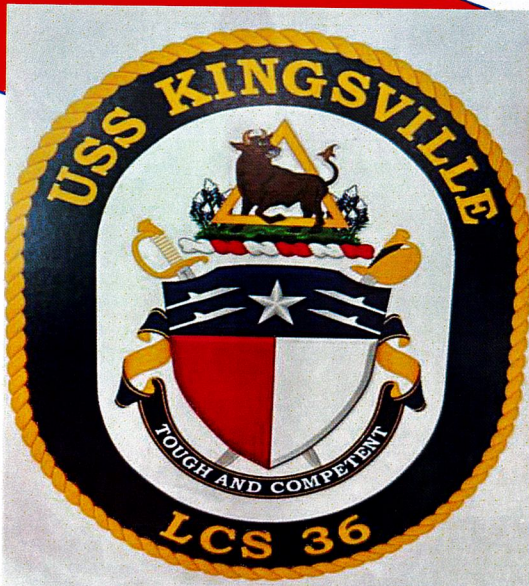
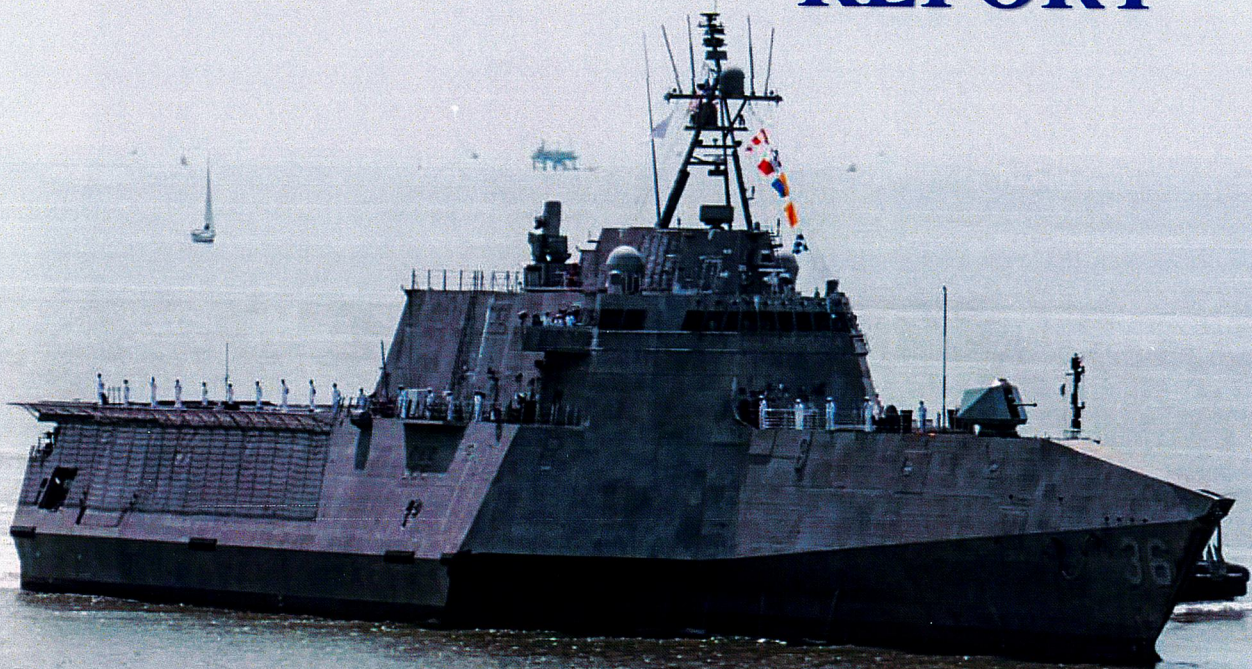




ANNUAL COMPREHENSIVE FINANCIAL REPORT



For the Year Ended September 30, 2024
www.cityofkingsville.com

USS Kingsville LCB 36

Commissioning Ceremony

USS Kingsville was commissioned on August 24, 2024, at the Port of Corpus Christi, marking its official entry into active U.S. Navy service. With the raising of the commission pennant, the ship became a Navy command and joined the active fleet.

Ship Namesake

Located on the western Gulf Coast of Texas, Kingsville traces its origins to the early 1900s with the development of a railroad connecting Brownsville to St. Louis. Land from the King Ranch, partially owned by Captain Richard King's wife, was designated for sale and railroad construction. Robert Justus Kleberg, through the Kleberg Town and Improvement Company, commissioned the planning of a town three miles east of the ranch. In 1904, Kingsville was officially established, rooted in the region's ranching and railroad heritage.

USS Kingsville (LCB 36)

Littoral Combat Ship

Independence Variant

Littoral Combat Ships are fast, optimally manned, mission-tailored surface combatants that operate in near-shore and open-ocean environments, winning against 21st-century coastal threats. LCB integrate with joint, combined, manned and unmanned teams to support forward-presence, maritime security, sea control and deterrence missions around the globe.

Annual Comprehensive Financial Report

September 30, 2024

CITY OF KINGSVILLE, TEXAS

City Commission

(for the fiscal year ended September 30, 2024)

Sam R. Fugate	Mayor
Hector Hinojosa	Commissioner
Edna Lopez	Commissioner
Norma Nelda Alvarez	Commissioner
Leo Alarcon	Commissioner

Interim City Manager

Charlie Sosa

Prepared By:

Department of Finance

Deborah Balli, CPA, CGFO - Director of Finance
Leticia Salinas - Accounting Manager
Jessica Sandoval - Accounting Assistant
Linda Garcia - Accounting Assistant

City of Kingsville
Annual Comprehensive Financial Report
For The Year Ended September 30, 2024

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INTRODUCTORY SECTION



P.O. BOX 1458 – KINGSVILLE, TEXAS 78364

April 22, 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, 2024, 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, 2024, 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, 2024, 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 proudly serves as a vital pillar of public safety, integrity, and service within our growing and diverse community. With a team of 50 sworn peace officers and a total staff of 74, we are committed to protecting the lives and well-being of Kingsville's 25,069 residents. Positioned along the critical I-69/US Highway 77 South corridor, Kingsville is not only a community hub—it's a strategic gateway for commerce and connectivity in the region, supported by the United States-Mexico-Canada Agreement (USMCA).

Our department's mission is grounded in more than traditional law enforcement. We focus on prevention, community engagement, and building trust. Whether responding to emergencies, conducting proactive investigations, or fostering partnerships, our team approaches every challenge with professionalism and purpose.

The Uniformed Patrol Division is the heart of our operations, serving as the first response to public safety needs. Under the direction of a Commander, three Captains, and three Lieutenants, this division includes 24 officers, a traffic enforcement officer, a warrant officer, and K-9 units trained in detection and tracking. Our Criminal Interdiction Unit

(CIU), comprised of two interdiction officers, plays a key role in targeting drug, firearm, and human trafficking along US Highway 77 and within city limits. Last year, the Patrol Division responded to more than 27,000 calls for service, made over 1,500 arrests, and conducted more than 9,100 traffic stops—demonstrating their high visibility, rapid response, and commitment to proactive policing.

The Criminal Investigations Division carries out thorough investigations under the guidance of a Commander, Captain, and Lieutenant, with a team of six Detectives, a Crime Scene Specialist, an Accident Investigator, and an Evidence Clerk. They conduct follow-up investigations, respond to Crime Stoppers tips, and apply forensic techniques to collect and preserve evidence. Their work supports not just case resolution but justice and accountability for victims and the community.

The Communications Division operates 24/7 and is staffed by state-licensed telecommunicators, including four leads and ten operators. This team handles approximately 24,000 emergency calls and approximately 44,000 non-emergency calls, coordinating critical services for both the Police and Fire Departments. They also manage records, background checks, and open records requests—keeping city operations running smoothly behind the scenes.

The Training Division ensures our officers are prepared for the demands of modern policing. Led by a Captain, the division coordinates the Citizens Police Academy, the Field Training Officer Program, and provides ongoing in-service training aligned with TCOLE standards. This ensures all personnel stay current with evolving laws, best practices, and public expectations.

The Administration Division supports the department's operational effectiveness. The Office of the Chief, supported by a Captain, administrative staff, professional standards and internal affairs.

Our SWAT team, recognized by the Texas Tactical Police Officers Association with its First Annual Unit Citation Award for Meritorious Service, exemplifies the high standard of professionalism and readiness we uphold.

Driven by innovation, professionalism, and an unwavering dedication to service, the Kingsville Police Department continues to rise to the challenges of modern law enforcement. We thank our staff for their dedication and outstanding performance, and we remain focused on our mission to serve and protect with honor.

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, HazMat 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 staff has 2 fire engines, 2 MICU ambulances, and cross staffs a variety of other apparatus, depending on the emergency. They utilize a minimum of 9 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 5

support staff, which include the Fire Chief, Administrative Captain, Fire Marshal, Administrative Assistant, and a Customer Service Representative. Of the 28 professional firefighters, currently there are 19 certified EMT Paramedics, 1 Advanced EMT's, and 17 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 have added 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. September 30, 2024, 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
- a slight \$11 thousand decrease 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 2024 compared to 6.1% for the nation. Future Job growth for the City fell below the National average and was projected at 5.4% compared to 33.5% nationally. 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 versus \$338,100 for the US. Median household income is \$50,722 versus \$80,610 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.

Activity	Expenses as a Percent of Total Governmental Activities		
	FY 14-15	FY 23-24	Net Change
Public Safety - Police & Fire	38.94%	41.04%	2.10%
Public Works	21.82%	23.47%	1.65%
Total	60.76%	64.51%	3.75%

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 FY23-24 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, water, 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 2.5 miles of drainage improvements city-wide. The Drainage improvement projects continue with \$3,881,793 in expenditures through FY 23-24. Low water crossing improvements at West D Ave and Tranquitas Creek.

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. The wastewater improvement projects continue with \$3,321,604 in expenditures through FY 23-24.

Street Improvements: In FY 23-24, the city expensed \$1,313,343 in street improvements ranging from full depth reconstruction to hot mix overlays and chip seal overlays of various city streets and a park road, with additional expenditures of \$686,600 planned. Major streets seeing work done in FY 23-24 includes Trant Rd, Elizabeth, Armstrong, Kenedy, Pedro T Soto, Downtown area, Caesar, Veterans Memorial and Yoakum.

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. This project has been completed, and funding will be requested to continue improvements at various locations. Currently it is not believed that a City match will be required if funding is awarded.

The TXDOT 2025 Transportation Alternatives (TA) Program Preliminary Application (Step 1) was submitted in January 2025 involves Caesar Ave, between 14th St. and Interstate 69. The scope includes 8,550 linear feet of pedestrian and cyclist shared use paths, one bus stop pad, ADA ramps and road crossings at each intersection and underground stormwater piping. Step 1 was approved in April 2025. Step 2 is currently underway to submit a detailed application with a deadline of June 20, 2025, with an estimated cost of \$9,810,862.

In-House Engineering: Other projects savings were realized in FY 23-24 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 \$40.0 million of infrastructure improvements. Project FY21-FEMA 4586DR Grant for a new backup generator at water well #14 authorized for \$161,066 is under construction and is scheduled for completion by the end of 2025.

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 grant was completed in FY23-24. 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.

In FY 23-24, the City sold \$14,335,000 in bonds. Proceeds from the sale of the Certificates are for the purpose of providing for the payment of contractual obligations to be incurred in connections with the design, planning, purchasing, acquisition, construction, equipping, expansion, repair, renovation, and/or rehabilitation of certain City-owned public property, including: (1) a new fire station, (2) a new ambulance, (3) equipment for the fire department including fire trucks, and (4) payment of contractual obligations for professional services in connection therewith (to wit: consulting, engineering, financial advisory, and legal). Work continues on the items listed above with expenditures through FY 23-24 were \$352,725.

The City committed ARP funding for the rehabilitation of the Animal Shelter. The shelter completed rehabilitation to the office area and meet and greet area, along with 40 new kennels, of which 10 are climate-controlled. Once this first phase is completed, work on the existing kennels will also be addressed. The total budget for this project is \$562,896 with \$341,834 spent through FY 23-24.

Major projects continue for FY 24-25 as the city continues to address issues to both water and wastewater plants through improvements funded with grants or debt capacity.

The UV lights for both the North and South wastewater treatment plants have been budgeted to be completed in FY 24-25. Funds set aside for this project are \$918,010.

In FY 21-22, the City received \$6.29 million in ARP funding and at the end of FY 23-24, there was \$1.3 million of projects remaining to be completed. All projects are slated to be completed in FY 24-25 and include:

- Replacing IT workstations
- Animal Shelter rehabilitation
- Golf course pump purchase
- Creation of TIRZ #3
- Creation of a Visitor Center dog park
- 18" water line repair
- Additional new water meters to complete the Water Meter Replacement project
- Inserta valves for water line repairs

For FY 24-25, blower replacement will be high on the list for completion. The wastewater system improvement project will provide multiple benefits to the City and Naval Air Station Kingsville (NASK). One benefit will increase the capacity of the Southside Wastewater Treatment Plant (SWWTP) from 1.0MGD to 1.2MGD by redirecting wastewater via a lift station and a minimum 4" force main (14,900 LF) from the SWWTP and NASK to the Northside Wastewater Treatment Plant (NWWTP). The Second benefit consists of providing NASK with a redundant wastewater conveyance system. By connecting the NASK lift station to the SWWTP it will ensure that NASK maintains service in the event one of the Wastewater plants becomes inoperative.

The SWWTP consistently operates at 70% capacity and is directly impacted by Inflow and Infiltration (I&I) issues as well as other technical issues given the more than 50 years of service life. Consequently, the SWWTP is expected to hit the 90% Texas Commission on Environmental Quality (TCEQ) trigger by 2027, at which time construction of an expansion project should commence and planning is currently underway. The SWWTP is of high importance as it serves a regional Hospital, Christus Spohn Hospital-Kleberg, as well as supports the mission of our service men and women at NASK. Improving the wastewater system will enhance the resilience of Kingsville's wastewater infrastructure, ensuring continuous and reliable service. Additionally, the project will provide redundancy in an event either of the plants fails to function.

This project will provide numerous benefits, including improved infrastructure, support for housing needs, enhanced quality of life, economic growth, and proactive planning for future demand. Overall, the wastewater system improvements project is an essential step to ensure the reliability and capacity of Kingsville's wastewater treatment infrastructure, supporting both the community and the military missions at NAS Kingsville.

In FY 24-25, grant applications continue to be submitted by Engineering. Seven projects for a total of \$19 million have been identified for grant funding from the TWDB DWSRF-Water funding. If all awarded, these projects would require a 30% match which would be \$5.70 million

For the USBR grant funding, there are 5 projects for a total of \$10 million identified. If all projects are awarded, these projects would require a 5% match of \$500,000.

For the TWDB – DWSRF WW, there are 8 projects for a total of \$80 million identified. If all projects are awarded, a 30% match of \$24 million would be required.

For the TWDB CWSR-WW there is one project for \$9 million identified and if awarded there would not be a cash match required as it would be 100% funded.

At the time of the award, match funding will be identified through the City's debt capacity.

For the projects not included in any of the above funding sources, the projects identified include the following.

- Blowers – CDBG MIT funding of \$2.2 million will be used.
- Headworks – North plant for \$5 million and for the South plant for \$2.5 million. This project is included in the above grant application, but if not awarded, the project will have a top priority in finding funding.
- Sewer lines on Ella, Nettie & Richard St for \$500,000

- Fairview subdivision for \$1.2 million.
- Pump station and water well #26 by Walmart for \$3.7 million.
- Rehab 18" main through the heart of town for \$5 million.

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. Partnerships have included the development of an economic development strategic plan, housing study, economic impact studies of potential development and the creation of an 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 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 City of Kingsville. The program will assist 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 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. The City's economic development department is working with multiple state and national developers to recruit new investments in the community. 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.

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.”

New stores, including Bath and Body Works, HTeaO and Take 5 Oil are currently in various stages of development. The City’s economic development department is actively working through multiple additional projects that should be announced within the year.

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 or 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, have 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 have added 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.

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). The USS Kingsville was commissioned in August 2024.

Whether arriving in town from the east through the main corridor or landing on 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 23-24, 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, 2023, continuing to confirm compliance with both GAAP and legal requirements. The City has received this prestigious award for the last 35 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 Interim City Manager, Charlie Sosa, for his continued guidance and support.

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

Respectfully submitted,

A handwritten signature in black ink that reads "Deborah Balli". The signature is written in a cursive, flowing style.

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**

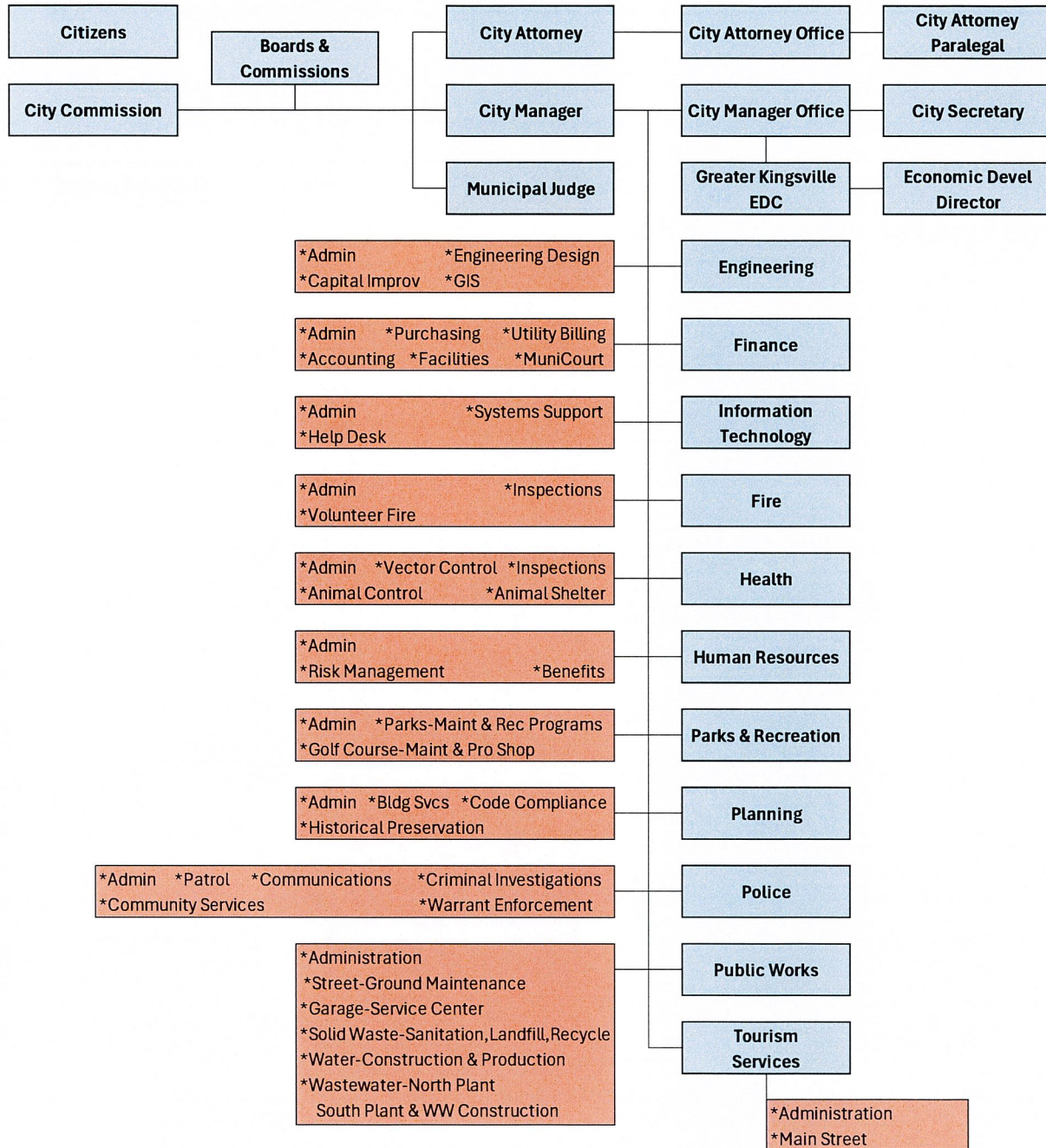
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2023

Christopher P. Morill

Executive Director/CEO

ORGANIZATION CHART



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

JOHN L. WOMACK, CPA
MARGARET KELLY, CPA

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

Independent Auditor's Report

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

Report on the 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, 2024, 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, 2024, 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 2024, City of Kingsville adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 99, *Omnibus 2022*. Our opinion is not modified with respect to this matter.

As described in Note A to the financial statements, in 2024, City of Kingsville early adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 100, *Accounting Changes and Error Corrections - an Amendment of GASB Statement No. 62*. Our opinion is not modified with respect to this matter.



PRIVATE COMPANIES PRACTICE SECTION, AICPA DIVISION FOR CPA FIRMS

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

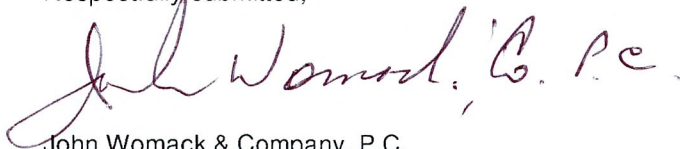
Management is responsible for the other information included in the ACFR. The other information as identified in the table of contents comprises the information included in the ACFR but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial 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 4, 2025 on our consideration of City of Kingsville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Kingsville's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "John Womack, P.C.", is written over the typed name.

