



ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Year Ended September 30, 2023
www.cityofkingsville.com

Annual Comprehensive Financial Report

September 30, 2023

CITY OF KINGSVILLE, TEXAS

City Commission

(for the fiscal year ended September 30, 2023)

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

City Manager
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P.O. BOX 1458 – KINGSVILLE, TEXAS 78364

April 2, 2024

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, 2023, 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, 2023, 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, 2023, 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 30,532; this represents a 16.48 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

The Kingsville Police Department stands as a cornerstone of safety and service within our vibrant and diverse community. Our force is composed of 50 dedicated sworn peace officers and a staff totaling 74 members, each committed to ensuring the security and well-being of our population of 25,069 residents. Situated along the vital Interstate 69/US Highway 77 South corridor, our jurisdiction serves as a crucial artery for commerce and industry, bolstered by the North American Free Trade Agreement linking Canada, Mexico, and the United States. In our multifaceted role, we undertake a range of responsibilities, from law enforcement and crime prevention to community outreach and support. With a deep understanding of the unique needs and challenges of our community, we strive to foster trust and collaboration in all our endeavors.

The Uniform Patrol Division serves as the cornerstone of our police department, embodying our unwavering commitment to proactive and responsive policing. Our leadership team, consisting of a Commander, 3 Captains, and 3 Lieutenants, provides guidance and direction to our dedicated team of 24 officers, which includes highly trained K-9 units, a traffic enforcement officer, and a warrant officer. In addition, our Street Level Operations Team (SLOT), overseen by a Lieutenant, comprises two interdiction/directed

investigations officers focused on disrupting drug trafficking organizations within our city limits and along US Highway 77, particularly targeting bulk narcotic and currency offenses. With a steadfast dedication to community safety and crime prevention, the Uniform Patrol Division undertakes a wide array of responsibilities, including vehicle and bicycle patrols, criminal enforcement efforts, traffic enforcement initiatives, and accident investigations. In the previous year alone, our division responded to over 27,000 calls for service, resulting in more than 1,500 arrests and the conduct of over 7,800 traffic stops. As the first line of defense in safeguarding public safety, the Uniform Patrol Division remains vigilant and proactive in addressing emerging threats and enforcing the law. Through our tireless efforts and commitment to excellence, we aim to create a safer and more secure environment for all residents and visitors in our community.

The Criminal Investigations Division operates under the leadership of a Commander, Captain, Lieutenant, and a team consisting of six Detectives, an Accident Investigator, a Crime Scene Specialist, and an Evidence Clerk. This diverse team is tasked with a comprehensive range of responsibilities aimed at conducting thorough and proactive criminal investigations. Led by the Commander, Captain, Lieutenant, and Detectives, the section diligently follows up on reports received by the patrol division, conducts proactive investigations, and responds to Crime Stopper Tips and information provided by concerned citizens. Additionally, they are responsible for leveraging modern investigative techniques to gather evidence and pursue leads effectively. The Crime Scene Specialist plays a crucial role in processing crime scenes, meticulously packaging evidence, cataloguing findings, and photographing evidence for submission to appropriate laboratories for analysis. Their expertise ensures that evidence is handled and preserved in accordance with the highest standards of forensic protocols. The Evidence Clerk manages the intake of all property and evidence brought into the department for storage. Their responsibilities encompass ensuring proper receipt and documentation of accepted items, maintaining meticulous inventory control, and overseeing the final disposition of property and evidence in accordance with legal requirements.

The Communications Division is headed by a civilian telecommunications officer, 4 lead telecommunicators, and 10 telecommunicators, all hold a state TCOLE license and keep up the mandated yearly courses. This division is responsible for all 911 calls, landline calls, all after hour services for the City of Kingsville, dispatching for Kingsville Police Department, and Kingsville Fire Department. This Division is also responsible for all the records, background checks and all open records requests for the agency. These services are provided 24/7, the position is very fast paced and keeps this division very busy. For 2023, the Division had a total of 23,533 911 calls and 43,433 landline calls.

The Training Division is a critical component of our police department and is under the guidance of a Captain dedicated to enhancing the skills and knowledge of our officers. This Captain oversees a range of essential responsibilities aimed at professional development, operational readiness and ensures compliance with TCOLE standards and industry best practice. At the forefront of the division's duties is the coordination of the Citizens Police Academy, a program designed to foster community engagement and educate residents about law enforcement practices and procedures. Additionally, the Captain serves as the Field Training Officer Program Coordinator, ensuring that new officers receive comprehensive training and mentorship as they transition into their roles within the department. Moreover, the Training Division is responsible for providing ongoing in-service training to both incoming recruits and current officers. This includes instruction on

new techniques, technologies, and legal updates to ensure that our personnel remain well-equipped to handle the evolving challenges of law enforcement effectively. Through these efforts, the Training Division plays a crucial role in cultivating a skilled and knowledgeable workforce, fostering strong community relationships, and promoting the highest standards of professionalism and service within our police department.

The Administration Division serves as a vital component within our modern full-service Police Department. Led by the Office of the Chief of Police, supported by an administrative assistant, and overseen by a Captain, this division ensures the smooth functioning of essential administrative and professional standards operations. The Office of Professional Standards, under the supervision of a Captain, plays a pivotal role in conducting administrative investigations related to potential violations of departmental rules or policies by officers. Additionally, this unit provides crucial support to the Street Level Operations Team (SLOT) in narcotics investigations, contributing to the maintenance of integrity and accountability within the department. In addition to personnel dedicated to administrative and professional standards functions, the Administration Division includes an IT Manager and a Help Desk Technician. The IT Manager assumes responsibility for the efficient and effective operation of all police department information technology services, encompassing computer hardware and software systems, network infrastructure, VOIP, and cell phone systems. Meanwhile, the Help Desk Technician is tasked with providing essential support to both internal and external stakeholders, assisting them with various information technology components to ensure seamless operations and communication. Through the collective efforts of these dedicated professionals, the Administration Division plays a crucial role in supporting the operational effectiveness, integrity, and ultimately contributing to the overarching mission of promoting safety, justice, and service within our community.

At our department, we answer the call to serve with unwavering dedication. With well over 68,000 total calls each year, we are committed to ensuring the safety and security of our community. Among the many assets of our department, our SWAT unit shines as a beacon of excellence. Recognized with the prestigious Texas Tactical Police Officers Association's First Annual Unit Citation Award for Meritorious Service in 2007, our SWAT team is a source of immense pride. They stand ready to respond to approximately 30 callouts annually, including both low and high-risk warrant service and managing barricaded or armed subjects, ensuring swift and effective resolution in critical situations. As guardians of public safety, we prioritize the well-being of our community above all else. The dedication and professionalism of our SWAT unit exemplify our commitment to serving with honor and distinction, ensuring that Kingsville remains a safe and secure place for all who call it home.

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.

Driven by our commitment to excellence, we constantly strive for innovation and advancement. By embracing new technologies and practices, we ensure that we are equipped to provide the highest level of service to the public we are honored to serve. At the Kingsville Police Department, we are more than a force; we are a beacon of professionalism, integrity, and dedication to our community's safety and well-being.

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 38 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 38 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 Shade Structure to Thompson Park and additional renovations to baseball/softball fields. 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 Departments within the same fund require City Manager approval. 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, 2023, period, showed the following changes in these sources from the prior year:

- an increase in current property tax receipts due to increase property tax values
- an increase in charges for services
- 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 2023 compared to 4.1% for the nation. Future Job growth for the City fell below the National average and was projected at (8.86%) compared to 30.54% nationally. Kingsville, Texas' cost of living score is 72.6, which means the total cost of housing, food, childcare, transportation, healthcare, taxes, and other necessities is 27.4% lower than the U.S. average and 22.9% higher than the average for Texas. The median home cost in Kingsville is \$125,200 with a 14.1% appreciation rate over the last 12 months. Median household income is \$48,715 versus \$69,021 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 66.21% 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 remain relatively constant for Public Safety while slightly decreasing for Public Works for the last 10 years.

Expenses as a Percent of Total Governmental Activities			
Activity	FY 13-14	FY 22-23	Net Change
Public Safety - Police & Fire	42.93%	41.92%	-1.01%
Public Works	29.45%	24.29%	-5.17%
Total	72.38%	66.21%	-6.17%

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 FY22-23 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 re-direct 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 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 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 Chamber of Commerce was recently awarded the Texas Industry Partnership Grant (TIP) from the Texas Workforce Commission. The grant creates a jet engine mechanics program to support the mission at NAS Kingsville. The collaborative grant proposal creates a formal partnership with Kingsville ISD, Workforce Solutions Coastal Bend, Coastal Bend College, and the Chamber of Commerce. The program will assist local residents to obtain jobs with contractors who provide maintenance at NAS Kingsville.

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), and Ultra Screen Printing, relocated to a larger space, Kingsville Steakhouse, Tot-ally Kids Daycare, 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 Kate Building. A historic school has also been purchased by a developer, this property will be redeveloped into a new retail center with 12-15 retail spaces, green spaces for children, a stage, and 4 pickleball courts. 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

Mesquite Grove, a new garden home development with 12 homes is under construction; awaiting the ground-breaking ceremony for "Somerset At Kingsville," a 255-home subdivision that will commence this fall with homes at \$250,000.

Commercial projects include a new Fuel America service station, a new 7-11/Stripes service station, and a complete re-model/rebuild of the old Flato School into a future multi-use facility to be called "King's Plaza." Current remodeling projects include the local Walmart, renovations to the existing Christus Spohn Hospital and an addition to the restaurant formerly known as "Bray's Smokehouse."

Future Construction Projects

The City is experiencing a building boom in new construction projects, based on the announcement of 2 new industries possibly building in/near the City of Kingsville soon: 1 POINT FIVE, a Direct Air Carbon Technology Company, will possibly be building on the nearby King Ranch and employing 2,500 personnel, as well as Tesla Automotive Company, building a battery factory in nearby Robstown. These two industries, plus the redesignation of Highway 77 as the future Interstate 69E, has brought 2 new future housing subdivisions (mentioned above), 2 new service stations (mentioned above), and a remodel to the Love's Truck Stop, where they will be adding 6 new overnight RV parking spots. In addition, Take 5 Oil Change is building a new store in the City as well as a planned new HteaO commercial business. Other remodels/rebuilds involves the existing "Mr. Jaime's Taqueria" and Neesen Jeep, who is planning a demo/rebuild of one of their existing dealerships, as well as a new Used Car lot.

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

Tourism

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

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

The King Ranch's support and influence has left an indelible mark on 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 22-23, 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, 2022, continuing to confirm compliance with both GAAP and legal requirements. The City has received this prestigious award for the last 34 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. Special thanks must be given to our City Manager, Mark McLaughlin for his continued guidance and support.

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

Respectfully submitted,



Deborah Balli, CPA, CGFO
Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Kingsville
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

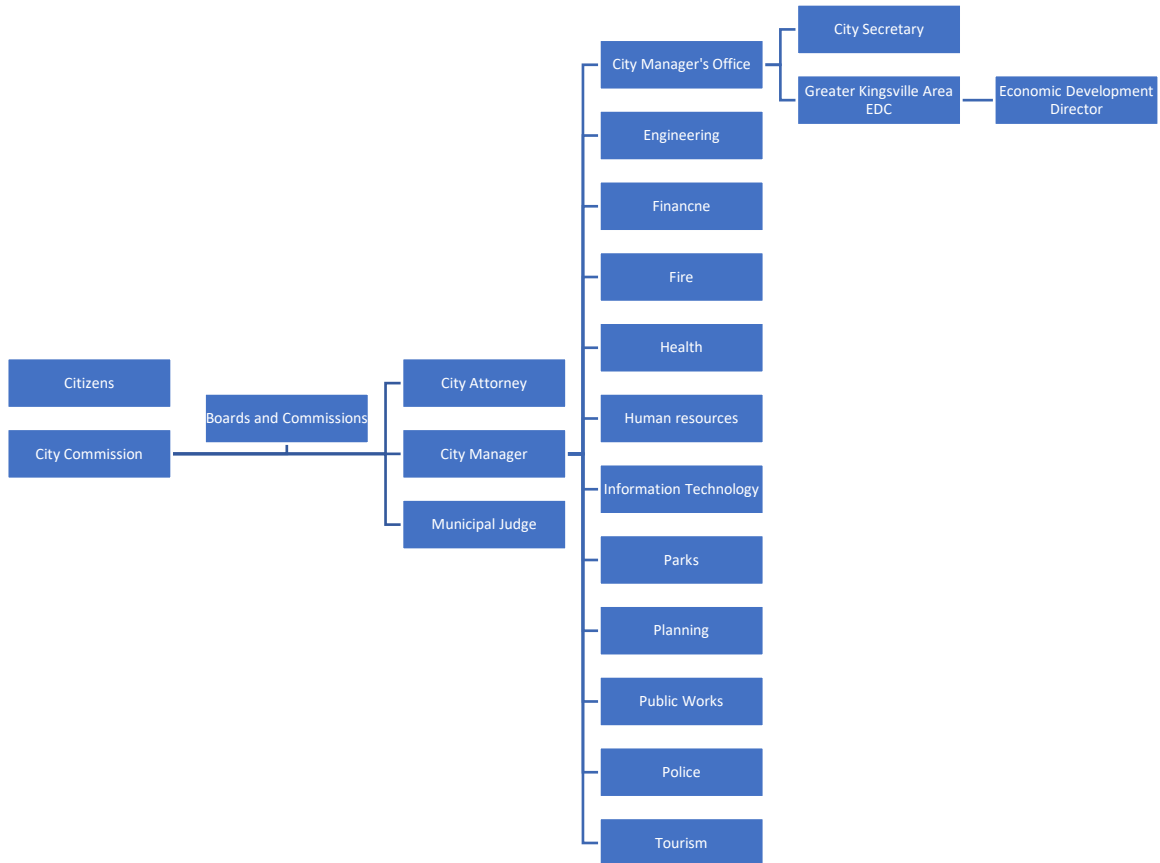
September 30, 2022

Christopher P. Morill

Executive Director/CEO



ORGANIZATION CHART



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

JOHN L. WOMACK, CPA
MARGARET KELLY, CPA

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KINGSVILLE, TEXAS 78364
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Independent Auditor's Report

To the To the Mayor and 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, 2023, 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, 2023, 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 (GAAS) 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

Change in Accounting Principle

As described in Note A to the financial statements, in 2023, City of Kingsville adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 94, *Public-Private and Public-Private Partnerships and Availability Payment Arrangements*. Our opinion is not modified with respect to this matter.

As described in Note A to the financial statements, in 2023, City of Kingsville adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.



PRIVATE COMPANIES PRACTICE SECTION, AICPA DIVISION FOR CPA FIRMS

As described in Note A to the financial statements, in 2023, City of Kingsville adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. Our opinion is not modified with respect to this matter.

As described in Note A to the financial statements, in 2023, City of Kingsville adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 91, *Conduit Debt Obligations*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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 include 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 and schedule of City OPEB contributions 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 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 a required part 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

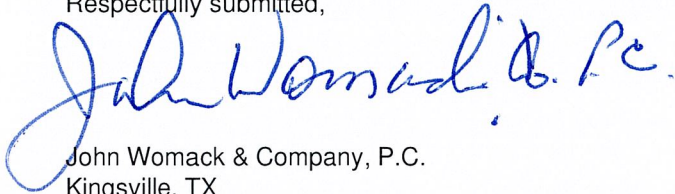
Management is responsible for the other information included in the ACFR. The other information as identified in the table of contents comprises the information included in the ACFR but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial 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 statements, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 5, 2024 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 City of Kingsville's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Kingsville's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in blue ink that reads "John Womack & Company, P.C." with a stylized flourish at the end.

John Womack & Company, P.C.
Kingsville, TX
April 5, 2024

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, 2023. 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 \$97.6 million compared to \$87.4 million in the prior fiscal year ended September 30, 2022. This increase is attributable to increases in cash and cash equivalents due to interest rate returns, grant revenues, and bond sale proceeds that were received in late September and not spent during the current year. Long term capital assets increased due to capital projects completed and capital equipment purchased through grant funding and debt service bond sales.
- Total deferred outflows of resources were \$6.75 million compared to \$1.51 million in the prior fiscal year ended September 30, 2022. This increase is attributable to a net investment income loss in the TMRS retirement system.
- Total liabilities were \$46.9 million compared to \$30.2 million in the prior fiscal year ended September 30, 2022. This increase is attributable to increases in payables still incurred at the end of the fiscal year, long-term contractual obligations due to new debt service bond issues and the net pension investment income loss.
- Total deferred inflows of resources were \$5.70 million compared to \$10.6 million in the prior fiscal year ended September 30, 2022. This decrease is attributable to inflows related to pensions.
- The total net position was \$51.7 million compared to \$48.14 million in the prior fiscal year ended September 30, 2022. 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 \$51.73 million.

Governmental Activities

On a government-wide basis for governmental activities:

- The City had net program expenses of \$17.9 million for the fiscal year ended September 30, 2023, compared to \$13.1 million for the prior year, representing a 37.02% increase coming mainly from public safety and public works.
- General revenues and transfers totaled \$20.2 million for the fiscal year ended September 30, 2023, compared to the prior year's amount of \$18.9 million, representing a 7.21% increase coming mainly from sales taxes, transfers, and interest earnings.
- Net position overall increased 7.89% from \$29.3 million on September 30, 2022, to \$31.6 million on September 30, 2023.

Business Type Activities

On a government-wide basis for business type activities:

- The City had net program revenues of \$3.1 million for the fiscal year ended September 30, 2023, compared to \$3.6 million for the prior year, representing a 15.49% decrease.
- General revenues and transfers out totaled (\$2.4) million for the fiscal year ended September 30, 2023, compared to the prior year's amount of (\$2.1) million, representing a 12.32% increase.
- Net position overall increased 6.76% from \$18.9 million on September 30, 2022, to \$20.2 million on September 30, 2023.
- On September 30, 2023, business-type activities had \$25.9 million in total liabilities compared to \$16.6 million on September 30, 2022.

Governmental Activities vs Business-Type Activities

- The ratio of total assets to total liabilities for governmental activities was 2.33 times; for business-type activities the ratio was 1.88 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 lower the financial risk.
- The quick ratio (current assets to current liabilities) was 6.30 times for governmental activities and 4.60 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 \$51.73 million, which is an increase of \$3.59 million from the prior year, or about 7.45%. Governmental activities' net position increased by 7.89%, while business-type activities' net position increased by 6.76%.

General Fund

- The fund balance of the General Fund increased from \$13.26 million to \$14.57 million. This represents a 9.84% increase from the prior year's fund balance, and furthermore, represents 61.05% of the \$23.87 million in expenditures in the current year. The General Fund's Unassigned Fund Balance was \$9.24 million, or 38.73% of general fund expenditures.
- General Fund revenues, (including transfers in), for the fiscal year ended September 30, 2023, of \$25.50 million were 8.73% higher than the prior year revenues of \$23.45 million. The \$2.05 million increase is mainly due to a \$237 thousand increase in taxes, a \$208 thousand increase in charges for services, a \$707 thousand increase in interest earnings and a \$927 thousand increase in transfers from other funds.
- General Fund's expenditures, including transfers out, for the fiscal year ended September 30, 2023, of \$24.19 million were 0.90% higher than the prior year expenditures of \$23.98 million. The \$215 thousand increase is mainly due to an increase in divisional expenditures offset by a \$182 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, 2022, was \$8.26 million, representing a

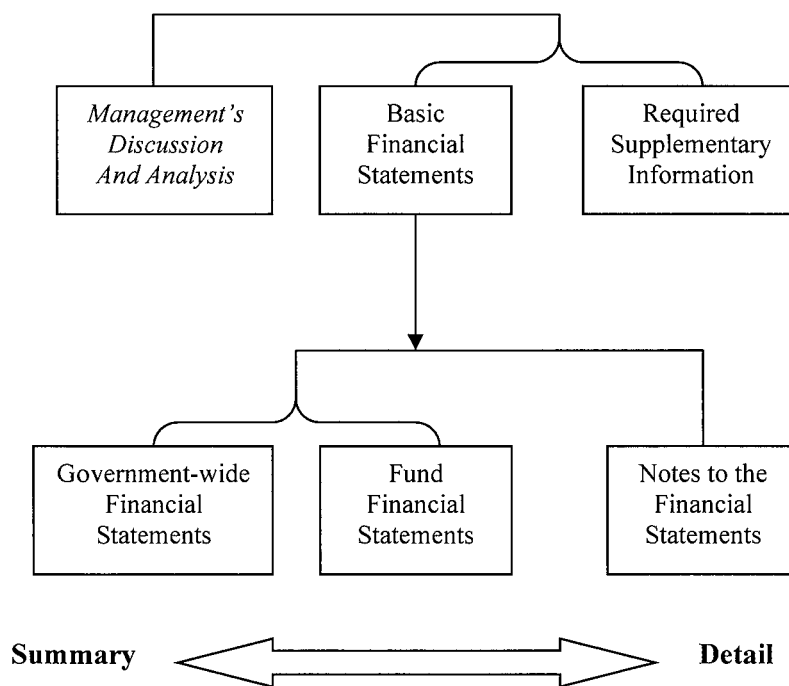
37.30% reserve. The fund balance increased to \$8.76 million on September 30, 2023, representing a 39.87% reserve.

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.

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.
 - 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.
 - *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, 2023, the net position totaled \$51.73 million, \$3.59 million more than the prior year. The

composition of this net position is \$31.56 million for governmental activities and \$20.17 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 42.47% 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 2.4% of its net position set aside for the retirement of debt. Approximately 33.7% 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, 2023 and 2022
(in thousands of dollars)**

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current & other assets	\$ 27,996	\$ 25,013	\$ 22,033	\$ 17,011	\$ 50,029	\$ 42,024
Capital assets	20,999	20,060	26,547	21,659	47,546	41,719
Net pension assets	0	3,106	0	531	0	3,637
Total assets	<u>48,995</u>	<u>48,179</u>	<u>48,580</u>	<u>39,201</u>	<u>97,575</u>	<u>87,380</u>
Deferred Outflows of Revenues	5,739	1,258	1,015	253	6,754	1,511
Long-term liabilities	16,576	9,046	21,094	13,253	37,670	22,299
Other liabilities	4,442	4,536	4,785	3,338	9,227	7,874
Total liabilities	<u>21,018</u>	<u>13,582</u>	<u>25,879</u>	<u>16,591</u>	<u>46,897</u>	<u>30,173</u>
Deferred Inflows of Revenues	2,155	6,602	3,548	3,973	5,703	10,575
Net investment in capital assets	14,502	12,191	7,465	9,952	21,967	22,143
Restricted	6,418	6,591	5,848	4,583	12,266	11,174
Unrestricted	10,641	10,471	6,855	4,355	17,496	14,826
Total net position	<u>\$ 31,561</u>	<u>\$ 29,253</u>	<u>\$ 20,168</u>	<u>\$ 18,890</u>	<u>\$ 51,729</u>	<u>\$ 48,143</u>

TABLE A-1: Governmental-Type Activities

Current & Other Assets increased \$2.98 million from \$25.01 million in FY22 to \$28.00 million in FY23, or 11.92%. Virtually, all of this is due to the City's higher cash balances. Capital assets, net of accumulated depreciation, increased \$940 thousand from \$20.06 million in FY22, to \$21.00 million in FY23, or 4.68%. Net pension assets were new in FY 21-22 but returned to a liability in FY 22-23. Long-term liabilities increased \$7.53 million from \$9.05 million in FY22 to \$16.58 million in FY23, or 83.23%. Most of this increase is due to the addition of the net pension liability of \$6.46 million that was a net pension asset last FY 21-22 and a \$1.09 million increase in contractual obligations for debt issues. Other liabilities decreased \$94 thousand from \$4.54 million in FY22 to \$4.44 million in FY23 or, 2.07%. This was mainly due to a decrease in financed purchases.

Restricted Net Position decreased by \$173 thousand from \$6.59 million in FY22 to \$6.42 million in FY23, or (2.62%) as follows:

(\$983,824)	decrease	Federal and State Programs
\$263,778	increase	Debt Service
\$635,819	increase	Capital Projects
\$12,941	increase	Municipal Court Security
(\$104,520)	decrease	Law Enforcement
(\$4,052)	decrease	Municipal Court Technology
\$6,963	increase	Tourism

Unrestricted Net Position increased \$170 thousand from \$10.47 million in FY22 to \$10.64 million in FY23, or 1.62%.

TABLE A-1: Business-Type Activities

The Combined Utility System’s net position was \$20.17 million in FY23, which is 39.0% of total net position and is \$1.28 million more than the prior year. The Combined Utility System contributed all the total unrestricted business-type net position.

Current & Other Assets increased \$5.02 million from \$17.01 million in FY22 to \$22.03 million in FY23, or 29.52%. Cash, both unrestricted and restricted are up \$4.57 million from \$14.80 million in FY22 to \$19.38 million in FY23 attributable to new debt service issues and better interest revenues. Capital assets, net of accumulated depreciation, increased \$4.89 million from \$21.66 million in FY22 to \$26.55 million in FY23, or 22.57%, due to a new water meter capital project.

