with the compliance requirements referred to
 above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of City of Kingsville's internal control over compliance relevant to the audit in
 order to design audit procedures that are appropriate in the circumstances 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 City of Kingsville's internal control over compliance.
 Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

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Kingsville, TX April 3, 2023

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED SEPTEMBER 30, 2022

A. Summary of Auditor's Results Financial Statements 1. Type of auditor's report issued: Unmodified Internal control over financial reporting: One or more material weaknesses identified? X No Yes One or more significant deficiencies identified that are not considered to be material weaknesses? Yes None Reported Noncompliance material to financial statements noted? Yes X No Federal Awards Internal control over major programs: One or more material weaknesses identified? Yes X No One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported Type of auditor's report issued on compliance for major programs: Unmodified Version of compliance supplement used in audit: April 2022 Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, para. 200.516(a)? Yes X No Identification of major programs: Assistance Listing Number(s) Name of Federal Program or Cluster Community Development Block Grants 14.228 21.027 Coronavirus State and Local Fiscal Recovery Funds 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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED SEPTEMBER 30, 2022

Finding/Recommendation	Current Status	Management's Explanation If Not Implemented	
	S		

There were no findings or questioned costs in the prior year.

CORRECTIVE ACTION PLAN FOR THE YEAR ENDED SEPTEMBER 30, 2022

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED SEPTEMBER 30, 2022

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title OTHER PROGRAMS:	Federal ALN Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures	5
U. S. Department of the Treasury Direct Programs: Coronavirus State and Local Fiscal Recovery Funds Coronavirus State and Local Fiscal Recovery Funds Coronavirus State and Local Fiscal Recovery Funds Total Direct Programs Total U. S. Department of the Treasury	21.027 21.027 21.027	N/A N/A N/A	\$ 	\$ 21,275 428,941 576,573 1,026,789	3
U. S. Department of the Interior Passed Through Texas Parks and Wildlife: Texas Parks and Wildlife Grant Total U. S. Department of the Interior	15.916	P19AP00107			
U. S. Department of Justice Direct Programs: Body Worn Camera Grant Total U. S. Department of Justice	16.835	N/A		20,656 20,656	
U. S. Department of Housing & Urban Development Passed Through Texas Department of Agriculture: Community Development Block Grant Community Development Block Grant Total Passed Through Texas Department of Agriculture Passed Through Texas General Land Office: Community Development Block Grant Community Development Block Grant Total Passed Through Texas General Land Office Total U. S. Department of Housing & Urban Development	14.228 14.228 14.228 14.228	7218269 7219192 22-082-016-D2 22-085-009-D2		3,825 212,113 215,938 440,469 2,003,615 2,444,084 2,660,022	
Department of Homeland Security Passed Through Texas Department of Public Safety: Operation Stone Garden Total Department of Homeland Security TOTAL EXPENDITURES OF FEDERAL AWARDS	97.067	3194306	 \$	177,693 177,693 \$ 3,885,159	

The accompanying notes are an integral part of this schedule.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED SEPTEMBER 30, 2022

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.