John Womack & Company, P.C.
Kingsville, TX
April 4, 2025

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, 2024. 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 \$108.3 million compared to \$97.6 million in the prior fiscal year ended September 30, 2023. This increase is attributable to increases in cash and cash equivalents due to interest rate returns, and grant revenues. Long term capital assets increased due to capital projects completed and capital equipment purchased through grant funding and debt service bond issues.
- Total deferred outflows of resources were \$3.67 million compared to \$6.75 million in the prior fiscal year ended September 30, 2023. This decrease is attributable to a net investment income gain in the TMRS retirement system.
- Total liabilities were \$54.4 million compared to \$46.9 million in the prior fiscal year ended September 30, 2023. This increase is attributable to long-term bond contractual obligations.
- Total deferred inflows of resources were \$4.9 million compared to \$5.7 million in the prior fiscal year ended September 30, 2023. This decrease is attributable to inflows related to OPEB and other resources.
- The total net position was \$52.7 million compared to \$51.7 million in the prior fiscal year ended September 30, 2023. This increase is attributable to increases in Capital Projects, and available Unrestricted funds.
- 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 \$52.7 million.

Governmental Activities

On a government-wide basis for governmental activities:

- The City had net program expenses of \$21.9 million for the fiscal year ended September 30, 2024, compared to \$17.9 million for the prior year, representing a 22.47% increase coming mainly from general government, public works, parks and tourism.
- General revenues and transfers totaled \$20.3 million for the fiscal year ended September 30, 2024, compared to the prior year's amount of \$20.2 million, representing a 0.15% increase coming mainly from property taxes, miscellaneous, and available unrestricted funds.
- Net position overall decreased (5.35%) from \$31.6 million on September 30, 2023, to \$29.9 million on September 30, 2024.

Business Type Activities

On a government-wide basis for business type activities:

- The City had net program revenues of \$4.1 million for the fiscal year ended September 30, 2024, compared to \$3.1 million for the prior year, representing a 34.20% increase.
- General revenues and transfers out totaled (\$1.4) million for the fiscal year ended September 30, 2024, compared to the prior year's amount of (\$2.4) million, representing a (40.97%) decrease.
- Net position overall increased 13.36% from \$20.2 million on September 30, 2023, to \$22.9 million on September 30, 2024.
- On September 30, 2024, business-type activities had \$23.0 million in total liabilities compared to \$25.9 million on September 30, 2023, representing a (11.02%) decrease.

Governmental Activities vs Business-Type Activities

- The ratio of total assets to total liabilities for governmental activities was 1.88 times; for business-type activities the ratio was 2.15 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 9.37 times for governmental activities and 4.53 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 \$52.74 million, which is an increase of \$1.01 million from the prior year, or about 1.95%. Governmental activities' net position decreased by (5.35%), while business-type activities' net position increased by 13.36%.

General Fund

- The fund balance of the General Fund decreased from \$14.57 million to \$13.47 million. This represents a (7.57%) decrease from the prior year's fund balance, and furthermore, represents 49.83% of the \$27.0 million in expenditures in the current year. The General Fund's Unassigned Fund Balance was \$8.37 million, or 30.97% of general fund expenditures.
- General Fund revenues, (including transfers in and issuance of debt), for the fiscal year ended September 30, 2024, of \$26.33 million were 3.25% higher than the prior year revenues of \$25.50 million. The \$829 thousand increase is mainly due to a \$62 thousand increase in licenses and permits, a \$49 thousand increase in fines, a \$333 thousand increase in interest earnings, a \$52 thousand increase in transfers from other funds, and a \$298 thousand increase in issuance of debt.
- General Fund's expenditures, including transfers out, for the fiscal year ended September 30, 2024, of \$27.43 million were 13.38% higher than the prior year expenditures of \$24.19 million. The \$3.24 million increase is mainly due to a general increase in each department's expenditures and a \$74 thousand increase in transfers out.

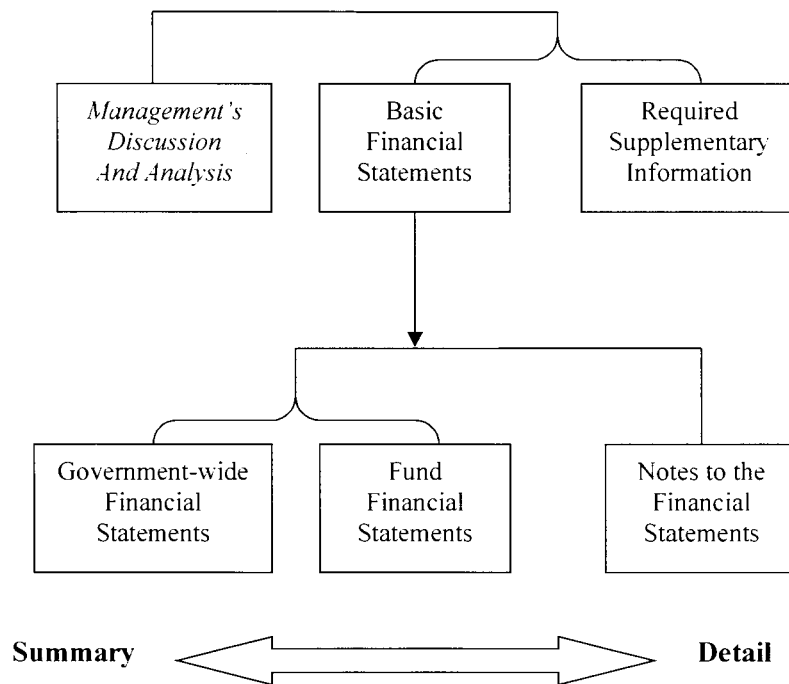
- General Fund 001 is part of the General Funds included in the Comprehensive Annual Financial Report. The financial policies state the City must maintain a reserve for major contingencies of at least 25% of the total General Fund 001 appropriations. General Fund 001's unassigned fund balance on September 30, 2023, was \$8.76 million, representing a 39.87% reserve. The fund balance decreased to \$7.94 million on September 30, 2024, representing a 32.18% 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 the 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, 2024, the net position totaled \$52.74 million, \$1.01 million more than the prior year. The composition of this net position is \$29.87 million for governmental activities and \$22.86 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 are still outstanding and represent 25.97% 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 1.9% of its net position set aside for the retirement of debt. Approximately 68.1% 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, 2024 and 2023
(in thousands of dollars)**

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current & other assets	\$ 36,293	\$ 27,996	\$ 19,172	\$ 22,033	\$ 55,465	\$ 50,029
Capital assets	22,592	20,999	30,274	26,547	52,866	47,546
Net pension assets	0	0	0	0	0	0
Total assets	<u>58,885</u>	<u>48,995</u>	<u>49,446</u>	<u>48,580</u>	<u>108,331</u>	<u>97,575</u>
Deferred Outflows of Revenues	3,100	5,739	572	1,015	3,672	6,754
Long-term liabilities	27,468	16,576	18,793	21,094	46,261	37,670
Other liabilities	3,875	4,442	4,235	4,785	8,110	9,227
Total liabilities	<u>31,343</u>	<u>21,018</u>	<u>23,028</u>	<u>25,879</u>	<u>54,371</u>	<u>46,897</u>
Deferred Inflows of Revenues	769	2,155	4,128	3,548	4,897	5,703
Net investment in capital assets	418	14,502	13,277	7,465	13,695	21,967
Restricted	9,109	6,418	5,284	5,848	14,393	12,266
Unrestricted	20,346	10,641	4,301	6,855	24,647	17,496
Total net position	<u>\$ 29,873</u>	<u>\$ 31,561</u>	<u>\$ 22,862</u>	<u>\$ 20,168</u>	<u>\$ 52,735</u>	<u>\$ 51,729</u>

TABLE A-1: Governmental-Type Activities

Current & Other Assets increased \$8.30 million from \$28.0 million in FY23 to \$36.3 million in FY24, or 29.64%. Virtually, all of this is due to the City's higher cash balances. Capital assets, net of accumulated depreciation, increased \$1.6 million from \$21.0 million in FY23, to \$22.6 million in FY24, or 7.59%. Long-term liabilities increased \$10.9 million from \$16.58 million in

FY23 to \$27.47 million in FY24, or 65.71%. Most of this increase is due to contractual obligations for debt issues. Other liabilities decreased \$567 thousand from \$4.44 million in FY23 to \$3.88 million in FY24 or, (12.77%). This was mainly due to a decrease in current contractual obligations. Restricted Net Position increased by \$2.69 million from \$6.42 million in FY23 to \$9.11 million in FY24, or 42.0% as follows:

(\$1,234,979)	decrease	Federal and State Programs
(\$252,060)	decrease	Debt Service
\$4,127,781	increase	Capital Projects
\$774	increase	Municipal Court Security
\$81,130	increase	Law Enforcement
\$7,203	increase	Municipal Court Technology
(\$37,684)	decrease	Tourism

Unrestricted Net Position increased \$9.70 million from \$10.64 million in FY23 to \$20.35 million in FY24, or 91.20%.

TABLE A-1: Business-Type Activities

The Combined Utility System's net position was \$22.86 million in FY24, which is 43.35% of total net position and is \$2.69 million more than the prior year. The Combined Utility System contributed all the total unrestricted business-type net position.

Current & Other Assets decreased \$2.86 million from \$22.03 million in FY23 to \$19.17 million in FY24, or (12.98%). Cash, both unrestricted and restricted, are down \$2.92 million from \$19.38 million in FY23 to \$16.45 million in FY24 attributable to debt service and grant expenditures. Capital assets, net of accumulated depreciation, increased \$3.73 million from \$26.55 million in FY23 to \$30.27 million in FY24, or 14.04%, due to the water meter capital project wastewater improvements.

Long-term liabilities decreased \$2.3 million from \$21.09 million in FY23 to \$18.79 million in FY24, or (10.91%) due to decreases in the net pension liability of \$540 thousand, financed purchase payable of \$218 thousand and \$1.86 million in the bond contractual obligations. Net investment in capital assets increased \$5.81 million from \$7.47 million in FY23 to \$13.28 million in FY24, or 77.85% due to increases in the bond and grant capital projects.

Restricted net position decreased \$563 thousand from \$5.85 million in FY23 to \$5.28 million in FY24, or (9.63%). 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 decreased \$2.55 million from \$6.86 million in FY23 to \$4.30 million in FY24, or (37.26%). This decrease is attributable to increased operational expenditures for the utility system.

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, 2024 and 2023
(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenue:						
Program revenue:						
Charges for services	\$ 4,240	\$ 3,971	\$ 13,875	\$ 14,672	\$ 18,115	\$ 18,643
Operating grants & contributions	1,380	3,033	430	34	1,810	3,067
Capital grants & contributions	868	1,033	2,494	398	3,362	1,431
General revenues:						
Property taxes	8,734	8,455	-	-	8,734	8,455
Sales taxes	6,474	6,486	-	-	6,474	6,486
Other taxes	1,552	1,558	-	-	1,552	1,558
Intergovernmental earnings	-	-	-	-	-	-
Investment earnings	1,225	927	415	360	1,640	1,287
Insurance Settlement	-	-	120	-	120	-
Gain (loss) on disposal of capital assets	-	-	-	-	-	-
Other	234	43	85	-	319	43
Total revenues	<u>24,707</u>	<u>25,506</u>	<u>17,419</u>	<u>15,464</u>	<u>42,126</u>	<u>40,970</u>
Expenses:						
General government	6,035	6,897	-	-	6,035	6,897
Public safety	12,137	11,243	-	-	12,137	11,243
Public works	5,273	3,788	-	-	5,273	3,788
Health & other public services	3,384	3,115	-	-	3,384	3,115
Tourism	1,178	652	-	-	1,178	652
Community enrichment	0	55	-	-	-	55
Interest on long-term debt	420	200	-	-	420	200
Water, wastewater & storm water	-	-	9,430	9,058	9,430	9,058
Solid waste	-	-	3,263	2,987	3,263	2,987
Total expenses	<u>28,427</u>	<u>25,950</u>	<u>12,693</u>	<u>12,045</u>	<u>41,120</u>	<u>37,995</u>
Increase (Decrease) in net position before transfers	(3,720)	(444)	4,726	3,419	1,006	2,975
Transfers	<u>2,032</u>	<u>2,752</u>	<u>(2,032)</u>	<u>(2,752)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	-1,688	2,308	2,694	667	1,006	2,975
Net position, beginning	31,561	29,253	20,168	18,890	51,729	48,143
Prior period adjustment	-	-	0	611	0	611
Net position, ending	<u>\$ 29,873</u>	<u>\$ 31,561</u>	<u>\$ 22,862</u>	<u>\$ 20,168</u>	<u>\$ 52,735</u>	<u>\$ 51,729</u>

TABLE A-2: Governmental Activities

As shown in Table A-2, revenues were split between governmental activities and business-type activities at 58.65% and 41.35%, respectively. Expenses for each were 69.13% and 30.87%. Net position decreased (5.35%) for governmental activities, increased 13.36% for business-type activities, and increased 1.94% overall.

The cost of all *governmental* activities for the fiscal year 2024 was \$28.43 million. However, the amount that taxpayers paid for these services through City taxes and business fees was \$16.8 million.

Some of the costs were paid by:

- Those who directly benefited from the programs, or \$4.24 million, and
- Other governments and organizations subsidized certain programs with grants and contributions were \$2.25 million.
- Charges for services comprised 15.86% of governmental activities' revenues including transfers in and 79.65% of business-type activities' revenues.
- Taxes contributed 62.68% of governmental activities' revenues including transfers.
- Investment earnings generated 4.58% and 2.38% of governmental activities revenues and business-type activities, respectively, reflective of increasing interest rates in 2024 compared to 2023.
- Public Safety (including Police, Fire, Emergency Management, Inspections and Municipal Court) expenses accounted for 42.70% of governmental activities' expenses and 18.55% 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 \$9.89 million.
- General government comprises 21.23% of all governmental activities' expenses.

Charges for services revenue increased \$269 thousand from \$3.97 million in FY23 to \$4.24 million in FY24, or 6.77%. These revenues come from licenses and permit fees, along with park and recreation activities and other miscellaneous changes. Sales tax revenue decreased \$12 thousand from \$6.49 million in FY23 to \$6.47 million in FY24, or (0.19%). It is believed that residents continue to shop locally due to increasing fuel costs, rather than traveling to neighboring Corpus Christi. In FY24, the City's one-time comptroller audit adjustments increased overall sales tax payments by \$24 thousand down from \$152 thousand in FY 23.

Other Revenues increased from \$43 thousand in FY23 to \$234 thousand in FY24.

General government expenses decreased \$862 thousand from \$6.90 million in FY23 to \$6.04 million in FY24, or (12.50%). Public Safety expenses increased \$894 thousand from \$11.24 million in FY23 to \$12.14 million in FY24, or 7.95%. Public Works expenses increased \$1.49 million from \$3.79 million in FY23 to \$5.27 million in FY24, or 39.20%. Overall expenditures went up by \$2.48 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 \$3.28 million, from a \$443 thousand deficit in FY23 to a \$3.72 million deficit in FY24. Transfers In, decreased \$720 thousand, from \$2.75 million in FY23 to \$2.03 million in FY24, or (26.16%).

TABLE A-2: Business-Type Activities

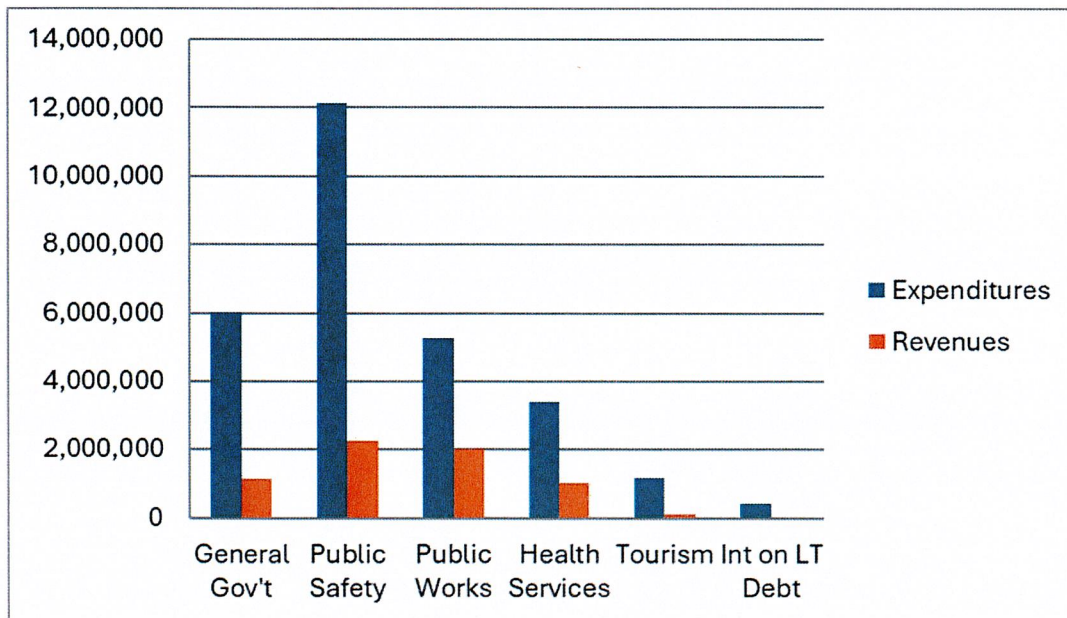
Charges for services revenue decreased \$797 thousand from \$14.67 million in FY23 to \$13.88 million in FY24, or (5.43%). Water and sewer rates remained unchanged in FY24.

The change in net position before transfers increased \$1.31 million, from \$3.42 million in FY23 to \$4.73 million in FY24, or 38.22%. Transfers Out decreased \$720 thousand from \$2.75 million in FY23 to \$2.03 million in FY24, or (26.16%).

Solid Waste expenses increased \$276 thousand from \$2.99 million in FY23 to \$3.26 million in FY24, or 9.24%. Water and wastewater expenses increased \$373 thousand from \$9.06 million in FY23 to \$9.43 million in FY24, or 4.12%.

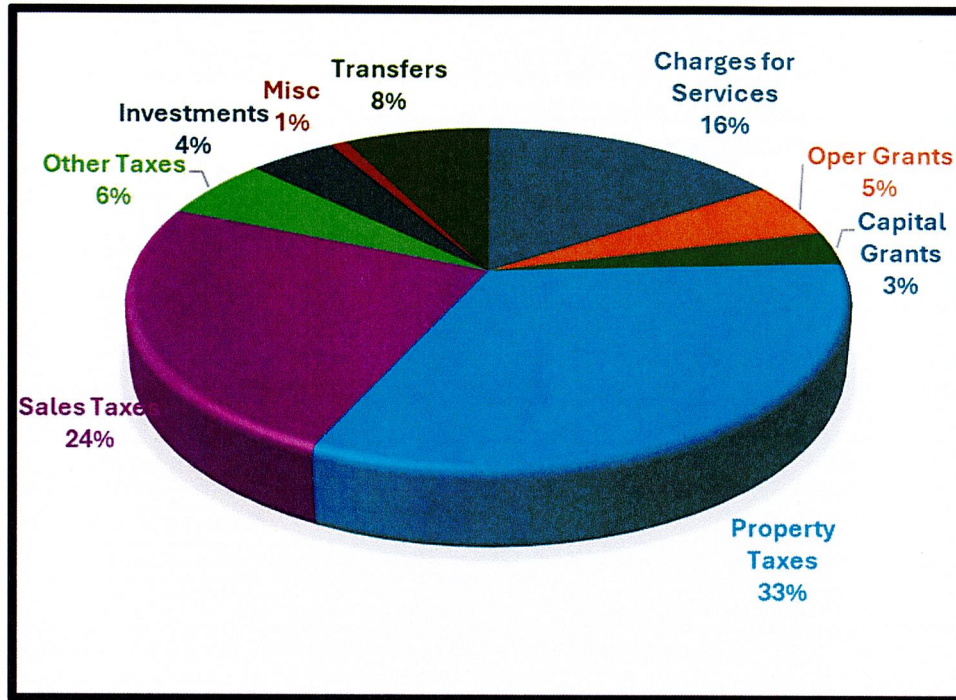
Graph 1 presents the cost of each of the City's major governmental functions, as well as the associated program revenues.

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 74.30% of the expenses generated for business-type activities, with solid waste accounting for an additional 25.70%. The Utilities System had operating revenues of \$12.8 million, up by 1.74 million, and operating expenses were \$9.4 million. The change in net position was \$2.69 million because of:

- Water revenues were down by \$347 thousand due to decreased consumption.
- Wastewater revenues were down by \$409 thousand due to decreased consumption and adjustments.
- Stormwater revenues were up by \$8 thousand.
- Operating and capital grant revenues were up by \$2.5 million.
- The operating expenses increased by \$372 thousand, primarily due to inflationary factors.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

- Total assets of the General Fund decreased \$792 thousand from \$16.35 million to \$15.55 million between FY23 and FY24. Most of this overall decrease in total assets is from a decrease of \$587 thousand in unrestricted Equity in Pooled Cash due to increased costs for operational expenditures.
- Deferred Revenues for FY24 increased slightly by \$8 thousand.
- Total liabilities increased by \$304 thousand to approximately \$1.44 million or, 26.76%. Most of the increase is attributed to a \$251 thousand increase in Due To Other Funds or governments as these were not paid off by year end and a \$53 thousand increase in Accounts Payable and accrued expenses for expenditures not paid by year end. This brings the ratio of total assets to total liabilities (including deferred revenues) to 7.45 times in 2024, down from 9.20 in 2023.
- Starting on page 92, see the Budgetary Results of the General Fund section below for more details on the General Fund revenues and expenditures resulting in General Fund revenues under expenditures before other financing sources.
- The unassigned Fund Balance decreased \$872 thousand due to an increase in expenditures over revenues. The Committed Fund Balance for Street Maintenance decreased by \$490 thousand due to more street maintenance projects being completed. The Committed Park Maintenance Fund Balance decreased \$14 thousand due to additional projects being completed. The Committed JK Northway Fund Balance decreased due to the project associated with the commitment being completed. The Committed Fund Balance for Golf Course Maintenance decreased \$48 thousand due to additional projects completed. The overall Fund Balance decreased \$1.1 million from \$14.57 million in FY23 to \$13.47 million in FY24. The General Fund performed worse due to inflationary increases of items needed for operations and compensation increases to remain competitive in retention of city workers.