Long-term liabilities increased \$7.84 million from \$13.25 million in FY22 to \$21.09 million in FY23, or 59.16% due to increases in the net pension liability of \$1.10 million and \$6.91 million in the contractual obligation for the water meter capital project. Net investment in capital assets decreased \$2.49 million from \$9.95 million in FY22 to \$7.47 million in FY23, or 24.98% due to increases in the contractual debt obligations.

Restricted net position increased \$1.26 million from \$4.58 million in FY22 to \$5.85 million in FY23, or 27.57%. Federal and State grant programs along with Capital projects make up the restricted net position and are attributable to projects related to ARP funding and grants.

Unrestricted net position increased \$2.50 million from \$4.36 million in FY22 to \$6.86 million in FY23, or 57.40%. This increase is attributable to increased operational revenues due to new water meters installed and overall cost savings.

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, 2023 and 2022
(in thousands of dollars)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenue:						
Program revenue:						
Charges for services	\$ 3,971	\$ 3,988	\$ 14,672	\$ 14,643	\$ 18,643	\$ 18,631
Operating grants & contributions	3,033	937	34	5	3,067	942
Capital grants & contributions	1,033	2,331	398	1,017	1,431	3,348
General revenues:						
Property taxes	8,455	8,577	-	-	8,455	8,577
Sales taxes	6,486	6,279	-	-	6,486	6,279
Other taxes	1,558	1,539	-	-	1,558	1,539
Intergovernmental earnings	0	10	-	-	-	-
Investment earnings	927	212	360	54	1,287	266
Insurance Settlement	-	-	-	-	-	-
Gain (loss) on disposal of capital assets	-	-	-	-	-	-
Other	43	59	-	-	43	59
Total revenues	<u>25,506</u>	<u>23,932</u>	<u>15,464</u>	<u>15,719</u>	<u>40,970</u>	<u>39,651</u>
Expenses:						
General government	6,897	4,805	-	-	6,897	4,805
Public safety	11,243	9,069	-	-	11,243	9,069
Public works	3,788	3,120	-	-	3,788	3,120
Health & other public services	3,115	2,593	-	-	3,115	2,593
Tourism	652	539	-	-	652	539
Community enrichment	55	-	-	-	55	-
Interest on long-term debt	200	203	-	-	200	203
Water, wastewater & storm water	-	-	9,058	8,801	9,058	8,801
Solid waste	-	-	2,987	3,243	2,987	3,243
Total expenses	<u>25,950</u>	<u>20,329</u>	<u>12,045</u>	<u>12,044</u>	<u>37,940</u>	<u>32,373</u>
Increase (Decrease) in net position before transfers	(444)	3603	3,419	3,675	2,975	7,278
Transfers	2,752	2,184	(2,752)	(2,184)	-	-
Increase (decrease) in net position	2,308	5,787	667	1,491	2,975	7,278
Net position, beginning	29,253	23,466	18,890	17,399	48,143	40,865
Prior period adjustment	-	-	611	0	611	0
Net position, ending	<u>\$ 31,561</u>	<u>\$ 29,253</u>	<u>\$ 20,168</u>	<u>\$ 18,890</u>	<u>\$ 51,729</u>	<u>\$ 48,143</u>

TABLE A-2: Governmental Activities

As shown in Table A-2, revenues were split between governmental activities and business-type activities at 62.26% and 37.74%, respectively. Expenses for each were 68.30% and 31.70%. Net position increased 7.89% from the prior period for governmental activities, increased 6.77% for business-type activities, and increased 7.45% overall.

The cost of all *governmental* activities for the fiscal year 2023 was \$26.0 million. However, the amount that taxpayers paid for these services through City taxes and business fees was \$16.5 million.

Some of the cost was paid by:

- Those who directly benefited from the programs, or \$3.97 million, and
- Other governments and organizations that subsidized certain programs with grants and contributions was \$4.07 million.
- Charges for services comprised 14.057% of governmental activities' revenues including transfers in and 94.88% of business-type activities' revenues.
- Taxes contributed 58.39% of governmental activities' revenues including transfers.
- Investment earnings generated 3.64% and 2.33% of governmental activities revenues and business-type activities, respectively, reflective of increasing interest rates in 2023 compared to 2022.
- Public Safety (including Police, Fire, Emergency Management, Inspections and Municipal Court) expenses accounted for 43.33% of governmental activities' expenses and 14.60% 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 \$9.64 million.
- General government comprises 26.58% of all governmental activities' expenses.

Charges for services revenue decreased \$17 thousand from \$3.99 million in FY22 to \$3.97 million in FY23, or (0.43%). These revenues come from licenses and permit fees, along with park and recreation activities and other miscellaneous changes. Sales tax revenue increased \$207 thousand from \$6.28 million in FY22 to \$6.49 million in FY23, or 3.30%. The City's level of sales tax held throughout the pandemic and continued strong throughout FY23. It is believed that residents are shopping locally due to increasing fuel costs, rather than traveling to neighboring Corpus Christi. In FY23, the City's one-time comptroller audit adjustments increased overall sales tax payments by \$152 thousand.

Other Revenues decreased from \$59 thousand in FY22 to \$43 thousand in FY23.

General government expenses increased \$2.1 million from \$4.80 million in FY22 to \$6.90 million in FY23, or 43.54%. Public Safety expenses increased \$2.17 million from \$9.1 million in FY22 to \$11.24 million in FY23, or 23.97%. Public Works expenses increased \$668 thousand from \$3.12 million in FY22 to \$3.79 million in FY23, or 21.41%. Overall expenditures went up by \$5.62 million 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 change in net position before transfers decreased by \$4.05 million, from a \$3.60 million increase in FY22 to a \$443 thousand decrease in FY23. Transfers in, increased \$568 thousand, from \$2.18 million in FY22 to \$2.75 million in FY23, or 25.99%.

TABLE A-2: Business-Type Activities

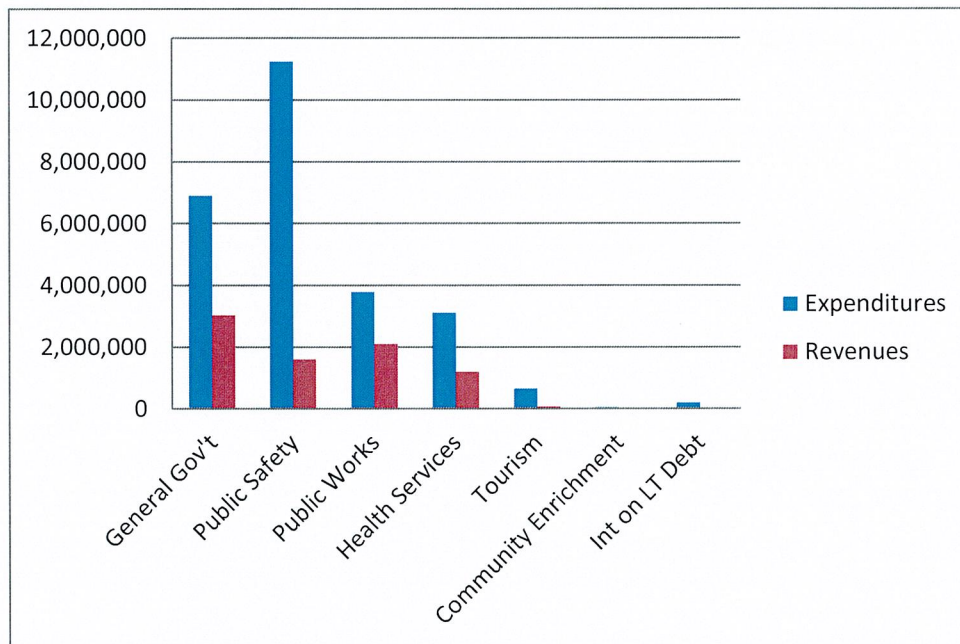
Charges for services revenue increased \$29 thousand from \$14.64 million in FY22 to \$14.67 million in FY23, or 0.20%. Water and sewer rates remained unchanged in FY23.

The change in net position before transfers decreased \$256 thousand, from \$3.68 million in FY22 to \$3.42 million in FY23, or (6.97%). Transfers Out increased \$568 thousand from \$2.18 million in FY22 to \$2.75 million in FY23, or 25.99%.

Solid Waste expenses decreased \$256 thousand from \$3.24 million in FY22 to \$2.99 million in FY23, or 7.91%. Water and wastewater expenses increased \$257 thousand from \$8.80 million in FY22 to \$9.06 million in FY23, or 2.92%.

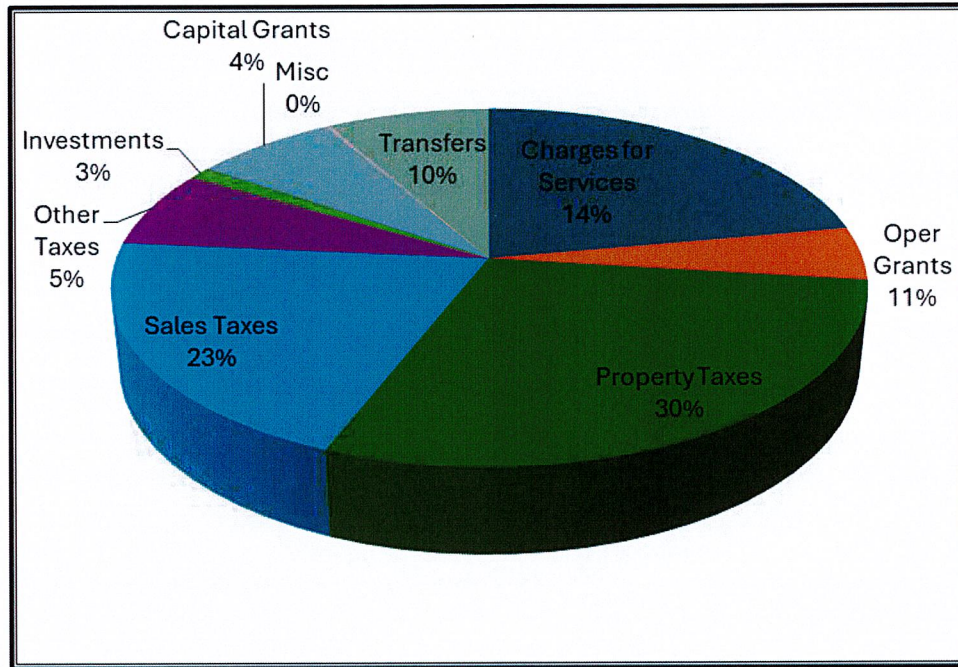
Graph 1 presents the cost of each of the City’s major governmental functions, as well as the associated program revenues.

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 75.20% of the expenses generated for business-type activities, with solid waste accounting for an additional 24.80%. The Utilities System had operating revenues of \$11.05 million, down by 530 thousand, operating income of \$1.99 million, down by \$937 thousand and operating income after transfers was \$667 thousand, a decrease of \$823 thousand. The major causes of these results were:

- Water revenues were up by \$94 thousand due to increased consumption.
- Wastewater revenues were down by \$46 thousand due to adjustments.
- Stormwater revenues were up by \$11 thousand.
- Operating grant revenues were up by \$29 thousand.
- The operating expenses increased by \$257 thousand, primarily due to inflationary factors.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

- Total assets of the General Fund increased \$1.14 million from \$15.21 million to \$16.35 million between FY22 and FY23. Most of this overall increase in total assets is from an increase of \$1.67 million in unrestricted Equity in Pooled Cash due to new debt issue proceeds which were received late in the fiscal year.
- Deferred Revenues for FY23 decreased \$15 thousand due to grant revenues recognized.
- Total liabilities of the General Fund decreased by \$150 thousand to approximately \$1.13 million or, 11.72%. Most of the decrease is attributed to a \$249 thousand decrease in Due To Other Funds as these were paid off by year end. This brings the ratio of total assets to total liabilities (including deferred revenues) to 9.20 times in 2023, up from 7.83 in 2022.
- Starting on page 91, see the Budgetary Results of the General Fund section below for more details on the General Fund revenues and expenditures resulting in General Fund excess of revenues over expenditures before other financing sources.
- The unassigned Fund Balance increased \$289 thousand due to an increased positive change. The Committed Fund Balance for Street Maintenance increased by \$332 thousand due to less street maintenance projects completed. The Committed Fund Balance for Landfill Closure/ Post Closure increased by \$265 thousand due to revenues outperforming expenditures and decreased \$221 thousand for the Capital Outlay Committed Fund Balance. The overall Fund Balance increased \$1.31 million from \$13.26 million in FY22 to \$14.57 million in FY23. The General Fund performed better due to higher sales taxes and ad valorem taxes which are two of the largest revenue sources and there was a conservative approach to spending which reigned in non-essential expenditures.

Police Forfeiture Funds

- Total assets of the Police Forfeiture Fund decreased \$85 thousand from \$2.0 million to \$1.92 million between FY22 and FY23. Most of this overall decrease in total assets was from a decrease in both unrestricted and restricted Cash and Cash Equivalents of \$88 thousand due to less seizures occurring and pending cases adjudicated. As this revenue source decreases, necessary expenditures will be funded through cash already on hand.
- Total liabilities of the Police Forfeiture Fund increased by \$24 thousand from \$684 thousand in FY22 to approximately \$708 thousand in FY23 mainly due to an \$18 thousand increase in accounts payable because of purchases not completed by the fiscal year end. This brings the quick ratio (current assets to current liabilities) to 2.71 times in FY23 from 2.92 times in FY22.
- Year-end unsettled seizures remain from current City of Kingsville Police department seizures. Unsettled seizures pending were up \$6.4 thousand.
- The Police Forfeiture Fund revenues decreased \$264 thousand, or 80.04%, from \$330 thousand in FY22 to \$65 thousand in FY23. This amount of decrease was due to less pending seizure cases being adjudicated.
- Police Forfeiture Fund expenditures saw an increase of \$11 thousand from \$163 thousand in FY22 to \$174 thousand in FY23. There are certain expenditures that will continue even when revenues decline resulting in alternative funding being secured.

- The Police Forfeiture Fund Restricted Fund Balance decreased by \$109 thousand from \$1.3 million in FY22 to \$1.2 million in FY23. The net of revenues over or under expenditures determines the change in value of the fund balance and revenues continue to decrease. Construction continues the main transportation corridor making it difficult to perform this effort.

Federal Grants

- Total assets of the Federal Grants increased \$466 thousand from \$2.65 million to \$3.12 million between FY22 and FY23 for a 17.56% increase. The Texas Water Development Board funded an additional location project increasing the Due From Other Governments account.
- Total liabilities and deferred inflows increased \$442 thousand or 20.58% from \$2.15 million in FY22 to \$2.59 million in FY23 mainly due to an increase in Accounts Payable because of outstanding project invoices.
- Fund Balance increased \$24 thousand or 4.73% from \$505 thousand in FY22 to \$528 thousand in FY23. Most of the Federal Grants are reimbursement grants, which results in funds received after payments made. This small change is due to timing issues or matching funds being provided.

Debt Service Fund

- The Debt Service Fund Balance increased \$98 thousand from \$492 thousand in FY22 to \$590 thousand in FY23. This was an increase of 20.03% from FY22 to FY23. 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.

Capital Projects Fund

- This is a new fund in FY23 due to a bond issue that was issued for the purchase of landfill, sanitation, and street equipment. The bond proceeds were received late in the fiscal year resulting in minimal activity and only increases in the line items presented.

Other Governmental Funds

- Total assets of the Other Governmental Funds decreased \$450 thousand from \$1.59 million to \$1.14 million between FY22 and FY23. Equity in Pooled Cash and Cash equivalents decreased \$427 thousand, while Restricted Cash and Cash equivalents increased \$75 thousand due to debt issue items purchased and projects completed. Accounts Receivable decreased \$13 thousand and Due From Other Funds and Governments decreased \$88 thousand between FY22 and FY23 as these were cleared before year-end.
- Total liabilities and deferred revenues of the Other Governmental Funds decreased by \$36 thousand to \$55 thousand, a 40.07% decrease. Most of the decrease is attributed to a decrease in Accounts Payable due to less outstanding invoices and a decrease in deferred revenues recognized and the Due To Other Funds paid off before year-end.
- Other Governmental Funds include Tourism, State grants and General Fund Debt Service Project Funds. The fund balance for these funds was \$1.49 million in FY22 and decreased to \$1.08 million in FY23. This decrease was mostly due to the Tourism fund, because of decreased revenues from hotel occupancy taxes earned on out-of-town guests.

Budgetary Results of the General Fund

Revenues

Per page 91, General Fund taxes and business tax revenues were \$14.26 million, which was \$547 thousand, or 3.99% above the final budget. Ad Valorem Tax Delinquent revenues were \$188 thousand, which was \$6.5 thousand, or 3.33% below budget. FY23 tax revenues increased by \$237 thousand due to an increase in valuations. Ad Valorem Tax Penalty revenues were \$137 thousand, which was \$22 thousand, or 19.26% above budget. The City usually budgets these revenues conservatively to adjust for possible anomalies that might occur in the collection process which the City does not manage. Sales Tax Revenues were \$6.49 million, which was \$661 thousand, or 11.35% above budget. Franchise tax revenue was \$889 thousand, which was \$15.9 thousand, or 1.81% higher than the final budget. These variances are the result of conservative budgeting and changes in the local economy. Sales taxes for FY23 increased \$206 thousand over FY22, which indicates that consumers continued to shop more locally. Franchise taxes for FY23 increased \$50 thousand and revenues remain stable from year to year.

Fines and Forfeiture revenue was less than the Final Budget for FY23 by \$56.9 thousand, or 8.82%. FY23 revenues slightly increased over FY22 by \$11.6 thousand. Smaller dockets and virtual court sessions continued due to on-going issues at the County jail resulting in Municipal Court defendants not being accepted at the jail. This practice did not continue the entire fiscal year, but it still resulted in revenues not meeting projections.

Total Charges for Sanitation Services revenues were \$4.05 million, which was \$167 thousand, or 4.32% more than the final budget. Garbage Fees revenue was higher than the final budget by \$17 thousand, or 0.52% of the Final Budget for FY23. The Landfill Fees revenue was more than the final budget by \$159 thousand, or 30.92% for FY23. The main decrease in revenues in FY23 was \$94 thousand in landfill fees. FY23 experienced wetter weather which caused less customers coming into the landfill.

Expenditures

City Administration Department

The City Commission expenditures were lower than the final budget by \$7 thousand or 5.38% due to Commissioners traveling less and saving in communications and subscriptions. FY23 actual expenditures decreased \$41 thousand from FY22 mainly in the Services category.

The City Manager expenditures were lower than the final budget by \$5 thousand or 1.43%. due to the increase in the unemployment rate, and savings in supplies, travel, and memberships. FY23 actual expenditures increased \$37 thousand from FY22 mainly in the Personnel category.

City Special Services expenditures were lower than the final budget by \$164 thousand, or 17.07%. due to savings on retiree group health, supplies, property insurance and the City Hall Landscape project was not completed. FY23 actual expenditures increased \$245 thousand from FY22, mainly in the Building Maintenance, Services and Capital Outlay categories.

Overall, the City Administration Department's expenditures increased in FY23 by \$250 thousand, but it was still able to stay within budget as expenditures were lower than the final budget by \$195 thousand or 11.0%.

Management Services Department

The Personnel Division expenditures were lower than the final budget by \$12 thousand or 2.72% due to savings in salaries, travel, and the copier lease. FY23 actual expenditures increased \$2 thousand from FY22 in the Personnel and Other Operating Expenditures categories.

Municipal Court expenditures were lower than the final budget by \$5 thousand or 1.44% with savings in Personnel, Supplies and Travel. FY23 actual expenditures increased \$4.6 thousand from FY22 in the Personnel category.

Finance expenditures were lower than the final budget by \$21.1 thousand or 1.59%. from salary savings due to a position vacancy. FY23 actual expenditures decreased \$22 thousand from FY22. Overall, all categories decreased except salaries and capital outlay.

Facilities expenditures were lower than the final budget by \$802 or 0.22%. FY23 actual expenditures increased by \$44 thousand from FY22. All expenditure categories increased except for the Capital Outlay category which decreased by \$5 thousand.

Overall, the Management Services Department's expenditures were lower than the final budget by \$38 thousand or 1.56%. Expenditures in FY23 increased by \$29 thousand from FY22.

Legal Department

The Legal Department expenditures were lower than the final budget by \$2 thousand, or 0.83% mainly in the Services category. FY23 actual expenditures increased by \$41 thousand from FY22 mainly in the Personnel and Services categories.

Urban Development Department

Planning expenditures were lower than the final budget by \$18 thousand, or 6.49%. mainly in the Personnel and Services categories. FY23 actual expenditures increased \$6 thousand from FY22 mainly in the Services category.

Permits and Licenses expenditures were lower than the final budget by \$26 thousand or 14.42% with savings in Group Health Insurance and Professional Services. FY23 actual expenditures decreased by \$3 thousand from FY22 mainly in the Personnel category.

Code Compliance expenditures were lower than the final budget by \$20 thousand, or 4.69% with savings in Personnel, Communications, and the Keep Kingsville Beautiful program. FY23 actual expenditures decreased \$9 thousand from FY22 mainly in the Services category.

Overall, the Urban Development Department expenditures were lower than the final budget by \$64 thousand or 7.27%. Actual expenditures in FY23 were \$6 thousand lower than FY22.

Police Department

Police Department total expenditures were lower than the final budget by \$855 thousand, or 12.48%. Of this lower amount, \$662 thousand was related to Personal Services expenditures due to vacancies. Supplies were lower by \$10 thousand due to vacancies which resulted in lower gasoline usage, guns and ammunition needs and uniforms. Services were lower by \$15 thousand due to less travel and training. Repairs were lower by \$22 thousand due to less equipment maintenance. Actual expenditures in FY23 were \$61 thousand less than FY22.

Fire Department

The Fire Department total expenditures were 100% of the final budget. Actual expenditures in FY23 were \$268 thousand more than FY22.

Volunteer Fire Department

Expenditures for the Volunteer Fire Department were 100% of the final budget. Actual expenditures in FY23 were \$9 thousand less than FY22.

Public Works Department

Expenditures for the Public Works Administration division were \$25 thousand less than the final budget, or 10.10% due to vacancies which reduced costs across the board. Actual expenditures in FY23 were \$10 thousand less than FY22.

Garage expenditures were \$94 thousand less than the final budget, or 17.15% due to staffing shortages which reduced costs across the board. Actual expenditures in FY23 were \$53 thousand less than FY22 mainly in the Personnel category.

Sanitation expenditures were less than the final budget by \$74 thousand, or 3.80% due to vacancies which resulted in reduced costs across the board. Actual expenditures in FY23 were \$326 thousand less than FY22.

Street total expenditures were lower than the final budget by \$701 thousand, or 24.36% due to staffing shortages which reduced costs across the board. Actual expenditures in FY23 were \$170 thousand less than FY22.

Landfill total expenditures were lower than the final budget by \$566 thousand, or 34.58%. Lower expenditures were mainly due to lower professional services, motor gas and oil and equipment maintenance. There were vacancies which reduced overall costs across the division. Actual expenditures in FY23 were \$48 thousand less than FY22.

Overall, the Public Works Department expenditures were lower than the final budget by \$1.46 million, or 20.12%.

Health Department

The Health Department expenditures were lower than the final budget by \$12 thousand, or 1.60% due to personnel vacancies. Actual expenditures in FY23 were \$44 thousand more than FY22.

Parks and Recreation Department

Total expenditures for the Parks and Recreation Department were lower than the final budget by \$279 thousand, or 17.71% mainly due to building maintenance savings. Actual expenditures in FY23 were \$167 thousand more than FY22.

Golf Course

Total expenditures for the Golf Course were 100% of the final budget. Actual expenditures in FY23 were \$261 thousand more than FY22 due to a capital project.

Total Revenues and Expenditures

General Fund total revenues, not including transfers-in, were \$23.15 million which is \$1.70 million, or 7.92% above the final budget. The General Fund expenditures, not including transfers-out, came in at \$23.87 million, which was \$3.46 million or 12.67% below the final budget. Actual revenues were below expenditures by \$712 thousand, but it does not include Other Financing Sources of \$2.02 million.

Budget Amendments of the General Fund

The General Fund revenues budget, excluding transfers-in, was amended by an increase of \$585 thousand from the following sources:

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

Further information on the revenue amendments is detailed on pages 86-87 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 \$1.82 million came from the following sources:

The City Administration Department budget increased by \$33,102. Divisions within this department include the City Commission, City Manager, City Special and Economic Development. Budget increases were due to:

- Changes to the City Manager contract
- Changes to the Budget Amendment Reserve
- Escondido Rd Survey
- Property Liability Insurance Increase
- Downtown Planter Project

The Management Services Department budget changed by \$50,343. Divisions within this department include Personnel, Finance Administration, Municipal Court, and Facilities. Budget increases were due to:

- Cost overruns in all categories
- Server software

The Legal Department budget changed by \$26,385 due to:

- additional costs for Professional Services for outside legal assistance
- Increase in City Attorney Personnel Costs

The Urban Development Department budget changed by \$1,000. Divisions within the department include Planning, Permits & Licenses, Code Compliance and Community Appearance. Budget increases were due to the Trash Off Event

The Police department budget increased by \$399 thousand. There are five divisions that include Administration, Patrol, Communications, Criminal Investigations and Warrants. Budget increases were due to:

- Collective Bargaining Agreement – 1st year of 2.
- Additional Training needs

The Fire department changed by \$104 thousand due to:

- Overall Cost Overruns
- Fire Fighting Equipment

The Public Works Department changed by \$442 thousand. Divisions within this department include Public Works Administration, Garage, Sanitation, Street and Landfill. Budget increases were due to:

- Overall Cost Overruns
- Vehicle Maintenance
- 4th Street Repairs

The Health Department budget increased \$4 thousand due to increases in minor vet care.