Police Forfeiture Funds

- Total assets of the Police Forfeiture Fund decreased \$131 thousand from \$1.92 million to \$1.78 million between FY23 and FY24. Most of this overall decrease in total assets was from a decrease in restricted Cash and Cash Equivalents of \$142 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 decreased by \$164 thousand from \$708 thousand in FY23 to approximately \$544 thousand in FY24 mainly due to a \$143 thousand decrease in customer deposits because of adjudicated cases. This brings the quick ratio (current assets to current liabilities) to 3.28 times in FY24 from 2.71 times in FY23.
- Year-end unsettled seizures remain from current City of Kingsville Police department seizures. Unsettled seizures pending were down \$143 thousand.
- The Police Forfeiture Fund revenues increased \$181 thousand, or 275.11%, from \$66 thousand in FY23 to \$247 thousand in FY24. This increase was due to more pending seizure cases being adjudicated.

- Police Forfeiture Fund expenditures saw an increase of \$40 thousand from \$174 thousand in FY23 to \$214 thousand in FY24. There are certain expenditures that will continue even when revenues decline resulting in alternative funding being secured.
- The Police Forfeiture Fund Restricted Fund Balance increased by \$33 thousand from \$1.21 million in FY23 to \$1.24 million in FY24. The net of revenues over or under expenditures determines the change in value of the fund balance and revenues increased due to pending cases adjudicated. Construction continues on the main transportation corridor making it difficult to perform this effort. This issue continues to slow down new pending seizures.

Federal Grants

- For FY 24, there were no Federal Grants that required them to be part of a separate column for General Governmental fund.

Debt Service Fund

- The Debt Service Fund Balance increased \$26 thousand from \$590 thousand in FY23 to \$616 thousand in FY24. This was an increase of 4.37% from FY23 to FY24. 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 was 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 FY 22-23. Total assets increased \$11.80 million from \$4.85 million in FY 23 to \$16.65 million in FY24 due to bond funds spent for items for which the bonds were issued for. Total liabilities increased by \$73 thousand from \$814 in FY23 to \$74 thousand in FY24 due to outstanding purchase orders at fiscal year end. Fund balance increased \$11.72 million from \$4.85 million in FY23 to \$16.58 million in FY24.

Other Governmental Funds

- Total assets of the Other Governmental Funds increased \$613 thousand from \$1.14 million to \$1.75 million between FY23 and FY24. Equity in Pooled Cash and Cash equivalents increased \$278 thousand, while Restricted Cash and Cash equivalents increased \$34 thousand. Accounts Receivable increased \$5 thousand and Due From Other Funds and Governments decreased \$4 thousand between FY23 and FY24.
- Total liabilities and deferred revenues of the Other Governmental Funds increased by \$529 thousand to \$584 thousand, a 965.31% increase. Most of the increase is attributed to an increase in Accounts Payable due to outstanding invoices and an increase in deferred revenues not recognized at year end.
- Other Governmental Funds include Tourism, Federal and State grants. The fund balance for these funds was \$1.08 million in FY23 and increased to \$1.16 million in FY24. This increase was mostly due to Federal Grants moved into the category.

Budgetary Results of the General Fund

Revenues

Per page 92, General Fund taxes and business tax revenues were \$14.26 million, which was \$486 thousand, or 3.29% below the final budget. Ad Valorem Tax Delinquent revenues were \$192 thousand, which was \$10 thousand, or 5.07% below budget. FY24 tax revenues increased by \$6 thousand due to collection efforts. Ad Valorem Tax Penalty revenues were \$147 thousand, which was \$11 thousand, or 8.17% 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 \$6.47 million, which was \$151 thousand, or 2.28% below budget. Franchise tax revenue was \$862 thousand, which was \$90 thousand, or 11.67% higher than the final budget. These variances are the result of conservative budgeting and changes in the local economy. Sales taxes for FY24 decreased \$12 thousand over FY23, which indicates that consumers continued to shop more locally, but inflationary factors are slowing down purchases in general. Franchise taxes for FY24 decreased \$27 thousand, but still indicate these revenues continue to remain stable from year to year.

Fines and Forfeiture revenue was more than the Final Budget for FY24 by \$53 thousand, or 9.06%. FY24 revenues increased over FY23 by \$49 thousand. Municipal Court has returned to in person court appearances which has increased revenues.

Garbage Fees revenue was less than the final budget by \$21 thousand, or 0.64% for FY24 due to customers changing the number of containers on their account. The Landfill Fees revenue was more than the final budget by \$8 thousand, or 1.20% for FY24. There was more rainfall in the prior year resulting in the landfill being open more days in FY24.

Expenditures

City Administration Department

The City Commission expenditures were lower than the final budget by \$13 thousand or (8.63%) due to Commissioners attending less meetings than planned and traveling less than expected. FY24 actual expenditures increased \$11 thousand from FY23 mainly due to increases in health care costs and purchase of a new dais for commission meetings.

The City Manager expenditures were lower than the final budget by \$1 thousand (0.39%). due to small decreases overall. FY24 actual expenditures increased \$1 thousand from FY23 mainly in health care costs.

City Special Services expenditures were lower than the final budget by \$30 thousand, or (3.83%) due to savings in Services. FY24 actual expenditures decreased by \$37 thousand from FY23, mainly due to decreases in Building Maintenance for improvements to the Municipal Building parking lot, and Capital Outlays for the City Hall landscape project both completed in FY23.

Economic Development expenditures were lower than the final budget by \$20 thousand, or (5.50%) due to less being paid for incentive agreements. FY24 actual expenditures increased by \$20 thousand mainly due to new TIRZ district setup charges.

Overall, the City Administration Department's expenditures decreased in FY24 by \$4 thousand, and stayed within budget as expenditures were lower than the final budget by \$64 thousand or (3.92%).

Management Services Department

The Personnel Division expenditures were lower than the final budget by \$11 thousand or (2.36%) due to savings in costs of safety incentives, employee recognition supplies, various services and operating lease expenditures. FY24 actual expenditures increased \$44 thousand from FY23 mainly in Personnel due to the new compensation plan.

Municipal Court expenditures were lower than the final budget by \$8 thousand or (2.33%) with savings in personnel, supplies and postage. FY24 actual expenditures increased \$22 thousand from FY23 mainly in the Personnel category due to the new compensation plan.

Finance expenditures were lower than the final budget by \$10 thousand or (1.13%), mainly from a capital outlay purchase that was not completed. FY24 actual expenditures decreased \$475 thousand from FY23 due to the IT division being included in FY23 and separated into a separate division in FY24.

Facilities expenditures were lower than the final budget by \$769 or (0.18%) due to lower overall expenditures. FY24 actual expenditures increased by \$62 thousand from FY23 due to increases in Building Maintenance and a Capital Outlay for the new air conditioner at the Municipal Building.

Information Technology expenditures were lower than the final budget by \$45 thousand or (5.47%) due to increases in Personnel and Services. FY24 actual expenditures increased by \$774 thousand from FY23 due to this division being included with the Finance Department in FY23 and set up as separate division in FY24.

Overall, the Management Services Department's expenditures were lower than the final budget by \$74 thousand or (2.55%). Expenditures in FY24 increased by \$427 thousand from FY23 but stayed within the FY24 final budget.

Legal Department

The Legal Department expenditures were lower than the final budget by \$8 thousand, or (2.71%) mainly in lower legal fees spent on outside counsel. FY24 actual expenditures increased by \$25 thousand from FY23 mainly in Personnel for the new compensation plan.

Urban Development Department

Planning expenditures were lower than the final budget by \$28 thousand, or (8.98%) mainly in Personnel expenditures due to a vacant position and Other Operating expenditures due to savings in an operating lease. FY24 actual expenditures increased \$30 thousand from FY23 mainly due to increases in the compensation plan and a change in the copier lease.

Permits and Licenses expenditures were lower than the final budget by \$172 or (0.10%) with savings in Personnel and Services. FY24 actual expenditures increased by \$20 thousand from FY23 mainly in the Personnel category due to the new compensation plan and the Services category due to using an outside inspection company because of the vacant position.

Code Compliance (Community Appearance) expenditures were lower than the final budget by \$3 thousand, or (0.57%) with savings mainly in Personnel. FY24 actual expenditures increased \$108 thousand from FY23 in the Personnel category due to the new compensation plan, the Services category due to increases in professional services and printing costs and increases in capital outlays for new equipment.

Overall, the Urban Development Department expenditures were lower than the final budget by \$31 thousand or (3.12%). Actual expenditures in FY24 were \$158 thousand higher than FY23, but under the final budget.

Police Department

Police Department total expenditures were lower than the final budget by \$424 thousand, or (6.01%) due to increases in all categories. Personnel increased mainly due to the new compensation plan and Supplies, Services, Equipment Maintenance increased due to inflationary factors for operational costs. Actual expenditures in FY24 were \$623 thousand more than FY23 due to increased costs in Personnel and Services due to an increase in the jail contract.

Fire Department

The Fire Department total expenditures were lower than the final budget by \$246 thousand or (5.25%). All categories realized cost savings. Actual expenditures in FY24 were \$462 thousand more than FY23 with the largest increase due to the new compensation plan.

Volunteer Fire Department

Expenditures for the Volunteer Fire Department were lower than the final budget by \$10 thousand or (25.68%) which were realized in all operational costs. Actual expenditures in FY24 were \$1 thousand more than FY23 due to increased retirement costs.

Public Works Department

Expenditures for the Public Works Administration division were \$3 thousand less than the final budget, or (1.16%) due to increased Services. Actual expenditures in FY24 were \$42 thousand more than FY23.

Garage expenditures were \$103 thousand less than the final budget, or 16.85% due to staffing shortages which reduced costs across the board. Actual expenditures in FY24 were \$55

thousand more than in FY23 mainly in the Personnel category, due to the new compensation plan.

Sanitation expenditures were less than the final budget by \$169 thousand, or (10.65%) due to vacancies which resulted in reduced costs across the board. Actual expenditures in FY24 were \$456 thousand less than FY23 due to there being a capital outlay purchase in FY23 of \$542 thousand.

Street total expenditures were lower than the final budget by \$271 thousand, or (7.97%) due to staffing shortages which reduced costs across the board. Actual expenditures in FY24 were \$955 thousand more than FY23. Personnel costs increased due to the new compensation plan and inflationary increases caused large increases in Services and Building Maintenance.

Landfill total expenditures were lower than the final budget by \$499 thousand, or (32.83%). Lower expenditures were mainly due to lower Services There were vacancies which reduced overall costs across the division. Actual expenditures in FY24 were \$49 thousand less than FY23.

Overall, the Public Works Department expenditures were lower than the final budget, by \$1.04 million, or (14.16%).

Health Department

The Health Department expenditures were lower than the final budget by \$10 thousand, or (1.06%) due to personnel vacancies. The actual expenditures in FY24 were \$154 thousand more than FY23 due to the new compensation plan.

Parks and Recreation Department

Total expenditures for the Parks and Recreation Department were lower than the final budget, by \$415 thousand, or (23.39%) as a result of across the board savings. Actual expenditures in FY24 were \$61 thousand more than FY23 mainly due to increases in Personnel offset by a decrease in capital outlays.

Golf Course

Total expenditures for the Golf Course were lower than the final budget by \$6 thousand or (0.51%). Actual expenditures in FY24 were \$170 thousand more than FY23 due to increases across the board.

Tourism

The Tourism Department expenditure was for the commitment to the County for improvements to the JK Northway which was completed in FY24.

Total Revenues and Expenditures

General Fund total revenues, not including transfers-in, were \$23.63 million, which is \$377 thousand, or (1.57%) below the final budget. The General Fund expenditures, not including transfers-out, came in at \$27.03 million, which was \$2.09 million or (7.16%) below the final budget. Actual revenues, including transfers in and lease proceeds are \$26.33 million and actual

expenditures including transfers out are \$27.43 million resulting in a fund balance drawdown of \$1.10 million.

Budget Amendments of the General Fund

The General Fund revenues budget was amended by an increase of \$65 thousand from the following sources:

- Park and recreation fees include donations that were received from various sources to be used for Healthy Family Events, pool equipment and recreation programs.
- The Police department received a donation for a luncheon for police officers.

Further information on the revenue amendments is detailed on page 88 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 \$748 thousand came from the following sources:

Information Technology which in FY 22-23 were part of Finance increased by \$204 thousand due to Personnel changes.

The Police department budget increased by \$13 thousand due to a capital outlay purchase offset by a decrease in Personnel costs.

The Fire department budget increased by \$152 thousand due to increased vehicle maintenance.

The Street Department budget changed by \$471 thousand for purchase orders that were rolled forward for projects that were not completed in the prior year.

The Parks and Recreation Department budget changed by \$59 thousand due to donations received for Healthy Family Events, pool equipment and recreation programs.

The Golf Course budget increased by \$412 thousand greens improvement project and additional equipment purchased.

Additional information on the City's Original Budget to Final Budget and Final Budget to Actual can be found on Exhibit B-1, pages 92-98. Further information on the expenditure amendments is detailed on pages 86-87 of the Notes to the Financial Statement.

Non-major Governmental Funds

Fourteen special revenue funds comprise the portion of the financial statements found on pages 108-115. Total assets for the combined funds were \$1.75 million, total liabilities were \$290 thousand, total deferred inflows were \$294 thousand and total fund balances were \$1.16 million, with \$51 thousand in non-spendable funds and \$1.11 million in Restricted Fund Balance.

The Tourism Fund makes up 22.59% of the revenues of the special revenue funds. The main source of funding for the Tourism Fund is from Hotel/Motel Occupancy Taxes. Federal Grants make up 63.08% of the special revenue funds and State Grants make up 14.33%. Grants are

received for specific purposes and have specific timelines on when the funds must be spent. 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, 2024 and 2023
(In thousands of dollars)

	Governmental Activities			Business-type Activities		
	2024	2023	% Change FY 23-24	2024	2023	% Change FY 23-24
Land	\$ 580	\$ 580	0.00%	\$ 595	\$ 595	0.00%
Construction in progress	3,244	2,837	14.35%	10,087	5,811	73.58%
Road network	4,539	4,786	-5.16%	-	-	0.00%
Building & improvements	8,359	8,547	-2.20%	15,043	16,108	-6.61%
Equipment	2,833	1,557	81.95%	3,851	3,225	19.41%
Vehicles	3,037	2,692	12.82%	477	808	-40.97%
Right-to-use assets	0	0	0.00%	220	0	0.00%
Total	\$ 22,592	\$ 20,999	7.59%	\$ 30,273	\$ 26,547	14.04%

In the Notes to the Financial Statements located on pages 72-73, the City has invested \$124.82 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 \$407 thousand from \$2.84 million in FY23 to \$3.24 million in FY24 with the on-going projects funded with Certificates of Obligation. As projects are started, construction in progress will continue to increase until project completion.

TABLE A-3: Business-type Activities

Building and improvements, net of depreciation, decreased \$1.06 million from \$16.11 million in FY23 to \$15.0 million in FY24, or (6.61%) net of accumulated depreciation. Equipment increased \$625 thousand from \$3.23 million in FY23 to \$3.85 million in FY24, or 19.39%. Construction in progress increased \$4.28 million from \$5.8 million in FY23 to \$10.01 million in FY24, or 73.60% indicating construction projects remained uncompleted.

Additional information on the City's Capital Assets can be found in Note E, pages 72-73 of the Notes to the Financial Statements.

Table A-4: Long-Term Liabilities
September 30, 2024 and 2023
(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Certificates of obligation	\$ 19,909	\$ 6,574	\$ 11,782	\$ 12,497	\$ 31,691	\$ 19,071
Limited tax refunding bonds	2,609	2,881	4,846	6,114	7,455	8,995
Premium on bonds payable	796	497	508	575	1,304	1,072
Leases payable	0	0	226	0	226	0
Capital leases	426	190	481	692	907	882
Total debt	23,740	10,142	17,843	19,878	41,583	30,020
Net pension liability	3,296	6,459	563	1,103	3,859	7,562
Landfill closure cost	0	0	2,183	2,095	2,183	2,095
OPEB Liability	685	576	185	152	870	728
Compensated absences	1,481	1,299	134	114	1,615	1,413
Total long-term debt	\$ 29,202	\$ 18,476	\$ 20,908	\$ 23,342	\$ 50,110	\$ 41,818

Table A-4 indicates that total long-term debt increased by \$9.29 million from FY23 to FY24, or 22.22%. Of that, compensated absences increased \$202 thousand or 14.30%, and other post-employment costs increased \$142 thousand or 19.51%. Total debt outstanding at the fiscal year-end was \$50.11 million, from \$41.82 million for the prior year.

In addition, there were overall increases of \$12.62 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 \$13.34 million debt increase and the Business-type activities had a decrease of \$715 thousand. Additional information on the City's Long-Term Obligations can be found on Note G, Item # 1-4, and pages 75-79 of the Notes to the Financial Statements.

Ad Valorem Taxes

The FY24 tax rates were calculated and adopted in 2024 via Ordinance 2024-60 on September 12, 2024 for FY 24-25. The tax rate was \$0.60480 for the General Fund and \$0.16520 for the Debt Service Fund, totaling \$0.77000 per \$100 of assessed value. Therefore, the City's tax margin of \$1.73 per \$100 of assessed value could increase taxes \$17.35 million each year based on the assessed value of \$1,003,053,100. 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 S&P Global Ratings, a division of S&P Global, Inc. (S&P). The City no longer has revenue bonds outstanding and therefore does not maintain revenue bond ratings.

FISCAL YEAR 2024-25 ADOPTED OPERATING BUDGET

The total Revenues and Expenditures adopted for the FY24-25 budget are \$96,343,339.20 and \$116,179,345.63 respectively. The \$19,836,006.43 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 \$6,506,801 and the ending estimated fund balance is \$6,921,922, leaving a projected operating surplus of \$415,121 over the required minimum of \$6.51 million. The required minimum reserves are 26.59% meeting the required 25% minimum.

The net deficits for FY23 and FY24 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 FY 24-25 budget continues the 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. FY 23-24 included phase 1 of this project and FY 24-25 included phase 2 completing this extension overhaul.

Capital Outlays

Capital outlay requests for FY 24-25 totaled \$16,584,497; of which \$540,000 was approved. The capital outlay project approved was for a slip line on an 18" sewer main line going across Hwy 77 and Corral St. Shortly after the budget was adopted, the project was put on hold for the project to be re-evaluated. Costs were reduced to \$100,000 and will be completed in FY 24-25.

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, 2024

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 14,803,775	\$ 134,804	\$ 14,938,579
Equity in pooled cash and cash equivalents	14,550,385	7,392,366	21,942,751
Receivables (net of allowances for uncollectibles):			
Taxes	1,774,807	--	1,774,807
Accounts receivable	382,057	1,715,824	2,097,881
Internal balances	64,406	(64,406)	--
Due from other governments	275,940	479,835	755,775
Prepaid expenses	356,415	1,178	357,593
Inventory, at cost	218,802	522,212	741,014
Restricted assets:			
Cash and cash equivalents	2,132,489	8,854,607	10,987,096
Equity in pooled cash and cash equivalents	1,733,663	72,878	1,806,541
Accounts receivable	--	63,036	63,036
Long-term assets:			
Land and construction in progress	3,824,564	10,682,410	14,506,974
Capital assets, net of related depreciation and amortization	18,767,523	19,591,412	38,358,935
Total Assets	58,884,826	49,446,156	108,330,982
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on Refunding	35,135	31,544	66,679
Deferred outflow related to pensions	2,939,472	502,134	3,441,606
Deferred outflow related to OPEB	125,350	38,458	163,808
Total Deferred Outflows of resources	3,099,957	572,136	3,672,093
LIABILITIES			
Accounts payable	893,411	1,103,828	1,997,239
Accrued wages payable	378,617	77,710	456,327
Payable from restricted assets:			
Accrued interest payable	71,855	90,753	162,608
Customer deposits	538,839	847,181	1,386,020
Due to:			
Other governments	258,856	--	258,856
Liabilities due within one year:			
Accumulated unpaid compensated absences	576,680	38,500	615,180
OPEB liability	72,579	14,866	87,445
Financed purchases payable	90,900	217,725	308,625
Leases payable	--	52,907	52,907
Contractual obligations payable	993,468	1,791,531	2,784,999
Liabilities due beyond one year:			
Accumulated unpaid compensated absences	903,952	95,092	999,044
Financed purchases payable	334,356	263,379	597,735
Leases payable	--	173,092	173,092
OPEB liability	612,266	170,653	782,919
Contractual obligations payable	22,320,978	15,344,849	37,665,827
Net pension liability	3,296,036	563,048	3,859,084
Landfill closure costs	--	2,182,813	2,182,813
Total Liabilities	31,342,793	23,027,927	54,370,720
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	373,288	63,763	437,051
Deferred inflows of resources related to OPEB	101,893	7,979	109,872
Other deferred inflows of resources	293,640	4,056,574	4,350,214
Total Deferred Inflows of Resources	768,821	4,128,316	4,897,137
NET POSITION:			
Net Investment in Capital Assets	417,794	13,277,251	13,695,045
Restricted For:			
Federal and State Programs	1,220,833	3,768,530	4,989,363
Debt Service	976,883	--	976,883
Capital Projects	4,975,759	1,515,213	6,490,972
Municipal Court Security	48,207	--	48,207
Law Enforcement	1,251,550	--	1,251,550
Municipal Court Technology	44,517	--	44,517
Tourism	591,896	--	591,896
Unrestricted	20,345,730	4,301,055	24,646,785
Total Net Position	\$ 29,673,169	\$ 22,862,049	\$ 52,535,218

The accompanying notes are an integral part of this statement.

CITY OF KINGSVILLE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
General government and administration	\$ 6,034,948	\$ 421,003	\$ 701,521	\$ --
Public safety	12,136,819	1,642,032	607,611	--
Public works	5,273,051	1,130,325	--	868,475
City/County	3,383,778	1,020,033	6,141	--
Tourism	1,178,475	26,274	65,153	--
Interest on long-term debt	419,757	--	--	--
Total Government Activities	28,426,828	4,239,667	1,380,426	868,475
Business-type Activities:				
Water Improvement	6,082,983	4,993,216	430,353	2,494,482
Stormwater	21,896	433,887	--	--
Solid waste	3,262,642	4,008,979	--	--
Wastewater	3,326,281	4,438,966	--	--
Total Business-type Activities	12,693,802	13,875,048	430,353	2,494,482
Total Primary Government	\$ 41,120,630	\$ 18,114,715	\$ 1,810,779	\$ 3,362,957

General Revenues:

Property taxes
Sales taxes
Franchise taxes
Alcoholic beverage taxes
Hotel/Motel taxes
Unrestricted investment earnings
Insurance settlement
Miscellaneous income

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

Net Position - Ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (4,912,424)		\$ (4,912,424)
(9,887,176)		(9,887,176)
(3,274,251)		(3,274,251)
(2,357,604)		(2,357,604)
(1,087,048)		(1,087,048)
(419,757)		(419,757)
(21,938,260)		(21,938,260)
--	\$ 1,835,068	1,835,068
--	411,991	411,991
--	746,337	746,337
--	1,112,685	1,112,685
--	4,106,081	4,106,081
(21,938,260)	4,106,081	(17,832,179)
8,733,925	--	8,733,925
6,474,066	--	6,474,066
862,475	--	862,475
65,898	--	65,898
622,810	--	622,810
1,225,374	415,107	1,640,481
--	119,500	119,500
234,258	84,957	319,215
2,031,637	(2,031,637)	--
20,250,443	(1,412,073)	18,838,370
(1,687,817)	2,694,008	1,006,191
31,560,986	20,168,041	51,729,027
\$ 29,873,169	\$ 22,862,049	\$ 52,735,218

CITY OF KINGSVILLE

BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024

	General Fund	Police Forfeiture Fund
ASSETS		
Assets:		
Cash and cash equivalents	\$ 5,421	\$ 1,201,319
Equity in pooled cash and cash equivalents	12,167,662	--
Receivables (net of allowances for uncollectibles):		
Taxes	1,643,370	--
Accounts receivable	768,732	--
Assessments	59,824	--
Due from:		
Other funds	--	--
Other governments	--	--
Prepaid expenditures	328,915	--
Inventory, at cost	195,042	--
Restricted assets:		
Cash and cash equivalents	273,923	538,839
Equity in pooled cash and cash equivalents	48,304	44,746
Accounts receivable	63,037	--
Total Assets	\$ 15,554,230	\$ 1,784,904
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND EQUITY		
Liabilities:		
Accounts payable	\$ 542,486	\$ 5,182
Accrued wages payable	370,499	--
Payable from restricted assets:		
Customer deposits	--	538,839
Due to:		
Other funds	266,872	--
Other governments	258,856	--
Total Liabilities	1,438,713	544,021
Deferred Inflows of Resources:		
Deferred revenue	648,240	--
Total Deferred Inflows of Resources	648,240	--
Equity:		
Fund balances:		
Nonspendable:		
Inventory	195,041	--
Prepays	328,915	--
Restricted:		
Debt service	--	--
Capital outlay	97	--
Municipal court building security	48,207	--
Municipal court technology	--	44,517
Law enforcement	--	1,196,366
Tourism	--	--
Federal and state programs	--	--
Committed:		
Landfill	2,730,888	--
Street maintenance	415,534	--
Park maintenance	12,623	--
JK Northway project	19,500	--
Chamberlain Park project	27,053	--
Golf course maintenance	2,902	--
NAS Kingsville Fire Station DEAG	500,000	--
Sanitation capital outlay	276,366	--
Assigned:		
Vehicle replacement	269,622	--
Economic development	268,702	--
Unassigned:		
Total Equity	13,467,277	1,240,883
Total Liabilities, Deferred Inflows of Resources, and Equity	\$ 15,554,230	\$ 1,784,904

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
\$ 318,844	\$ 10,147,529	\$ 75	\$ 11,673,188
--	3,831,136	851,832	16,850,630
131,437	--	--	1,774,807
5	--	52,949	821,686
--	--	--	59,824
--	--	6,786	6,786
--	--	275,940	275,940
--	--	27,500	356,415
--	--	23,760	218,802
246,357	506,043	509,648	2,074,810
50,675	2,165,539	--	2,309,264
--	--	--	63,037
<u>\$ 747,318</u>	<u>\$ 16,650,247</u>	<u>\$ 1,748,490</u>	<u>\$ 36,485,189</u>
\$ --	\$ 74,265	\$ 279,478	\$ 901,411
--	--	8,118	378,617
--	--	--	538,839
--	--	2,723	269,595
--	--	--	258,856
--	74,265	290,319	2,347,318
131,437	--	293,640	1,073,317
<u>131,437</u>	<u>--</u>	<u>293,640</u>	<u>1,073,317</u>
--	--	23,761	218,802
--	--	27,500	356,415
615,881	--	--	615,881
--	16,575,982	--	16,576,079
--	--	--	48,207
--	--	--	44,517
--	--	19	1,196,385
--	--	591,896	591,896
--	--	521,355	521,355
--	--	--	2,730,888
--	--	--	415,534
--	--	--	12,623
--	--	--	19,500
--	--	--	27,053
--	--	--	2,902
--	--	--	500,000
--	--	--	276,366
--	--	--	269,622
--	--	--	268,702
--	--	--	8,371,827
<u>615,881</u>	<u>16,575,982</u>	<u>1,164,531</u>	<u>33,064,554</u>
<u>\$ 747,318</u>	<u>\$ 16,650,247</u>	<u>\$ 1,748,490</u>	<u>\$ 36,485,189</u>

CITY OF KINGSVILLE

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2024**

Total fund balances - governmental funds balance sheet \$ 33,064,554

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.	22,592,087
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	645,146
The assets and liabilities of internal service funds are included in governmental activities in the SNP.	2,381,382
Payables for bond principal which are not due in the current period are not reported in the funds.	(22,518,093)
Payables for debt interest which are not due in the current period are not reported in the funds.	(71,855)
Payables for notes which are not due in the current period are not reported in the funds.	(425,255)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(1,480,632)
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds.	35,135
Solid waste assets & liabilities are included in the general fund but are in business-type activities in SNP	(2,161,708)
Recognition of the City's proportionate share of the net pension liability is not reported in the funds.	(3,296,036)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(373,288)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	2,939,472
Bond premiums are amortized in the SNA but not in the funds.	(796,353)
Recognition of the City's proportionate share of the net OPEB liability is not reported in the funds.	(684,845)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.	(101,893)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.	125,351

Net position of governmental activities - Statement of Net Position \$ 29,873,169

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, 2024

	General Fund	Police Forfeiture Fund
Revenue:		
Taxes	\$ 14,264,270	\$ --
Licenses and permits	352,199	--
Charges for services	7,097,552	--
Fines and forfeitures	637,479	145,114
Special assessments	8,314	--
Interest and miscellaneous	1,220,943	52,116
Donations	51,958	50,000
Intergovernmental revenue	--	--
Federal and state grants	--	--
Total Revenues	23,632,715	247,230
Expenditures:		
Current:		
General government and administration	5,701,738	4,132
Public safety	11,092,185	209,930
Public works	6,343,281	--
City/County	3,354,238	--
Tourism	537,500	--
Debt service:		
Principal retired	--	--
Interest	--	--
Bond issuance costs	--	--
Paying agent fees	--	--
Total Expenditures	27,028,942	214,062
Excess (deficiency) of revenues (under) expenditures	(3,396,227)	33,168
Other Financing Sources (Uses):		
Transfers in	2,398,096	--
Transfers out	(403,049)	--
Gain on sale of assets	--	--
Bond issuance premium	--	--
Issuance of debt	--	--
Issuance of debt	298,465	--
Total Other Financing Sources (Uses)	2,293,512	--
Net Change in Fund Balances	(1,102,715)	33,168
Fund Balances/Equity, October 1	14,569,992	1,207,715
Fund Balances/Equity, September 30	\$ 13,467,277	\$ 1,240,883

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
\$ 1,879,782	\$ --	\$ 622,437	\$ 16,766,489
--	--	--	352,199
--	--	26,647	7,124,199
--	--	--	782,593
--	--	--	8,314
24,424	153,521	7,189	1,458,193
--	--	--	101,958
--	--	746,317	746,317
--	--	1,502,584	1,502,584
1,904,206	153,521	2,905,174	28,842,846
--	--	173,964	5,879,834
--	353,300	731,018	12,386,433
--	2,590,157	882,689	9,816,127
--	--	477,386	3,831,624
--	--	631,652	1,169,152
1,676,177	--	--	1,676,177
401,400	--	--	401,400
--	167,620	--	167,620
3,538	--	--	3,538
2,081,115	3,111,077	2,896,709	35,331,905
(176,909)	(2,957,556)	8,465	(6,489,059)
202,700	--	89,843	2,690,639
--	(17,357)	(542,500)	(962,906)
--	2,000	--	2,000
--	362,498	--	362,498
--	14,335,000	--	14,335,000
--	--	--	298,465
202,700	14,682,141	(452,657)	16,725,696
25,791	11,724,585	(444,192)	10,236,637
590,090	4,851,397	1,608,723	22,827,917
\$ 615,881	\$ 16,575,982	\$ 1,164,531	\$ 33,064,554

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, 2024*

Net change in fund balances - total governmental funds \$ 10,236,637

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

Capital outlays are not reported as expenses in the SOA.	3,285,141
The depreciation of capital assets used in governmental activities is not reported in the funds.	(1,692,343)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(7,687)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	1,271,241
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	63,562
Bond premiums and similar items are amortized in the SOA but not in the funds.	57,953
(Increase) decrease in accrued interest from beginning of period to end of period.	(3,583)
The net revenue (expense) of internal service funds is reported with governmental activities.	(400,790)
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(181,806)
Solid waste activities are included in the general fund but are included in business activities in the SOA.	584,214
Proceeds of long-term debt is recognized as other financial resources in the funds but not revenue in the SOA.	(298,465)
Proceeds of bonds do not provide revenue in the SOA, but are reported as current resources in the funds.	(14,335,000)
Bond premiums are reported in the funds but not in the SOA.	(362,498)
The City's share of the unrecognized deferred inflows and outflows for the pension plan was amortized.	99,279
OPEB expense relating to GASB 75 is recorded in the SOA but not in the funds.	(3,672)

Change in net position of governmental activities - Statement of Activities \$ (1,687,817)

The accompanying notes are an integral part of this statement.

CITY OF KINGSVILLE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2024

	Enterprise Fund	Nonmajor Internal Service Fund
	Utility Fund	Insurance Fund
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 134,753	\$ 2,017,844
Equity in pooled cash and cash equivalents	5,795,253	36,322
Receivables (net of allowances for uncollectibles):		
Accounts	1,350,900	--
Due from:		
Other funds	--	327,215
Other governments	479,835	--
Prepaid expenses	1,178	--
Inventory, at cost	522,212	--
Restricted assets - noncurrent:		
Cash and cash equivalents	8,782,899	--
Total current assets	<u>17,067,030</u>	<u>2,381,381</u>
Noncurrent assets:		
Capital assets:		
Land	181,743	--
Utility plant	41,019,890	--
Equipment	5,719,103	--
Vehicles	1,132,994	--
Right-to-use assets - vehicles	275,095	--
Construction in progress	10,087,467	--
Total capital assets	58,416,292	--
Less accumulated depreciation and amortization	(34,059,216)	--
Net capital assets	24,357,076	--
Total noncurrent assets	24,357,076	--
Total Assets	<u>41,424,106</u>	<u>2,381,381</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflow related to pensions	502,134	--
Deferred outflow related to OPEB	27,258	--
Deferred Loss on Refunding	31,544	--
Total Deferred Outflows of Resources	<u>\$ 560,936</u>	<u>\$ --</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 1,103,828	\$ --
Accrued wages payable	77,710	--
Due to:		
Other funds	64,406	--
Accumulated unpaid compensated absences	38,500	--
Current liabilities payable from restricted assets:		
Accrued interest payable	70,116	--
OPEB liability	14,866	--
Leases payable	52,907	--
Financed purchases payable	79,044	--
Contractual obligations payable	1,728,523	--
Customer deposits	847,181	--
Total current liabilities	<u>4,077,081</u>	<u>--</u>
Long-term liabilities, net of current portion:		
Accumulated unpaid compensated absences	95,092	--
OPEB liability	121,034	--
Leases payable	173,092	--
Financed purchases payable	166,014	--
Contractual obligations payable	13,352,696	--
Net pension liability	563,048	--
Total long-term liabilities, net of current portion	<u>14,470,976</u>	<u>--</u>
Total Liabilities	<u>18,548,057</u>	<u>--</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow related to pensions	63,763	--
Deferred inflow related to OPEB	2,803	--
Other Deferred inflows	4,056,574	--
Total Deferred Inflows of Resources	<u>4,123,140</u>	<u>--</u>
NET POSITION		
Net investment in capital assets	9,522,927	--
Restricted for:		
Self insurance	--	2,381,381
State and federal programs	3,768,530	--
Capital outlay	826,400	--
Unrestricted	5,195,988	--
Total Net Position	<u>\$ 19,313,845</u>	<u>\$ 2,381,381</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, 2024**

Utility Fund Net Position - Proprietary Funds Statement of Net Position	\$	19,313,845
---	----	------------

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	3,505,002
--	-----------

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>22,862,049</u></u>
--	----	--------------------------

The accompanying notes are an integral part of this statement.

CITY OF KINGSVILLE

*STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024*

	Enterprise Fund	Nonmajor Internal Service Fund
	Utility Fund	Insurance Fund
OPERATING REVENUES:		
Water	\$ 4,982,817	\$ --
Other income	204,457	1,881
Wastewater	4,883,252	--
Insurance premiums	--	3,848,547
Intergovernmental revenue	430,353	--
Total Operating Revenues	10,500,879	3,850,428
OPERATING EXPENSES:		
Personal services	3,911,817	--
Supplies	641,249	--
Services	2,225,363	3,878,438
Maintenance	1,083,041	--
Depreciation and amortization	1,123,726	--
Total Operating Expenses	8,985,196	3,878,438
Operating Income (Loss)	1,515,683	(28,010)
NON-OPERATING REVENUES (EXPENSES):		
Interest	400,513	89,839
Interest and fiscal agent charge	(445,964)	--
Total Non-operating Revenues (Expenses)	(45,451)	89,839
Net Income (Loss) before Capital Contributions and Transfers	1,470,232	61,829
CAPITAL CONTRIBUTIONS:		
Federal grants	2,494,482	--
Total Capital Contributions	2,494,482	--
TRANSFERS IN (OUT):		
Transfers In	226,987	--
Transfers Out	(1,492,100)	(462,619)
Total Transfers In (Out)	(1,265,113)	(462,619)
Increase (Decrease) in Net Position	2,699,601	(400,790)
Net Position, October 1	16,614,244	2,782,171
Net Position, September 30	\$ 19,313,845	\$ 2,381,381

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, 2024*

Change in net position - utility fund	\$	2,699,601
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Amounts reported for business-type activities in the statement of activities
are different because:

Solid Waste is a business-type activity that is included in the general fund. The net revenues of the Solid Waste activity are reported in the business-type activities.		<u>(5,593)</u>
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Change in net position of Business-type activities - statement of activities	\$	<u><u>2,694,008</u></u>
--	----	-------------------------

The accompanying notes are an integral part of this statement.

CITY OF KINGSVILLE

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Utility Fund	Internal Service Fund
Cash Flows from Operating Activities:		
Cash received from customers	\$ 10,330,728	\$ 3,557,636
Cash received from other governments	430,353	--
Cash payments to employees for services	(3,350,963)	--
Cash payments to other suppliers for goods and services	(4,311,998)	(3,878,438)
Net Cash Provided (Used) by Operating Activities	3,098,120	(320,802)
Cash Flows from Non-capital Financing Activities:		
Proceeds (payments) from (for) interfund borrowings	64,406	--
Transfers from other funds	226,987	--
Transfers (to) other funds	(1,492,100)	(462,619)
Net Cash Provided (Used) by Non-capital Financing Activities	(1,200,707)	(462,619)
Cash Flows from Capital and Related Financing Activities:		
Principal and interest paid	(2,223,656)	--
Proceeds from capital grants	2,031,103	--
Acquisition or construction of capital assets	(4,457,224)	--
Net Cash Provided (Used) for Capital & Related Financing Activities	(4,649,777)	--
Cash Flows from Investing Activities:		
Interest and dividends on investments	400,513	89,839
Net Cash Provided (Used) for Investing Activities	400,513	89,839
Net Increase (Decrease) in Cash and Cash Equivalents	(2,351,851)	(693,582)
Cash and Cash Equivalents at Beginning of Year	17,064,756	2,747,748
Cash and Cash Equivalents at End of Year	\$ 14,712,905	\$ 2,054,166
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$ 1,515,683	\$ (28,010)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation	1,123,726	--
Provision for uncollectible accounts	(16,253)	--
Change in Assets and Liabilities:		
Decrease (increase) in receivables	264,032	(292,792)
Decrease (increase) in inventories	76,352	--
Decrease (increase) in prepaid expenses	(858)	--
Decrease (increase) in net pension asset	(540,378)	--
Decrease (increase) in deferred outflow related to pension	463,191	--
Increase (decrease) in accounts payable	(437,819)	--
Increase (decrease) in accrued wages payable	25,459	--
Increase (decrease) in OPEB liability	18,172	--
Increase (decrease) in deferred inflow related to pension	60,228	--
Increase (decrease) in deferred inflow related to OPEB	(13,404)	--
Increase (decrease) in other deferred inflows	528,312	--
Increase (decrease) in accumulated compensated absences	19,274	--
Increase (decrease) in customer deposits	12,403	--
Total Adjustments	1,582,437	(292,792)
Net Cash Provided (Used) by Operating Activities	\$ 3,098,120	\$ (320,802)
Non-Cash Capital and Related Financing Activities:		
Capital asset acquisitions under leases	\$ 275,095	\$ --

The accompanying notes are an integral part of this statement.

CITY OF KINGSVILLE
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2024

	<div>Custodial Fund</div>
	<div>Court Cash Bond Account</div>
ASSETS	
Assets:	
Cash and cash equivalents	\$ 38,347
Total Assets	\$ 38,347
LIABILITIES AND EQUITY	
Net Position:	
Restricted for Municipal Court Bonds	38,347
Total Net Position	\$ 38,347
Total Liabilities and Net Position	\$ 38,347

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, 2024

	Custodial Funds
ADDITIONS:	
Municipal Court Bonds	\$ 61,074
Total Additions	61,074
DEDUCTIONS:	
Payment of Municipal Court Bonds	62,189
Total Deductions	62,189
Change in Fiduciary Net Position	(1,115)
Net Position-Beginning of the Year	39,462
Net Position-End of the Year	\$ 38,347

CITY OF KINGSVILLE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

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, 2024.

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, 2024.

b. Discretely Presented Component Unit

The City did not have a Discretely Presented Component Unit at September 30, 2024.

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, 2024

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, 2024

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.

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.

CITY OF KINGSVILLE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

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.

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. 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 took 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 took effect for financial statements starting with the fiscal year that ends June 30, 2024. This statement had no effect on the City's financial statements.

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 took effect for financial statements starting with the fiscal year that ends June 30, 2024. This statement had no effect on the City's financial statements.

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.

GASB Statement No. 102, Certain Risk Disclosures, provides users of governmental financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

CITY OF KINGSVILLE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 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 2023 tax rate was \$.7600, of which \$.59090 was distributed to the General Fund and \$.16910 was applied to the Debt Service Fund. Using the twenty-five percent rule, the City's legal margin is \$228,861,063.

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

CITY OF KINGSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

The top ten taxpayers are as follows:

Taxpayer Name	Nature of Operations	Assessed Valuation	% of Total Taxable Valuation
AEP Texas Inc.	Electric Utility	24,687,090	2.43%
KL Phase 1 Owner LTD	Apartments	14,348,970	1.42%
Apexone Javelina LLC	Apartments	11,673,680	1.15%
Rockstar Oak Tree LLC	Apartments	11,382,050	1.12%
Rockstar Kingsville Pointe LLC	Apartments	11,344,680	1.12%
LFL Properties Kingsville LLC	Apartments	10,831,460	1.07%
KL Phase II Owner LTD	Apartments	9,445,700	0.93%
Kingsville Two Family Housing LTD	Apartments	9,167,788	0.90%
HEB Grocery Inc.	Retail	8,368,970	0.83%
Kingsville Square LTD	Apartments	7,667,870	0.76%

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:

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

CITY OF KINGSVILLE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

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 2024.

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 \$3,672,093, of which \$3,099,957 is in governmental activities and \$572,136 in business-type activities.

There were deferred inflows of resources in the Statement of Net Position of \$4,897,137 of which \$768,821 is in governmental activities, and \$4,128,316 is in business-type activities.