The Parks and Recreation Department budget changed by \$451 thousand due to:

- Prior year rolled over purchase orders for items not received by prior year end.
- Recreation Programs
- League increased costs.

The Golf Course Department budget changed by \$316 thousand due to the green's maintenance project.

Operating transfers-out increased by \$35 thousand due to providing grant cash match funding.

Additional information on the City's Original Budget to Final Budget and Final Budget to Actual can be found on Exhibit B-1, pages 91-97. Further information on the expenditure amendments is detailed on pages 86-87 of the Notes to the Financial Statement.

Non-major Governmental Funds

Three special revenue funds comprise the portion of the financial statements found on pages 109-115. Total assets for the combined funds were \$1.14 million, total liabilities were \$21 thousand, total deferred inflows were \$34 thousand and total fund balances were \$1.08 million, with \$27 thousand in non-spendable funds and \$1.05 million in Restricted Fund Balance.

The Tourism Fund makes up 82.50% of the revenues of the special revenue funds. The main source of funding for the Tourism Fund is from Hotel/Motel Occupancy Taxes. Another portion of these special revenue non-major funds are the State Grants at 13.32%. 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, 2023 and 2022
(In thousands of dollars)**

	Governmental Activities			Business-type Activities		
	2023	2022	% Change FY 22-23	2023	2022	% Change FY 22-23
Land	\$ 580	\$ 580	0.00%	\$ 595	\$ 595	0.00%
Construction in progress	2,837	2,310	22.81%	5,811	2,393	142.83%
Road network	4,786	5,047	-5.17%	-	-	0.00%
Building & improvements	8,547	8,354	2.31%	16,108	14,992	7.44%
Equipment	1,557	1,124	38.52%	3,225	3,482	-7.38%
Vehicles	2,692	2,645	1.78%	808	713	13.32%
Total	\$ 20,999	\$ 20,060	4.68%	\$ 26,547	\$ 22,175	19.72%

In the Notes to the Financial Statements located on pages 71-72, the City has invested \$117.92 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 \$527 thousand from \$2.31 million in FY22 to \$2.84 million in FY23 with the on-going projects funded with Certificates of Obligation. As projects are started, construction in progress will continue to increase until project completion.

TABLE A-3: Business-type Activities

Building and improvements, net of depreciation, increased \$1.12 million from \$14.99 million in FY22 to \$16.11 million in FY23, or 7.44% net of accumulated depreciation. Equipment decreased \$257 thousand from \$3.5 million in FY22 to \$3.23 million in FY23, or 7.38%.

Construction in progress increased \$3.42 million from \$2.39 million in FY22 to \$5.8 million in FY23, or 142.83% indicating construction projects remained uncompleted.

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

**Table A-4: Long-Term Liabilities
September 30, 2023 and 2022
(in thousands of dollars)**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Certificates of obligation	\$ 6,574	\$ 5,502	\$ 12,497	\$ 3,875	\$ 19,071	\$ 9,377
Limited tax refunding bonds	2,881	3,230	6,114	7,341	8,995	10,571
Premium on bonds payable	497	429	575	498	1,072	927
Capital Leases	190	320	692	896	882	1,216
Total debt	10,142	9,481	19,878	12,610	30,020	22,091
Net pension liability	6,459	(3,106)	1,103	(531)	7,562	(3,637)
Landfill closure cost	0	0	2,095	1,987	2,095	1,987
OPEB Liability	576	561	152	147	728	708
Compensated absences	1,299	1,283	114	104	1,413	1,387
Total long-term debt	\$ 18,476	\$ 8,219	\$ 23,342	\$ 14,317	\$ 41,818	\$ 22,536

Table A-4 indicates that total long-term debt increased by \$19.28 million from FY22 to FY23, or 85.56%. Of that, landfill closure costs increased \$108 thousand, or 5.44%, while compensated absences increased 1.87%, and other post-employment costs increased \$20 thousand or 2.82%. Total debt outstanding at the fiscal year-end was \$41.8 million, from \$22.5 million for the prior year.

In addition, there were overall increases of \$9.69 million in certificates of obligation bonds and revenue bonds (Combined Utility System) through additional bonds sold and scheduled principal payments. Governmental Activities’ certificate of obligations had a \$1.07 million debt increase and the Business-type activities had an increase of \$8.62 million. Additional information on the City’s Long-Term Obligations can be found on Note G, Item # 1-4, and pages 73-78 of the Notes to the Financial Statements.

Ad Valorem Taxes

The FY23 tax rates were \$0.59409 for the General Fund and \$0.16591 for the Debt Service Fund, totaling \$0.76000 per \$100 of assessed value. Therefore, the City’s tax margin of \$1.74 per \$100 of assessed value could increase taxes \$20.46 million each year based on the assessed value of \$1,175,807,894. A brief discussion of the ad valorem tax limitations of the Constitution of the State of Texas and the City Charter are found in Note A, Item #4b, page 64-65 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 2023-2024 ADOPTED OPERATING BUDGET

The total Revenues and Expenditures adopted for the FY23-24 budget are \$91,714,681 and \$100,343,589 respectively. The \$8,628,908 difference between expenditures and revenues is due mostly to drawing down fund balances to complete capital projects, the largest portion of which are for projects financed by Certificates of Obligation (C.O.'s). The operating budgets and capital project budgets are combined, and C.O. fund balances are not re-appropriated, which leads to a higher difference.

Budget Overview

The management practices employed, and the recommendations put forth in the Budget are intended to improve resident satisfaction with city services consistent with City commission goals. The City's General Fund is the largest and most diverse fund in terms of total budgeted dollars and scope of services to residents. The General Fund 001 budget is required to maintain reserves equal to 25% of budgeted expenditures for the subsequent year. Reserve requirements are \$6,322,931 and our ending estimated fund balance is \$6,433,890, leaving a projected operating surplus of \$110,958 over the required minimum of \$6.32 million.

The net deficits for FY22 and FY23 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

The FY23-24 budget includes a complete overhaul of the Compensation Plan with new employee classes and an increased number of steps within each class. The Compensation Plan change was the result of a study conducted by a third-party contractor, Evergreen, and it re-establishes separations between jobs to reward skills improvement, certifications, and longevity. The number of classes increased from 15 to 27 and the number of steps in each class increased from six to eight. This action results in a separation of between 4% and 5% between classes, a 3% to 4% separation between steps, and allows for steps through 25 years of service to the City. In FY 23-24 the City is proposing 291 full-time and 19 part-time positions for a total of 310.

Capital Outlays

Capital outlay requests for FY24 totaled \$6,197,194; of which \$1,761,291 was approved. The capital outlay items approved promote employee efficiency, effectiveness, and safety and are a combination of large and small items. It includes:

- \$36,606 HVAC Unit for the Municipal Building
- \$14,400 John Deere Zero Turn Mower for the Golf Course
- \$898,000 Drainage Projects
- \$50,000 (5) Submersible Pumps
- \$6,000 Trimble TDC650 for Engineering
- \$719,285 Drainage Projects To Be Determined
- \$15,000 Fencing for Ballfields
- \$10,000 Splash Pad Shelter
- \$12,000 Shade Structure for Thompson Park

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

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CITY OF KINGSVILLE
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 5,253,194	\$ 2,067,158	\$ 7,320,352
Equity in pooled cash and cash equivalents	14,200,165	7,365,569	21,565,734
Receivables (net of allowances for uncollectibles):			
Taxes	1,811,225	--	1,811,225
Accounts receivable	346,095	1,991,184	2,337,279
Due from other governments	677,741	16,456	694,197
Prepaid expenses	359,694	320	360,014
Inventory, at cost	223,100	598,564	821,664
Restricted assets:			
Cash and cash equivalents	1,721,455	8,863,073	10,584,528
Equity in pooled cash and cash equivalents	3,402,622	1,079,363	4,481,985
Accounts receivable	--	51,011	51,011
Long-term assets:			
Land and construction in progress	3,417,451	6,405,694	9,823,145
Capital assets, net of related depreciation	<u>17,581,838</u>	<u>20,141,513</u>	<u>37,723,351</u>
Total Assets	<u>48,994,580</u>	<u>48,579,905</u>	<u>97,574,485</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on Refunding	40,154	35,487	75,641
Deferred outflow related to pensions	5,650,951	965,325	6,616,276
Deferred outflow related to OPEB	<u>48,256</u>	<u>14,502</u>	<u>62,758</u>
Total Deferred Outflows of resources	<u>5,739,361</u>	<u>1,015,314</u>	<u>6,754,675</u>
LIABILITIES			
Accounts payable	1,256,412	1,541,647	2,798,059
Accrued wages payable	261,405	52,251	313,656
Payable from restricted assets:			
Accrued interest payable	68,270	107,411	175,681
Customer deposits	681,388	834,778	1,516,166
Due to:			
Other governments	274,544	--	274,544
Others	448	--	448
Liabilities due within one year:			
Accumulated unpaid compensated absences	576,680	38,500	615,180
OPEB liability	--	15,798	15,798
Financed purchases payable	52,206	210,701	262,907
Contractual obligations payable	1,271,241	1,983,759	3,255,000
Liabilities due beyond one year:			
Accumulated unpaid compensated absences	722,146	75,818	797,964
Financed purchases payable	138,146	481,289	619,435
OPEB liability	576,137	135,943	712,080
Contractual obligations payable	8,679,921	17,202,700	25,882,621
Net pension liability	6,459,365	1,103,426	7,562,791
Landfill closure costs	--	<u>2,094,702</u>	<u>2,094,702</u>
Total Liabilities	<u>21,018,309</u>	<u>25,878,723</u>	<u>46,897,032</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	20,717	3,535	24,252
Deferred inflows of resources related to OPEB	129,834	16,661	146,495
Other deferred inflows of resources	<u>2,004,095</u>	<u>3,528,262</u>	<u>5,532,357</u>
Total Deferred Inflows of Resources	<u>2,154,646</u>	<u>3,548,458</u>	<u>5,703,104</u>
NET POSITION:			
Net Investment in Capital Assets	14,502,177	7,465,510	21,967,687
Restricted For:			
Federal and State Programs	2,455,812	3,675,211	6,131,023
Debt Service	1,228,943	--	1,228,943
Capital Projects	847,978	2,171,822	3,019,800
Municipal Court Security	47,433	--	47,433
Law Enforcement	1,170,420	--	1,170,420
Municipal Court Technology	37,314	--	37,314
Tourism	629,580	--	629,580
Unrestricted	<u>10,641,329</u>	<u>6,855,495</u>	<u>17,496,824</u>
Total Net Position	<u>\$ 31,560,986</u>	<u>\$ 20,168,038</u>	<u>\$ 51,729,024</u>

The accompanying notes are an integral part of this statement.

CITY OF KINGSVILLE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
General government and administration	\$ 6,897,221	\$ 352,556	\$ 2,688,611	\$ --
Public safety	11,243,058	1,326,835	262,933	13,027
Public works	3,788,476	1,090,136	--	1,020,490
City/County	3,114,942	1,186,138	20,457	--
Tourism	651,792	15,204	61,548	--
Community enrichment	54,833	--	--	--
Interest on long-term debt	200,196	--	--	--
Total Government Activities	<u>25,950,518</u>	<u>3,970,869</u>	<u>3,033,549</u>	<u>1,033,517</u>
Business-type Activities:				
Water Improvement	5,696,128	5,340,149	34,082	397,869
Stormwater	85,090	426,029	--	--
Solid waste	2,986,526	4,058,286	--	--
Wastewater	3,276,876	4,847,913	--	--
Total Business-type Activities	<u>12,044,620</u>	<u>14,672,377</u>	<u>34,082</u>	<u>397,869</u>
Total Primary Government	<u>\$ 37,995,138</u>	<u>\$ 18,643,246</u>	<u>\$ 3,067,631</u>	<u>\$ 1,431,386</u>
General Revenues:				
Property taxes				
Sales taxes				
Franchise taxes				
Alcoholic beverage taxes				
Hotel/Motel taxes				
Unrestricted investment earnings				
Miscellaneous income				
Transfers				
Total General Revenues and Transfers				
Change in Net Position				
Net Position - Beginning				
Prior Period Adjustment				
Net Position - Ending				

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (3,856,054)		\$ (3,856,054)
(9,640,263)		(9,640,263)
(1,677,850)		(1,677,850)
(1,908,347)		(1,908,347)
(575,040)		(575,040)
(54,833)		(54,833)
(200,196)		(200,196)
<u>(17,912,583)</u>		<u>(17,912,583)</u>
--	\$ 75,972	75,972
--	340,939	340,939
--	1,071,760	1,071,760
--	<u>1,571,037</u>	<u>1,571,037</u>
--	<u>3,059,708</u>	<u>3,059,708</u>
<u>(17,912,583)</u>	<u>3,059,708</u>	<u>(14,852,875)</u>
8,455,115	--	8,455,115
6,485,867	--	6,485,867
889,859	--	889,859
68,927	--	68,927
599,478	--	599,478
927,250	359,311	1,286,561
42,834	--	42,834
<u>2,751,612</u>	<u>(2,751,612)</u>	<u>--</u>
<u>20,220,942</u>	<u>(2,392,301)</u>	<u>17,828,641</u>
2,308,359	667,407	2,975,766
29,252,627	18,890,279	48,142,906
--	610,352	610,352
<u>\$ 31,560,986</u>	<u>\$ 20,168,038</u>	<u>\$ 51,729,024</u>

CITY OF KINGSVILLE

BALANCE SHEET - GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2023

	General Fund	Police Forfeiture Fund	Federal Grants
ASSETS			
Assets:			
Cash and cash equivalents	\$ 5,199	\$ 1,188,114	\$ --
Equity in pooled cash and cash equivalents	12,754,616	--	2,528,792
Receivables (net of allowances for uncollectibles):			
Taxes	1,679,851	--	--
Accounts receivable	714,360	--	--
Assessments	59,824	--	--
Due from:			
Other governments	75,275	--	591,639
Prepaid expenditures	339,435	--	--
Inventory, at cost	215,976	--	--
Restricted assets:			
Cash and cash equivalents	259,329	681,462	--
Equity in pooled cash and cash equivalents	191,039	45,878	--
Accounts receivable	51,011	--	--
Total Assets	<u>\$ 16,345,915</u>	<u>\$ 1,915,454</u>	<u>\$ 3,120,431</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND EQUITY			
Liabilities:			
Accounts payable	\$ 603,708	\$ 26,351	\$ 617,893
Accrued wages payable	256,261	--	--
Payable from restricted assets:			
Customer deposits	--	681,388	--
Due to:			
Other governments	274,544	--	--
Others	448	--	--
Total Liabilities	<u>1,134,961</u>	<u>707,739</u>	<u>617,893</u>
Deferred inflows of Resources:			
Deferred revenue	<u>640,960</u>	<u>--</u>	<u>1,974,069</u>
Total Deferred Inflows of Resources	<u>640,960</u>	<u>--</u>	<u>1,974,069</u>
Equity:			
Fund balances:			
Nonspendable:			
Inventory	213,560	--	--
Prepays	263,268	--	--
Restricted:			
Debt service	--	--	--
Capital outlay	156,202	--	--
Municipal court building security	34,837	--	--
Municipal court technology	--	37,314	--
Law enforcement	--	1,170,401	--
Tourism	--	--	--
Federal and state programs	--	--	528,469
Committed:			
Landfill	2,417,467	--	--
Street maintenance	906,021	--	--
Park maintenance	26,407	--	--
JK Northway project	557,000	--	--
Golf course maintenance	50,901	--	--
Sanitation capital outlay	266,319	--	--
Assigned:			
Vehicle replacement	250,889	--	--
Economic development	183,168	--	--
Unassigned:	<u>9,243,955</u>	<u>--</u>	<u>--</u>
Total Equity	<u>14,569,994</u>	<u>1,207,715</u>	<u>528,469</u>
Total Liabilities, Deferred Inflows of Resources, and Equity	<u>\$ 16,345,915</u>	<u>\$ 1,915,454</u>	<u>\$ 3,120,431</u>

The accompanying notes are an integral part of this statement.

EXHIBIT A-3

Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 356,854	\$ --	\$ 75	\$ 1,550,242
--	98,514	574,042	15,955,964
131,374	--	--	1,811,225
5	5,904	47,582	767,851
--	--	--	59,824
--	--	10,827	677,741
--	--	20,259	359,694
--	--	7,124	223,100
233,231	--	475,161	1,649,183
--	4,747,792	--	4,984,709
--	--	--	51,011
<u>\$ 721,464</u>	<u>\$ 4,852,210</u>	<u>\$ 1,135,070</u>	<u>\$ 28,090,544</u>
\$ --	\$ 814	\$ 15,646	\$ 1,264,412
--	--	5,144	261,405
--	--	--	681,388
--	--	--	274,544
--	--	--	448
<u>--</u>	<u>814</u>	<u>20,790</u>	<u>2,482,197</u>
131,374	--	34,026	2,780,429
<u>131,374</u>	<u>--</u>	<u>34,026</u>	<u>2,780,429</u>
--	--	7,124	220,684
--	--	20,259	283,527
590,090	--	--	590,090
--	4,851,396	--	5,007,598
--	--	--	34,837
--	--	--	37,314
--	--	19	1,170,420
--	--	545,352	545,352
--	--	507,500	1,035,969
--	--	--	2,417,467
--	--	--	906,021
--	--	--	26,407
--	--	--	557,000
--	--	--	50,901
--	--	--	266,319
--	--	--	250,889
--	--	--	183,168
--	--	--	9,243,955
<u>590,090</u>	<u>4,851,396</u>	<u>1,080,254</u>	<u>22,827,918</u>
<u>\$ 721,464</u>	<u>\$ 4,852,210</u>	<u>\$ 1,135,070</u>	<u>\$ 28,090,544</u>

CITY OF KINGSVILLE
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 SEPTEMBER 30, 2023**

Total fund balances - governmental funds balance sheet	\$ 22,827,918
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.	20,999,288
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	652,833
The assets and liabilities of internal service funds are included in governmental activities in the SNP.	2,782,171
Payables for bond principal which are not due in the current period are not reported in the funds.	(9,454,334)
Payables for debt interest which are not due in the current period are not reported in the funds.	(68,270)
Payables for notes which are not due in the current period are not reported in the funds.	(190,352)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(1,298,826)
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds.	40,154
Solid waste assets & liabilities are included in the general fund but are in business activities in SNP.	(2,745,923)
Recognition of the City's proportionate share of the net pension liability is not reported in the funds.	(6,459,365)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(20,717)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	5,650,951
Bond premiums are amortized in the SNA but not in the funds.	(496,828)
Recognition of the City's proportionate share of the net OPEB liability is not reported in the funds.	(576,137)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.	(129,834)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.	<u>48,257</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 31,560,986</u>

The accompanying notes are an integral part of this statement.

CITY OF KINGSVILLE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2023

	General Fund	Police Forfeiture Fund	Federal Grants
Revenue:			
Taxes	\$ 14,258,090	\$ --	\$ --
Licenses and permits	289,793	--	--
Charges for services	7,088,940	--	--
Fines and forfeitures	588,175	35,370	--
Special assessments	3,093	--	--
Interest and miscellaneous	887,820	30,539	--
Donations	37,835	--	--
Intergovernmental revenue	--	--	2,750,158
Federal and state grants	--	--	1,182,739
Total Revenues	<u>23,153,746</u>	<u>65,909</u>	<u>3,932,897</u>
Expenditures:			
Current:			
General government and administration	5,095,677	15,019	1,577,471
Public safety	10,005,466	159,461	633,611
Public works	5,796,189	--	1,161,026
City/County	2,968,450	--	645,494
Tourism	--	--	61,548
Debt service:			
Principal retired	--	--	--
Interest	--	--	--
Bond issuance costs	--	--	--
Paying agent fees	--	--	--
Total Expenditures	<u>23,865,782</u>	<u>174,480</u>	<u>4,079,150</u>
Excess (deficiency) of revenues (under) expenditures	(712,036)	(108,571)	(146,253)
Other Financing Sources (Uses):			
Transfers in	2,346,147	--	209,633
Transfers out	(328,669)	--	(39,526)
Bond issuance premium	--	--	--
Issuance of debt	--	--	--
Total Other Financing Sources (Uses)	<u>2,017,478</u>	<u>--</u>	<u>170,107</u>
Net Change in Fund Balances	1,305,442	(108,571)	23,854
Fund Balances/Equity, October 1	13,264,552	1,316,286	504,615
Fund Balances/Equity, September 30	<u>\$ 14,569,994</u>	<u>\$ 1,207,715</u>	<u>\$ 528,469</u>

The accompanying notes are an integral part of this statement.

EXHIBIT A-5

Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 1,687,989	\$ --	\$ 599,171	\$ 16,545,250
--	--	--	289,793
--	--	15,511	7,104,451
--	--	--	623,545
--	--	--	3,093
22,452	--	17,696	958,507
--	--	26,999	64,834
--	--	--	2,750,158
--	--	107,169	1,289,908
<u>1,710,441</u>	<u>--</u>	<u>766,546</u>	<u>29,629,539</u>
--	498	--	6,688,665
--	15,720	111,874	10,926,132
--	54,975	--	7,012,190
--	50,457	25,000	3,689,401
--	--	691,472	753,020
1,570,948	--	--	1,570,948
240,503	--	--	240,503
--	153,506	--	153,506
2,105	--	--	2,105
<u>1,813,556</u>	<u>275,156</u>	<u>828,346</u>	<u>31,036,470</u>
(103,115)	(275,156)	(61,800)	(1,406,931)
201,571	--	21,328	2,778,679
--	(119,453)	(35,000)	(522,648)
--	282,700	--	282,700
--	4,625,000	--	4,625,000
<u>201,571</u>	<u>4,788,247</u>	<u>(13,672)</u>	<u>7,163,731</u>
98,456	4,513,091	(75,472)	5,756,800
491,634	338,305	1,155,726	17,071,118
<u>\$ 590,090</u>	<u>\$ 4,851,396</u>	<u>\$ 1,080,254</u>	<u>\$ 22,827,918</u>

CITY OF KINGSVILLE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Net change in fund balances - total governmental funds	\$ 5,756,800
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	2,419,300
The depreciation of capital assets used in governmental activities is not reported in the funds.	(1,474,067)
The gain or loss on the sale of capital assets is not reported in the funds.	(5,567)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(46,310)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	1,570,949
Repayment of financed purchases principal is an expenditure in the funds but is not an expense in the SOA.	129,762
(Increase) decrease in accrued interest from beginning of period to end of period.	42,413
The net revenue (expense) of internal service funds is reported with governmental activities.	(600,890)
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(15,435)
Solid waste activities are included in the general fund but are included in business activities in the SOA.	(2,216,885)
Proceeds of bonds do not provide revenue in the SOA, but are reported as current resources in the funds.	(2,293,690)
Bond premiums are reported in the funds but not in the SOA.	(139,605)
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	(1,010,898)
OPEB contributions made after the measurement date but in current FY were de-expended & reduced NPL.	<u>192,482</u>
Change in net position of governmental activities - Statement of Activities	<u>\$ 2,308,359</u>

The accompanying notes are an integral part of this statement.

CITY OF KINGSVILLE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2023

	Enterprise Fund	Nonmajor Internal Service Fund
	Utility Fund	Insurance Fund
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,067,109	\$ 2,590,208
Equity in pooled cash and cash equivalents	6,191,688	157,540
Receivables (net of allowances for uncollectibles):		
Accounts	1,598,679	34,423
Due from:		
Other governments	16,456	--
Prepaid expenses	320	--
Inventory, at cost	598,564	--
Restricted assets - noncurrent:		
Cash and cash equivalents	<u>8,805,959</u>	<u>--</u>
Total current assets	<u>19,278,775</u>	<u>2,782,171</u>
Noncurrent assets:		
Capital assets:		
Land	181,743	--
Utility plant	40,974,052	--
Equipment	5,637,337	--
Vehicles	1,494,818	--
Construction in progress	<u>5,810,751</u>	<u>--</u>
Total capital assets	54,098,701	--
Less accumulated depreciation	<u>(33,350,218)</u>	<u>--</u>
Net capital assets	<u>20,748,483</u>	<u>--</u>
Total noncurrent assets	<u>20,748,483</u>	<u>--</u>
Total Assets	<u>40,027,258</u>	<u>2,782,171</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflow related to pensions	965,325	--
Deferred outflow related to OPEB	9,911	--
Deferred Loss on Refunding	35,487	--
Total Deferred Outflows of Resources	<u>\$ 1,010,723</u>	<u>\$ --</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 1,541,647	\$ --
Accrued wages payable	52,251	--
Accumulated unpaid compensated absences	38,500	--
Current liabilities payable from restricted assets:		
Accrued interest payable	84,147	--
OPEB liability	15,798	--
Financed purchases payable	76,393	--
Contractual obligations payable	1,578,823	--
Customer deposits	<u>834,778</u>	<u>--</u>
Total current liabilities	<u>4,222,337</u>	<u>--</u>
Long-term liabilities, net of current portion:		
Accumulated unpaid compensated absences	75,818	--
OPEB liability	95,643	--
Financed purchases payable	245,243	--
Contractual obligations payable	15,140,384	--
Net pension liability	<u>1,103,426</u>	<u>--</u>
Total long-term liabilities, net of current portion	<u>16,660,514</u>	<u>--</u>
Total Liabilities	<u>20,882,851</u>	<u>--</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow related to pensions	3,535	--
Deferred inflow related to OPEB	9,090	--
Other Deferred inflows	<u>3,528,262</u>	<u>--</u>
Total Deferred Inflows of Resources	<u>3,540,887</u>	<u>--</u>
NET POSITION		
Net investment in capital assets	4,368,452	--
Restricted for:		
Self insurance	--	2,782,171
State and federal programs	3,675,211	--
Capital outlay	2,171,822	--
Unrestricted	<u>6,398,758</u>	<u>--</u>
Total Net Position	<u>\$ 16,614,243</u>	<u>\$ 2,782,171</u>

The accompanying notes are an integral part of this statement.