A detail of Other Deferred Inflows of Resources, as shown on Exhibit A-1, is as follows:

	Governmental Activities	Business-Type Activities
Deferred inflows from grants	\$ 293,640	\$ 4,001,438
Gain on refunding	-	55,136
	\$ 293,640	\$ 4,056,574

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.

CITY OF KINGSVILLE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

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

i. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term debt obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses in the period incurred the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing resources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures in the governmental funds, bond discounts and issuance costs are treated as period costs in the year issued. Bond issuance costs are shown as an "other financing use".

j. Pension Plans

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

k. Fund Equity

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

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

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

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

CITY OF KINGSVILLE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

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

Fund balances of the governmental funds are classified as follows:

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

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

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

Assigned Fund Balance - represents amounts which the City intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the Board of Commissioners or by an official or body to which the Board of Commissioners delegates the authority. This authority is per City Charter, Article IV, Section 10 which states "The Commission shall enact all ordinances and resolutions, and adopt all regulations and constitute the legislative and governing body of the City. The Commission shall have the power to appoint the City Judge, the City Manager, and City Attorney." Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey 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, 2024, met their minimum requirements. Spending Prioritization in Using Available Resources:

CITY OF KINGSVILLE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2024

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 expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

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

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

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

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

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

CITY OF KINGSVILLE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2024

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, 2024, the carrying amount of the City's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$25,964,022 and the bank balance was \$22,241,450. The City's cash deposits at September 30, 2024 and during the year ended September 30, 2024, were entirely covered by FDIC insurance or properly secured by collateral held by the City's agent in the City's name.

2. Investments

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

Investment Accounting Policy

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

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

CITY OF KINGSVILLE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

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

Investment	Reported Amount	Fair Value
Texas Class (Rated @ AAAM)	\$ 27,486,403	\$ 27,486,403

Analysis of Specific Deposit and Investment Risks:

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

1. Credit Risks

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

2. Custodial Credit Risk

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

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

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

3. Concentration of Risk

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

4. Interest Rate Risk

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

5. Foreign Currency Risk

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

CITY OF KINGSVILLE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2024

D. Receivables

Receivable balances at September 30, 2024 consists of the following:

	Governmental	Enterprise	Enterprise Restricted	Total
Receivables:				
Accounts	\$ 7,751,302	\$ 2,942,005	\$ 131,100	\$ 10,824,407
Taxes - Property	1,049,043	--	--	1,049,043
Taxes - Franchise & Sales	1,145,382	--	--	1,145,382
Special Assessments	59,824	--	--	59,824
Gross Receivables	10,005,551	2,942,005	131,100	13,078,656
Less: Allowance for uncollectable	(7,848,687)	(1,226,181)	(68,064)	(9,142,932)
Net total receivable	\$ 2,156,864	\$ 1,715,824	\$ 63,036	\$ 3,935,724

E. Capital Assets

Capital asset activity for the year ended September 30, 2024, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 580,401	\$ --	\$ --	\$ 580,401
Construction in progress	2,837,051	708,384	(301,272)	3,244,163
Total capital assets not being depreciated	3,417,452	708,384	(301,272)	3,824,564
<i>Capital assets being depreciated:</i>				
Road network	19,285,844	--	--	19,285,844
Buildings and improvements	13,027,635	156,173	--	13,183,808
Equipment	8,482,246	2,170,559	(353,189)	10,299,616
Vehicles	7,868,962	551,297	(377,436)	8,042,823
Total capital assets being depreciated	48,664,687	2,878,029	(730,625)	50,812,091
Less accumulated depreciation for:				
Road network	(14,499,935)	(246,924)	--	(14,746,859)
Buildings and improvements	(4,481,152)	(343,773)	--	(4,824,925)
Equipment	(6,925,117)	(894,564)	353,189	(7,466,492)
Vehicles	(5,176,646)	(207,082)	377,436	(5,006,292)
Total accumulated depreciation	(31,082,850)	(1,692,343)	730,625	(32,044,568)
Total capital assets being depreciated, net	17,581,837	1,185,686	--	18,767,523
Governmental activities capital assets, net	\$ 20,999,289	\$ 1,894,070	\$ (301,272)	\$ 22,592,087

CITY OF KINGSVILLE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 594,943	\$ --	\$ --	\$ 594,943
Construction in progress	5,810,751	4,276,716	--	10,087,467
Total capital assets not being depreciated	6,405,694	4,276,716	--	10,682,410
<i>Capital assets being depreciated:</i>				
Buildings and improvements	45,492,214	45,839	--	45,538,053
Equipment	9,559,185	1,090,190	(52,903)	10,596,472
Vehicles	4,381,293	--	(1,288,598)	3,092,695
Right-to-use assets - Vehicles	--	275,095	--	275,095
Total capital assets being depreciated	59,432,692	1,411,124	(1,341,501)	59,502,315
Less accumulated depreciation for:				
Buildings and improvements	(29,384,431)	(1,110,455)	--	(30,494,886)
Equipment	(6,333,541)	(464,821)	52,903	(6,745,459)
Vehicles	(3,573,207)	(224,718)	1,182,386	(2,615,539)
Right-to-use assets - Vehicles	--	(55,019)	--	(55,019)
Total accumulated depreciation	(39,291,179)	(1,855,013)	1,235,289	(39,910,903)
Total capital assets being depreciated, net	20,141,513	(443,889)	(106,212)	19,591,412
Business-type activities capital assets, net	\$ 26,547,207	\$ 3,832,827	\$ (106,212)	\$ 30,273,822

Governmental depreciation was charged to functions as follows:

General Government	\$ 246,942
Tourism	9,254
Public Safety	663,653
Public Works	480,201
City/County	292,293
	<u>\$ 1,692,343</u>

Business-type depreciation was charged to functions as follows:

Water	\$ 561,714
Wastewater	562,012
Solid Waste	731,287
	<u>\$ 1,855,013</u>

CITY OF KINGSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

F. Interfund Balances and Activity

1. Due To and From Other Funds

Balances due to and due from other funds at September 30, 2024, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
Insurance Fund	General Fund	\$ 260,086	Short-term loans
Insurance Fund	Utility Fund	64,406	Short-term loans
Insurance Fund	Other Governmental Funds	2,723	Short-term loans
	Subtotal:	327,215	
Federal Grants Fund	General Fund	6,786	Transfer load share
	Total	334,001	

2. Transfers To and From Other Funds

Transfers to and from other funds at September 30, 2024, consisted of the following:

Transfers To	Transfers From	Amount	Reason
General Fund	Other Governmental Funds	\$ 35,000	Supplement other funds sources
General Fund	Other Governmental Funds	500,000	Matching funds not utilized
General Fund	Capital Projects Fund	17,357	Supplement other funds sources
General Fund	Utility Fund	1,485,000	Supplement other funds sources
General Fund	Internal Service Fund	360,739	Supplement other funds sources
	Subtotal:	2,398,096	
Debt Service Fund	General Fund	202,700	Supplement other funds sources
	Subtotal:	202,700	
Other Governmental Fund	Utility Fund	7,100	Supplement other funds sources
Other Governmental Fund	General Fund	79,157	Supplement other funds sources
Other Governmental Fund	Internal Service Fund	3,586	Supplement other funds sources
	Subtotal:	89,843	
Utility Fund	Other Governmental Funds	7,500	Matching funds not utilized
Utility Fund	General Fund	121,193	Supplement other funds sources
Utility Fund	Internal Service Fund	98,294	Supplement other funds sources
	Subtotal:	226,987	
	Total	\$ 2,917,626	

CITY OF KINGSVILLE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2024

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, 2024, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Certificates of obligation	\$ 6,573,793	\$ 14,335,000	\$ 1,000,190	\$ 19,908,603	\$ 700,419
Limited Tax Refunding					
Bond	2,880,542	-	271,052	2,609,490	293,049
Premium on Bonds Payable	496,828	362,498	62,973	796,353	-
Total bonds payable	9,951,163	14,697,498	1,334,215	23,314,446	993,468
Financed purchases	190,352	298,465	63,562	425,255	90,900
Total long-term debt	10,141,515	14,995,963	1,397,777	23,739,701	1,084,368
Net pension liability (asset) *	6,459,365	6,028,057	9,191,386	3,296,036	-
Accumulated compensated absences*	1,298,826	1,029,533	847,727	1,480,632	576,680
OPEB liability *	576,137	177,368	68,660	684,845	72,579
Governmental activities					
Total long-term debt	\$ 18,475,843	\$ 22,230,921	\$ 11,505,550	\$ 29,201,214	\$ 1,733,627

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Business-type activities:					
Certificates of obligation	\$ 12,497,208	\$ -	\$ 714,811	\$ 11,782,397	\$ 474,581
Limited Tax Refunding Bond	6,114,457	-	1,268,947	4,845,510	1,316,951
Premium on Bonds Payable	574,795	-	66,324	508,471	-
Total bonds payable	19,186,460	--	2,050,082	17,136,378	1,791,532
Financed purchases	692,053	--	210,949	481,104	217,725
Leases Payable	-	275,095	49,096	225,999	52,907
Total long-term debt	19,878,513	275,095	2,310,127	17,843,481	2,062,164
Net pension liability (asset) *	1,103,426	1,063,775	1,604,153	563,048	-
Landfill closure cost	2,094,702	88,111	-	2,182,813	-
OPEB liability *	151,743	50,027	16,251	185,519	14,866
Accumulated compensated absences*	114,318	96,871	77,599	133,590	38,500
Business-type activities					
Long-term liabilities	\$ 23,342,702	\$ 1,573,879	\$ 4,008,130	\$ 20,908,451	\$ 2,115,530

* Other long-term liabilities (assets)

CITY OF KINGSVILLE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

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

Liability	Activity Type	Fund
Accumulated compensated absences	Governmental activities	General
Net OPEB liability	Governmental activities	General
Net pension liability (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:	2024	2023
(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)	\$ 3,025,000	\$ 3,136,000
\$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)	895,000	1,770,000
\$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%.	3,750,000	4,150,000
\$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)	--	--
\$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)	2,210,000	2,465,000
\$3,595,000 Limited Tax Refunding Bonds Series 2021 due to original installments of \$225,000 to \$500,000 through August 31, 2032, interest at 3.00% to 4.00%. (General Fund 21% and Utility Fund 79%).	2,810,000	3,075,000
\$1,310,000 Tax Note Series 2021, for Capital Outlay and General Improvements, due in annual installments of \$190,000 to \$195,000 through August 2027; interest at 1.5%. (100% General Fund)	570,000	755,000

CITY OF KINGSVILLE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2024

\$1,850,000 Tax Note Series 2022, for Capital Outlay and General Improvements, due in annual installments of \$245,000 to \$285,000 through August 2027; interest at 2.640%. (66.05% General Fund and 33.95% Utility Fund)	1,355,000	1,605,000
\$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)	371,000	385,000
\$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)	3,825,000	4,625,000
\$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)	6,000,000	6,100,000
\$14,335,000 Certificates of Obligation Series 2024, for new Fire Station and equipment; paid annual installments of \$25,000 to \$1,230,000 through September 30, 2024. Interest at 5.00% to 4.00%. (100% General Fund)	14,335,000	--
Total Certificates of Obligation Payable and Refunding Bonds Payable	\$ 39,146,000	\$ 28,066,000

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

2. Debt Service Requirements

Debt service requirements on long-term debt at September 30, 2024, are as follows:

Governmental Activities			
Year Ending September 30,	Principal	Interest	Total
2025	\$ 993,469	\$ 977,074	\$ 1,970,543
2026	1,099,373	866,161	1,965,534
2027	1,132,813	832,543	1,965,356
2028	1,043,717	797,699	1,841,416
2029	1,090,059	759,225	1,849,284
2030-2034	5,446,132	3,126,246	8,572,378
2035-2039	5,470,404	1,954,375	7,424,779
2040-2044	6,242,127	772,408	7,014,535
Totals	\$ 22,518,094	\$ 10,085,731	\$ 32,603,825

CITY OF KINGSVILLE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2024

Year Ending September 30,	Business-type Activities		
	Certificates of Obligation		Revenue Bonds
	Principal	Interest	Total
2025	\$ 1,789,834	\$ 475,517	\$ 2,265,351
2026	1,015,627	425,628	1,441,255
2027	1,092,187	392,974	1,485,161
2028	1,126,283	357,162	1,483,445
2029	1,141,638	319,395	1,461,033
2030-2034	5,021,868	1,069,287	6,091,155
2035-2039	3,354,596	494,379	3,848,975
2040-2044	1,187,873	-	1,187,873
2045-2049	629,000	-	629,000
2050-2052	269,000	-	269,000
Totals	\$ 16,627,906	\$ 3,534,342	\$ 20,162,248

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, 2024, the City has no arbitrage liability.

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

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

3. Refunding of Debt : There is \$0 of outstanding Refunded Debt as of September 30, 2024.
4. Financed Purchases Payable

Commitments for financed purchases payable for facilities and equipment as of September 30, 2024 are as follows:

Governmental Activities:

	2024	2023
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
Installment loan for capital outlay, due in annual installments of \$5,533, including interest at 7.5%, through December 15, 2029, secured by golf carts.	287,394	
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.	137,861	181,141

CITY OF KINGSVILLE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

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.

-- 8,175

Total

\$ 425,255 \$ 190,352

Business-type Activities:

2024 2023

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.

\$ 143,517 \$ 188,436

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.

92,369 181,917

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

245,218 321,637

\$ 481,104 \$ 691,990

Debt service requirements on financed purchases at September 30, 2024, are as follows:

Governmental Activities

Year Ending September 30,	Principal	Interest	Total
2025	\$ 90,800	\$ 24,774	\$ 115,574
2026	96,046	19,627	115,673
2027	101,527	14,147	115,674
2028	58,083	8,310	66,393
2029	62,593	3,801	66,394
2030-2034	16,206	205	16,411
Totals	\$ 425,255	\$ 70,864	\$ 496,119

Business-type Activities

Year Ending September 30,	Principal	Interest	Total
2025	\$ 217,726	\$ 16,417	\$ 234,143
2026	129,707	9,158	138,865
2027	133,671	4,657	138,168
Totals	\$ 481,104	\$ 30,232	\$ 511,176

CITY OF KINGSVILLE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2024

5. Leases Payable

The City leases vehicles through long-term leases. The interest rate is 7.5% and the lease terms range from 55 to 61 months. As of September 30, 2024, the value of the right-to-use assets for business-type activities is \$275,095, and the accumulated amortization is \$55,019.

The annual requirements to amortize leases payable as of September 30, 2024, are as follows:

	Business-Type Activities		
Year Ending September 30,	Principal	Interest	Total
2025	\$ 52,907	\$ 15,156	\$ 68,063
2026	57,015	11,049	68,064
2027	61,441	6,622	68,063
2028	52,965	1,997	54,962
2029	1,671	10	1,681
Totals	\$ 225,999	\$ 34,834	\$ 260,833

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.tmrs.com.

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

2. Benefits Provided

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

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

CITY OF KINGSVILLE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2024

Employees covered by benefit terms:

At the December 31, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	223
Inactive employees entitled to but not yet receiving benefits	209
Active employees	279
Total covered employees	711

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 9.09% and 8.17% in calendar years 2024 and 2023, respectively. The City's contributions to TMRS for the year ended September 30, 2024 were \$3,859,084 and were equal to the required contributions.

4. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2023, 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, 2023 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.60% to 11.85% including inflation
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 103% and female rates multiplied by 105%. 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, 2023 valuation were based on the results of actuarial experience studies. The experience study in TMRS last updated for the 2023 valuation pursuant to an experience study period ending 2022. 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 by the most recent scale MP-2021 (with immediate convergence). Assumptions are reviewed annually. No additional changes were made for the 2023 valuation.

CITY OF KINGSVILLE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

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

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

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

Discount Rate

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

	Increase (Decrease)		
Changes in Net Pension Liability	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2022	\$ 76,637,255	\$ 69,074,464	\$ 7,562,791
Changes for the year			
Service cost	1,927,843	-	1,927,843
Interest	5,112,774	-	5,112,774
Change of benefit terms	-	-	--
Difference between expected and actual experience	(22,644)	-	(22,644)
Changes of assumptions	(623,522)	-	(623,522)
Contributions - employer	-	1,181,793	(1,181,793)
Contributions - employee	-	985,029	(985,029)
Net investment income	-	7,982,551	(7,982,551)
Benefit payments, including refunds of employee contributions	(3,712,747)	(3,712,747)	--
Administrative expense	-	(50,860)	50,860
Other changes	-	(355)	355
Net changes	2,681,704	6,385,411	(3,703,707)
Balance at 12/31/2023	\$ 79,318,959	\$ 75,459,875	\$ 3,859,084

CITY OF KINGSVILLE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

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	\$ 14,489,156	\$ 3,859,084	\$ (4,887,895)

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, 2024, the City recognized pension expense of \$1,287,976.

Schedule of Pension Expense

Total Service Cost	\$ 1,927,843
Interest on the Total Pension Liability	5,112,774
Current Period Benefit Changes	--
Employee Contributions (Reduction of Expense)	(985,029)
Projected Earnings on Plan Investments (Reduction of Expense)	(4,662,526)
Administrative Expense	50,860
Other Changes in Fiduciary Net Position	355
Recognition of Current Year Outflow (Inflow) of Resources - Liabilities	(209,117)
Recognition of Current Year Outflow (Inflow) of Resources - Assets	(664,005)
Amortization of Prior Year Outflows (Inflows) of Resources - Liabilities	544,352
Amortization of Prior Year Outflows (Inflows) of Resources - Assets	172,469
Total Pension Expense (Income)	\$ 1,287,976

At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 438,415	\$ 15,316
Changes in actuarial assumptions	--	421,735
Difference between projected and actual investment earnings	1,916,366	--
Contributions subsequent to the measurement date	1,086,825	-
Total	\$ 3,441,606	\$ 437,051

\$1,086,825 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, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

CITY OF KINGSVILLE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2024

Fiscal Year Ending September 30,		
2025	\$	669,913
2026	\$	462,389
2027	\$	1,449,433
2028	\$	(664,005)
2029	\$	-
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 \$8,520 for fiscal year ended September 30, 2024 was equal to the required and actual contributions and the City has no future liability. Three-year information is as follows:

	2022	2023	2024
Annual Required Contribution	\$ 7,961	\$ 3,241	\$ 8,520
Percentage of Required Cost Contributed	100%	100%	100%

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

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

Deferred Compensation Plan

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

CITY OF KINGSVILLE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2024

I. Post Retirement Benefits

1. Post-Employment Health Care Benefits

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

GASB 75 allows an actuarial valuation date no earlier than thirty months and one day prior to the fiscal year-end reporting date and a measurement date no earlier than one year and one day prior to the fiscal year-end reporting date. For the reporting year ending September 30, 2024, the City used an actuarial valuation date of September 30, 2023 and measurement date of September 30, 2024.

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, 2024, a total of 3 eligible retirees were participating in the City's group health program. The City provides one-half of the funding for retiree premiums. Retiree's dependents are excluded from the calculation and are eligible to continue health coverage at the designated COBRA rates during their eligibility period.

Eligibility for Retiree Benefits:

Retirees are eligible to continue their medical coverage until they reach age 65.

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

Texas Municipal Retirement System

Age 60 with 5 years of service
20 years of service

Dependent Eligibility

Spouses and children of the retiree are not eligible for the plan

Medical Benefits

Retirees can continue coverage under the self-funded medical plan

Other Post Retirement

Welfare Benefits

None

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, 2024

Actuarial Valuation Date:

September 30, 2023

CITY OF KINGSVILLE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Inflation:	3.00%
Salary Increases, including inflation:	3.00%
Discount Rate:	4.06%
Prior Year Discount Rate:	4.63%

The discount rate was based on the 9/30/24 S&P Municipal Bond 20 year high grade index 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	3
Inactive employees entitled to but not yet receiving benefit payments	
Active employees	<u>262</u>
	<u>265</u>

Balance at 9/30/2023	\$	727,879
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Changes for the year:

Service Cost	26,761
Interest	32,943
Differences between expected and actual experience	67,429
Changes in Assumptions/Inputs	100,262
Change in Benefit Terms	
Benefit payments	(84,908)
Administrative expense	-

Net Changes	<u>142,487</u>
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Balance at 9/30/2024	\$	<u>870,366</u>
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	1% Decrease in Discount Rate	No change in Discount Rate	1% Increase in Discount Rate
Discount Rate:	\$ 953,598	\$ 870,366	\$ 796,722
Healthcare Cost Trend Rates:	\$ 778,594	\$ 870,366	\$ 980,743

OPEB Expense

Service cost	\$ 26,761
Interest on liabilities	32,943
Difference between actual and expected experience	9,130
Changes in assumptions-inputs	20,888
Change in benefit terms	-

Total OPEB Expense	\$ <u>89,722</u>
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CITY OF KINGSVILLE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Deferred Outflows and Inflows	Outflows	Inflows
Differences between actual and expected experience	\$ 58,244	\$ 90,450
Changes of assumptions or other inputs	105,565	19,420
Total Deferred Outflows and Inflows	\$ 163,809	\$ 109,870

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:	
2025	\$ (2,658)
2026	(2,658)
2027	(2,658)
2028	33,965
2029	27,948
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, 2024.

CITY OF KINGSVILLE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2024

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, 2024 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:

\$59,000 addition in revenues and other financing sources comprised of:

\$37,000 in Parks and Recreation - Donation revenue for pool equipment and recreational programs

\$21,500 in Parks and Recreation - Donation revenue for healthy family events

\$500 in Police Department - Donation revenue for PD lunch

\$60,850 addition to expenditures and other financing uses comprised of:

\$37,000 in Parks and Recreation - For pool equipment and recreational programs

\$21,500 in Parks and Recreation - Donation for healthy family events

\$1,850 in Street - For carry over purchase orders

\$500 in Police Department - Donation for PD lunch

L. Compensated Absences

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

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

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

CITY OF KINGSVILLE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2024

There is no limit on accumulated holiday hours to be paid at termination. As of September 30, 2024, the liability for accrued vacation leave and accrued sick leave is approximately \$1,614,222. The amounts applicable to the Governmental Activities and Business-type Activities are \$1,480,632 and \$133,590, 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 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, 2024 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.

CITY OF KINGSVILLE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2024

- 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 \$2.331767 to \$2.813061 per thousand gallons.

(B) **Guaranteed Purchase** - The City shall purchase a minimum volume of water not to be less than \$400,000 annually unless additional purchases are necessary to supplement the City of Kingsville water requirements. The City purchased \$400,000 and \$445,094 in 2024 and 2023, respectfully.

N. Risk Management

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

2. Health Insurance

The City terminated its Self Insurance Plan as of October 1, 2022. During the fiscal year ended September 30, 2024, employees of the City were covered by a health insurance plan (the Plan.) The City paid premiums ranging from \$623 to \$2,275 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, 2023, have been filed with the Texas State Board of Insurance, and are public records.

CITY OF KINGSVILLE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2024

3. Litigation Tort Claims

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

O. Closure and Postclosure Care Cost

State and federal laws and regulations require that the City place a final cover on its landfill when closed and perform maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, expense provisions and related liabilities are being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure costs is based on the amount of the landfill used during the year. The amount of the liability is based on what it would cost to have all such closure and postclosure care performed in the current year, and is assigned to periods based on cumulative landfill use. The estimated liability for landfill closure and postclosure care costs recorded in the business-type activities at September 30, 2024 is \$2,182,813 based on 17.710% usage (filled) of the landfill through September 30, 2024. It is estimated that an additional \$10,142,501 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 \$12,325,315 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, 2024. 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 4, 2025 (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.

CITY OF KINGSVILLE

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2024

EXHIBIT B-1

Page 1 of 7

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Taxes:				
General Property Taxes:				
Current taxes	\$ 6,834,849	\$ 6,834,849	\$ 6,410,901	\$ (423,948)
Delinquent taxes	201,977	201,977	191,735	(10,242)
Penalty and interest	135,452	135,452	146,514	11,062
Late rendition fee	6,981	6,981	6,752	(229)
In lieu of tax payments	104,600	104,600	105,929	1,329
Total General Property Taxes	7,283,859	7,283,859	6,861,831	(422,028)
City Sales Tax	6,625,000	6,625,000	6,474,066	(150,934)
Mixed Drink Tax	68,683	68,683	65,898	(2,785)
Business Taxes:				
Electric franchise tax	602,748	602,748	688,311	85,563
Telephone franchise tax	45,300	45,300	52,260	6,960
Gas franchise tax	80,000	80,000	96,559	16,559
Cable T.V. franchise tax	44,307	44,307	25,345	(18,962)
Total Business Taxes	772,355	772,355	862,475	90,120
Total Taxes	14,749,897	14,749,897	14,264,270	(485,627)
Permits and Licenses:				
Plumbing permits	11,500	11,500	16,606	5,106
Electric permits	19,750	19,750	29,983	10,233
Building permits	75,250	75,250	107,308	32,058
Moving permits	500	500	810	310
Other permits	125,450	125,450	143,679	18,229
Amusement licenses	50	50	15	(35)
Beer and mixed drink licenses	5,000	5,000	8,208	3,208
Contractor licenses	28,500	28,500	28,640	140
Solicitor licenses	75	75	175	100
Food handler licenses	28,000	28,000	16,275	(11,725)
Other licenses	--	--	500	500
Total Permits and Licenses	294,075	294,075	352,199	58,124
Charges for Services:				
General Service Fees:				
Zoning fees	3,500	3,500	1,500	(2,000)
Platting fees	3,000	3,000	2,280	(720)
Animal control fees	8,315	8,315	6,411	(1,904)
Arrest fees	8,500	8,500	8,164	(336)
Child safety	100	100	150	50
Ambulance service	687,846	687,846	842,961	155,115
Park and recreational fees	1,029,740	1,051,240	974,323	(76,917)
Cell tower rentals	5,280	5,280	6,089	809
Street maintenance fees	1,069,126	1,069,126	1,128,303	59,177
Septic tank application fee	7,000	7,000	11,280	4,280
Other service fees	27,092	27,092	27,092	--
Total General Service Fees	2,849,499	2,870,999	3,008,553	137,554

CITY OF KINGSVILLE

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2024

EXHIBIT B-1

Page 2 of 7

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
City/County Services:				
Demolition recovery revenue	20,000	20,000	40,208	20,208
Weed control	12,500	12,500	6,772	(5,728)
Total City/County Services	32,500	32,500	46,980	14,480
Sanitation Services:				
Garbage fees	3,307,848	3,307,848	3,286,740	(21,108)
Landfill fees	704,657	704,657	713,126	8,469
Miscellaneous	39,661	39,661	42,153	2,492
Total Sanitation Services	4,052,166	4,052,166	4,042,019	(10,147)
Total Charges for Services	6,934,165	6,955,665	7,097,552	141,887
Fines and Forfeitures:				
Court fines	526,050	526,050	575,886	49,836
Minor fines	2,739	2,739	2,318	(421)
Collection of state taxes	20,521	20,521	22,542	2,021
Other court fines	35,231	35,231	36,733	1,502
Total Fines and Forfeits	584,541	584,541	637,479	52,938
Special Assessments	1,000	1,000	8,314	7,314
Interest and Miscellaneous:				
Interest from investments	959,148	959,148	1,058,712	99,564
Auction revenue	2,500	2,500	92,198	89,698
Insurance settlement	--	--	16,273	16,273
Gain or loss on sale of property	395,000	395,000	--	(395,000)
Sale of city publications	1,076	1,076	1,137	61
Sale of recycle item	12,550	12,550	24,539	11,989
Miscellaneous	10,371	10,371	28,084	17,713
Total Interest and Miscellaneous	1,380,645	1,380,645	1,220,943	(159,702)
Donations	--	43,393	51,958	8,565
Total Revenues	23,944,323	24,009,216	23,632,715	(376,501)
Expenditures:				
City Administration Department				
City Commission:				
Personal services	70,874	78,868	73,253	5,615
Supplies	1,750	892	875	17
Services	63,727	60,118	52,917	7,201
Capital outlay	--	8,877	8,877	--
Total City Commission	136,351	148,755	135,922	12,833

CITY OF KINGSVILLE

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2024

EXHIBIT B-1

Page 3 of 7

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
City Manager:				
Personal services	318,171	323,735	322,558	1,177
Supplies	500	500	408	92
Services	20,671	12,153	12,097	56
Other operating expenditures	2,259	2,638	2,638	--
Total City Manager	341,601	339,026	337,701	1,325
City Special:				
Personal services	15,265	11,689	11,411	278
Supplies	3,700	2,689	2,689	--
Services	728,903	768,956	738,956	30,000
Other operating expenditures	8,826	7,369	7,369	--
Capital outlay	300,000	--	--	--
Total City Special	1,056,694	790,704	760,425	30,279
Economic Development:				
Personal services	65,000	68,633	66,172	2,461
Services	254,469	293,336	275,897	17,439
Total Economic Development	319,469	361,969	342,069	19,900
Total City Administration Department	1,854,115	1,640,454	1,576,117	64,337
Management Services Department				
Personnel:				
Personal services	402,739	400,915	399,184	1,731
Supplies	12,537	14,109	14,059	50
Services	53,061	54,116	45,712	8,404
Other operating expenditures	7,017	6,213	5,178	1,035
Total Personnel	475,354	475,354	464,133	11,221
Municipal Court:				
Personal services	352,605	343,165	337,904	5,261
Supplies	2,000	1,691	1,442	249
Services	6,377	6,002	3,345	2,657
Total Municipal Court	360,982	350,858	342,691	8,167
Finance:				
Personal services	994,749	733,860	733,844	16
Supplies	45,308	7,373	7,373	--
Services	400,914	95,828	95,317	511
Other operating expenditures	10,317	--	--	--
Capital outlay	9,000	9,000	--	9,000
Total Finance	1,460,288	846,061	836,534	9,527

CITY OF KINGSVILLE

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2024

EXHIBIT B-1

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	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Facilities:				
Supplies	27,515	33,932	33,914	18
Services	186,407	187,146	187,026	120
Equipment maintenance	5,500	2,544	2,393	151
Building maintenance	142,934	173,887	173,408	479
Capital outlay	36,606	36,606	36,606	--
Total Facilities	398,962	434,116	433,347	769
Information Technology:				
Personal services	--	427,786	411,261	16,525
Supplies	--	61,651	59,963	1,688
Services	--	313,409	287,640	25,769
Other operating expenditures	--	10,482	9,691	791
Capital outlay	--	5,125	5,125	--
Total Information Technology	--	818,452	773,680	44,772
Total Management Services Department	2,695,586	2,924,841	2,850,385	74,456
Legal Department				
Personal services	261,737	263,979	263,850	129
Supplies	500	733	733	--
Services	50,335	47,318	38,962	8,356
Other operating expenditures	531	1,072	1,072	--
Total Legal Department	313,103	313,103	304,617	8,486
Urban Development Department				
Planning:				
Personal services	284,492	282,241	257,604	24,637
Supplies	1,050	1,148	1,148	--
Services	14,114	16,006	15,996	10
Other operating expenditures	11,420	14,618	11,063	3,555
Total Planning	311,076	314,013	285,811	28,202
Permits and Licenses:				
Personal services	145,481	146,232	146,177	55
Supplies	3,500	2,079	2,079	--
Services	6,570	27,119	27,001	118
Equipment maintenance	750	637	637	--
Total Permits and Licenses	156,301	176,066	175,894	172

CITY OF KINGSVILLE

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2024

EXHIBIT B-1

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	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Community Appearance:				
Personal services	418,420	401,928	399,666	2,262
Supplies	13,500	12,433	12,433	--
Services	78,269	77,531	76,870	661
Equipment maintenance	8,000	9,095	9,095	--
Capital outlay	10,850	10,850	10,850	--
Total Community Appearance	529,039	511,837	508,914	2,923
Total Urban Development Department	996,416	1,001,916	970,619	31,297
Police Department				
Personal services	6,217,932	5,922,592	5,575,233	347,359
Supplies	218,489	216,951	197,950	19,001
Services	454,049	618,782	571,970	46,812
Equipment maintenance	80,098	69,933	59,231	10,702
Other operating expenditures	64,126	63,936	63,936	--
Capital outlay	--	155,720	155,720	--
Total Police Department	7,034,694	7,047,913	6,624,040	423,873
Fire Department				
Personal services	4,033,570	3,999,507	3,866,472	133,035
Supplies	198,535	212,415	206,568	5,847
Services	233,215	269,737	232,310	37,427
Equipment maintenance	63,980	179,414	110,487	68,927
Other operating expenditures	3,550	4,468	3,643	825
Capital outlay	--	19,500	19,500	--
Total Fire Department	4,532,850	4,685,040	4,438,980	246,060
Volunteer Fire Department				
Personal services	14,807	14,807	12,258	2,549
Supplies	9,500	9,538	3,865	5,673
Services	13,434	13,182	11,328	1,854
Equipment maintenance	1,500	1,714	1,714	--
Total Volunteer Fire Department	39,241	39,241	29,165	10,076
Public Works Department				
Public Works Administration:				
Personal services	186,697	198,950	198,610	340
Supplies	3,313	2,424	2,102	322
Services	49,576	57,937	55,788	2,149
Equipment maintenance	3,500	1,999	1,721	278
Other operating expenditures	5,101	4,109	4,109	--
Total Public Works Administration	248,187	265,420	262,330	3,090

CITY OF KINGSVILLE

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2024

EXHIBIT B-1

Page 6 of 7

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Garage:				
Personal services	595,335	587,507	485,338	102,169
Supplies	15,206	13,667	12,614	1,053
Services	6,048	5,796	5,682	114
Equipment maintenance	4,605	5,667	5,667	--
Other operating expenditures	804	1,134	1,040	94
Total Garage	621,998	613,771	510,341	103,430
Sanitation:				
Personal services	941,091	978,019	835,401	142,618
Supplies	262,250	234,047	213,750	20,297
Services	29,594	38,096	35,510	2,586
Equipment maintenance	182,561	185,255	184,827	428
Building maintenance	500	615	615	--
Other operating expenditures	149,584	149,584	146,581	3,003
Total Sanitation	1,565,580	1,585,617	1,416,684	168,933
Street:				
Personal services	1,250,261	1,207,121	1,051,487	155,634
Supplies	82,569	85,802	85,343	459
Services	436,290	488,489	447,704	40,785
Equipment maintenance	57,446	124,206	124,206	--
Building maintenance	1,105,000	1,496,530	1,422,309	74,221
Other operating expenditures	--	906	906	--
Total Street	2,931,566	3,403,053	3,131,955	271,098
Landfill:				
Personal services	684,904	690,934	653,547	37,387
Supplies	104,860	98,654	87,750	10,904
Services	646,928	646,739	198,722	448,017
Equipment maintenance	76,000	75,413	73,179	2,234
Building maintenance	8,500	8,500	7,632	868
Other operating expenditures	936	1,141	1,141	--
Total Landfill	1,522,128	1,521,381	1,021,971	499,410
Total Public Works Department	6,889,459	7,389,243	6,343,281	1,045,962
Health Department				
Personal services	741,500	745,363	738,925	6,438
Supplies	64,100	63,626	62,817	809
Services	69,038	71,500	71,225	275
Equipment maintenance	10,000	4,192	4,173	19
Building maintenance	5,000	5,050	5,050	--
Other operating expenditures	3,310	4,920	2,949	1,971
Total Health Department	892,948	894,651	885,139	9,512

CITY OF KINGSVILLE

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2024

EXHIBIT B-1

Page 7 of 7

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Parks and Recreation Department				
Personal services	952,587	920,995	911,665	9,330
Supplies	131,323	101,839	92,205	9,634
Services	188,864	216,241	209,114	7,127
Equipment maintenance	23,070	27,865	24,207	3,658
Building maintenance	521,731	464,237	83,986	380,251
Other operating expenditures	3,296	2,945	2,945	--
Capital outlay	37,000	40,340	35,340	5,000
Total Parks and Recreation Department	1,857,871	1,774,462	1,359,462	415,000
Golf Course				
Personal services	490,833	503,564	503,237	327
Supplies	88,140	125,485	123,251	2,234
Services	61,748	70,259	69,768	491
Equipment maintenance	7,000	9,664	9,664	--
Building maintenance	10,055	41,646	39,377	2,269
Other operating expenditures	45,675	41,227	40,832	395
Capital outlay	--	323,508	323,508	--
Total Golf Course	703,451	1,115,353	1,109,637	5,716
Tourism Department				
Services	557,000	557,000	537,500	19,500
Total Tourism Department	557,000	557,000	537,500	19,500
Total Expenditures	28,366,734	29,114,716	27,028,942	2,085,774
Excess (deficiency) of revenues (under) expenditures	(4,422,411)	(5,105,500)	(3,396,227)	1,709,273
Other Financing Sources (Uses):				
Transfers in	2,204,324	2,244,572	2,398,096	153,524
Transfers out	(997,367)	(1,108,092)	(403,049)	705,043
Lease proceeds	--	--	298,465	298,465
Total Other Financing Sources (Uses)	1,206,957	1,136,480	2,293,512	1,157,032
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(3,215,454)	(3,969,020)	(1,102,715)	2,866,305
Fund Balances/Equity, October 1	14,569,992	14,569,992	14,569,992	--
Fund Balances/Equity, September 30	\$ 11,354,538	\$ 10,600,972	\$ 13,467,277	\$ 2,866,305

CITY OF KINGSVILLE
POLICE FORFEITURE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2024

EXHIBIT B-2

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Fines and Forfeitures:				
Confiscated revenue	\$ --	\$ --	\$ 133,779	\$ 133,779
Minor fines	11,489	11,489	11,335	(154)
Total Fines and Forfeits	11,489	11,489	145,114	133,625
Interest and Miscellaneous:				
Interest from investments	3,259	3,259	3,034	(225)
Auction revenue	--	--	49,082	49,082
Total Interest and Miscellaneous	3,259	3,259	52,116	48,857
Donations	--	50,000	50,000	--
Total Revenues	14,748	64,748	247,230	182,482
Expenditures:				
Management Services Department				
Municipal Court:				
Services	2,000	2,000	1,126	874
Other operating expenditures	5,800	5,800	3,006	2,794
Total Municipal Court	7,800	7,800	4,132	3,668
Total Management Services Department	7,800	7,800	4,132	3,668
Police Department				
Supplies	103,000	84,475	28,404	56,071
Services	156,710	289,846	126,361	163,485
Capital outlay	8,000	55,165	55,165	--
Total Police Department	267,710	429,486	209,930	219,556
Total Expenditures	275,510	437,286	214,062	223,224
Excess (deficiency) of revenues (under) expenditures	(260,762)	(372,538)	33,168	405,706
Fund Balances/Equity, October 1	1,207,715	1,207,715	1,207,715	--
Fund Balances/Equity, September 30	\$ 946,953	\$ 835,177	\$ 1,240,883	\$ 405,706

CITY OF KINGSVILLE

SCHEDULE OF THE CITY'S CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS TEXAS MUNICIPAL RETIREMENT SYSTEM LAST TEN FISCAL YEARS

	Measurement Year *						
	2023	2022	2021	2020	2019	2018	2017
Total Pension Liability							
Service cost	\$ 1,927,843	\$ 1,799,750	\$ 1,693,432	\$ 1,662,095	\$ 1,587,157	\$ 1,556,039	\$ 1,542,091
Interest (on the total pension liability)	5,112,774	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	(22,644)	1,030,414	790,799	(266,766)	(657,718)	(228,198)	(59,073)
Changes in assumptions	(623,522)	--	--	--	73,235	--	--
Benefit payments, including refunds of employee contributions	(3,712,747)	(3,308,758)	(3,183,987)	(3,112,587)	(3,027,032)	(2,546,244)	(2,310,479)
Change in Total Pension Liability	2,681,704	4,349,875	3,868,230	2,671,738	2,215,453	2,844,576	3,037,943
Total Pension Liability - Beginning	76,637,255	72,287,380	68,419,150	65,747,412	63,531,959	60,687,383	57,649,440
Total Pension Liability - Ending (A)	\$ 79,318,959	\$ 76,637,255	\$ 72,287,380	\$ 68,419,150	\$ 65,747,412	\$ 63,531,959	\$ 60,687,383
Plan Fiduciary Net Position							
Contributions - employer	\$ 1,181,793	\$ 1,061,628	\$ 1,042,974	\$ 1,078,646	\$ 1,014,471	\$ 1,007,184	\$ 1,044,347
Contributions - employee	985,029	924,303	872,261	858,014	818,122	802,082	795,478
Net investment income	7,982,551	(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	(3,712,747)	(3,308,758)	(3,183,987)	(3,112,587)	(3,027,032)	(2,546,244)	(2,310,479)
Administrative expense	(50,860)	(47,959)	(41,217)	(31,747)	(49,847)	(34,517)	(37,934)
Other	(355)	57,229	282	(1,239)	(1,497)	(1,803)	(1,922)
Net Change in Plan Fiduciary Net Position	6,385,411	(6,849,961)	7,593,293	3,694,767	7,573,561	(2,559,041)	6,808,480
Plan Fiduciary Net Position - Beginning	69,074,464	75,924,425	68,331,132	64,636,365	57,062,804	59,621,846	52,813,366
Plan Fiduciary Net Position - Ending (B)	75,459,875	\$ 69,074,464	\$ 75,924,425	\$ 68,331,132	\$ 64,636,365	\$ 57,062,805	\$ 59,621,846
Net Pension Liability - Ending (A-B)	3,859,084	\$ 7,562,791	\$ (3,637,045)	\$ 88,018	\$ 1,111,047	\$ 6,469,154	\$ 1,065,537
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	95.13%	90.13%	105.03%	99.87%	98.31%	89.82%	98.24%
Covered Payroll	14,071,850	\$ 13,204,328	\$ 12,460,870	\$ 12,257,338	\$ 11,687,462	\$ 11,458,315	\$ 11,363,969
Net Pension Liability as a Percentage of Covered Payroll	27.42%	57.28%	-29.19%	0.72%	9.51%	56.46%	9.38%

* 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 City's fiscal year end.