CITY OF KINGSVILLE

EXHIBIT A-7R

*RECONCILIATION OF THE PROPRIETARY FUND STATEMENT OF NET POSITION
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
SEPTEMBER 30, 2023*

Utility Fund Net Position - Proprietary Funds Statement of Net Position	\$	16,614,243
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		
		3,510,593
Assets and liabilities of certain internal service funds are included in business type activities in the SNP.		
		<u>43,202</u>
Net Position of Business-type Activities - Statement of Net Position	\$	<u><u>20,168,038</u></u>

The accompanying notes are an integral part of this statement.

CITY OF KINGSVILLESTATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Enterprise Fund	Nonmajor Internal Service Fund
	Utility Fund	Insurance Fund
OPERATING REVENUES:		
Water	\$ 5,241,462	\$ --
Other income	9,454	208,205
Wastewater	5,367,799	--
Insurance premiums	--	2,933,493
Intergovernmental revenue	<u>34,082</u>	<u>--</u>
Total Operating Revenues	<u>10,652,797</u>	<u>3,141,698</u>
OPERATING EXPENSES:		
Personal services	3,453,283	--
Supplies	563,728	--
Services	2,397,372	3,011,592
Maintenance	1,208,340	--
Depreciation and amortization	<u>1,143,559</u>	<u>--</u>
Total Operating Expenses	<u>8,766,282</u>	<u>3,011,592</u>
Operating Income (Loss)	<u>1,886,515</u>	<u>130,106</u>
NON-OPERATING REVENUES (EXPENSES):		
Interest	342,576	80,302
Federal grants	397,869	--
Interest and fiscal agent charge	<u>(291,812)</u>	<u>--</u>
Total Non-operating Revenues (Expenses)	<u>448,633</u>	<u>80,302</u>
Net Income (Loss) before Transfers	<u>2,335,148</u>	<u>210,408</u>
TRANSFERS IN (OUT):		
Transfers In	275,530	--
Transfers Out	<u>(1,720,262)</u>	<u>(811,298)</u>
Total Transfers In (Out)	<u>(1,444,732)</u>	<u>(811,298)</u>
Net Income (Loss)	890,416	(600,890)
Net Position, October 1	15,113,475	3,383,061
Prior period adjustment	610,352	--
Net Position, September 30	<u>\$ 16,614,243</u>	<u>\$ 2,782,171</u>

The accompanying notes are an integral part of this statement.

CITY OF KINGSVILLE

EXHIBIT A-8R

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS TO
THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023*

Change in net position - utility fund \$ 890,416

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. (223,009)

Change in net position of Business-type activities - statement of activities \$ 667,407

The accompanying notes are an integral part of this statement.

CITY OF KINGSVILLE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Utility Fund	Internal Service Fund
Cash Flows from Operating Activities:		
Cash received from customers	\$ 10,618,715	\$ 3,191,924
Cash receipts (payments) for interfund services provided and used	--	
Cash received from other governments	34,082	--
Cash payments to employees for services	(3,208,852)	--
Cash payments to other suppliers for goods and services	(3,522,076)	(3,132,665)
Net Cash Provided (Used) by Operating Activities	<u>3,921,869</u>	<u>59,259</u>
Cash Flows from Non-capital Financing Activities:		
Proceeds (payments) from (for) interfund borrowings	(16,559)	--
Transfers from other funds	275,710	308,938
Transfers (to) other funds	(1,720,442)	(811,298)
Net Cash Provided (Used) by Non-capital Financing Activities	<u>(1,461,291)</u>	<u>(502,360)</u>
Cash Flows from Capital and Related Financing Activities:		
Principal and interest paid	(1,820,518)	--
Proceeds from issuance of bonds	6,499,000	--
Proceeds from sale of assets	381,413	--
Acquisition or construction of capital assets	(5,514,756)	--
Net Cash Provided (Used) for Capital & Related Financing Activities	<u>(454,861)</u>	<u>--</u>
Cash Flows from Investing Activities:		
Interest and dividends on investments	342,576	80,302
Net Cash Provided (Used) for Investing Activities	<u>342,576</u>	<u>80,302</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,348,293	(362,799)
Cash and Cash Equivalents at Beginning of Year	14,716,463	3,110,547
Cash and Cash Equivalents at End of Year	<u>\$ 17,064,756</u>	<u>\$ 2,747,748</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$ 1,886,515	\$ 130,106
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation	1,143,559	--
Provision for uncollectible accounts	(225,539)	--
Change in Assets and Liabilities:		
Decrease (increase) in receivables	(309,078)	50,236
Decrease (increase) in inventories	104,820	--
Decrease (increase) in prepaid expenses	1,434	320,691
Decrease (increase) in net pension asset	1,103,426	--
Decrease (increase) in deferred outflow related to pension	(766,675)	--
Increase (decrease) in accounts payable	828,025	(441,774)
Increase (decrease) in accrued wages payable	11,790	--
Increase (decrease) in net pension liability	530,652	--
Increase (decrease) in OPEB liability	451	--
Increase (decrease) in deferred inflow related to pension	(694,716)	--
Increase (decrease) in deferred inflow related to OPEB	(44,583)	--
Increase (decrease) in other deferred inflows	336,868	--
Increase (decrease) in accumulated compensated absences	10,036	--
Increase (decrease) in customer deposits	4,884	--
Total Adjustments	<u>2,035,354</u>	<u>(70,847)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 3,921,869</u>	<u>\$ 59,259</u>

The accompanying notes are an integral part of this statement.

CITY OF KINGSVILLE

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

SEPTEMBER 30, 2023

	Custodial Fund
	Court Cash Bond Account
ASSETS	
Assets:	
Cash and cash equivalents	\$ 39,462
Total Assets	<u>\$ 39,462</u>
LIABILITIES AND EQUITY	
Net Position:	
Fund balances:	
Restricted for Municipal Court Bonds	39,462
Total Net Position	<u>\$ 39,462</u>
Total Liabilities and Net Position	<u>\$ 39,462</u>

The accompanying notes are an integral part of this statement.

CITY OF KINGSVILLE
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Custodial Funds</u>
ADDITIONS:	
Municipal Court Bonds	\$ <u>52,107</u>
Total Additions	<u>52,107</u>
DEDUCTIONS:	
Payment of Municipal Court Bonds	<u>42,265</u>
Total Deductions	<u>42,265</u>
Change in Fiduciary Net Position	9,842
Net Position-Beginning of the Year	<u>29,620</u>
Net Position-End of the Year	<u>\$ <u>39,462</u></u>

CITY OF KINGSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

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, 2023.

1. Reporting Entity

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

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

a. Blended Component Units

The City did not have a Blended Component Unit at September 30, 2023.

b. Discretely Presented Component Unit

The City did not have a Discretely Presented Component Unit at September 30, 2023.

c. Related Organizations and Jointly Governed Organizations

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

CITY OF KINGSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

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

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

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

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

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

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

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

CITY OF KINGSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

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.

Capital Projects Fund. This fund is used to account for the proceeds from the issuance of long-term debt and the expenditures for related capital projects for which the debt was issued.

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 financed purchases are reported as other financing sources.

CITY OF KINGSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

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. 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. This Statement had no effect on the City's financial statements.

GASB Statement No. 91, Conduit Debt Obligations, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related disclosures. The requirements of this Statement became effective for reporting periods ending December 31, 2022. This Statement had no effect on the City's financial statements.

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 became effective for financial statements starting with the fiscal year ending June 30, 2023. This Statement had no effect on the City's financial statements.

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 became effective for financial statements starting with the fiscal year ending June 30, 2023. This Statement had no effect on the City's financial statements.

GASB Statement No. 99, Omnibus 2022, will enhance comparability in accounting and financial reporting and improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to leases, PPPs and SBITAs will take effect for financial statements starting with the fiscal years that end on or after June 30, 2023. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 will take effect for financial statements starting with the fiscal year that ends June 30, 2024.

GASB Statement No. 100, Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62, will enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2024.

CITY OF KINGSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

GASB Statement No. 101, Compensated Absences, will better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends December 31, 2024.

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

4. Financial Statement Amounts

a. Equity in Pooled Cash and Cash Equivalents

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

b. Real Property and Sales Taxes

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

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

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

In order to obtain approval of its general obligation bonds by the Attorney General of the State, a satisfactory showing of adequate taxing power must be made. As a general rule, the Attorney General will not approve new bonds if this will make the net debt exceed twenty-five percent of the assessed value. The 2022 tax rate was \$.82500, of which \$.65910 was distributed to the General Fund and \$.16590 was applied to the Debt Service Fund. Using the twenty-five percent rule, the City's legal margin is \$250,028,622.

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

CITY OF KINGSVILLE
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The top ten taxpayers are as follows:

<u>Taxpayer Name</u>	<u>Nature of Operations</u>	<u>Assessed Valuation</u>	<u>% of Total Taxable Valuation</u>
AEP Texas Inc.	Electric Utility	21,731,140	2.24%
Rockstar Oak Tree LLC	Apartments	12,779,820	1.32%
Rockstar Kingsville Pointe LLC	Apartments	9,091,120	0.94%
HEB Grocery Inc	Retail	8,195,120	0.84%
KL Phase 1 Owner LTD	Apartments	7,885,980	0.81%
Apexone Javelina LLC	Apartments	7,060,000	0.73%
Wal-Mart Stores Inc #01-0442	Retail	6,873,790	0.71%
Kingsville Two Family Housing LTD	Apartments	6,513,542	0.67%
King Ranch Saddle Shop Inc.	Retail	6,351,380	0.65%
Lowes Home Centers Inc.	Retail	6,119,350	0.63%

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. (consumption method)

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, when incurred and are expensed as consumed or used. (consumption method)

d. Use of Estimates

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

e. Capital Assets

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

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

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

CITY OF KINGSVILLE
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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 2023.

f. Receivable and Payable Balances

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

g. Deferred Inflows and Outflows

Deferred inflows of resources represent an acquisition of net 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 \$6,754,675, of which \$5,939,361 is in governmental activities and \$1,015,314 in business-type activities.

There were deferred inflows of resources in the Statement of Net Position of \$5,703,104 of which \$2,154,646 is in governmental activities, and \$3,548,458 is in business-type activities.

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

h. Restricted Assets

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

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

i. Long-term Obligations

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

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

j. Pension Plans

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

k. Fund Equity

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

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

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

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

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

Fund balances of the governmental funds are classified as follows:

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

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

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

CITY OF KINGSVILLE
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FOR THE YEAR ENDED SEPTEMBER 30, 2023

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 that 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, 2023, 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.

l. Accumulated Unpaid Compensated Absences

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

m. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expense 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 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.

CITY OF KINGSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

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

<u>Violation</u>	<u>Action Taken</u>
Procurement Procedures - State Law	Review of Procurement Policies and Procedures

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

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

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

C. Deposits and Investments

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

Cash and Investments

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

1. Cash & Cash Equivalents

At September 30, 2023, the carrying amount of the City's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$17,944,342 and the bank balance was \$16,791,069. The City's cash deposits at September 30, 2023 and during the year ended September 30, 2023, were entirely covered by FDIC insurance or properly secured by collateral held by the City's agent in the City's name.

2. Investments

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

CITY OF KINGSVILLE
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Investment Accounting Policy

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

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

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

<u>Investment</u>	<u>Reported Amount</u>	<u>Fair Value</u>
Texas Class (Rated @ AAAM)	<u>\$ 26,047,719</u>	<u>\$ 26,047,719</u>

Analysis of Specific Deposit and Investment Risks:

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

1. Credit Risks

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

2. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the City's name. At the end of the period, the City was not exposed to custodial credit risk.

3. Concentration of Risk

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

CITY OF KINGSVILLE
NOTES TO THE FINANCIAL STATEMENTS
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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, 2023 consists of the following:

	Governmental	Enterprise	Enterprise Restricted	Total
Receivables:				
Accounts	\$ 7,502,293	\$ 3,236,886	\$ 118,079	\$ 10,857,258
Taxes - Property	1,055,188	--	--	1,055,188
Taxes - Franchise & Sales	1,178,112	--	--	1,178,112
Special Assessments	59,824	--	--	59,824
Gross Receivables	9,795,417	3,236,886	118,079	13,150,382
Less: Allowance for uncollectable	(7,638,097)	(1,245,702)	(67,068)	(8,950,867)
Net total receivable	<u>\$ 2,157,320</u>	<u>\$ 1,991,184</u>	<u>\$ 51,011</u>	<u>\$ 4,199,515</u>

E. Capital Assets

Capital asset activity for the year ended September 30, 2023, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 580,399	\$ --	\$ --	\$ 580,399
Construction in progress	2,309,688	807,779	(280,415)	2,837,052
Total capital assets not being depreciated	<u>2,890,087</u>	<u>807,779</u>	<u>(280,415)</u>	<u>3,417,451</u>
Capital assets being depreciated:				
Road network	19,285,846	--	--	19,285,846
Buildings and improvements	12,270,199	757,436	--	13,027,635
Equipment	7,728,588	753,658	--	8,482,246
Vehicles	7,671,943	380,842	(183,824)	7,868,961
Total capital assets being depreciated	46,956,576	1,891,936	(183,824)	48,664,688
Less accumulated depreciation for:				
Road network	(14,239,282)	(260,653)	--	(14,499,935)
Buildings and improvements	(3,915,959)	(565,193)	--	(4,481,152)
Equipment	(6,604,910)	(320,207)	--	(6,925,117)
Vehicles	(5,026,889)	(328,014)	178,257	(5,176,646)
Total accumulated depreciation	(29,787,040)	(1,474,067)	178,257	(31,082,850)
Total capital assets being depreciated, net	17,169,536	417,869	(5,567)	17,581,838
Governmental activities capital assets, net	<u>\$ 20,059,623</u>	<u>\$ 1,225,648</u>	<u>\$ (285,982)</u>	<u>\$ 20,999,289</u>

CITY OF KINGSVILLE
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	Beginning Balances (A)	Increases	Decreases	Ending Balances
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 594,943	\$ --	\$ --	\$ 594,943
Construction in progress	2,392,447	5,076,177	(1,657,873)	5,810,751
Total capital assets not being depreciated	<u>2,987,390</u>	<u>5,076,177</u>	<u>(1,657,873)</u>	<u>6,405,694</u>
Capital assets being depreciated:				
Buildings and improvements	43,466,248	2,025,967	--	45,492,215
Equipment	9,262,825	296,359	--	9,559,184
Vehicles	4,065,167	316,126	--	4,381,293
Total capital assets being depreciated	<u>56,794,240</u>	<u>2,638,452</u>	<u>--</u>	<u>59,432,692</u>
Less accumulated depreciation for:				
Buildings and improvements	(28,473,947)	(910,484)	--	(29,384,431)
Equipment	(5,780,619)	(552,922)	--	(6,333,541)
Vehicles	(3,352,061)	(221,146)	--	(3,573,207)
Total accumulated depreciation	<u>(37,606,627)</u>	<u>(1,684,552)</u>	<u>--</u>	<u>(39,291,179)</u>
Total capital assets being depreciated, net	<u>19,187,613</u>	<u>953,900</u>	<u>--</u>	<u>20,141,513</u>
Business-type activities capital assets, net	<u>\$ 22,175,003</u>	<u>\$ 6,030,077</u>	<u>\$ (1,657,873)</u>	<u>\$ 26,547,207</u>

(A) Beginning balances reflect the prior period adjustment as described in Footnote S.

Governmental depreciation was charged to functions as follows:

General Government	\$ 242,579
Tourism	5,460
Public Safety	608,819
Public Works	400,249
City/County	<u>216,960</u>
	<u>\$ 1,474,067</u>

Business-type depreciation was charged to functions as follows:

Water	\$ 423,530
Wastewater	720,029
Solid Waste	<u>540,993</u>
	<u>\$ 1,684,552</u>

F. Interfund Balances and Activity

1. Due To and From Other Funds

There are no interfund receivables or payables at September 30, 2023.

CITY OF KINGSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

2. Transfers To and From Other Funds

Transfers to and from other funds at September 30, 2023, consisted of the following:

Transfers To	Transfers From	Amount	Reason
General Fund	Other Governmental Funds	\$ 35,000	Supplement other funds sources
General Fund	Federal Fund	39,526	Reimbursement of expenditures
General Fund	Capital Projects Fund	119,454	Supplement other funds sources
General Fund	Utility Fund	1,520,261	Supplement other funds sources
General Fund	Internal Service Fund	631,906	Supplement other funds sources
	Subtotal:	<u>2,346,147</u>	
Federal Fund	Utility Fund	200,000	Supplement other funds sources
Federal Fund	General Fund	9,633	Supplement other funds sources
	Subtotal:	<u>209,633</u>	
Debt Service Fund	General Fund	201,571	Supplement other funds sources
	Subtotal:	<u>201,571</u>	
Other Governmental Fund	General Fund	14,760	Supplement other funds sources
Other Governmental Fund	Internal Service	6,568	Supplement other funds sources
	Subtotal:	<u>21,328</u>	
Utility Fund	General Fund	102,706	Supplement other funds sources
Utility Fund	Internal Service Fund	172,824	Supplement other funds sources
	Subtotal:	<u>275,530</u>	
	Total	<u>\$ 3,054,209</u>	

G. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended September 30, 2023, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Certificates of obligation	\$ 5,501,925	\$ 2,293,690	\$ 1,221,822	\$ 6,573,793	\$ 1,000,189
Limited Tax Refunding					
Bond	3,229,668	--	349,126	2,880,542	271,052
Premium on Bonds Payable	428,835	139,605	71,612	496,828	--
Total bonds payable	<u>9,160,428</u>	<u>2,433,295</u>	<u>1,642,560</u>	<u>9,951,163</u>	<u>1,271,241</u>
Financed purchases	320,114	--	129,762	190,352	52,206
Total long-term debt	<u>9,480,542</u>	<u>2,433,295</u>	<u>1,772,322</u>	<u>10,141,515</u>	<u>1,323,447</u>
Net pension liability (asset) *	(3,106,393)	11,310,817	1,745,059	6,459,365	--
Accumulated compensated absences*	1,283,392	854,952	839,518	1,298,826	576,680
OPEB liability *	561,131	73,534	58,528	576,137	--
Governmental activities					
Total long-term debt	<u>\$ 8,218,672</u>	<u>\$ 14,672,598</u>	<u>\$ 4,415,427</u>	<u>\$ 18,475,843</u>	<u>\$ 1,900,127</u>

CITY OF KINGSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Business-type activities:</u>					
Certificates of obligation	\$ 3,875,075	\$ 8,830,310	\$ 208,177	\$ 12,497,208	\$ 1,268,948
Limited Tax Refunding Bond	7,340,331	--	1,225,874	6,114,457	714,811
Premium on Bonds Payable	498,020	143,094	66,319	574,795	--
Total bonds payable	<u>11,713,426</u>	<u>8,973,404</u>	<u>1,500,370</u>	<u>19,186,460</u>	<u>1,983,759</u>
Financed purchases	896,244	--	204,254	691,990	210,701
Total long-term debt	<u>12,609,670</u>	<u>8,973,404</u>	<u>1,704,624</u>	<u>19,878,450</u>	<u>2,194,460</u>
Net pension liability (asset) *	(530,652)	1,932,179	298,101	1,103,426	--
Landfill closure cost	1,986,942	107,760	--	2,094,702	--
OPEB liability *	146,990	19,263	14,510	151,743	--
Accumulated compensated absences*	104,281	78,708	68,671	114,318	38,500
Business-type activities					
Long-term liabilities	<u>\$ 14,317,231</u>	<u>\$ 11,111,314</u>	<u>\$ 2,085,906</u>	<u>\$ 23,342,639</u>	<u>\$ 2,232,960</u>

* Other long-term liabilities (assets)

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

<u>Liability</u>	<u>Activity Type</u>	<u>Fund</u>
Accumulated compensated absences	Governmental activities	General
Net OPEB liability	Governmental activities	General
Net pension liability (asset)	Governmental activities	General
Accumulated compensated absences	Business-type activities	Utility
Net OPEB liability	Business-type activities	Utility
Net pension liability (asset)	Business-type activities	Utility

Certificates of obligation payable:	<u>2023</u>	<u>2022</u>
(1) \$3,358,000 Combination Tax and Subordinate Lien Revenue Certificates of Obligation Series 2021 for General Improvements; paid in annual installments of \$111,000 to \$115,000 through 8/1/2051 with no interest. (100% Utility Fund)	\$ 3,136,000	\$ 3,247,000
\$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)	1,770,000	2,625,000
\$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%.	4,150,000	4,500,000
\$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

CITY OF KINGSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

<p>\$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)</p>	2,465,000	3,345,000
<p>\$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%).</p>	3,075,000	3,340,000
<p>\$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)</p>	755,000	935,000
<p>\$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)</p>	1,605,000	1,850,000
<p>\$399,000 Combination Tax and Subordinate Lien Revenue Certificates of Obligation Series 2022 for General Improvements; paid in annual installments of \$13,000 to \$14,000 through August 1, 2052 with no interest. (100% Utility Fund)</p>	385,000	--
<p>\$4,625,000 C.O. Series 2023A, for Capital Outlay and General Improvements, due in annual installments of \$300,000 to \$800,000 through September 30, 2043; interest at 5.0%. (50.41% Utility Fund and 49.59% General Fund)</p>	4,625,000	--
<p>\$6,100,000 Combination Tax and Subordinate Lien Revenue Certificates of Obligation Series 2023 for General Improvements; paid in annual installments of \$100,000 to \$575,000 through September 30, 2038 at 4.5% interest. (100% Utility Fund)</p>	6,100,000	--
<p>Total Certificates of Obligation Payable</p>	<p><u>\$ 28,066,000</u></p>	<p><u>\$ 19,947,000</u></p>

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

CITY OF KINGSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

2. Debt Service Requirements

Debt service requirements on long-term debt at September 30, 2023, are as follows:

Governmental Activities			
Year Ending September 30,	Principal	Interest	Total
2024	\$ 1,271,241	\$ 302,967	\$ 1,574,208
2025	968,468	278,912	1,247,380
2026	994,373	252,757	1,247,130
2027	1,022,813	224,441	1,247,254
2028	853,717	195,153	1,048,870
2029-2033	2,781,166	619,418	3,400,584
2034-2038	883,128	276,981	1,160,109
2039-2043	679,429	105,014	784,443
Totals	\$ 9,454,335	\$ 2,255,643	\$ 11,709,978

Business-type Activities			
Year Ending September 30,	Certificates of Obligation		Revenue Bonds
	Principal	Interest	Total
2024	\$ 1,983,759	\$ 568,421	\$ 2,552,180
2025	1,791,532	524,110	2,315,642
2026	1,015,627	472,633	1,488,260
2027	1,092,187	438,328	1,530,515
2028	1,126,283	400,737	1,527,020
2029-2033	5,453,516	1,427,500	6,881,016
2034-2038	3,810,190	623,644	4,433,834
2039-2043	1,315,571	106,936	1,422,507
2044-2048	627,000	--	627,000
2049-2052	396,000	--	396,000
Totals	\$ 18,611,665	\$ 4,562,309	\$ 23,173,974

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, 2023, the City has no material 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 outstanding Refunded Debt as of September 30, 2023.