EXHIBIT B-3

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	--
(2,346,871)	(2,279,840)	(2,321,247)
2,064,366	2,317,598	2,511,072
55,585,074	53,267,476	50,756,674
57,649,440	\$ 55,585,074	\$ 53,267,746

\$ 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)
(2,056)	(2,237)	(2,365)
2,816,154	(406,986)	2,240,594
49,997,212	50,404,198	48,163,604
\$ 52,813,366	\$ 49,997,212	\$ 50,404,198
\$ 4,836,074	\$ 5,587,862	\$ 2,863,548

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						
	2024	2023	2022	2021	2020	2019	2018
Contractually required contribution	\$ 1,404,215	\$ 1,120,684	\$ 1,065,042	\$ 1,104,036	\$ 1,033,057	\$ 1,011,365	\$ 1,023,749
Contributions in relation to the contractually required contribution	(1,404,215)	(1,120,684)	(1,065,042)	(1,104,036)	(1,033,057)	(1,011,365)	(1,023,749)
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
City's covered-employee payroll	\$ 15,447,915	\$ 13,767,779	\$ 13,119,447	\$ 13,003,126	\$ 11,782,515	\$ 11,612,444	\$ 11,503,830
Contributions as a percentage of covered-employee payroll	9.09%	8.14%	8.12%	8.49%	8.77%	8.71%	8.90%

EXHIBIT B-4

	2017	2016	2015
\$	1,036,718	\$ 1,056,924	\$ 1,067,110
	(1,036,718)	(1,056,924)	(1,067,110)
\$	--	\$ --	\$ --
\$	11,222,189	\$ 11,208,130	\$ 11,127,323
	9.24%	9.43%	9.59%

CITY OF KINGSVILLE

SCHEDULE OF THE CITY'S CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS TEXAS MUNICIPAL RETIREMENT SYSTEM LAST TEN FISCAL YEARS *

	Measurement Year **				
	2024	2023	2022	2021	2020
Total OPEB Liability					
Service cost	\$ 26,761	\$ 25,982	\$ 42,012	\$ 35,155	\$ 71,543
Interest	32,943	30,715	20,552	19,223	47,127
Changes of benefit terms	--	--	--	--	--
Difference between expected and actual experience	67,429	3,079	(180,900)	110,113	(508,154)
Changes in assumptions or other inputs	100,262	33,021	(38,841)	20,591	(448,465)
Benefit payments	(84,908)	(73,040)	(64,787)	(37,106)	(46,607)
Net Change in Total OPEB Liability	142,487	19,757	(221,964)	147,976	(884,556)
Total OPEB Liability - Beginning	727,879	708,122	930,086	782,110	1,666,666
Total OPEB Liability - Ending	\$ 870,366	\$ 727,879	\$ 708,122	\$ 930,086	\$ 782,110
Covered-employee payroll	12,617,684	8,909,583	\$ 8,650,081	\$ 9,756,680	\$ 9,472,505
Total OPEB Liability as a percentage of covered-employee payroll	6.90%	8.17%	8.19%	9.53%	8.26%
Discount Rate	4.06%	4.63%	4.40%	2.19%	2.41%

Note: There are no assets accumulated in a trust that meet the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan.

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

EXHIBIT B-5

	2019	2018
\$	51,950	\$ 50,437
	50,802	50,887
	--	--
	176,817	(11,837)
	190,814	--
	(156,361)	(30,090)
	314,022	59,397
	1,352,644	1,293,247
\$	1,666,666	\$ 1,352,644
\$	10,029,006	\$ 9,736,899
	16.62%	13.89%
	2.75%	3.83%

CITY OF KINGSVILLE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED SEPTEMBER 30, 2024

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	22 years
Asset valuation method	10 Year smoothed fair value; 12% soft corridor
Inflation	2.5%
Salary Increases	3.6% to 11.85%, 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 2023 valuation pursuant to an experience study of the period ending 2022.
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, 2024

City of Kingsville OPEB Plan

Valuation Date	September 30, 2024
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	4.06%
Retirement Age	Experience-based table based on rates that are specific to the City's plan of benefits.
Mortality	<p>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.</p> <p>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.</p>
Changes of Benefit Terms	None
Changes of Assumptions	<p>Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period.</p> <p>Mortality Rates:</p> <p>2019 - PubG.H-2010 (general employees) and PubS.H-2010 (public safety) Employee and Healthy Annuitant Generational with MP-2019</p> <p>2020 - PubG.H-2010 (general employees) and PubS.H-2010 (public safety) Employee and Healthy Annuitant Generational with MP-2020</p> <p>2021 - PubG.H-2010 (general employees) and PubS.H-2010 (public safety) Employee and Healthy Annuitant Generational with MP-2021</p>

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

CITY OF KINGSVILLE**COMBINING BALANCE SHEET****NONMAJOR SPECIAL REVENUE FUNDS****SEPTEMBER 30, 2024**

	Tourism Fund	Federal Grants
ASSETS		
Assets:		
Cash and cash equivalents	\$ 75	\$ --
Equity in pooled cash and cash equivalents	54,176	772,978
Receivables (net of allowances for uncollectibles):		
Accounts receivable	52,949	--
Due from:		
Other funds	--	6,786
Other governments	--	275,940
Prepaid expenditures	27,500	--
Inventory, at cost	23,760	--
Restricted assets:		
Cash and cash equivalents	509,648	--
Total Assets	\$ 668,108	\$ 1,055,704
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND EQUITY		
Liabilities:		
Accounts payable	\$ 14,110	\$ 265,368
Accrued wages payable	8,118	--
Due to:		
Other funds	2,723	--
Total Liabilities	24,951	265,368
Deferred Inflows of Resources:		
Deferred revenue	--	268,981
Total Deferred Inflows of Resources	--	268,981
Equity:		
Fund balances:		
Nonspendable:		
Inventory	23,761	--
Prepays	27,500	--
Restricted:		
Law enforcement	--	--
Tourism	591,896	--
Federal and state programs	--	521,355
Total Equity	643,157	521,355
Total Liabilities, Deferred Inflows of Resources, and Equity	\$ 668,108	\$ 1,055,704

EXHIBIT C-1

State Grants		Other Special Revenues		Total Nonmajor Special Revenue Funds (See Exhibit A-3)
\$	--	\$	--	\$ 75
	24,325		353	851,832
	--		--	52,949
	--		--	6,786
	--		--	275,940
	--		--	27,500
	--		--	23,760
	--		--	509,648
\$	24,325	\$	353	\$ 1,748,490
\$	--	\$	--	\$ 279,478
	--		--	8,118
	--		--	2,723
	--		--	290,319
	24,325		334	293,640
	24,325		334	293,640
	--		--	23,761
	--		--	27,500
	--		19	19
	--		--	591,896
	--		--	521,355
	--		19	1,164,531
\$	24,325	\$	353	\$ 1,748,490

CITY OF KINGSVILLE

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Tourism Fund	Federal Grants
Revenue:		
Taxes	\$ 622,437	\$ --
Charges for services	26,647	--
Interest and miscellaneous	7,189	--
Intergovernmental revenue	--	746,317
Federal and state grants	--	1,086,247
Total Revenues	656,273	1,832,564
Expenditures:		
Current:		
General government and administration	--	173,964
Public safety	--	314,681
Public works	--	882,689
City/County	--	477,386
Tourism	566,499	65,153
Total Expenditures	566,499	1,913,873
Excess (deficiency) of revenues (under) expenditures	89,774	(81,309)
Other Financing Sources (Uses):		
Transfers in	15,648	74,195
Transfers out	(35,000)	--
Total Other Financing Sources (Uses)	(19,352)	74,195
Net Change in Fund Balances	70,422	(7,114)
Fund Balances/Equity, October 1	572,735	528,469
Fund Balances/Equity, September 30	\$ 643,157	\$ 521,355

EXHIBIT C-2

State Grants		Other Special Revenues	Total Nonmajor Special Revenue Funds (See Exhibit A-5)
\$	--	\$	--
	--		--
	--		--
	--		--
	416,337		622,437
	416,337		26,647
			7,189
			746,317
			1,502,584
			2,905,174
	--	--	
	416,337	--	173,964
	--	--	731,018
	--	--	882,689
	--	--	477,386
	--	--	631,652
	416,337	--	2,896,709
	--	--	
	--	--	8,465
	--	--	
	(507,500)	--	89,843
	(507,500)	--	(542,500)
	(507,500)	--	(452,657)
	(507,500)	--	
	(507,500)	--	(444,192)
	507,500	19	1,608,723
\$	--	\$	19
			\$
			1,164,531

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CITY OF KINGSVILLE

TOURISM FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2024

EXHIBIT C-3

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
General Property Taxes:				
Hotel/Motel property tax	\$ 630,000	\$ 630,000	\$ 622,437	\$ (7,563)
Total Taxes	630,000	630,000	622,437	(7,563)
Charges for Services:				
General Service Fees:				
Park and recreational fees	14,500	14,500	26,273	11,773
Total General Service Fees	14,500	14,500	26,273	11,773
Sanitation Services:				
Miscellaneous	500	500	374	(126)
Total Sanitation Services	500	500	374	(126)
Total Charges for Services	15,000	15,000	26,647	11,647
Interest and Miscellaneous:				
Interest from investments	200	200	276	76
Miscellaneous	2,000	2,000	6,913	4,913
Total Interest and Miscellaneous	2,200	2,200	7,189	4,989
Total Revenues	647,200	647,200	656,273	9,073
Expenditures:				
Tourism Department				
Personal services	352,913	352,913	329,102	23,811
Supplies	18,588	14,548	10,421	4,127
Services	200,042	205,182	204,620	562
Equipment maintenance	500	2,600	2,526	74
Building maintenance	2,000	15,900	15,621	279
Other operating expenditures	3,396	4,496	4,209	287
Total Tourism Department	577,439	595,639	566,499	29,140
Total Expenditures	577,439	595,639	566,499	29,140
Excess (deficiency) of revenues (under) expenditures	69,761	51,561	89,774	38,213
Other Financing Sources (Uses):				
Transfers in	12,062	12,062	15,648	3,586
Transfers out	(35,000)	(35,000)	(35,000)	--
Total Other Financing Sources (Uses)	(22,938)	(22,938)	(19,352)	3,586
Excess of revenues and other financing sources over (under) expenditures and other financing uses	46,823	28,623	70,422	41,799
Fund Balances/Equity, October 1	572,735	572,735	572,735	--
Fund Balances/Equity, September 30	\$ 619,558	\$ 601,358	\$ 643,157	\$ 41,799

CITY OF KINGSVILLE

FEDERAL GRANTS FUND

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2024

EXHIBIT C-4

Page 1 of 2

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental Revenue	\$ --	\$ --	\$ 746,317	\$ 746,317
Federal and state grants	33,907,223	34,093,578	1,086,247	(33,007,331)
Total Revenues	33,907,223	34,093,578	1,832,564	(32,261,014)
Expenditures:				
City Administration Department				
City Special:				
Personal services	--	--	21,893	(21,893)
Supplies	--	--	5,250	(5,250)
Services	--	21,670	19,975	1,695
Total City Special	--	21,670	47,118	(25,448)
Economic Development:				
Services	270,000	165,000	80,000	85,000
Total Economic Development	270,000	165,000	80,000	85,000
Total City Administration Department	270,000	186,670	127,118	59,552
Urban Development Department				
Community Appearance:				
Services	96,000	76,520	46,846	29,674
Total Community Appearance	96,000	76,520	46,846	29,674
Total Urban Development Department	96,000	76,520	46,846	29,674
Police Department				
Personal services	--	111,025	118,349	(7,324)
Supplies	--	671	8,244	(7,573)
Capital outlay	--	184,681	184,681	--
Total Police Department	--	296,377	311,274	(14,897)
Fire Department				
Services	150,000	--	--	--
Equipment maintenance	--	3,407	3,407	--
Total Fire Department	150,000	3,407	3,407	--

CITY OF KINGSVILLE

FEDERAL GRANTS FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2024

EXHIBIT C-4

Page 2 of 2

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Works Department				
Street:				
Services	4,675,101	4,682,201	882,689	3,799,512
Capital outlay	29,176,913	29,176,913	--	29,176,913
Total Street	33,852,014	33,859,114	882,689	32,976,425
Total Public Works Department	33,852,014	33,859,114	882,689	32,976,425
Health Department				
Capital outlay	200,000	461,869	341,834	120,035
Total Health Department	200,000	461,869	341,834	120,035
Parks and Recreation Department				
Supplies	--	4,039	4,017	22
Building maintenance	267,825	116,426	117,710	(1,284)
Capital outlay	--	13,825	13,825	--
Total Parks and Recreation Department	267,825	134,289	135,552	(1,263)
Tourism Department				
Services	87,941	62,699	62,653	46
Building maintenance	--	29,011	2,500	26,511
Total Tourism Department	87,941	91,710	65,153	26,557
Total Expenditures	34,923,780	35,109,956	1,913,873	33,196,083
Excess (deficiency) of revenues (under) expenditures	(1,016,557)	(1,016,378)	(81,309)	935,069
Other Financing Sources (Uses):				
Transfers in	--	7,100	74,195	67,095
Transfers out	--	(964,791)	--	964,791
Total Other Financing Sources (Uses)	--	(957,691)	74,195	1,031,886
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(1,016,557)	(1,974,069)	(7,114)	1,966,955
Fund Balances/Equity, October 1	528,469	528,469	528,469	--
Fund Balances/Equity, September 30	\$ (488,088)	\$ (1,445,600)	\$ 521,355	\$ 1,966,955

CITY OF KINGSVILLE

STATE GRANTS FUND

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2024

EXHIBIT C-5

	1	2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Federal and state grants	\$ --	\$ 420,812	\$ 416,337	\$ (4,475)
Total Revenues	--	420,812	416,337	(4,475)
Expenditures:				
Police Department				
Personal services	--	197,196	195,435	1,761
Supplies	--	53,947	53,947	--
Services	--	10,531	7,817	2,714
Capital outlay	--	159,138	159,138	--
Total Police Department	--	420,812	416,337	4,475
Total Expenditures	--	420,812	416,337	4,475
Excess (deficiency) of revenues (under) expenditures	--	--	--	--
Other Financing Sources (Uses):				
Transfers out	(500,000)	(500,000)	(507,500)	(7,500)
Total Other Financing Sources (Uses)	(500,000)	(500,000)	(507,500)	(7,500)
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(500,000)	(500,000)	(507,500)	(7,500)
Fund Balances/Equity, October 1	507,500	507,500	507,500	--
Fund Balances/Equity, September 30	\$ 7,500	\$ 7,500	\$ --	\$ (7,500)

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CITY OF KINGSVILLE

DEBT SERVICE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2024

EXHIBIT C-6

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
General Property Taxes:				
Current taxes	\$ 1,951,777	\$ 1,951,777	\$ 1,791,237	\$ (160,540)
Delinquent taxes	45,226	45,226	48,482	3,256
Penalty and interest	40,035	40,035	40,063	28
Total General Property Taxes	2,037,038	2,037,038	1,879,782	(157,256)
Interest and Miscellaneous:				
Interest from investments	25,246	25,246	24,424	(822)
Total Interest and Miscellaneous	25,246	25,246	24,424	(822)
Total Revenues	2,062,284	2,062,284	1,904,206	(158,078)
Expenditures:				
Debt Service				
Principal retired	1,676,177	1,676,177	1,676,177	--
Interest	470,300	470,300	401,400	68,900
Paying agent fees	6,250	6,250	3,538	2,712
Total Debt Service	2,152,727	2,152,727	2,081,115	71,612
Total Expenditures	2,152,727	2,152,727	2,081,115	71,612
Excess (deficiency) of revenues (under) expenditures	(90,443)	(90,443)	(176,909)	(86,466)
Other Financing Sources (Uses):				
Transfers in	202,700	202,700	202,700	--
Total Other Financing Sources (Uses)	202,700	202,700	202,700	--
Excess of revenues and other financing sources over (under) expenditures and other financing uses	112,257	112,257	25,791	(86,466)
Fund Balances/Equity, October 1	590,090	590,090	590,090	--
Fund Balances/Equity, September 30	\$ 702,347	\$ 702,347	\$ 615,881	\$ (86,466)

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CITY OF KINGSVILLE

CAPITAL IMPROVEMENTS FUND

CAPITAL PROJECTS FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2024

EXHIBIT C-7

Page 1 of 2

	1	2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual	
Revenues:				
Interest and Miscellaneous:				
Interest from investments	\$ --	\$ --	\$ 153,521	\$ 153,521
Total Interest and Miscellaneous	--	--	153,521	153,521
Total Revenues	--	--	153,521	153,521
Expenditures:				
Police Department				
Capital outlay	--	1,425	575	850
Total Police Department	--	1,425	575	850
Fire Department				
Capital outlay	--	14,525,000	352,725	14,172,275
Total Fire Department	--	14,525,000	352,725	14,172,275
Public Works Department				
Garage:				
Supplies	--	2,000	2,000	--
Total Garage	--	2,000	2,000	--
Sanitation:				
Capital outlay	--	1,271,862	--	1,271,862
Total Sanitation	--	1,271,862	--	1,271,862
Street:				
Capital outlay	--	2,274,461	1,581,672	692,789
Total Street	--	2,274,461	1,581,672	692,789
Landfill:				
Equipment maintenance	--	50,964	50,964	--
Capital outlay	--	1,149,003	955,521	193,482
Total Landfill	--	1,199,967	1,006,485	193,482
Total Public Works Department	--	4,748,290	2,590,157	2,158,133

CITY OF KINGSVILLE

CAPITAL IMPROVEMENTS FUND

CAPITAL PROJECTS FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2024

EXHIBIT C-7

Page 2 of 2

	1	2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual	
Debt Service				
Bond issuance costs	--	395,000	167,620	227,380
Paying agent fees	--	500	--	500
Total Debt Service	--	395,500	167,620	227,880
Total Expenditures	--	19,670,215	3,111,077	16,559,138
Excess (deficiency) of revenues (under) expenditures	--	(19,670,215)	(2,957,556)	16,712,659
Other Financing Sources (Uses):				
Transfers out	(22,911)	(17,357)	(17,357)	--
Gain on disposal of assets	--	--	2,000	2,000
Bond proceeds	--	18,960,000	14,335,000	(4,625,000)
Bond premium	--	708,790	362,498	(346,292)
Total Other Financing Sources (Uses)	(22,911)	19,651,433	14,682,141	(4,969,292)
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(22,911)	(18,782)	11,724,585	11,743,367
Fund Balances/Equity, October 1	4,851,397	4,851,397	4,851,397	--
Fund Balances/Equity, September 30	\$ 4,828,486	\$ 4,832,615	\$ 16,575,982	\$ 11,743,367

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.	119-126
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.	127-135
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.	136-141
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.	142-143
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.	144-148

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				
	2024	2023	2022	2021	2020
Governmental Activities					
Net investment in Capital Assets	\$ 417,794	\$ 14,502,177	\$ 12,190,877	\$ 9,712,649	\$ 8,732,847
Restricted	9,109,645	6,417,480	6,590,375	4,298,931	3,023,392
Unrestricted	20,345,730	10,641,329	10,471,375	9,453,907	8,737,572
Total Governmental Activities Net Position	\$ 29,873,169	\$ 31,560,986	\$ 29,252,627	\$ 23,465,487	\$ 20,493,811
Business-type activities					
Net Investment in Capital Assets	\$ 13,277,251	\$ 7,465,510	\$ 9,951,488	\$ 9,456,955	\$ 9,726,407
Restricted	5,283,743	5,847,033	4,583,395	2,503,844	2,734,415
Unrestricted	4,301,055	6,855,495	4,355,387	5,438,734	4,061,441
Total Business-Type Activities Net Position	\$ 22,862,049	\$ 20,168,038	\$ 18,890,270	\$ 17,399,533	\$ 16,522,263
Primary Government					
Net investment in Capital Assets	\$ 13,695,045	\$ 21,967,687	\$ 22,142,365	\$ 19,169,604	\$ 18,459,254
Restricted	14,393,388	12,264,513	11,173,770	6,802,775	5,757,807
Unrestricted	24,646,785	17,496,824	14,826,762	14,892,641	12,799,013
Total Primary Government Net Position	\$ 52,735,218	\$ 51,729,024	\$ 48,142,897	\$ 40,865,020	\$ 37,016,074

SCHEDULE 1

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

CITY OF KINGSVILLE
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	Fiscal Year				
	2024	2023	2022	2021	2020
Expenses					
Governmental Activities:					
General Government	\$ 6,034,948	\$ 6,897,221	\$ 4,805,229	\$ 4,534,741	\$ 4,658,647
Public Safety	12,136,819	11,243,058	9,069,157	8,565,107	9,544,822
Public Works	5,273,051	3,788,476	3,120,424	3,588,399	3,053,129
City/County	3,383,778	3,114,942	2,592,537	2,515,339	2,168,364
Tourism	1,178,475	651,792	539,067	415,224	543,425
Community Enrichment	-	54,833	-	-	-
Interest on Long-Term Debt	419,757	200,196	202,888	185,474	266,416
Total Governmental Activities Expenses	28,426,828	25,950,518	20,329,302	19,804,284	20,234,803
Business-Type Activities:					
Water	6,082,983	5,696,128	5,861,743	4,629,416	4,126,370
Solid Waste	3,262,642	2,986,526	3,242,982	2,815,547	2,735,102
Waste Water	3,326,281	3,276,876	2,937,849	2,899,735	2,957,232
Storm Water	21,896	85,090	1,893	1,188	1,261
Total Business-Type Activity Expenses	12,693,802	12,044,620	12,044,467	10,345,886	9,819,965
Total Primary Government Expenses	\$ 41,120,630	\$ 37,995,138	\$ 32,373,769	\$ 30,150,170	\$ 30,054,768
Program Revenue (see schedule 3)					
Governmental Activities					
Charges for Services:					
General Government	\$ 421,003	\$ 352,556	\$ 400,742	\$ 417,217	\$ 380,421
Public Safety	1,642,032	1,326,835	1,500,917	1,297,364	1,386,835
Public Works	1,130,325	1,090,136	1,044,853	822,553	807,064
City/County	1,020,033	1,186,138	1,026,714	472,948	370,251
Tourism	26,274	15,204	14,761	13,513	50,090
Operating Grants and Contributions	-	3,033,549	936,881	1,355,078	2,607,026
Capital Grants and Contributions	-	1,033,517	2,331,066	-	-
	4,239,667	8,037,935	7,255,934	4,378,673	5,601,687
Business-Type Activities:					
Charges for Services:					
Water	4,993,216	5,340,149	5,245,790	4,995,788	4,886,760
Waste Water	4,438,966	-	-	-	4,141,620
Solid Waste	4,008,979	8,906,199	8,982,951	8,699,074	4,115,973
Storm Water	433,887	426,029	414,582	401,508	404,887
Operating Grants and Contributions	-	34,082	4,678	507,183	142,715
Capital Grants and Contributions	-	397,869	1,017,042	-	-
Total Business-Type Activities Program Revenues	13,875,048	15,104,328	15,665,043	14,603,553	13,691,955
Total Primary Government Program Revenues	\$ 18,114,715	\$ 23,142,263	\$ 22,920,977	\$ 18,982,226	\$ 19,293,642