CITY OF KINGSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

4. Financed Purchases Payable

Commitments for financed purchases payable for facilities and equipment as of September 30, 2023 are as follows:

Governmental Activities:

	<u>2023</u>	<u>2022</u>
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
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
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	1,036	2,804
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
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	181,141	220,457
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	<u>8,175</u>	<u>16,104</u>
Total	<u>\$ 190,352</u>	<u>\$ 320,114</u>

Business-type Activities:

	<u>2023</u>	<u>2022</u>
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	\$ 188,436	\$ 231,831
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	181,917	268,731
Installment loan for capital outlay, secured by John Deere tractor, paid in full on April 28, 2022	--	--

CITY OF KINGSVILLE
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Installment loan for capital outlay, due in annual installments of \$87,562, including interest at 3.47, through February 18, 2027 secured by clarifier

321,637	395,682
<u>\$ 691,990</u>	<u>\$ 896,244</u>

Debt service requirements on financed purchases at September 30, 2023, are as follows:

<u>Governmental Activities</u>			
<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 52,206	\$ 6,628	\$ 58,834
2025	44,487	4,794	49,281
2026	46,031	3,250	49,281
2027	<u>47,628</u>	<u>1,653</u>	<u>49,281</u>
Totals	<u>\$ 190,352</u>	<u>\$ 16,325</u>	<u>\$ 206,677</u>

<u>Business-type Activities</u>			
<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 210,701	\$ 23,441	\$ 234,142
2025	217,725	16,417	234,142
2026	129,706	9,157	138,863
2027	<u>133,858</u>	<u>4,656</u>	<u>138,514</u>
Totals	<u>\$ 691,990</u>	<u>\$ 53,671</u>	<u>\$ 745,661</u>

H. Pension Plans

Texas Municipal Retirement System

1. Plan Description

The City participates as one of 936 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.tmr.com.

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

CITY OF KINGSVILLE
NOTES TO THE FINANCIAL STATEMENTS
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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, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	209
Inactive employees entitled to but not yet receiving benefits	200
Active employees	<u>275</u>
Total covered employees	<u>684</u>

3. Contributions

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

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 8.17% and 8.04% in calendar years 2023 and 2022, respectively. The City's contributions to TMRS for the year ended September 30, 2023 were \$1,120,684 and were equal to the required contributions.

4. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2022, 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, 2022 actuarial valuation was determined using the following actuarial assumptions:

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

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

Actuarial assumptions used in the December 31, 2022 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 2022 valuation.

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

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

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

Discount Rate

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

CITY OF KINGSVILLE
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	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2021	\$ 72,287,380	\$ 75,924,425	\$ (3,637,045)
Changes for the year			
Service cost	1,799,750	-	1,799,750
Interest	4,828,469	-	4,828,469
Change of benefit terms	-	-	--
Difference between expected and actual experience	1,030,414	-	1,030,414
Changes of assumptions	-	-	--
Contributions - employer	-	1,061,628	(1,061,628)
Contributions - employee	-	924,303	(924,303)
Net investment income	-	(5,536,404)	5,536,404
Benefit payments, including refunds of employee contributions	(3,308,758)	(3,308,758)	--
Administrative expense	-	(47,959)	47,959
Other changes	-	57,229	(57,229)
Net changes	<u>4,349,875</u>	<u>(6,849,961)</u>	<u>11,199,836</u>
Balance at 12/31/2022	<u>\$ 76,637,255</u>	<u>\$ 69,074,464</u>	<u>\$ 7,562,791</u>

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

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$ 18,083,690	\$ 7,562,791	\$ (1,065,316)

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, 2023, the City recognized pension expense of \$2,304,269.

Schedule of Pension Expense

Total Service Cost	\$ 1,799,750
Interest on the Total Pension Liability	4,828,469
Current Period Benefit Changes	--
Employee Contributions (Reduction of Expense)	(924,303)
Projected Earnings on Plan Investments (Reduction of Expense)	(5,124,899)
Administrative Expense	47,959
Other Changes in Fiduciary Net Position	(57,229)
Recognition of Current Year Outflow (Inflow) of Resources - Liabilities	323,014
Recognition of Current Year Outflow (Inflow) of Resources - Assets	2,132,261
Amortization of Prior Year Outflows (Inflows) of Resources - Liabilities	76,997
Amortization of Prior Year Outflows (Inflows) of Resources - Assets	(797,750)
Total Pension Expense (Income)	<u>\$ 2,304,269</u>

CITY OF KINGSVILLE
NOTES TO THE FINANCIAL STATEMENTS
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At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 1,007,019	\$ 24,252
Changes in actuarial assumptions	--	--
Difference between projected and actual investment earnings	4,744,855	--
Contributions subsequent to the measurement date	<u>864,402</u>	<u>-</u>
Total	<u>\$ 6,616,276</u>	<u>\$ 24,252</u>

\$864,402 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, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending September 30,	
2024	\$ 716,821
2025	\$ 1,543,033
2026	\$ 1,335,509
2027	\$ 2,132,259
2028	\$ -
Thereafter	\$ -

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

Texas Statewide Emergency Services Personnel Retirement Fund

1. Plan Description

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

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

2. Annual Required Contributions-City

The employer annual pension cost of \$3,241 for fiscal year ended September 30, 2023 was equal to the required and actual contributions and the City has no future liability. Three-year information is as follows:

	<u>2021</u>	<u>2022</u>	<u>2023</u>
Annual Required Contribution	\$ 2,278	\$ 7,961	\$ 3,241
Percentage of Required Cost Contributed	100%	100%	100%

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

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

Deferred Compensation Plan

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

I. Post Retirement Benefits

1. Post-Employment Health Care Benefits

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

GASB 75 allows and actuarial valuation date no earlier than thirty months and one day prior to the fiscal year-end reporting date and a measurement date no earlier than one year and one day prior to the fiscal year end reporting date. For the reporting year ending September 30, 2023, the City used an actuarial valuation date of September 30, 2022 and measurement date of September 30, 2023.

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

Plan Description and Funding Policy

Employees who retire from the City of Kingsville are eligible to continue to participate in the City's health insurance program at the employee group rate which is determined annually by the City of Kingsville and approved by the City Commission. Retirees have 31 days to elect to continue with the City's self-funded health insurance plan (City of Kingsville Benefit Plan Trust) in which they were participating at the time of retirement unless otherwise stated in the plan document or collective bargaining agreement. As of September 30, 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.

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

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

Texas Municipal Retirement System

Age 60 with 5 years of service
20 years of service

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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, 2023
Actuarial Valuation Date:	September 30, 2022
Inflation:	3.00%
Salary Increases, including inflation:	3.00%
Discount Rate:	4.63%
Prior Year Discount Rate:	4.40%

The discount rate was based on the 9/30/23 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	4
Inactive employees entitled to but not yet receiving benefit payments	--
Active employees	<u>198</u>
	<u>202</u>
Balance at 9/30/2022	\$ 708,122
Changes for the year:	
Service Cost	25,982
Interest	30,715
Differences between expected and actual experience	3,079
Changes in Assumptions/Inputs	33,021
Change in Benefit Terms	--
Benefit payments	(73,040)
Administrative expense	--
Net Changes	<u>19,757</u>
Balance at 9/30/2023	\$ <u>727,879</u>

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	<u>1% Decrease in Discount Rate</u>	<u>No change in Discount Rate</u>	<u>1% Increase in Discount Rate</u>
Discount Rate:	\$ 789,852	\$ 727,879	\$ 672,165
Healthcare Cost Trend Rates:	\$ 653,336	\$ 727,879	\$ 816,127
OPEB Expense			
Service cost			\$ 25,982
Interest on liabilities			30,715
Difference between actual and expected experience			(129,147)
Changes in assumptions-inputs			(107,939)
Change in benefit terms			--
Total OPEB Expense			<u>\$ (180,389)</u>
Deferred Outflows and Inflows		<u>Outflows</u>	<u>Inflows</u>
Differences between actual and expected experience		\$ 30,094	\$ 120,600
Changes of assumptions or other inputs		32,665	25,894
Total Deferred Outflows and Inflows		<u>\$ 62,759</u>	<u>\$ 146,494</u>

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:	
2024	\$ 2,069
2025	(30,607)
2026	(30,607)
2027	(30,607)
2028	6,017
Thereafter	--

J. Commitments and Contingencies

1. Contingencies

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

2. Litigation

No reportable litigation was pending against the City at September 30, 2023.

CITY OF KINGSVILLE
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FOR THE YEAR ENDED SEPTEMBER 30, 2023

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, 2023 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:

\$185,465 addition in revenues and other financing sources comprised of:

\$129,760 in Parks and Recreation - Kleberg County contribution for greens project
\$10,000 in Fire Department - Donation revenue for firefighter equipment
\$1,000 in Parks and Recreation - Donation revenue for Keep Kingsville Beautiful trash off event
\$18,975 in Parks and Recreation - Donation revenue for healthy family events
\$2,530 in Parks and Recreation - Donation revenue for Hero's Foundation
\$11,900 in Parks and Recreation - Donation revenue for Youth Pony League
\$10,000 in Parks and Recreation - Donation revenue for Brookshire Pool programs and equipment
\$1,000 in Parks and Recreation - Donation revenue for parks department

\$864,776 addition to expenditures and other financing uses comprised of:

\$165,490 in City Special - For City Hall landscaping project
\$12,848 in Legal - For additional professional services
\$1,000 in Code Compliance - For donation for Keep Kingsville Beautiful trash off event
\$60,000 in Sanitation - For vehicle maintenance and cost overruns in various departments
\$20,000 in Landfill - For landfill vehicle maintenance
\$5,379 in Finance - For division cost overruns
\$22,089 in Facilities Maintenance - For division cost overruns
\$117,205 in Police Department - For police salaries and benefits
\$19,967 in Police Department - For Police training and travel expenses
\$2,530 in Police Department - Donation for 81s Heros Foundation

CITY OF KINGSVILLE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

- \$10,000 in Fire Department - Donations for firefighter equipment
- \$12,169 in Fire Department - For budget reallocation
- \$33,700 in Street - For emergency repairs
- \$19,172 in Parks and Recreation Admin - For division cost overruns
- \$266,894 in Golf Course - For golf course greens project
- \$6,140 in Parks Department - For carry over purchase orders
- \$19,975 in Parks and Recreation Programs - Donation for healthy family events
- \$10,000 in Parks and Recreation Programs - Donation from Brookshire Foundation
- \$16,522 in Adult Softball League - For increased costs to operate the league
- \$11,900 in Adult Softball League - Donation for youth pony league
- \$6,796 in Transfers - To include transfer to Grant Fund
- \$25,000 in Transfers - To reclass donation for park maintenance

L. Compensated Absences

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

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

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

There is no limit on accumulated holiday hours to be paid at termination. As of September 30, 2023, the liability for accrued vacation leave and accrued sick leave is approximately \$1,413,144. The amounts applicable to the Governmental Activities and Business-type Activities are \$1,298,826 and \$114,318, respectively.

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, extended until September 30, 2027.

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

CITY OF KINGSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

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 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:

1. Handling Charge

- a. The handling charge shall be designed to cover all of the Authority's expenses other than the cost of water, including operation and maintenance expenses and amounts budgeted to be paid in the current year for capital improvements, plus an amount sufficient to accumulate and maintain a reasonably adequate reserve fund as stated in subparagraph b, less tax receipts and all other income and revenue. The handling charge, commencing on the effective date of this contract extension and remaining in effect until September 30, 2023 was \$.50000 per thousand gallons of water delivered.
- b. The adjustment in the handling charge may exceed an increase of 5% in any contract year if the Authority obtains prior written approval of customers representing in the aggregate not less than 75% of the water purchased from the Authority during its preceding Fiscal Year.
- c. Notice of a change in handling charge shall be delivered to the City on or before the 10th day of August of each contract year. The notice shall state the amount of the new charge and the reason and calculations for the adjustment. The new handling charge shall be effective commencing at the beginning of the next contract year.
- d. The City may object to the handling charge for any contract year after the initial year by delivering to the Authority a notice stating the nature of the City's objection to the charge. The objection shall be resolved by following the dispute resolution procedures established in the contract. If the dispute is not resolved by the beginning of the subject contract year, the City shall pay at the new rate until the dispute is resolved. The handling charge determined through the dispute resolution procedure shall be effective as the beginning of that contract year unless otherwise agreed by the parties.
- e. Any change in the handling charge, by agreement, dispute resolution, or otherwise shall apply to all customers of the Authority, in accordance with the contract.

2. Cost of Water

The cost of water shall be defined as meaning the actual price per one thousand gallons paid by the Authority to the City of Corpus Christi for water received by the Authority under the Corpus Christi Water Supply Agreement during a service month. It is expected that the cost of water will fluctuate from month to month, resulting in a corresponding fluctuation in the water rate. The water rate ranged from \$2.632716 to \$2.828657 per thousand gallons.

(B) Water Supply Contract - The City and STWA signed a five-year contract on September 25, 2017 which was in effect until September 30, 2022, and has been extended until September 30, 2027.

CITY OF KINGSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

(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 \$445,094 and \$380,312 in 2023 and 2022, respectively.

N. Risk Management

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

2. **Health Insurance**

The City terminated its Self Insurance Plan as of October 1, 2022. During the fiscal year ended September 30, 2023, employees of the City were covered by a health insurance plan (the Plan.) The City paid premiums ranging from \$557 to \$1,995 per month per employee, depending on the specific plan type elected by each participant. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. The Plan was authorized by Article 3.21-2, Texas Insurance Code, and was documented by contractual agreement.

The contract between the City and the licensed insurer is renewable October 1, 2023, and terms of coverage and premium costs are included in the contractual provisions.

Latest financial statements for the United Healthcare are available for the year ended December 31, 2022, have been filed with the Texas State Board of Insurance, and are public records.

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

CITY OF KINGSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

activities at September 30, 2023 is \$2,094,702 based on 17.403% usage (filled) of the landfill through September 30, 2023. It is estimated that an additional \$9,941,738 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 \$12,036,440 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, 2023. 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 Event

Management has reviewed subsequent events and transactions that occurred after the balance sheet date through April 5, 2024 (the date of the Audit Report). The financial statements include all Type I events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles. Management and those charged with governance have determined that there are no non-recognized Type II subsequent events that require additional disclosure.

S. Prior Period Adjustment

In the current fiscal year, the City adjusted the general ledger amounts for capital assets and related depreciation in the utility fund to the detailed subledger amounts used to calculate depreciation. The entry consisted of a net credit to capital assets of \$4,031,589, a net debit to related accumulated depreciation of \$4,547,006, and a credit to beginning net position of \$515,527.

In addition, the City adjusted the general ledger amount to the detailed subledger amount for customer deposits in the utility fund, resulting in a credit to beginning net position of \$94,935.

These entries resulted in a total credit to beginning net position of \$610,352.

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CITY OF KINGSVILLE
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2023

EXHIBIT B-1
Page 1 of 7

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Taxes:				
General Property Taxes:				
Current taxes	\$ 6,525,170	\$ 6,525,170	\$ 6,378,069	\$ (147,101)
Delinquent taxes	195,000	195,000	188,497	(6,503)
Penalty and interest	115,000	115,000	137,148	22,148
Late rendition fee	8,000	8,000	5,457	(2,543)
In lieu of tax payments	104,600	104,600	104,266	(334)
Total General Property Taxes	<u>6,947,770</u>	<u>6,947,770</u>	<u>6,813,437</u>	<u>(134,333)</u>
City Sales Tax	<u>5,825,000</u>	<u>5,825,000</u>	<u>6,485,867</u>	<u>660,867</u>
Mixed Drink Tax	<u>64,000</u>	<u>64,000</u>	<u>68,927</u>	<u>4,927</u>
Business Taxes:				
Electric franchise tax	690,000	690,000	709,001	19,001
Telephone franchise tax	52,000	52,000	44,382	(7,618)
Gas franchise tax	80,000	80,000	102,664	22,664
Cable T.V. franchise tax	52,000	52,000	33,812	(18,188)
Total Business Taxes	<u>874,000</u>	<u>874,000</u>	<u>889,859</u>	<u>15,859</u>
Total Taxes	<u>13,710,770</u>	<u>13,710,770</u>	<u>14,258,090</u>	<u>547,320</u>
Permits and Licenses:				
Plumbing permits	18,500	18,500	13,105	(5,395)
Electric permits	25,000	25,000	20,025	(4,975)
Building permits	210,880	210,880	76,623	(134,257)
Moving permits	500	500	973	473
Other permits	104,175	104,175	116,684	12,509
Amusement licenses	50	50	--	(50)
Beer and mixed drink licenses	8,000	8,000	5,908	(2,092)
Contractor licenses	34,000	34,000	27,260	(6,740)
Solicitor licenses	200	200	100	(100)
Food handler licenses	28,000	28,000	29,115	1,115
Total Permits and Licenses	<u>429,305</u>	<u>429,305</u>	<u>289,793</u>	<u>(139,512)</u>
Charges for Services:				
General Service Fees:				
Zoning fees	4,000	4,000	4,000	--
Platting fees	1,500	1,500	2,626	1,126
Animal control fees	7,465	7,465	9,483	2,018
Arrest fees	8,000	8,000	8,581	581
Child safety	--	--	150	150
Ambulance service	--	--	691,616	691,616
Park and recreational fees	948,350	1,125,285	1,146,852	21,567
Cell tower rentals	5,280	5,280	5,280	--
Street maintenance fees	1,035,000	1,035,000	1,089,702	54,702
Septic tank application fee	20,000	20,000	10,575	(9,425)
Other service fees	25,537	25,537	26,303	766
Total General Service Fees	<u>2,055,132</u>	<u>2,232,067</u>	<u>2,995,168</u>	<u>763,101</u>
City/County Services:				
Demolition recovery revenue	25,000	25,000	33,766	8,766
Weed control	28,000	28,000	12,400	(15,600)
Total City/County Services	<u>53,000</u>	<u>53,000</u>	<u>46,166</u>	<u>(6,834)</u>

CITY OF KINGSVILLE
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2023

EXHIBIT B-1
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	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Sanitation Services:				
Garbage fees	3,323,000	3,323,000	3,340,156	17,156
Landfill fees	515,000	515,000	674,224	159,224
Miscellaneous	42,000	42,000	33,226	(8,774)
Total Sanitation Services	<u>3,880,000</u>	<u>3,880,000</u>	<u>4,047,606</u>	<u>167,606</u>
Total Charges for Services	<u>5,988,132</u>	<u>6,165,067</u>	<u>7,088,940</u>	<u>923,873</u>
Fines and Forfeitures:				
Court fines	584,000	584,000	529,503	(54,497)
Minor fines	2,500	2,500	2,478	(22)
Collection of state taxes	22,300	22,300	21,377	(923)
Other court fines	36,300	36,300	34,817	(1,483)
Total Fines and Forfeits	<u>645,100</u>	<u>645,100</u>	<u>588,175</u>	<u>(56,925)</u>
Special Assessments	<u>6,000</u>	<u>6,000</u>	<u>3,093</u>	<u>(2,907)</u>
Interest and Miscellaneous:				
Interest from investments	50,700	50,700	829,982	779,282
Auction revenue	10,000	10,000	--	(10,000)
Gain or Loss on Sale of Property	--	395,000	--	(395,000)
Sale of city publications	1,096	1,096	1,001	(95)
Sale of recycle item	16,700	16,700	12,578	(4,122)
Miscellaneous	11,500	11,500	44,259	32,759
Total Interest and Miscellaneous	<u>89,996</u>	<u>484,996</u>	<u>887,820</u>	<u>402,824</u>
Donations	<u>--</u>	<u>13,530</u>	<u>37,835</u>	<u>24,305</u>
Total Revenues	<u>20,869,303</u>	<u>21,454,768</u>	<u>23,153,746</u>	<u>1,698,978</u>
Expenditures:				
City Administration Department				
City Commission:				
Personal services	67,610	70,522	70,492	30
Supplies	1,750	660	541	119
Services	62,375	60,553	53,609	6,944
Total City Commission	<u>131,735</u>	<u>131,735</u>	<u>124,642</u>	<u>7,093</u>
City Manager:				
Personal services	273,336	321,609	320,901	708
Supplies	500	555	381	174
Services	20,101	16,875	12,909	3,966
Other operating expenditures	2,259	2,259	2,240	19
Total City Manager	<u>296,196</u>	<u>341,298</u>	<u>336,431</u>	<u>4,867</u>

CITY OF KINGSVILLE
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2023

EXHIBIT B-1
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	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
City Special:				
Personal services	15,265	15,265	11,132	4,133
Supplies	2,800	4,100	2,805	1,295
Services	646,192	683,602	592,540	91,062
Building maintenance	--	80,965	70,965	10,000
Other operating expenditures	9,497	11,214	9,522	1,692
Capital outlay	300,000	166,608	110,575	56,033
Total City Special	973,754	961,754	797,539	164,215
Economic Development:				
Personal services	65,000	67,119	67,108	11
Services	276,000	273,881	254,815	19,066
Total Economic Development	341,000	341,000	321,923	19,077
Total City Administration Department	1,742,685	1,775,787	1,580,535	195,252
Management Services Department				
Personnel:				
Personal services	360,408	359,442	353,641	5,801
Supplies	12,537	13,682	13,677	5
Services	43,745	52,286	47,704	4,582
Other operating expenditures	6,235	6,235	4,882	1,353
Total Personnel	422,925	431,645	419,904	11,741
Municipal Court:				
Personal services	318,163	317,056	314,028	3,028
Supplies	2,000	2,000	1,423	577
Services	5,187	6,294	5,229	1,065
Total Municipal Court	325,350	325,350	320,680	4,670
Finance:				
Personal services	885,416	871,793	863,099	8,694
Supplies	42,183	46,700	42,624	4,076
Services	383,440	376,197	373,555	2,642
Other operating expenditures	12,013	19,482	19,482	--
Capital outlay	18,330	18,330	12,596	5,734
Total Finance	1,341,382	1,332,502	1,311,356	21,146
Facilities:				
Supplies	22,964	28,361	28,361	--
Services	172,269	194,230	193,943	287
Equipment maintenance	3,000	8,082	7,773	309
Building maintenance	123,279	141,342	141,136	206
Total Facilities	321,512	372,015	371,213	802
Total Management Services Department	2,411,169	2,461,512	2,423,153	38,359

CITY OF KINGSVILLE
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2023

EXHIBIT B-1
Page 4 of 7

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Legal Department				
Personal services	226,548	237,377	236,618	759
Supplies	500	565	565	--
Services	27,931	43,422	41,859	1,563
Other operating expenditures	531	531	524	7
Total Legal Department	255,510	281,895	279,566	2,329
Urban Development Department				
Planning:				
Personal services	255,533	240,472	224,730	15,742
Supplies	950	1,755	1,694	61
Services	11,923	18,358	18,161	197
Equipment maintenance	500	--	--	--
Other operating expenditures	11,476	13,135	11,370	1,765
Total Planning	280,382	273,720	255,955	17,765
Permits and Licenses:				
Personal services	150,837	150,500	131,281	19,219
Supplies	3,200	3,126	3,086	40
Services	6,582	27,094	20,141	6,953
Equipment maintenance	750	1,035	1,035	--
Total Permits and Licenses	161,369	181,755	155,543	26,212
Community Appearance:				
Personal services	319,879	316,879	312,220	4,659
Supplies	10,910	12,492	12,492	--
Services	92,571	78,924	68,951	9,973
Equipment maintenance	10,000	12,341	7,262	5,079
Total Community Appearance	433,360	420,636	400,925	19,711
Total Urban Development Department	875,111	876,111	812,423	63,688
Police Department				
Personal services	5,590,834	5,744,106	5,081,936	662,170
Supplies	204,526	216,347	206,901	9,446
Services	379,171	442,464	427,761	14,703
Equipment maintenance	81,498	78,148	56,237	21,911
Other operating expenditures	63,430	64,189	64,187	2
Capital outlay	137,078	310,665	163,587	147,078
Total Police Department	6,456,537	6,855,919	6,000,609	855,310

CITY OF KINGSVILLE
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2023

EXHIBIT B-1
Page 5 of 7

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fire Department				
Personal services	3,501,239	3,518,448	3,518,448	--
Supplies	146,718	165,141	165,141	--
Services	177,111	177,560	177,560	--
Equipment maintenance	43,280	41,723	41,723	--
Other operating expenditures	4,503	3,538	3,538	--
Capital outlay	--	70,322	70,322	--
Total Fire Department	<u>3,872,851</u>	<u>3,976,732</u>	<u>3,976,732</u>	<u>--</u>
Volunteer Fire Department				
Personal services	16,065	7,932	7,932	--
Supplies	9,250	5,028	5,028	--
Services	12,000	14,311	14,311	--
Equipment maintenance	1,500	854	854	--
Total Volunteer Fire Department	<u>38,815</u>	<u>28,125</u>	<u>28,125</u>	<u>--</u>
Public Works Department				
Public Works Administration:				
Personal services	176,132	169,228	150,908	18,320
Supplies	3,343	9,352	9,352	--
Services	48,836	51,688	51,688	--
Equipment maintenance	2,500	3,811	3,811	--
Other operating expenditures	5,103	4,772	4,734	38
Capital outlay	7,540	6,402	--	6,402
Total Public Works Administration	<u>243,454</u>	<u>245,253</u>	<u>220,493</u>	<u>24,760</u>
Garage:				
Personal services	526,488	523,807	431,658	92,149
Supplies	13,106	15,659	13,907	1,752
Services	5,472	5,488	5,189	299
Equipment maintenance	4,100	4,213	4,213	--
Other operating expenditures	939	939	804	135
Total Garage	<u>550,105</u>	<u>550,106</u>	<u>455,771</u>	<u>94,335</u>
Sanitation:				
Personal services	832,473	778,615	726,984	51,631
Supplies	243,843	266,094	245,844	20,250
Services	30,517	32,342	30,772	1,570
Equipment maintenance	132,677	180,100	180,039	61
Building maintenance	500	500	61	439
Other operating expenditures	146,582	146,582	146,581	1
Capital outlay	308,529	542,001	542,001	--
Total Sanitation	<u>1,695,121</u>	<u>1,946,234</u>	<u>1,872,282</u>	<u>73,952</u>

CITY OF KINGSVILLE
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2023

EXHIBIT B-1
Page 6 of 7

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Street:				
Personal services	1,053,598	965,050	820,639	144,411
Supplies	73,569	116,219	82,017	34,202
Services	422,406	432,867	263,190	169,677
Equipment maintenance	57,446	126,085	111,725	14,360
Building maintenance	1,075,209	1,109,259	771,306	337,953
Other operating expenditures	54,129	53,779	53,778	1
Capital outlay	74,791	74,317	73,932	385
Total Street	2,811,148	2,877,576	2,176,587	700,989
Landfill:				
Personal services	606,492	627,385	619,238	8,147
Supplies	100,360	111,127	97,729	13,398
Services	684,928	732,277	261,744	470,533
Equipment maintenance	102,000	144,370	81,282	63,088
Building maintenance	19,381	20,995	10,131	10,864
Other operating expenditures	998	998	932	66
Total Landfill	1,514,159	1,637,152	1,071,056	566,096
Total Public Works Department	6,813,987	7,256,320	5,796,189	1,460,131
Health Department				
Personal services	610,731	596,605	584,745	11,860
Supplies	55,795	61,771	61,771	--
Services	57,102	67,569	67,569	--
Equipment maintenance	6,000	8,816	8,816	--
Building maintenance	5,000	4,384	4,384	--
Other operating expenditures	3,306	2,989	2,989	--
Total Health Department	737,934	742,134	730,274	11,860
Parks and Recreation Department				
Personal services	774,197	771,879	771,879	--
Supplies	111,310	125,190	118,234	6,956
Services	158,694	215,196	207,006	8,190
Equipment maintenance	12,960	17,346	17,284	62
Building maintenance	22,128	297,719	33,790	263,929
Other operating expenditures	3,346	3,550	3,292	258
Capital outlay	44,000	146,703	146,703	--
Total Parks and Recreation Department	1,126,635	1,577,583	1,298,188	279,395

CITY OF KINGSVILLE
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2023

EXHIBIT B-1
Page 7 of 7

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Golf Course				
Personal services	387,396	411,032	411,032	--
Supplies	85,388	111,614	111,614	--
Services	83,107	65,765	65,765	--
Equipment maintenance	5,500	4,344	4,344	--
Building maintenance	10,055	29,251	29,251	--
Other operating expenditures	52,920	58,462	58,462	--
Capital outlay	--	259,520	259,520	--
Total Golf Course	<u>624,366</u>	<u>939,988</u>	<u>939,988</u>	<u>--</u>
Tourism Department				
Services	<u>557,000</u>	<u>557,000</u>	<u>--</u>	<u>557,000</u>
Total Tourism Department	<u>557,000</u>	<u>557,000</u>	<u>--</u>	<u>557,000</u>
Total Expenditures	<u>25,512,600</u>	<u>27,329,106</u>	<u>23,865,782</u>	<u>3,463,324</u>
Excess (deficiency) of revenues (under) expenditures	(4,643,297)	(5,874,338)	(712,036)	5,162,302
Other Financing Sources (Uses):				
Transfers in	2,386,171	2,411,171	2,346,147	(65,024)
Transfers out	<u>(1,025,917)</u>	<u>(1,060,846)</u>	<u>(328,669)</u>	<u>732,177</u>
Total Other Financing Sources (Uses)	<u>1,360,254</u>	<u>1,350,325</u>	<u>2,017,478</u>	<u>667,153</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(3,283,043)	(4,524,013)	1,305,442	5,829,455
Fund Balances/Equity, October 1	<u>13,264,552</u>	<u>13,264,552</u>	<u>13,264,552</u>	<u>--</u>
Fund Balances/Equity, September 30	<u>\$ 9,981,509</u>	<u>\$ 8,740,539</u>	<u>\$ 14,569,994</u>	<u>\$ 5,829,455</u>

CITY OF KINGSVILLE
POLICE FORFEITURE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2023

EXHIBIT B-2

	1	2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Fines and Forfeitures:				
Confiscated revenue	\$ --	\$ --	\$ 24,402	\$ 24,402
Minor fines	11,000	11,000	10,968	(32)
Total Fines and Forfeits	<u>11,000</u>	<u>11,000</u>	<u>35,370</u>	<u>24,370</u>
Interest and Miscellaneous:				
Interest from investments	1,500	1,500	3,059	1,559
Miscellaneous	--	--	27,480	27,480
Total Interest and Miscellaneous	<u>1,500</u>	<u>1,500</u>	<u>30,539</u>	<u>29,039</u>
Total Revenues	<u>12,500</u>	<u>12,500</u>	<u>65,909</u>	<u>53,409</u>
Expenditures:				
Management Services Department				
Municipal Court:				
Supplies	--	8,600	8,563	37
Services	4,500	3,464	1,166	2,298
Other operating expenditures	<u>4,854</u>	<u>5,890</u>	<u>5,290</u>	<u>600</u>
Total Municipal Court	<u>9,354</u>	<u>17,954</u>	<u>15,019</u>	<u>2,935</u>
Total Management Services Department	<u>9,354</u>	<u>17,954</u>	<u>15,019</u>	<u>2,935</u>
Police Department				
Supplies	93,000	86,480	45,473	41,007
Services	158,827	158,827	106,550	52,277
Equipment maintenance	<u>--</u>	<u>7,438</u>	<u>7,438</u>	<u>--</u>
Total Police Department	<u>251,827</u>	<u>252,745</u>	<u>159,461</u>	<u>93,284</u>
Total Expenditures	<u>261,181</u>	<u>270,699</u>	<u>174,480</u>	<u>96,219</u>
Excess (deficiency) of revenues (under) expenditures	(248,681)	(258,199)	(108,571)	149,628
Fund Balances/Equity, October 1	<u>1,316,286</u>	<u>1,316,286</u>	<u>1,316,286</u>	--
Fund Balances/Equity, September 30	<u>\$ 1,067,605</u>	<u>\$ 1,058,087</u>	<u>\$ 1,207,715</u>	<u>\$ 149,628</u>

CITY OF KINGSVILLE
FEDERAL GRANTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2023

EXHIBIT B-3
Page 1 of 3

	1	2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Intergovernmental Revenue	\$ --	\$ --	\$ 2,750,158	\$ 2,750,158
Federal and state grants	<u>35,149,744</u>	<u>35,447,785</u>	<u>1,182,739</u>	<u>(34,265,046)</u>
Total Revenues	<u>35,149,744</u>	<u>35,447,785</u>	<u>3,932,897</u>	<u>(31,514,888)</u>
Expenditures:				
City Administration Department				
City Special:				
Supplies	20,670	20,670	20,670	--
Services	521,465	1,230,028	1,194,337	35,691
Capital outlay	<u>--</u>	<u>112,985</u>	<u>112,984</u>	<u>1</u>
Total City Special	<u>542,135</u>	<u>1,363,683</u>	<u>1,327,991</u>	<u>35,692</u>
Economic Development:				
Services	<u>500,000</u>	<u>500,000</u>	<u>230,000</u>	<u>270,000</u>
Total Economic Development	<u>500,000</u>	<u>500,000</u>	<u>230,000</u>	<u>270,000</u>
Total City Administration Department	<u>1,042,135</u>	<u>1,863,683</u>	<u>1,557,991</u>	<u>305,692</u>
Urban Development Department				
Community Appearance:				
Services	<u>--</u>	<u>96,000</u>	<u>19,480</u>	<u>76,520</u>
Total Community Appearance	<u>--</u>	<u>96,000</u>	<u>19,480</u>	<u>76,520</u>
Total Urban Development Department	<u>--</u>	<u>96,000</u>	<u>19,480</u>	<u>76,520</u>
Police Department				
Personal services	--	170,513	112,936	57,577
Supplies	--	82,292	77,846	4,446
Services	--	1,120	--	1,120
Building maintenance	--	50,839	--	50,839
Capital outlay	<u>150,000</u>	<u>314,220</u>	<u>299,607</u>	<u>14,613</u>
Total Police Department	<u>150,000</u>	<u>618,984</u>	<u>490,389</u>	<u>128,595</u>
Fire Department				
Services	--	150,000	--	150,000
Equipment maintenance	--	73,142	69,735	3,407
Building maintenance	--	25,000	25,000	--
Capital outlay	<u>--</u>	<u>48,487</u>	<u>48,487</u>	<u>--</u>
Total Fire Department	<u>--</u>	<u>296,629</u>	<u>143,222</u>	<u>153,407</u>

CITY OF KINGSVILLE
FEDERAL GRANTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2023

EXHIBIT B-3
Page 2 of 3

	1	2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual	
Public Works Department				
Public Works Administration:				
Capital outlay	--	50,000	49,616	384
Total Public Works Administration	--	50,000	49,616	384
Street:				
Services	4,732,009	4,732,009	539,190	4,192,819
Building maintenance	795,214	795,214	115,920	679,294
Capital outlay	29,633,213	29,633,213	456,300	29,176,913
Total Street	35,160,436	35,160,436	1,111,410	34,049,026
Total Public Works Department	35,160,436	35,210,436	1,161,026	34,049,410
Health Department				
Capital outlay	--	195,816	--	195,816
Total Health Department	--	195,816	--	195,816
Parks and Recreation Department				
Building maintenance	163,365	559,801	211,616	348,185
Capital outlay	--	205,259	205,259	--
Total Parks and Recreation Department	163,365	765,060	416,875	348,185
Golf Course				
Capital outlay	--	228,659	228,619	40
Total Golf Course	--	533,140	228,619	304,521
Tourism Department				
Supplies	--	9,824	9,383	441
Services	--	46,390	23,195	23,195
Building maintenance	--	49,504	10,000	39,504
Capital outlay	--	18,970	18,970	--
Total Tourism Department	--	124,688	61,548	63,140
Total Expenditures	36,515,936	39,704,437	4,079,150	35,625,287
Excess (deficiency) of revenues (under) expenditures	(1,366,192)	(4,256,652)	(146,253)	4,110,399
Other Financing Sources (Uses):				
Operating transfers in	200,000	1,947,145	209,633	(1,737,512)
Operating transfers out	(1,870)	(39,526)	(39,526)	--
Total Other Financing Sources (Uses)	198,130	1,907,619	170,107	(1,737,512)

CITY OF KINGSVILLE
 FEDERAL GRANTS FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

EXHIBIT B-3
 Page 3 of 3

	1	2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(1,168,062)	(2,349,033)	23,854	2,372,887
Fund Balances/Equity, October 1	504,615	504,615	504,615	--
Fund Balances/Equity, September 30	<u>\$ (663,447)</u>	<u>\$ (1,844,418)</u>	<u>\$ 528,469</u>	<u>\$ 2,372,887</u>

CITY OF KINGSVILLE

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

	Measurement Year **					
	2022	2021	2020	2019	2018	2017
Total Pension Liability						
Service cost	\$ 1,799,750	\$ 1,693,432	\$ 1,662,095	\$ 1,587,157	\$ 1,556,039	\$ 1,542,091
Interest (on the total pension liability)	4,828,469	4,567,986	4,388,996	4,239,811	4,062,979	3,865,404
Changes in benefit terms	--	--	--	--	--	--
Difference between expected and actual experience	1,030,414	790,799	(266,766)	(657,718)	(228,198)	(59,073)
Change in assumptions	--	--	--	73,235	--	--
Benefit payments, including refunds of employee contributions	(3,308,758)	(3,183,987)	(3,112,587)	(3,027,032)	(2,546,244)	(2,310,479)
Change in Total Pension Liability	4,349,875	3,868,230	2,671,738	2,215,453	2,844,576	3,037,943
Total Pension Liability - Beginning	72,287,380	68,419,150	65,747,412	63,531,959	60,687,383	57,649,440
Total Pension Liability - Ending (A)	<u>\$ 76,637,255</u>	<u>\$ 72,287,380</u>	<u>\$ 68,419,150</u>	<u>\$ 65,747,412</u>	<u>\$ 63,531,959</u>	<u>\$ 60,687,383</u>
Plan Fiduciary Net Position						
Contributions - employer	\$ 1,061,628	\$ 1,042,974	\$ 1,078,646	\$ 1,014,471	\$ 1,007,184	\$ 1,044,347
Contributions - employee	924,303	872,261	858,014	818,122	802,082	795,478
Net investment income	(5,536,404)	8,902,980	4,903,680	8,819,344	(1,785,743)	7,318,990
Benefit payments, including refunds of employee contributions	(3,308,758)	(3,183,987)	(3,112,587)	(3,027,032)	(2,546,244)	(2,310,479)
Administrative expense	(47,959)	(41,217)	(31,747)	(49,847)	(34,517)	(37,934)
Other	57,229	282	(1,239)	(1,497)	(1,803)	(1,922)
Net Change in Plan Fiduciary Net Position	(6,849,961)	7,593,293	3,694,767	7,573,561	(2,559,041)	6,808,480
Plan Fiduciary Net Position - Beginning	75,924,425	68,331,132	64,636,365	57,062,804	59,621,846	52,813,366
Plan Fiduciary Net Position - Ending (B)	<u>\$ 69,074,464</u>	<u>\$ 75,924,425</u>	<u>\$ 68,331,132</u>	<u>\$ 64,636,365</u>	<u>\$ 57,062,805</u>	<u>\$ 59,621,846</u>
Net Pension Liability - Ending (A-B)	<u>\$ 7,562,791</u>	<u>\$ (3,637,045)</u>	<u>\$ 88,018</u>	<u>\$ 1,111,047</u>	<u>\$ 6,469,154</u>	<u>\$ 1,065,537</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	90.13%	105.03%	99.87%	98.31%	89.82%	98.24%
Covered Payroll	\$ 13,204,328	\$ 12,460,870	\$ 12,257,338	\$ 11,687,462	\$ 11,458,315	\$ 11,363,969
Net Position Liability as a Percentage of Covered Payroll	57.28%	-29.19%	0.72%	9.51%	56.46%	9.38%

* 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.

** The amounts presented are determined as of the Plan's measurement year which was as of August 31 in each prior calendar year from the District's fiscal year end.

EXHIBIT B-4

	2016	2015	2014
\$	1,518,194	\$ 1,478,821	\$ 1,277,906
	3,724,025	3,700,688	3,516,450
	--	--	--
	(830,982)	(652,092)	37,963
	--	70,021	--
	<u>(2,346,871)</u>	<u>(2,279,840)</u>	<u>(2,321,247)</u>
	2,064,366	2,317,598	2,511,072
	55,585,074	53,267,476	50,756,674
\$	<u>57,649,440</u>	<u>55,585,074</u>	<u>53,267,746</u>

\$	1,044,455	\$ 1,067,110	\$ 1,076,141
	780,276	778,913	761,677
	3,378,510	74,370	2,755,154
	(2,346,871)	(2,279,840)	(2,321,247)
	(38,160)	(45,302)	(28,766)
	<u>(2,056)</u>	<u>(2,237)</u>	<u>(2,365)</u>
	2,816,154	(406,986)	2,240,594
	49,997,212	50,404,198	48,163,604
\$	<u>52,813,366</u>	<u>49,997,212</u>	<u>50,404,198</u>
\$	<u>4,836,074</u>	<u>5,587,862</u>	<u>2,863,548</u>

91.61% 89.95% 94.62%

\$ 11,146,799 \$ 11,127,323 \$ 10,881,103

43.39% 50.22% 26.32%

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

	Fiscal Year						
	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	\$ 1,120,684	\$ 1,065,042	\$ 1,104,036	\$ 1,033,057	\$ 1,011,365	\$ 1,023,749	\$ 1,036,718
Contributions in relation to the contractually required contribution	(1,120,684)	(1,065,042)	(1,104,036)	(1,033,057)	(1,011,365)	(1,023,749)	(1,036,718)
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
City's covered-employee payroll	\$ 13,767,779	\$ 13,119,447	\$ 13,003,126	\$ 11,782,515	\$ 11,612,444	\$ 11,503,830	\$ 11,222,189
Contributions as a percentage of covered-employee payroll	8.14%	8.12%	8.49%	8.77%	8.71%	8.90%	9.24%

* 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.

EXHIBIT B-5

<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 1,056,924	\$ 1,067,110	\$ 1,076,141
(1,056,924)	(1,067,110)	(1,076,141)
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
\$ 11,208,130	\$ 11,127,323	\$ 10,881,102
9.43%	9.59%	9.89%

CITY OF KINGSVILLE

EXHIBIT B-6

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

	Measurement Year **					
	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service cost	\$ 25,982	\$ 42,012	\$ 35,155	\$ 71,543	\$ 51,950	\$ 50,437
Interest	30,715	20,552	19,223	47,127	50,802	50,887
Changes in benefit terms	--	--	--	--	--	--
Difference between expected and actual experience	3,079	(180,900)	110,113	(508,154)	176,817	(11,837)
Changes in assumptions or other inputs	33,021	(38,841)	20,591	(448,465)	190,814	--
Benefit payments	(73,040)	(64,787)	(37,106)	(46,607)	(156,361)	(30,090)
Net Change in Total OPEB Liability	<u>19,757</u>	<u>(221,964)</u>	<u>147,976</u>	<u>(884,556)</u>	<u>314,022</u>	<u>59,397</u>
Total OPEB Liability - Beginning	<u>708,122</u>	<u>930,086</u>	<u>782,110</u>	<u>1,666,666</u>	<u>1,352,644</u>	<u>1,293,247</u>
Total OPEB Liability - Ending	<u>\$ 727,879</u>	<u>\$ 708,122</u>	<u>\$ 930,086</u>	<u>\$ 782,110</u>	<u>\$ 1,666,666</u>	<u>\$ 1,352,644</u>
Covered-employee payroll	\$ 8,909,583	\$ 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	8.17%	8.19%	9.53%	8.26%	16.62%	13.89%
Discount Rate	4.63%	4.40%	2.19%	2.41%	2.75%	3.83%

* 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.

** The amounts presented are determined as of the Plan's measurement year which was as of August 31 in each prior calendar year from the District's fiscal year end.

CITY OF KINGSVILLE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED SEPTEMBER 30, 2023

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

Texas Municipal Retirement System

Valuation Date	Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	23 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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CITY OF KINGSVILLE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2023

City of Kingsville OPEB Plan

Valuation Date	September 30, 2022
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	4.63%
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. Mortality Rates: 2019 - PubG.H-2010 (general employees) and PubS.H-2010 (public safety) Employee and Healthy Annuitant Generational with MP-2019 2020 - PubG.H-2010 (general employees) and PubS.H-2010 (public safety) Employee and Healthy Annuitant Generational with MP-2020 2021 - PubG.H-2010 (general employees) and PubS.H-2010 (public safety) Employee and Healthy Annuitant Generational with MP-2021

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

CITY OF KINGSVILLE
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 SEPTEMBER 30, 2023

	Tourism Fund	State Grants	Other Special Revenues	Total Nonmajor Special Revenue Funds (See Exhibit A-3)
ASSETS				
Assets:				
Cash and cash equivalents	\$ 75	\$ --	\$ --	\$ 75
Equity in pooled cash and cash equivalents	43,164	530,525	353	574,042
Receivables (net of allowances for uncollectibles):				
Accounts receivable	47,582	--	--	47,582
Due from:				
Other governments	160	10,667	--	10,827
Prepaid expenditures	20,259	--	--	20,259
Inventory, at cost	7,124	--	--	7,124
Restricted assets:				
Cash and cash equivalents	475,161	--	--	475,161
Total Assets	<u>\$ 593,525</u>	<u>\$ 541,192</u>	<u>\$ 353</u>	<u>\$ 1,135,070</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND EQUITY				
Liabilities:				
Accounts payable	\$ 15,646	\$ --	\$ --	\$ 15,646
Accrued wages payable	5,144	--	--	5,144
Total Liabilities	<u>20,790</u>	<u>--</u>	<u>--</u>	<u>20,790</u>
Deferred Inflows of Resources:				
Deferred revenue	--	33,692	334	34,026
Total Deferred Inflows of Resources	<u>--</u>	<u>33,692</u>	<u>334</u>	<u>34,026</u>
Equity:				
Fund balances:				
Nonspendable:				
Inventory	7,124	--	--	7,124
Prepays	20,259	--	--	20,259
Restricted:				
Law enforcement	--	--	19	19
Tourism	545,352	--	--	545,352
Federal and state programs	--	507,500	--	507,500
Total Equity	<u>572,735</u>	<u>507,500</u>	<u>19</u>	<u>1,080,254</u>
Total Liabilities, Deferred Inflows of Resources, and Equity	<u>\$ 593,525</u>	<u>\$ 541,192</u>	<u>\$ 353</u>	<u>\$ 1,135,070</u>

CITY OF KINGSVILLE

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Tourism Fund	State Grants	Other Special Revenues	Total Nonmajor Special Revenue Funds (See Exhibit A-5)
Revenue:				
Taxes	\$ 599,171	\$ --	\$ --	\$ 599,171
Charges for services	15,511	--	--	15,511
Interest and miscellaneous	17,696	--	--	17,696
Donations	--	--	26,999	26,999
Federal and state grants	--	102,118	5,051	107,169
Total Revenues	<u>632,378</u>	<u>102,118</u>	<u>32,050</u>	<u>766,546</u>
Expenditures:				
Current:				
Public safety	--	104,824	7,050	111,874
City/County	--	--	25,000	25,000
Tourism	691,472	--	--	691,472
Total Expenditures	<u>691,472</u>	<u>104,824</u>	<u>32,050</u>	<u>828,346</u>
Excess (deficiency) of revenues (under) expenditures	(59,094)	(2,706)	--	(61,800)
Other Financing Sources (Uses):				
Transfers in	18,622	2,706	--	21,328
Transfers out	(35,000)	--	--	(35,000)
Total Other Financing Sources (Uses)	<u>(16,378)</u>	<u>2,706</u>	<u>--</u>	<u>(13,672)</u>
Net Change in Fund Balances	(75,472)	--	--	(75,472)
Fund Balances/Equity, October 1	648,207	507,500	19	1,155,726
Fund Balances/Equity, September 30	<u>\$ 572,735</u>	<u>\$ 507,500</u>	<u>\$ 19</u>	<u>\$ 1,080,254</u>

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CITY OF KINGSVILLE

EXHIBIT C-3

TOURISM FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	1	2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual	(Negative)
Taxes:				
General Property Taxes:				
Hotel/Motel property tax	\$ 639,000	\$ 639,000	\$ 599,171	\$ (39,829)
Total Taxes	<u>639,000</u>	<u>639,000</u>	<u>599,171</u>	<u>(39,829)</u>
Permits and Licenses:				
Charges for Services:				
General Service Fees:				
Park and recreational fees	14,500	14,500	15,125	625
Total General Service Fees	<u>14,500</u>	<u>14,500</u>	<u>15,125</u>	<u>625</u>
Sanitation Services:				
Miscellaneous	500	500	386	(114)
Total Sanitation Services	<u>500</u>	<u>500</u>	<u>386</u>	<u>(114)</u>
Total Charges for Services	<u>15,000</u>	<u>15,000</u>	<u>15,432</u>	<u>432</u>
Interest and Miscellaneous:				
Interest from investments	300	300	225	(75)
Miscellaneous	1,200	1,200	17,471	16,271
Total Interest and Miscellaneous	<u>1,500</u>	<u>1,500</u>	<u>17,696</u>	<u>16,196</u>
Total Revenues	<u>655,500</u>	<u>655,500</u>	<u>632,378</u>	<u>(23,122)</u>
Expenditures:				
Tourism Department				
Personal services	267,939	282,939	270,096	12,843
Supplies	21,188	21,188	19,376	1,812
Services	197,096	297,108	297,108	--
Equipment maintenance	500	500	47	453
Building maintenance	500	17,522	17,522	--
Other operating expenditures	3,596	3,600	3,095	505
Capital outlay	150,000	104,531	84,228	20,303
Total Tourism Department	<u>640,819</u>	<u>727,388</u>	<u>691,472</u>	<u>35,916</u>
Total Expenditures	<u>640,819</u>	<u>727,388</u>	<u>691,472</u>	<u>35,916</u>
Excess (deficiency) of revenues (under) expenditures	14,681	(71,888)	(59,094)	12,794
Other Financing Sources (Uses):				
Operating transfers in	12,054	12,054	18,622	6,568
Operating transfers out	(35,000)	(49,700)	(35,000)	14,700
Total Other Financing Sources (Uses)	<u>(22,946)</u>	<u>(37,646)</u>	<u>(16,378)</u>	<u>21,268</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(8,265)	(109,534)	(75,472)	34,062
Fund Balances/Equity, October 1	648,207	648,207	648,207	--
Fund Balances/Equity, September 30	<u>\$ 639,942</u>	<u>\$ 538,673</u>	<u>\$ 572,735</u>	<u>\$ 34,062</u>

CITY OF KINGSVILLE
STATE GRANTS FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2023

EXHIBIT C-4

	1	2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Federal and state grants	\$ --	\$ 141,795	\$ 102,118	\$ (39,677)
Total Revenues	<u>--</u>	<u>141,795</u>	<u>102,118</u>	<u>(39,677)</u>
Expenditures:				
City Administration Department				
City Special:				
Building maintenance	<u>500,000</u>	<u>500,000</u>	<u>--</u>	<u>500,000</u>
Total City Special	<u>500,000</u>	<u>500,000</u>	<u>--</u>	<u>500,000</u>
Total City Administration Department	<u>500,000</u>	<u>500,000</u>	<u>--</u>	<u>500,000</u>
Police Department				
Personal services	--	78,000	38,491	39,509
Supplies	--	63,702	63,702	--
Services	<u>--</u>	<u>2,631</u>	<u>2,631</u>	<u>--</u>
Total Police Department	<u>--</u>	<u>144,333</u>	<u>104,824</u>	<u>39,509</u>
Total Expenditures	<u>500,000</u>	<u>644,333</u>	<u>104,824</u>	<u>539,509</u>
Excess (deficiency) of revenues (under) expenditures	(500,000)	(502,538)	(2,706)	499,832
Other Financing Sources (Uses):				
Operating transfers in	--	2,537	2,706	169
Total Other Financing Sources (Uses)	<u>--</u>	<u>2,537</u>	<u>2,706</u>	<u>169</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(500,000)	(500,001)	--	500,001
Fund Balances/Equity, October 1	<u>507,499</u>	<u>507,499</u>	<u>507,500</u>	<u>--</u>
Fund Balances/Equity, September 30	<u>\$ 7,499</u>	<u>\$ 7,498</u>	<u>\$ 507,500</u>	<u>\$ 500,001</u>

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CITY OF KINGSVILLE
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2023

EXHIBIT C-5

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
General Property Taxes:				
Current taxes	\$ 1,679,776	\$ 1,679,776	\$ 1,606,058	\$ (73,718)
Delinquent taxes	45,000	45,000	46,368	1,368
Penalty and interest	32,000	32,000	35,563	3,563
Total General Property Taxes	<u>1,756,776</u>	<u>1,756,776</u>	<u>1,687,989</u>	<u>(68,787)</u>
Interest and Miscellaneous:				
Interest from investments	2,000	2,000	22,452	20,452
Total Interest and Miscellaneous	<u>2,000</u>	<u>2,000</u>	<u>22,452</u>	<u>20,452</u>
Total Revenues	<u>1,758,776</u>	<u>1,758,776</u>	<u>1,710,441</u>	<u>(48,335)</u>
Expenditures:				
Debt Service				
Principal retired	1,570,949	1,570,949	1,570,948	1
Interest	240,503	240,503	240,503	--
Paying agent fees	6,000	6,000	2,105	3,895
Total Debt Service	<u>1,817,452</u>	<u>1,817,452</u>	<u>1,813,556</u>	<u>3,896</u>
Total Expenditures	<u>1,817,452</u>	<u>1,817,452</u>	<u>1,813,556</u>	<u>3,896</u>
Excess (deficiency) of revenues (under) expenditures	(58,676)	(58,676)	(103,115)	(44,439)
Other Financing Sources (Uses):				
Operating transfers in	201,571	201,571	201,571	--
Total Other Financing Sources (Uses)	<u>201,571</u>	<u>201,571</u>	<u>201,571</u>	<u>--</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	142,895	142,895	98,456	(44,439)
Fund Balances/Equity, October 1	491,634	491,634	491,634	--
Fund Balances/Equity, September 30	<u>\$ 634,529</u>	<u>\$ 634,529</u>	<u>\$ 590,090</u>	<u>\$ (44,439)</u>

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CITY OF KINGSVILLE
 CAPITAL IMPROVEMENTS FUND
 CAPITAL PROJECTS FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

EXHIBIT C-6
 Page 1 of 2

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest and Miscellaneous:				
Interest from investments	\$ --	\$ --	\$ --	\$ --
Total Interest and Miscellaneous	--	--	--	--
Total Revenues	--	--	--	--
Expenditures:				
City Administration Department				
City Special:				
Services	--	498	498	--
Total City Special	--	498	498	--
Total City Administration Department	--	498	498	--
Fire Department				
Building maintenance	--	15,720	15,720	--
Total Fire Department	--	15,720	15,720	--
Public Works Department				
Garage:				
Capital outlay	7,885	7,885	7,885	--
Total Garage	7,885	7,885	7,885	--
Street:				
Capital outlay	47,120	47,120	47,090	30
Total Street	47,120	47,120	47,090	30
Total Public Works Department	55,005	55,005	54,975	30
Health Department				
Capital outlay	9,047	38,733	38,733	--
Total Health Department	9,047	38,733	38,733	--
Parks and Recreation Department				
Building maintenance	23,293	--	--	--
Capital outlay	5,600	13,173	11,724	1,449
Total Parks and Recreation Department	28,893	13,173	11,724	1,449

CITY OF KINGSVILLE
 CAPITAL IMPROVEMENTS FUND
 CAPITAL PROJECTS FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

EXHIBIT C-6
 Page 2 of 2

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Debt Service				
Bond issuance costs	--	153,506	153,506	--
Total Debt Service	--	153,506	153,506	--
Total Expenditures	92,945	276,635	275,156	1,479
Excess (deficiency) of revenues (under) expenditures	(92,945)	(276,635)	(275,156)	1,479
Other Financing Sources (Uses):				
Transfers out	(119,453)	(119,453)	(119,453)	--
Bond proceeds	--	4,625,000	4,625,000	--
Bond premium	--	282,699	282,700	1
Total Other Financing Sources (Uses)	(119,453)	4,788,246	4,788,247	1
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(212,398)	4,511,611	4,513,091	1,480
Fund Balances/Equity, October 1	338,304	338,304	338,305	--
Fund Balances/Equity, September 30	\$ 125,906	\$ 4,849,915	\$ 4,851,396	\$ 1,480

Statistical Section

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

<u>Contents</u>	<u>Page</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	116-123
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.	124-132
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.	133-138
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time with other governments.	139-140
Operating Information	
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	141-145

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

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

	Fiscal Year				
	2023	2022	2021	2020	2019
Governmental Activities					
Net investment in Capital Assets	\$ 14,502,177	\$ 12,190,877	\$ 9,712,649	\$ 8,732,847	\$ 8,388,284
Restricted	6,417,480	6,590,375	4,298,931	3,023,392	3,538,577
Unrestricted	10,641,329	10,471,375	9,453,907	8,737,572	5,855,585
Total Governmental Activities Net Position	\$ 31,560,986	\$ 29,252,627	\$ 23,465,487	\$ 20,493,811	\$ 17,782,446
Business-type activities					
Net Investment in Capital Assets	\$ 7,465,510	\$ 9,951,488	\$ 9,456,955	\$ 9,726,407	\$ 9,265,006
Restricted	5,847,033	4,583,395	2,503,844	2,734,415	3,599,174
Unrestricted	6,855,495	4,355,387	5,438,734	4,061,441	2,504,378
Total Business-Type Activities Net Position	\$ 20,168,038	\$ 18,890,270	\$ 17,399,533	\$ 16,522,263	\$ 15,368,558
Primary Government					
Net investment in Capital Assets	\$ 21,967,687	\$ 22,142,365	\$ 19,169,604	\$ 18,459,254	\$ 17,653,290
Restricted	12,264,513	11,173,770	6,802,775	5,757,807	7,137,751
Unrestricted	17,496,824	14,826,762	14,892,641	12,799,013	8,359,963
Total Primary Government Net Position	\$ 51,729,024	\$ 48,142,897	\$ 40,865,020	\$ 37,016,074	\$ 33,151,004

SCHEDULE 1

		Fiscal Year							
		2018	2017	2016	2015	2014			
\$	6,481,143	\$	8,359,623	\$	8,385,155	\$	9,978,832	\$	7,857,043
	3,450,739		3,391,989		2,691,190		3,214,449		4,552,225
	<u>7,847,141</u>		<u>4,923,248</u>		<u>5,042,603</u>		<u>2,347,890</u>		<u>1,671,613</u>
\$	<u>17,779,023</u>	\$	<u>16,674,860</u>	\$	<u>16,118,948</u>	\$	<u>15,541,171</u>	\$	<u>14,080,881</u>
\$	9,269,664	\$	7,888,672	\$	5,337,203	\$	3,658,702	\$	842,427
	2,277,168		3,124,894		3,783,641		5,606,600		6,361,728
	<u>2,541,750</u>		<u>2,394,348</u>		<u>5,265,570</u>		<u>4,667,465</u>		<u>8,899,435</u>
\$	<u>14,088,582</u>	\$	<u>13,407,914</u>	\$	<u>14,386,414</u>	\$	<u>13,932,767</u>	\$	<u>16,103,590</u>
\$	15,750,807	\$	16,248,295	\$	13,722,358	\$	13,637,534	\$	8,699,470
	5,727,907		6,516,883		6,474,831		8,821,049		10,913,953
	<u>10,388,891</u>		<u>7,317,596</u>		<u>10,308,173</u>		<u>7,015,355</u>		<u>10,571,048</u>
\$	<u>31,867,605</u>	\$	<u>30,082,774</u>	\$	<u>30,505,362</u>	\$	<u>29,473,938</u>	\$	<u>30,184,471</u>

CITY OF KINGSVILLE
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	Fiscal Year				
	2023	2022	2021	2020	2019
Expenses					
Governmental Activities:					
General Government	\$ 6,897,221	\$ 4,805,229	\$ 4,534,741	\$ 4,658,647	\$ 4,719,760
Public Safety	11,243,058	9,069,157	8,565,107	9,544,822	10,272,984
Public Works	3,788,476	3,120,424	3,588,399	3,053,129	3,632,080
City/County	3,114,942	2,592,537	2,515,339	2,168,364	2,337,837
Tourism	651,792	539,067	415,224	543,425	651,531
Community Enrichment	54,833	-	-	-	-
Interest on Long-Term Debt	200,196	202,888	185,474	266,416	279,826
Total Governmental Activities Expenses	25,950,518	20,329,302	19,804,284	20,234,803	21,894,018
Business-Type Activities:					
Water	5,696,128	5,861,743	4,629,416	4,126,370	4,392,972
Solid Waste	2,986,526	3,242,982	2,815,547	2,735,102	2,966,136
Waste Water	3,276,876	2,937,849	2,899,735	2,957,232	2,939,875
Storm Water	85,090	1,893	1,188	1,261	860
Total Business-Type Activity Expenses	12,044,620	12,044,467	10,345,886	9,819,965	10,299,843
Total Primary Government Expenses	\$ 37,995,138	\$ 32,373,769	\$ 30,150,170	\$ 30,054,768	\$ 32,193,861
Program Revenue (see schedule 3)					
Governmental Activities					
Charges for Services:					
General Government	\$ 352,556	\$ 400,742	\$ 417,217	\$ 380,421	\$ 324,138
Public Safety	1,326,835	1,500,917	1,297,364	1,386,835	1,597,664
Public Works	1,090,136	1,044,853	822,553	807,064	787,122
City/County	1,186,138	1,026,714	472,948	370,251	361,675
Tourism	15,204	14,761	13,513	50,090	58,534
Operating Grants and Contributions	3,033,549	936,881	1,355,078	2,607,026	1,379,626
Capital Grants and Contributions	1,033,517	2,331,066	-	-	-
	8,037,935	7,255,934	4,378,673	5,601,687	4,508,759
Business-Type Activities:					
Charges for Services:					
Water	5,340,149	5,245,790	4,995,788	4,886,760	4,730,167
Waste Water	-	-	-	4,141,620	3,800,783
Solid Waste	8,906,199	8,982,951	8,699,074	4,115,973	3,890,518
Storm Water	426,029	414,582	401,508	404,887	390,799
Operating Grants and Contributions	34,082	4,678	507,183	142,715	24,907
Capital Grants and Contributions	397,869	1,017,042	-	-	-
Total Business-Type Activities Program Revenues	15,104,328	15,665,043	14,603,553	13,691,955	12,837,174
Total Primary Government Program Revenues	\$ 23,142,263	\$ 22,920,977	\$ 18,982,226	\$ 19,293,642	\$ 17,345,933

SCHEDULE 2

		Fiscal Year							
		2018	2017	2016	2015	2014			
\$	4,509,275	\$	4,803,413	\$	4,487,935	\$	3,995,650	\$	4,127,259
	9,299,188		9,056,283		10,415,086		9,204,930		10,189,111
	3,382,760		3,978,987		3,321,641		3,306,944		3,727,188
	2,060,985		2,116,324		2,735,353		1,861,469		797,635
	590,957		976,056		533,758		489,686		482,331
	-		-		-		-		-
	337,368		362,092		415,124		255,927		309,706
	<u>20,180,533</u>		<u>21,293,155</u>		<u>21,908,897</u>		<u>19,114,606</u>		<u>19,633,230</u>
	4,381,668		4,587,773		4,576,376		4,136,054		4,569,960
	2,697,771		2,861,670		2,594,497		2,705,535		2,706,916
	3,004,453		3,234,997		2,992,974		2,769,038		2,547,557
	327		270		253		631		834
	<u>10,084,219</u>		<u>10,684,710</u>		<u>10,164,100</u>		<u>9,611,258</u>		<u>9,825,267</u>
\$	<u>\$ 30,264,752</u>	\$	<u>\$ 31,977,865</u>	\$	<u>\$ 32,072,997</u>	\$	<u>\$ 28,725,864</u>	\$	<u>\$ 29,458,497</u>
\$	270,992	\$	289,523	\$	342,476	\$	336,553	\$	427,047
	2,515,424		1,738,745		3,596,477		3,394,881		2,374,591
	813,052		853,075		601,700		62,577		54,893
	314,270		308,082		467,315		295,084		30,038
	51,128		55,173		935		1,985		626,066
	1,003,090		1,192,770		1,071,004		947,173		298,649
	-		-		-		-		2,074
	<u>4,967,956</u>		<u>4,437,368</u>		<u>6,079,907</u>		<u>5,038,253</u>		<u>3,813,358</u>
	5,071,190		5,084,940		4,748,558		4,509,790		5,021,529
	3,543,469		3,497,038		3,409,252		3,451,936		3,830,649
	3,927,251		3,924,740		3,856,298		3,915,060		3,776,750
	330,649		227,449		226,086		224,545		228,883
	42,587		191,926		111,987		-		-
	-		-		-		-		-
	<u>12,915,146</u>		<u>12,926,093</u>		<u>12,352,181</u>		<u>12,101,331</u>		<u>12,857,811</u>
\$	<u>\$ 17,883,102</u>	\$	<u>\$ 17,363,461</u>	\$	<u>\$ 18,432,088</u>	\$	<u>\$ 17,139,584</u>	\$	<u>\$ 16,671,169</u>

CITY OF KINGSVILLE
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	Fiscal Year				
	2023	2022	2021	2020	2019
Net (Expense)/Revenue					
Governmental Activities	\$ (17,912,583)	\$ (13,073,368)	\$ (15,425,611)	\$ (14,633,116)	\$ (17,385,259)
Business-Type Activities	3,059,708	3,620,576	4,257,667	3,871,990	2,537,331
Total Primary Government Net Expenses	<u>\$ (14,852,875)</u>	<u>\$ (9,452,792)</u>	<u>\$ (11,167,944)</u>	<u>\$ (10,761,126)</u>	<u>\$ (14,847,928)</u>
General Revenues - Other Changes in Net Position					
Governmental Activities					
Taxes					
Property Taxes	\$ 8,455,115	\$ 8,576,529	\$ 7,634,771	\$ 7,651,822	\$ 7,407,799
Franchise Taxes	889,859	840,179	881,639	868,834	1,023,299
Sales Taxes	6,485,867	6,279,434	5,704,000	5,116,414	5,080,332
Hotel/Motel Taxes	599,478	635,149	609,475	508,437	649,312
Other Taxes	68,927	64,220	54,035	51,862	67,931
Payment in Lieu of Taxes	-	-	-	-	-
Insurance Settlement	-	-	-	-	-
Investment Earnings	927,250	211,507	31,377	260,690	396,086
Gain (loss) on disposal of capital assets	-	-	70,797	23,500	31,605
Intergovernmental Revenue	-	10,000	-	-	-
Miscellaneous (loss)	42,834	59,430	24,379	39,536	40,982
Transfers	2,751,612	2,184,060	3,386,814	2,823,386	2,691,336
Total Governmental Activities	<u>20,220,942</u>	<u>18,860,508</u>	<u>18,397,287</u>	<u>17,344,481</u>	<u>17,388,682</u>
Business-Type Activities					
Investment Earnings	359,311	54,229	6,420	105,101	157,476
Other	-	-	-	-	-
Transfers	(2,751,612)	(2,184,060)	(3,386,814)	(2,823,386)	(2,691,336)
Total Business-Type Activities	<u>(2,392,301)</u>	<u>(2,129,831)</u>	<u>(3,380,394)</u>	<u>(2,718,285)</u>	<u>(2,533,860)</u>
Total Primary Government	<u>\$ 17,828,641</u>	<u>\$ 16,730,677</u>	<u>\$ 15,016,893</u>	<u>\$ 14,626,196</u>	<u>\$ 14,854,822</u>
Changes in Net Position					
Governmental Activities (loss)	\$ 2,308,359	\$ 5,787,140	\$ 2,971,676	\$ 2,711,365	\$ 3,423
Business-Type Activities (loss)	667,407	1,490,745	877,273	1,153,705	3,471
Total Primary Government (loss)	<u>\$ 2,975,766</u>	<u>\$ 7,277,885</u>	<u>\$ 3,848,949</u>	<u>\$ 3,865,070</u>	<u>\$ 6,894</u>

SCHEDULE 2
(Continued)

		Fiscal Year				
		2018	2017	2016	2015	2014
\$	(15,212,577)	\$ (16,855,787)	\$ (15,828,990)	\$ (14,076,353)	\$ (15,819,872)	
	<u>2,830,927</u>	<u>2,241,383</u>	<u>2,188,081</u>	<u>2,490,073</u>	<u>3,032,544</u>	
\$	<u>(12,381,650)</u>	<u>(14,614,404)</u>	<u>(13,640,909)</u>	<u>(11,586,280)</u>	<u>(12,787,328)</u>	
\$	6,983,970	\$ 6,837,284	\$ 6,425,348	\$ 6,247,458	\$ 6,111,394	
	979,444	989,053	996,256	1,003,931	1,019,888	
	4,764,200	4,770,174	4,599,145	4,520,268	4,543,435	
	566,267	549,471	510,673	564,056	-	
	64,514	66,553	55,932	57,265	57,136	
	-	-	100,000	100,000	100,000	
	-	573,250	1,605,908	-	-	
	280,161	134,896	251,491	128,334	83,492	
	3,000	87,712	-	-	-	
	-	-	-	-	-	
	61,377	98,935	24,320	21,292	2,000	
	<u>2,286,274</u>	<u>3,304,371</u>	<u>1,837,694</u>	<u>4,442,361</u>	<u>1,987,639</u>	
	<u>15,989,207</u>	<u>17,411,699</u>	<u>16,406,767</u>	<u>17,084,965</u>	<u>13,904,984</u>	
	84,354	73,974	103,258	45,957	127,777	
	8,002	10,514	-	-	-	
	<u>(2,286,274)</u>	<u>(3,304,371)</u>	<u>(1,837,694)</u>	<u>(4,442,361)</u>	<u>(1,987,638)</u>	
	<u>(2,193,918)</u>	<u>(3,219,883)</u>	<u>(1,734,436)</u>	<u>(4,396,404)</u>	<u>(1,859,861)</u>	
\$	<u>13,795,289</u>	<u>14,191,816</u>	<u>14,672,331</u>	<u>12,688,561</u>	<u>12,045,123</u>	
\$	776,630	\$ 555,912	\$ 577,777	\$ 3,008,612	\$ (1,914,888)	
	<u>637,009</u>	<u>(978,500)</u>	<u>453,645</u>	<u>(1,906,331)</u>	<u>1,172,684</u>	
\$	<u>1,413,639</u>	<u>(422,588)</u>	<u>1,031,422</u>	<u>1,102,281</u>	<u>(742,204)</u>	

CITY OF KINGSVILLE

FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS

	Fiscal Year				
	2023	2022	2021	2020	2019
General Fund					
Nonspendable	\$ 476,828	\$ 476,828	\$ 478,980	\$ 375,986	\$ 320,068
Restricted	191,039	34,492	22,708	8,391	5,600
Committed	4,224,115	3,797,887	3,356,991	3,701,093	3,259,455
Assigned	434,057	-	-	-	-
Unassigned	9,243,955	8,955,345	9,932,049	9,066,420	7,193,210
Total General Fund	\$ <u>14,569,994</u>	\$ <u>13,264,552</u>	\$ <u>13,790,728</u>	\$ <u>13,151,890</u>	\$ <u>10,778,333</u>
Restricted					
Debt Service Funds	590,090	491,634	404,270	618,428	612,098
Special Revenue Funds	1,608,723	1,660,341	1,625,506	638,204	561,021
Capital Projects Funds	4,851,396	338,305	81,309	121,478	369,208
Unassigned, Reported in					
Special Revenue Funds	1,207,715	1,316,287	1,149,361	1,234,903	1,307,616
Assigned					
Drug Awareness	-	-	-	58	58
Total All Other Governmental Funds	\$ <u>8,257,924</u>	\$ <u>3,806,567</u>	\$ <u>3,260,446</u>	\$ <u>2,613,071</u>	\$ <u>2,850,001</u>

SCHEDULE 3

		Fiscal Year							
		2018	2017	2016	2015	2014			
\$	354,036	\$	285,323	\$	252,475	\$	224,369	\$	208,104
	2,314		97,057		97,400		137,203		129,744
	2,664,778		1,266,453		2,945,543		4,817,647		6,396,343
	-		-		-		-		0
	<u>6,963,901</u>		<u>7,470,863</u>		<u>7,149,475</u>		<u>5,339,938</u>		<u>4,792,075</u>
\$	<u>9,985,029</u>	\$	<u>9,119,696</u>	\$	<u>10,444,893</u>	\$	<u>10,519,157</u>	\$	<u>11,526,266</u>
	559,382		757,325		618,994		579,648		588,942
	344,117		412,248		534,268		1,124,758		2,095,662
	1,723,633		4,007,567		6,509,573		-		-
	2,091,534		1,461,090		1,726,151		1,439,902		890,143
	<u>58</u>		<u>2,365</u>		<u>2,365</u>		<u>2,365</u>		<u>2,365</u>
\$	<u>4,718,724</u>	\$	<u>6,640,595</u>	\$	<u>9,391,351</u>	\$	<u>3,146,673</u>	\$	<u>3,577,112</u>

CITY OF KINGSVILLE

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

	Fiscal Year				
	2023	2022	2021	2020	2019
Revenues					
Property Taxes	\$ 8,455,115	\$ 8,576,533	\$ 7,592,914	\$ 7,492,381	\$ 7,120,452
Taxes-Other	8,090,135	7,724,401	7,356,029	6,645,547	6,924,607
Licenses, Fees and Permits	289,793	320,787	255,995	273,086	239,639
Fines and Penalties	623,545	905,492	697,303	759,214	894,774
Charges for Services	7,104,451	6,897,488	6,165,410	6,070,476	5,852,479
Special Assessment	3,093	6,003	4,176	5,333	4,811
Intergovernmental	2,750,158	460,216	539,652	2,033,862	585,000
Investment Earnings/Other	958,507	189,792	53,600	256,334	432,802
Gain or Loss on Sale of Property	-	-	70,797	23,500	45,599
Federal Grant	1,289,908	2,799,064	790,425	573,163	787,787
Donations	64,834	77,098	49,381	23,767	45,891
Total Revenues	29,629,539	27,956,874	23,575,682	24,156,663	22,933,841
Expenditures					
General Government	5,917,218	4,932,186	4,609,833	4,535,714	4,423,846
Public Safety	10,344,129	10,324,906	9,606,373	8,990,262	9,108,029
Public Works	6,833,668	5,879,985	5,894,087	5,048,455	5,708,912
City/County	2,905,271	2,625,052	2,486,047	2,046,965	2,137,638
Tourism	649,822	536,179	410,502	536,110	639,401
Other	-	-	-	-	-
Capital Outlay	2,419,300	4,366,941	948,982	1,167,343	2,080,589
Debt Service					
Interest	240,503	245,887	260,980	251,620	332,397
Principal	1,570,948	1,360,101	1,371,163	1,226,939	1,097,715
Bond Issuance Cost	155,611	30,001	1,558	64,743	3,150
Total Expenditures	31,036,470	30,301,238	25,589,525	23,868,151	25,531,677
Excess of Revenues over/ (under) Expenditures	<u>(1,406,931)</u>	<u>(2,344,364)</u>	<u>(2,013,843)</u>	<u>288,512</u>	<u>(2,597,836)</u>
Other Financing					
Sources (uses)					
Gain on Sale of Assets	-	44,000	-	-	-
Issuance of Debt	4,625,000	1,221,925	-	-	42,166
Bonds Issued	-	-	1,310,000	-	-
Bond Issuance Costs	-	-	-	-	-
Bond Issuance Premium	282,700	-	61,008	358,635	-
Insurance Settlement	-	-	-	14,548	-
Refunding Bonds Issued	-	-	754,950	2,705,982	-
Payment to Refunding Bonds	-	-	-	-	-
Escrow Agent	-	-	(771,750)	(3,051,000)	-
Lease Proceeds	-	-	32,229	622,780	-
Transfers In	2,778,679	2,078,655	2,555,433	1,997,815	2,209,342
Transfers Out	<u>(522,648)</u>	<u>(980,271)</u>	<u>(641,816)</u>	<u>(800,644)</u>	<u>(729,092)</u>
Total Other Financing	7,163,731	2,364,309	3,300,054	1,848,116	1,522,416
Net Change In					
Fund Balances	\$ 5,756,800	\$ 19,945	\$ 1,286,211	\$ 2,136,628	\$ (1,075,420)
Debt Services as a Percentage of Noncapital Expenditures	6.33%	6.19%	6.62%	6.51%	6.10%

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

SCHEDULE 4

		Fiscal Year							
		2018	2017 *	2016 *	2015 *	2014 *			
\$	6,998,136	\$	6,706,943	\$	6,370,231	\$	6,324,292	\$	6,211,394
	6,488,517		6,483,549		6,267,496		6,144,962		6,224,035
	193,757		246,379		262,275		281,595		371,219
	1,886,822		1,107,731		2,999,672		2,857,165		1,766,230
	5,860,636		5,900,175		5,417,808		4,868,259		4,448,868
	774		2,797		-		-		2,571
	550,000		550,000		550,000		947,173		300,723
	300,139		207,464		402,997		161,103		176,663
	-		-		-		-		-
	448,342		642,770		521,004		-		-
	7,025		29,300		1,730		4,400		2,000
	<u>22,734,148</u>		<u>21,877,108</u>		<u>22,793,213</u>		<u>21,588,949</u>		<u>19,503,703</u>
	4,334,387		5,387,819		4,499,066		3,946,280		4,031,495
	8,994,258		9,392,971		9,726,283		9,420,023		9,720,606
	5,244,664		5,994,479		4,953,034		4,961,418		5,519,498
	2,009,023		2,976,194		2,846,518		1,892,789		771,719
	580,694		971,148		553,609		513,596		480,742
	-		-		-		2,800		53,888
	3,151,215		2,750,583		2,165,305		2,362,760		1,217,907
	-		-		-		-		-
	357,712		458,762		278,696		318,555		377,700
	1,124,637		980,798		1,463,485		1,425,793		1,452,714
	2,900		3,550		91,800		-		-
	<u>25,799,490</u>		<u>28,916,304</u>		<u>26,577,796</u>		<u>24,844,014</u>		<u>23,626,269</u>
	<u>(3,065,342)</u>		<u>(7,039,196)</u>		<u>(3,784,583)</u>		<u>(3,255,065)</u>		<u>(4,122,566)</u>
	3,000		105,806		-		-		38,000
	845,105		750,879		10,396		-		458,350
	-		-		6,740,000		-		-
	-		-		-		-		-
	-		-		198,693		-		-
	-		573,250		1,605,908		-		-
	-		-		-		-		-
	-		-		-		-		-
	1,669,896		3,121,412		2,365,743		2,297,234		2,767,926
	<u>(509,196)</u>		<u>(1,588,105)</u>		<u>(965,743)</u>		<u>(479,714)</u>		<u>(1,517,925)</u>
	<u>2,008,805</u>		<u>2,963,242</u>		<u>9,954,997</u>		<u>1,817,520</u>		<u>1,746,351</u>
\$	<u>(1,056,537)</u>	\$	<u>(7,039,196)</u>	\$	<u>6,170,414</u>	\$	<u>(1,437,545)</u>	\$	<u>(2,376,215)</u>
	6.55%		5.50%		7.14%		7.76%		8.17%

CITY OF KINGSVILLE

SCHEDULE 5

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

Fiscal Year	Real Property	Mineral Property	Personal Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value
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
2023	1,332,630,853	40,439,635	99,688,230	296,950,824	1,175,807,894	0.76000%	1,472,758,718

Source: Kleberg County Tax Assessor Office

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

CITY OF KINGSVILLE

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

SCHEDULE 6

Fiscal Year	City Direct Rates			Overlapping Rates		
	Basic Rate	General Obligation Debt Service	Total Direct Rate	School District	County	STWA
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
2023	0.59409	0.16591	0.76000	1.41040	0.77187	0.07037

Source: Kleberg County Tax Assessor Office

CITY OF KINGSVILLE

PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND NINE YEARS AGO

SCHEDULE 7

Taxpayer	2023			2014		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed
AEP Texas Inc.	\$ 24,687,090	1	2.10%			
KL Phase 1 Owner LTD	14,348,970	2	1.22%			
Rockstar Oak Tree LLC	11,673,680	3	0.99%			
Apexone Javelina LLC	11,382,050	4	0.97%			
Kingspointe-Victoria LLC	11,344,680	5	0.96%			
Alpha Lake LTD	10,831,460	6	0.92%			
KL Phase II Owner LTD	9,445,700	7	0.80%			
HEB Grocery Inc	9,167,788	8	0.78%			
Wal-Mart Stores Inc #01-0442	8,368,970	9	0.71%			
Wal-Mart Stores Texas, LLC US00442	7,667,870	10	0.65%			
AEP Texas Central Company				\$ 14,026,900	1	1.96%
Wal-Mart Stores East LP #01-0442				7,439,740	2	1.04%
Kingsville Two				7,247,330	3	1.01%
Eddie Yaklin Ford Lincoln Mercury LTD				7,037,950	4	0.99%
HBC Holding LTD				7,034,920	5	0.98%
Collegiate Kingsville Partners LP				6,550,980	6	0.92%
Wal-Mart Stores Inc #01-0442				6,048,550	7	0.85%
HEB Grocery Inc				5,408,590	8	0.76%
Lowe's Home Centers Inc				4,830,640	9	0.68%
Yaklin, Eddie L				4,369,370	10	0.61%
Total	\$ 118,918,258		10.11%	\$ 69,994,970		9.80%

Source: Kleberg County Appraisal District

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

SCHEDULE 8

Fiscal Year	Taxes Levied for the Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2014	\$ 5,987,424	\$ 5,791,937	96.7%	\$ 179,807	\$ 5,971,744	99.74%
2015	6,145,880	5,939,500	96.6%	152,177	6,091,677	99.12%
2016	6,350,640	6,115,195	96.3%	165,453	6,280,648	98.90%
2017	6,640,180	6,396,334	96.3%	149,106	6,545,440	98.57%
2018	6,880,532	6,645,832	96.6%	107,508	6,753,340	98.15%
2019	7,056,152	6,799,232	96.4%	155,403	6,954,635	98.56%
2020	7,473,551	7,180,302	96.1%	150,195	7,330,497	98.09%
2021	7,620,817	7,260,036	95.3%	283,597	7,543,633	98.99%
2022	8,164,047	7,886,943	96.6%	96,578	7,983,521	97.79%
2023	8,256,621	7,986,730	96.7%	-	7,986,730	96.73%

Source: Kleberg County Tax Assessor Office

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

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

	Fiscal Year				
	2023	2022	2021	2020	2019
Building Materials, Hardware, etc.	\$ 40,079	46,650	\$ 44,587	\$ 44,066	\$ 33,660
General Merchandise	56,357	59,840	57,006	53,764	49,564
Food Stores	26,910	26,950	25,309	23,879	20,778
Automotive Dealers and Gasoline	27,034	25,250	24,140	23,598	22,820
Apparel and Accessory Stores	11,624	9,400	8,744	5,434	3,147
Home Furniture, Furnishing, and Equipment	3,038	3,742	3,653	3,735	4,594
Eating and Drinking Places	74,698	65,450	63,115	53,372	55,899
All Other Outlets	12,791	10,900	10,028	10,093	12,724
Total	\$ 252,531	248,182	\$ 236,582	\$ 217,941	\$ 203,186
City Direct Sales Tax Rate	1.5%	1.5%	1.5%	1.5%	1.5%

Source: Texas Comptroller of Public Accounts

SCHEDULE 9

		Fiscal Year							
		2018	2017	2016	2015	2014			
\$	31,589	\$	31,293	\$	31,075	\$	28,114	\$	26,377
	53,021		50,670		48,926		48,493		47,472
	21,319		20,990		18,733		21,273		20,521
	21,449		21,689		22,194		23,225		22,701
	2,343		3,209		4,256		5,388		6,089
	4,828		4,685		5,059		5,439		5,795
	51,130		48,936		46,526		48,222		46,716
	<u>14,066</u>		<u>14,064</u>		<u>15,596</u>		<u>12,843</u>		<u>17,483</u>
\$	<u>199,745</u>	\$	<u>195,536</u>	\$	<u>192,365</u>	\$	<u>192,997</u>	\$	<u>193,154</u>
	1.5%		1.5%		1.5%		1.5%		1.5%

CITY OF KINGSVILLE

DIRECT AND OVERLAPPING SALES TAX RATES,
LAST TEN FISCAL YEARS

SCHEDULE 10

<u>Fiscal Year</u>	<u>City Property Tax Relief</u>	<u>City Sales Tax</u>	<u>Kleberg County Property Tax Relief</u>	<u>State Sales Tax</u>
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%
2023	0.50%	1.00%	0.50%	6.25%

Source: Texas Comptroller of Public Accounts

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

CITY OF KINGSVILLE

RATIOS OF OUTSTANDING DEBT BY TYPE,
LAST TEN FISCAL YEARS

SCHEDULE 11

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Financed Purchases	Certificates of Obligation	Financed Purchases			
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
2023	9,951,163	190,352	19,186,460	691,990	30,019,965	3.80%	983.23

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

CITY OF KINGSVILLE

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

SCHEDULE 12

Fiscal Year	General Bonded Debt Outstanding (1)			Net Bonded Debt	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Less: Amount Available in Debt Service Fund				
2014	\$ 27,443,523	\$ 588,912	\$	26,854,611	3.4666%	\$ 1,020.62
2015	24,826,487	579,648		24,246,839	3.0418%	913.97
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
2023	29,137,623	590,090		28,547,533	1.9384%	935.00

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.

CITY OF KINGSVILLE

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2023

SCHEDULE 13

	<u>Net Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Governmental Unit			
Debt Repaid With Property Taxes			
Kingsville ISD	\$ 60,677,193	85.69%	\$ 51,994,287
Kleberg County	6,868,728	53.69%	3,687,820
Ricardo ISD	1,207,000	5.95%	71,817
South Texas Water Authority	3,870,000	39.68%	1,535,616
			<u>-</u>
Subtotal, Overlapping Debt			57,289,540
City Direct Debt; Bonds			9,951,163
Financed Purchases			<u>190,352</u>
Total Direct and Overlapping Debt			<u>\$ 67,431,055</u>

Sources: Data provided by Municipal Advisory Council of Texas

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

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

	Fiscal Year				
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt Limit	\$ 197,911,697	\$ 204,045,008	\$ 213,123,097	\$ 222,713,909	\$ 229,236,090
Total Net Debt Applicable to Limit	<u>7,628,579</u>	<u>6,814,889</u>	<u>12,673,491</u>	<u>11,676,198</u>	<u>10,849,298</u>
Legal Debt Margin	\$ <u>190,283,118</u>	\$ <u>197,230,119</u>	\$ <u>200,449,606</u>	\$ <u>211,037,711</u>	\$ <u>218,386,792</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	3.85%	3.34%	5.95%	5.24%	4.73%

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

SCHEDULE 14

		Fiscal Year							
		2019	2020	2021	2022	2023			
\$	245,519,722	\$	251,705,410	\$	272,350,996	\$	253,477,695	\$	285,087,729
	<u>9,741,152</u>		<u>8,083,010</u>		<u>8,464,893</u>		<u>8,239,979</u>		<u>8,864,245</u>
\$	<u><u>235,778,570</u></u>	\$	<u><u>243,622,400</u></u>	\$	<u><u>263,886,103</u></u>	\$	<u><u>245,237,716</u></u>	\$	<u><u>276,223,484</u></u>
	3.97%		3.21%		3.11%		3.25%		3.11%

Assessed Value		\$	<u>1,175,807,894</u>
Debt Limit (25% of assessed value)			293,951,974
Debt Applicable to Limit:			
General Obligation Bonds	\$	9,454,335	
Less: Amount Set Aside for Repayment of General Obligation Debt		<u>590,090</u>	
Total Net Debt Applicable to Limit			<u>8,864,245</u>
Legal Debt Margin		\$	<u><u>285,087,729</u></u>

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

SCHEDULE 15

Waste Water Revenue Bonds and Certificates of Obligation Bonds (a)							
Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	
				Principal	Interest		
2014	\$ 9,078,218	\$ 5,465,760	\$ 3,612,458	\$ 997,285	\$ 806,694	2.00	
2015	8,186,271	5,462,815	2,723,456	1,159,208	448,536	1.69	
2016	8,383,896	6,043,456	2,340,440	1,181,515	425,352	1.46	
2017	8,809,429	6,734,194	2,075,235	1,259,203	400,464	1.25	
2018	8,945,308	6,280,160	2,665,148	1,205,363	372,188	1.69	
2019	8,921,749	5,947,375	2,974,374	1,227,285	340,985	1.90	
2020	9,433,267	5,792,508	3,640,759	1,183,061	271,518	2.50	
2021	9,976,131	5,848,305	4,127,826	1,133,837	276,273	2.93	
2022	10,554,638	7,493,060	3,061,578	1,290,899	203,511	2.17	
2023	10,609,261	7,622,723	2,986,538	1,434,051	291,812	1.73	

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.

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

SCHEDULE 16

Calendar Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age	Education Level in Years of Schooling	School Enrollment	Unemployment Rate
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	8.6%
2021	30,780	728,905	22,570	27.1	N/A	3,509	7.6%
2022	30,404	729,200	23,894	28.4	N/A	3,586	7.8%
2023	30,532	790,046	25,876	28.6	N/A	3,517	5.1%

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

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

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

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

SCHEDULE 17

Employer	2023			2014		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
NAS Kingsville	1,500	1	11.68%	1,577	1	8.64%
Texas A&M Kingsville	950	2	7.40%	1,256	2	6.88%
Celanese	600	3	4.67%	343	5	3.02%
Kingsville ISD	472	4	3.68%	552	3	2.06%
Kleberg County	318	5	2.48%	257	9	1.88%
City of Kingsville	298	6	2.32%	-	-	-
HEB	268	7	2.09%	320	6	1.75%
Walmart	250	8	1.95%	258	8	1.70%
Border Patrol	246	9	1.92%	311	7	1.41%
Christus Spohn	216	10	1.68%	215	10	1.41%
King Ranch	184	-	1.43%	376	4	1.18%
Total	5,302		41.29%	5,465		29.93%
	Labor Force		13,539			
	Employment		12,842			
	Unemployment		697			
	Rate		5.1%			

Source:
 WorkForce Solutions of Coastal Bend
 Kingsville Chamber of Commerce

*2014 Information from '13-14 ACFR

CITY OF KINGSVILLE

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

SCHEDULE 18

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City Commission	4	4	5	5	5	5	5	5	5	5
General Government	42	50	50	46	45	43	45	40	34	38
Fire	38	33	34	32	33	33	32	34	33	30
Health	11	9	10	10	10	8	8	10	10	10
Library	0	0	0	9	8	9	9	9	9	9
Police	64	65	67	65	66	67	66	64	65	60
Public Works	100	98	103	93	99	93	93	98	94	94
Task Force	0	0	0	0	0	0	0	11	11	11
Parks Dept.	15	15	15	11	12	11	10	10	9	0
Golf Course	9	8	8	7	8	8	8	8	6	0
Total	<u>283</u>	<u>282</u>	<u>292</u>	<u>278</u>	<u>286</u>	<u>277</u>	<u>276</u>	<u>289</u>	<u>276</u>	<u>257</u>

Source: City of Kingsville

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

An additional City Commissioner 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

Function/Program	Fiscal Year				
	2023	2022	2021	2020	2019
General Government					
Building Permits Issued	1,401	1,536	1,424	1,829	2,144
Building Inspections Conducted	1,134	1,703	1,432	1,315	1,788
Police					
Physical Arrest	1,569	1,482	1,616	1,611	1,856
Parking Violations	87	148	85	68	165
Traffic Violations	7,856	5,509	7,523	4,046	3,237
Fire					
Emergency Responses	3,172	3,021	3,266	3,630	3,074
Fire Calls	710	797	314	654	723
Inspections	730	794	600	587	456
Refuse Collections					
Refuse Collected (tons per day; 365)	88	67	80	70	104
Recyclables Collected (tons per day; 365)	0.39	0.18	0.38	2	-
Other Public Works					
Street Resurfacing (miles)	4	3	2	2	2
Potholes Repaired	6,736	7,102	8,896	15,405	21,166
Parks and Recreation					
Athletic Field Permits Issued	1,747	397	334	220	486
Community Center Admissions	159	174	150	125	225
Library					
Volumes in Collection	-	-	-	60,081	58,728
Total Volumes Borrowed	-	-	-	15,644	26,636
Health					
Environmental Health	154	275	331	284	339
Consumer Health	2,411	2,380	2,391	2,253	2,975
Weed Control	2,091	2,077	2,242	3,382	3,181
Animal Control	3,871	5,543	7,183	7,995	7,740
Water					
New Connections	18	41	38	37	42
Water Main Breaks	371	456	530	620	319
Average Daily Consumption (thousands of gallons)	3,968	3,665	3,334	2,373	3,499
Peak Daily Consumption (thousands of gallons)	7,374	4,820	4,933	4,971	6,096
Wastewater					
Average Daily Sewer Treatment (thousands of gallons)	1,860	1,900	2,500	2,500	2,500

Sources: Various City Departments

SCHEDULE 19

Fiscal Year				
2018	2017	2016	2015	2014
2,059	2,374	2,058	2,511	2,137
1,633	2,170	1,400	1,644	1,129
1,295	1,060	1,014	1,175	1,590
246	408	663	1,089	1,110
6,307	3,032	3,192	4,675	4,604
3,005	3,005	2,826	2,760	3,297
610	641	556	596	612
434	388	356	382	400
82	86	82	93	83
1	1	1	1	1
2	2	3	5	2
15,136	4,205	4,487	5,200	4,000
474	396	348	413	-
219	97	83	126	-
55,326	53,903	55,878	54,327	57,326
34,859	34,014	34,895	19,995	39,780
285	350	430	491	390
2,436	2,847	2,906	2,611	2,087
3,966	3,967	4,995	3,776	2,924
8,225	7,075	7,438	8,649	9,589
36	47	33	24	35
254	342	294	295	267
3,499	3,229	3,134	3,153	3,470
6,096	5,567	4,438	6,002	6,023
2,500	2,200	2,100	2,400	2,300

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

Function/Program	Fiscal Year				
	2023	2022	2021	2020	2019
Police					
Stations	1	1	1	1	1
Patrol Units	60	63	63	63	63
Fire Stations	2	2	2	2	2
Refuse Collections					
Collection Trucks	21	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	1,296
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)	159	120	120	120	120
Fire Hydrants	822	822	822	820	808
Storage Capacity (thousands of gallons)	5,425	5,425	5,425	5,425	5,425
Wastewater					
Sanitary Sewers (miles)	100	100	98	98	98
Storm Sewers (miles)	33	33	33	33	33
Treatment Capacity (thousand of gallons)	4,000	4,000	4,000	4,000	4,000

Sources: Various City Departments

SCHEDULE 20

Fiscal Year				
2018	2017	2016	2015	2014
1	1	1	1	1
62	64	56	56	53
2	2	2	2	2
14	14	17	17	17
146	146	146	146	144
1,302	1,302	1,302	1,276	1,276
4	4	4	4	4
195	195	195	195	195
9	9	9	9	9
12	12	12	12	12
12	12	12	12	12
2	2	2	2	2
120	120	120	120	120
808	808	808	808	808
5,632	5,632	5,632	9,760	9,764
142	142	141	140	138
33	33	33	33	33
4,000	4,000	4,000	4,000	6,000

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

JOHN L. WOMACK, CPA
MARGARET KELLY, CPA

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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

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

Members of the To the Mayor and City Commission:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Kingsville, as of and for the year ended September 30, 2023, 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 5, 2024.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item(s) 2023-1, that we consider to be significant deficiencies.



PRIVATE COMPANIES PRACTICE SECTION, AICPA DIVISION FOR CPA FIRMS

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Kingsville's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item(s) 2023-2.

City of Kingsville's Response to Findings

City of Kingsville's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Kingsville's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Respectfully submitted,

A handwritten signature in blue ink that reads "John Womack, P.C." with a stylized flourish at the end.

John Womack & Company, P.C.
Kingsville, TX
April 5, 2024

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

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

Members of the To the Mayor and City Commission:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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 City of Kingsville's major federal program for the year ended September 30, 2023. City of Kingsville's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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 its major federal program for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

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.



PRIVATE COMPANIES PRACTICE SECTION, AICPA DIVISION FOR CPA FIRMS

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 with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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,

A handwritten signature in blue ink that reads "John Womack, B. PE." The signature is written in a cursive style with a large initial 'J'.

John Womack & Company, P.C.
Kingsville, TX
April 5, 2024

CITY OF KINGSVILLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

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

Noncompliance material to financial statements noted? X Yes No

2. 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: May, 2023

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:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State and Local 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

2023-1 Internal Control over Financial Reporting - Capital Assets and Deposits

Condition: The City booked a prior period adjustment to reflect a correction of the amount stated for capital assets in the Utility Fund, as well as a correction of the amount stated for deposits. This was a result of reconciling subledgers to the general ledger, with the error occurring in a prior period.

CITY OF KINGSVILLE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED SEPTEMBER 30, 2023

Criteria: Subledgers should be reconciled to the general ledger on an annual basis, with corrections posted on a timely basis.

Cause: The differences had been carried for several years as a reconciling item until it was determined that the correct treatment was to book a correction on the general ledger in the current year for the prior period difference.

Effect: The effect was an understatement of capital assets in prior years' financial statements, as well as an overstatement of deposits payable.

Perspective: The prior period adjustment is for 3.3% of net capital assets in the Utility Fund, and 10% of dep

Recommendation: We recommend that the City conduct a physical inventory of capital assets of the Utility Fund on an annual basis and reconcile this to the general ledger on a timely basis. All differences between subledgers and the general ledger should be investigated and corrected on a timely basis.

Views of Responsible Officials: The City concurs with this finding. Policies and procedures will be reviewed and improved to ensure timely adjustments to the general ledger for capital asset inventories and other subledgers.

2023-2 State Compliance - Bidding

Condition: The City did not perform proper bidding procedures for certain materials for road repairs.

Criteria: The City must follow state purchasing guidelines which include bidding procedures for items greater than or equal to \$25,000.

Cause: The City's contract for these materials had been renewed for several years with the vendor, but the need to re-bid the contract after a period of 3 years had been overlooked.

Effect: The City is not in compliance with state law regarding purchases over \$25,000 for this item.

Recommendation: We recommend that the City implement procedures to ensure that renewed contracts are reviewed to determine the need for new bidding procedures.

Views of Responsible Officials: The City concurs with this finding. Contracts will be more closely reviewed ensure proper bidding procedures are performed where required.

C. Federal Award Findings and Questioned Costs

NONE

CITY OF KINGSVILLE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

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

CITY OF KINGSVILLE
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2023

2023-1 Internal Control over Financial Reporting - Capital Assets

Policies and procedures will be reviewed and improved to ensure timely adjustments to the general ledger for capital asset inventories. The 2023-2024 fiscal year physical inventory will be utilized to make any necessary adjustments to the general ledger amounts. Deborah Balli, Finance Director, will be responsible for these corrective actions, which are expected to be implemented during the 2023-2024 fiscal year.

2023-2 State Compliance - Bidding

Policies and procedures will be developed for review of renewed contracts to ensure proper bidding procedures are performed where required. The contract that was found not to have been bid is currently under bid by the City. Deborah Balli, Finance Director, will be responsible for these corrective actions, which are expected to be implemented during the 2023-2024 fiscal year.

CITY OF KINGSVILLE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

EXHIBIT D-1

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal ALN Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
OTHER PROGRAMS:				
<u>U. S. Department of the Treasury</u>				
Direct Program:				
Coronavirus State and Local Fiscal Recovery Funds	21.027	--	\$ --	\$ 2,784,240
Total U. S. Department of the Treasury			--	2,784,240
<u>U. S. Department of the Interior</u>				
Passed Through Texas Parks and Wildlife:				
Texas Parks and Wildlife Grant	15.916	P19AP00107		20,457
Total U. S. Department of the Interior			--	20,457
<u>U. S. Department of Justice</u>				
Direct Program:				
Patrick Leahy Bulletproof Grant	16.607	--		7,039
Passed Through Office of the Governor-Criminal Justice Division:				
Justice Assistance Grant Program	16.738	4481801		20,160
Total U. S. Department of Justice			--	27,199
<u>U. S. Department of Housing & Urban Development</u>				
Passed Through Texas General Land Office:				
Community Development Block Grant	14.228	22-082-016-D21		381,413
Community Development Block Grant	14.228	22-085-009-D23		995,490
Total Passed Through Texas General Land Office			--	1,376,903
Total U. S. Department of Housing & Urban Development			--	1,376,903
<u>Department of Homeland Security</u>				
Passed Through Texas Department of Public Safety:				
Operation Stone Garden	97.067	3194306		139,593
Total Department of Homeland Security			--	139,593
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ --	\$ 4,348,392

The accompanying notes are an integral part of this schedule.

CITY OF KINGSVILLE

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED SEPTEMBER 30, 2023

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.