SCHEDULE 2

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

CITY OF KINGSVILLE
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	Fiscal Year				
	2024	2023	2022	2021	2020
Net (Expense)/Revenue					
Governmental Activities	\$ (21,938,260)	\$ (17,912,583)	\$ (13,073,368)	\$ (15,425,611)	\$ (14,633,116)
Business-Type Activities	4,106,081	3,059,708	3,620,576	4,257,667	3,871,990
Total Primary Government Net Expenses	<u>\$ (17,832,179)</u>	<u>\$ (14,852,875)</u>	<u>\$ (9,452,792)</u>	<u>\$ (11,167,944)</u>	<u>\$ (10,761,126)</u>
General Revenues - Other Changes in Net Position					
Governmental Activities					
Taxes					
Property Taxes	\$ 8,733,925	\$ 8,455,115	\$ 8,576,529	\$ 7,634,771	\$ 7,651,822
Franchise Taxes	862,475	889,859	840,179	881,639	868,834
Sales Taxes	6,474,066	6,485,867	6,279,434	5,704,000	5,116,414
Hotel/Motel Taxes	622,810	599,478	635,149	609,475	508,437
Other Taxes	65,898	68,927	64,220	54,035	51,862
Payment in Lieu of Taxes	-	-	-	-	-
Insurance Settlement	234,258	-	-	-	-
Investment Earnings	1,225,374	927,250	211,507	31,377	260,690
Gain (loss) on disposal of capital assets	-	-	-	70,797	23,500
Intergovernmental Revenue	-	-	10,000	-	-
Miscellaneous (loss)	-	42,834	59,430	24,379	39,536
Transfers	2,031,637	2,751,612	2,184,060	3,386,814	2,823,386
Total Governmental Activities	<u>20,250,443</u>	<u>20,220,942</u>	<u>18,860,508</u>	<u>18,397,287</u>	<u>17,344,481</u>
Business-Type Activities					
Investment Earnings	415,107	359,311	54,229	6,420	105,101
Other	204,457	-	-	-	-
Transfers	(2,031,637)	(2,751,612)	(2,184,060)	(3,386,814)	(2,823,386)
Total Business-Type Activities	<u>(1,412,073)</u>	<u>(2,392,301)</u>	<u>(2,129,831)</u>	<u>(3,380,394)</u>	<u>(2,718,285)</u>
Total Primary Government	<u>\$ 18,838,370</u>	<u>\$ 17,828,641</u>	<u>\$ 16,730,677</u>	<u>\$ 15,016,893</u>	<u>\$ 14,626,196</u>
Changes in Net Position					
Governmental Activities (loss)	\$ (1,687,817)	\$ 2,308,359	\$ 5,787,140	\$ 2,971,676	\$ 2,711,365
Business-Type Activities (loss)	2,694,008	667,407	1,490,745	877,273	1,153,705
Total Primary Government (loss)	<u>\$ 1,006,191</u>	<u>\$ 2,975,766</u>	<u>\$ 7,277,885</u>	<u>\$ 3,848,949</u>	<u>\$ 3,865,070</u>

SCHEDULE 2
(Continued)

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

CITY OF KINGSVILLE

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

	Fiscal Year				
	2024	2023	2022	2021	2020
General Fund					
Nonspendable	\$ 523,956	\$ 476,828	\$ 476,828	\$ 478,980	\$ 375,986
Restricted	48,304	191,039	34,492	22,708	8,391
Committed	3,984,866	4,224,115	3,797,887	3,356,991	3,701,093
Assigned	538,324	434,057	-	-	-
Unassigned	<u>8,371,827</u>	<u>9,243,955</u>	<u>8,955,345</u>	<u>9,932,049</u>	<u>9,066,420</u>
Total General Fund	\$ <u>13,467,277</u>	\$ <u>14,569,994</u>	\$ <u>13,264,552</u>	\$ <u>13,790,728</u>	\$ <u>13,151,890</u>
Restricted					
Debt Service Funds	615,881	590,090	491,634	404,270	618,428
Special Revenue Funds	1,164,531	1,608,723	1,660,341	1,625,506	638,204
Capital Projects Funds	16,575,982	4,851,396	338,305	81,309	121,478
Unassigned, Reported in					
Special Revenue Funds	1,240,883	1,207,715	1,316,287	1,149,361	1,234,903
Assigned					
Drug Awareness	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58</u>
Total All Other Governmental Funds	\$ <u>19,597,277</u>	\$ <u>8,257,924</u>	\$ <u>3,806,567</u>	\$ <u>3,260,446</u>	\$ <u>2,613,071</u>

SCHEDULE 3

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

CITY OF KINGSVILLE

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

	Fiscal Year				
	2024	2023	2022	2021	2020
Revenues					
Property Taxes	\$ 8,741,614	\$ 8,455,115	\$ 8,576,533	\$ 7,592,914	\$ 7,492,381
Taxes-Other	8,024,875	8,090,135	7,724,401	7,356,029	6,645,547
Licenses, Fees and Permits	352,199	289,793	320,787	255,995	273,086
Fines and Penalties	782,593	623,545	905,492	697,303	759,214
Charges for Services	7,124,199	7,104,451	6,897,488	6,165,410	6,070,476
Special Assessment	8,314	3,093	6,003	4,176	5,333
Intergovernmental	746,317	2,750,158	460,216	539,652	2,033,862
Investment Earnings/Other	1,458,193	958,507	189,792	53,600	256,334
Gain or Loss on Sale of Property	-	-	-	70,797	23,500
Federal Grant	1,502,584	1,289,908	2,799,064	790,425	573,163
Donations	101,958	64,834	77,098	49,381	23,767
Total Revenues	<u>28,842,846</u>	<u>29,629,539</u>	<u>27,956,874</u>	<u>23,575,682</u>	<u>24,156,663</u>
Expenditures					
General Government	5,818,376	5,917,218	4,932,186	4,609,833	4,535,714
Public Safety	11,458,929	10,344,129	10,324,906	9,606,373	8,990,262
Public Works	7,278,934	6,833,668	5,879,985	5,894,087	5,048,455
City/County	3,117,118	2,905,271	2,625,052	2,486,047	2,046,965
Tourism	1,169,152	649,822	536,179	410,502	536,110
Other	-	-	-	-	-
Capital Outlay	4,240,662	2,419,300	4,366,941	948,982	1,167,343
Debt Service					
Interest	401,400	240,503	245,887	260,980	251,620
Principal	1,676,177	1,570,948	1,360,101	1,371,163	1,226,939
Bond Issuance Cost	171,158	155,611	30,001	1,558	64,743
Total Expenditures	<u>35,331,906</u>	<u>31,036,470</u>	<u>30,301,238</u>	<u>25,589,525</u>	<u>23,868,151</u>
Excess of Revenues over/ (under) Expenditures	<u>(6,489,060)</u>	<u>(1,406,931)</u>	<u>(2,344,364)</u>	<u>(2,013,843)</u>	<u>288,512</u>
Other Financing Sources (uses)					
Gain on Sale of Assets	2,000	-	44,000	-	-
Issuance of Debt	14,335,000	4,625,000	1,221,925	-	-
Bonds Issued	-	-	-	1,310,000	-
Bond Issuance Costs	-	-	-	-	-
Bond Issuance Premium	362,498	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	298,465	-	-	32,229	622,780
Transfers In	2,690,639	2,778,679	2,078,655	2,555,433	1,997,815
Transfers Out	(962,906)	(522,648)	(980,271)	(641,816)	(800,644)
Total Other Financing Sources (uses)	<u>16,725,696</u>	<u>7,163,731</u>	<u>2,364,309</u>	<u>3,300,054</u>	<u>1,848,116</u>
Net Change In Fund Balances	<u>\$ 10,236,636</u>	<u>\$ 5,756,800</u>	<u>\$ 19,945</u>	<u>\$ 1,286,211</u>	<u>\$ 2,136,628</u>
Debt Services as a Percentage of Noncapital Expenditures	6.68%	6.33%	6.19%	6.62%	6.51%

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

SCHEDULE 4

Fiscal Year				
2019	2018	2017 *	2016 *	2015 *
\$ 7,120,452	\$ 6,998,136	\$ 6,706,943	\$ 6,370,231	\$ 6,324,292
6,924,607	6,488,517	6,483,549	6,267,496	6,144,962
239,639	193,757	246,379	262,275	281,595
894,774	1,886,822	1,107,731	2,999,672	2,857,165
5,852,479	5,860,636	5,900,175	5,417,808	4,868,259
4,811	774	2,797	-	-
585,000	550,000	550,000	550,000	947,173
432,802	300,139	207,464	402,997	161,103
45,599	-	-	-	-
787,787	448,342	642,770	521,004	-
45,891	7,025	29,300	1,730	4,400
<u>22,933,841</u>	<u>22,734,148</u>	<u>21,877,108</u>	<u>22,793,213</u>	<u>21,588,949</u>
4,423,846	4,334,387	5,387,819	4,499,066	3,946,280
9,108,029	8,994,258	9,392,971	9,726,283	9,420,023
5,708,912	5,244,664	5,994,479	4,953,034	4,961,418
2,137,638	2,009,023	2,976,194	2,846,518	1,892,789
639,401	580,694	971,148	553,609	513,596
-	-	-	-	2,800
2,080,589	3,151,215	2,750,583	2,165,305	2,362,760
-	-	-	-	-
332,397	357,712	458,762	278,696	318,555
1,097,715	1,124,637	980,798	1,463,485	1,425,793
3,150	2,900	3,550	91,800	-
<u>25,531,677</u>	<u>25,799,490</u>	<u>28,916,304</u>	<u>26,577,796</u>	<u>24,844,014</u>
<u>(2,597,836)</u>	<u>(3,065,342)</u>	<u>(7,039,196)</u>	<u>(3,784,583)</u>	<u>(3,255,065)</u>
-	3,000	105,806	-	-
42,166	845,105	750,879	10,396	-
-	-	-	6,740,000	-
-	-	-	-	-
-	-	-	198,693	-
-	-	573,250	1,605,908	-
-	-	-	-	-
-	-	-	-	-
2,209,342	1,669,896	3,121,412	2,365,743	2,297,234
<u>(729,092)</u>	<u>(509,196)</u>	<u>(1,588,105)</u>	<u>(965,743)</u>	<u>(479,714)</u>
<u>1,522,416</u>	<u>2,008,805</u>	<u>2,963,242</u>	<u>9,954,997</u>	<u>1,817,520</u>
\$ <u>(1,075,420)</u>	\$ <u>(1,056,537)</u>	\$ <u>(7,039,196)</u>	\$ <u>6,170,414</u>	\$ <u>(1,437,545)</u>
6.10%	6.55%	5.50%	7.14%	7.76%

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
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
2024	1,202,504,936	39,857,614	94,880,720	334,190,170	1,003,053,100	0.77000%	1,337,243,270

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
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
2024	0.60480	0.16520	0.77000	1.41040	0.77187	0.06570

Source: Kleberg County Tax Assessor Office

CITY OF KINGSVILLE

PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND NINE YEARS AGO

SCHEDULE 7

Taxpayer	2024			2015		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed
AEP Texas Inc.	\$ 23,859,860	1	2.38%			
Rockstar Oak Tree LLC	14,797,180	2	1.48%			
KL Phase I Owner LTD	14,220,010	3	1.42%			
Rockstar Kingsville Pointe LLC	14,146,860	4	1.41%			
Apexone Javelina LLC	10,602,160	5	1.06%			
Kingsville Two Family Housing LTD	10,106,159	6	1.01%			
Kingsville Square LTD	9,640,070	7	0.96%			
2101 Hawks Landing LLC	9,161,510	8	0.91%			
LFL Properties Kingsville LLC	8,847,290	9	0.88%			
KL Phase II Owner LTD	8,756,630	10	0.87%			
AEP Texas Central Company				\$ 16,031,650	1	2.20%
Wal-Mart Stores Texas, LLC US00442				9,177,840	2	1.26%
King Ranch Saddle Shop, Inc.				8,117,000	3	1.11%
NLP Kingsville Ventures LLC				7,090,550	4	0.97%
Javelina Station LP				7,051,610	5	0.97%
HBC Holding LTD				6,991,310	6	0.96%
Eddie Yaklin Ford Lincoln Mercury, LTD.				6,201,560	7	0.85%
Neesen Chevrolet, Inc.				5,528,800	8	0.76%
Wal-Mart Stores, Inc. #01-0442				5,408,590	9	0.74%
Kingsville Two				5,051,820	10	0.69%
Total	\$ 124,137,729		12.38%	\$ 76,650,730		10.52%

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
2015	\$ 6,145,880	\$ 5,939,500	96.6%	\$ 156,950	\$ 6,096,450	99.20%
2016	6,350,640	6,115,195	96.3%	171,475	6,286,670	98.99%
2017	6,640,180	6,396,334	96.3%	155,752	6,552,086	98.67%
2018	6,880,532	6,645,832	96.6%	117,647	6,763,479	98.30%
2019	7,056,152	6,799,232	96.4%	167,980	6,967,212	98.74%
2020	7,473,551	7,180,302	96.1%	165,615	7,345,917	98.29%
2021	7,620,817	7,260,036	95.3%	308,181	7,568,217	99.31%
2022	8,164,047	7,886,943	96.6%	135,353	8,022,296	98.26%
2023	8,256,621	7,986,730	96.7%	104,094	8,090,824	97.99%
2024	8,498,742	8,205,290	96.5%	-	8,205,290	96.55%

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				
	2024	2023	2022	2021	2020
Building Materials, Hardware, etc.	\$ 36,540	\$ 40,079	46,650	\$ 44,587	\$ 44,066
General Merchandise	54,128	56,357	59,840	57,006	53,764
Food Stores	27,224	26,910	26,950	25,309	23,879
Automotive Dealers and Gasoline	27,115	27,034	25,250	24,140	23,598
Apparel and Accessory Stores	11,270	11,624	9,400	8,744	5,434
Home Furniture, Furnishing, and Equipment	2,662	3,038	3,742	3,653	3,735
Eating and Drinking Places	74,846	74,698	65,450	63,115	53,372
All Other Outlets	10,346	12,791	10,900	10,028	10,093
Total	\$ <u>244,131</u>	\$ <u>252,531</u>	<u>248,182</u>	\$ <u>236,582</u>	\$ <u>217,941</u>
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				
2019	2018	2017	2016	2015
\$ 33,660	\$ 31,589	\$ 31,293	\$ 31,075	\$ 28,114
49,564	53,021	50,670	48,926	48,493
20,778	21,319	20,990	18,733	21,273
22,820	21,449	21,689	22,194	23,225
3,147	2,343	3,209	4,256	5,388
4,594	4,828	4,685	5,059	5,439
55,899	51,130	48,936	46,526	48,222
12,724	14,066	14,064	15,596	12,843
<u>\$ 203,186</u>	<u>\$ 199,745</u>	<u>\$ 195,536</u>	<u>\$ 192,365</u>	<u>\$ 192,997</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>
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%
2024	0.50%	1.00%	0.50%	6.25%

Source: Texas Comptroller of Public Accounts

Note: The City sales tax rate may be changed 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			
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
2024	23,314,446	425,255	17,136,378	481,104	41,357,183	5.50%	1,407.14

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			
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
2024	40,450,824	615,881	39,834,943	2.9789%	1,355.34

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, 2024

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	\$ 46,495,000	84.22%	\$ 39,158,089
Kleberg County	7,380,000	55.60%	4,103,280
Ricardo ISD	509,000	6.98%	35,528
South Texas Water Authority	<u>2,665,000</u>	<u>39.20%</u>	<u>1,044,680</u>
	<u>\$ 57,049,000</u>		<u>\$ 44,341,577</u>
Subtotal, Overlapping Debt			44,341,577
City Direct Debt; Bonds			23,314,446
Financed Purchases			<u>425,255</u>
Total Direct and Overlapping Debt			<u>\$ 68,081,278</u>

Sources: Data provided by Municipal Advisory Council of Texas
Capital Leases provided by the City of Kingsville

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

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				
2020	2021	2022	2023	2024
\$ 251,705,410	\$ 272,350,996	\$ 253,477,695	\$ 285,087,729	\$ 250,763,275
<u>8,083,010</u>	<u>8,464,893</u>	<u>8,239,979</u>	<u>8,864,245</u>	<u>21,902,212</u>
\$ <u>243,622,400</u>	\$ <u>263,886,103</u>	\$ <u>245,237,716</u>	\$ <u>276,223,484</u>	\$ <u>228,861,063</u>
3.21%	3.11%	3.25%	3.11%	8.73%

Assessed Value	\$ 1,003,053,100
Debt Limit (25% of assessed value)	<u>250,763,275</u>
Debt Applicable to Limit:	
General Obligation Bonds	\$ 22,518,093
Less: Amount Set Aside for Repayment of General Obligation Debt	<u>615,881</u>
Total Net Debt Applicable to Limit	<u>21,902,212</u>
Legal Debt Margin	\$ <u>228,861,063</u>

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

SCHEDULE 15

Fiscal Year	Waste Water Revenue Bonds and Certificates of Obligation Bonds (a)					
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2024	9,866,069	7,861,470	2,004,599	1,983,758	445,964	0.83

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
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%
2024	29,391	751,528	25,570	28.1	N/A	4,313	4.0%

Sources: City of Kingsville
Kingsville Independent School District
Santa Gertrudis 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	2024			2015		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
NAS Kingsville	1,500	1	29.45%	1,502	1	8.64%
Texas A&M Kingsville	950	2	18.65%	1,953	2	6.88%
Celanese	600	3	11.78%	650	3	3.02%
Kingsville ISD	472	4	9.27%	539	5	2.06%
City of Kingsville	325	5	6.38%	305	7	1.88%
Kleberg County	268	6	5.26%	-		
HEB	263	7	5.16%	410	6	1.75%
Walmart	250	8	4.91%	350	8	1.70%
Border Patrol	246	9	4.83%	288	9	1.41%
Christus Spohn	220	10	4.32%	600	4	1.41%
Total	5,094		100.00%	6,597		28.75%
			Labor Force			
			13,500			
			Employment			
			12,961			
			Unemployment			
			539			
			Rate			
			4.0%			

Source:

WorkForce Solutions of Coastal Bend
Kingsville Chamber of Commerce

*2015 Information from '14-15 ACFR

CITY OF KINGSVILLE

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

SCHEDULE 18

	<u>2024</u>	<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>
City Commission	5	4	4	5	5	5	5	5	5	5
General Government	56	42	50	50	46	45	43	45	40	34
Fire	42	38	33	34	32	33	33	32	34	33
Health	12	11	9	10	10	10	8	8	10	10
Library	0	0	0	0	9	8	9	9	9	9
Police	69	64	65	67	65	66	67	66	64	65
Public Works	90	100	98	103	93	99	93	93	98	94
Task Force	0	0	0	0	0	0	0	0	11	11
Parks Dept.	16	15	15	15	11	12	11	10	10	9
Golf Course	9	9	8	8	7	8	8	8	8	6
Total	<u>299</u>	<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>

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				
	2024	2023	2022	2021	2020
General Government					
Building Permits Issued	3,196	1,401	1,536	1,424	1,829
Building Inspections Conducted	2,922	1,134	1,703	1,432	1,315
Police					
Physical Arrest	1,541	1,569	1,482	1,616	1,611
Parking Violations	132	87	148	85	68
Traffic Violations	9,466	7,856	5,509	7,523	4,046
Fire					
Emergency Responses	3,376	3,172	3,021	3,266	3,630
Fire Calls	727	710	797	314	654
Inspections	665	730	794	600	587
Refuse Collections					
Refuse Collected (tons per day; 365)	95	88	67	80	70
Recyclables Collected (tons per day; 365)	-	0.39	0.18	0.38	2
Other Public Works					
Street Resurfacing (miles)	4	4	3	2	2
Potholes Repaired	7,373	6,736	7,102	8,896	15,405
Parks and Recreation					
Athletic Field Permits Issued	2,512	1,747	397	334	220
Community Center Admissions	264	159	174	150	125
Library					
Volumes in Collection	-	-	-	-	60,081
Total Volumes Borrowed	-	-	-	-	15,644
Health					
Environmental Health	165	154	275	331	284
Consumer Health	2,443	2,411	2,380	2,391	2,253
Weed Control	4,182	2,091	2,077	2,242	3,382
Animal Control	3,382	3,871	5,543	7,183	7,995
Water					
New Connections	24	18	41	38	37
Water Main Breaks	365	371	456	530	620
Average Daily Consumption (thousands of gallons)	3,310	3,968	3,665	3,334	2,373
Peak Daily Consumption (thousands of gallons)	6,137	7,374	4,820	4,933	4,971
Wastewater					
Average Daily Sewer Treatment (thousands of gallons)	2,100	1,860	1,900	2,500	2,500

Sources: Various City Departments

SCHEDULE 19

	Fiscal Year			
2019	2018	2017	2016	2015
2,144	2,059	2,374	2,058	2,511
1,788	1,633	2,170	1,400	1,644
1,856	1,295	1,060	1,014	1,175
165	246	408	663	1,089
3,237	6,307	3,032	3,192	4,675
3,074	3,005	3,005	2,826	2,760
723	610	641	556	596
456	434	388	356	382
104	82	86	82	93
-	1	1	1	1
2	2	2	3	5
21,166	15,136	4,205	4,487	5,200
486	474	396	348	413
225	219	97	83	126
58,728	55,326	53,903	55,878	54,327
26,636	34,859	34,014	34,895	19,995
339	285	350	430	491
2,975	2,436	2,847	2,906	2,611
3,181	3,966	3,967	4,995	3,776
7,740	8,225	7,075	7,438	8,649
42	36	47	33	24
319	254	342	294	295
3,499	3,499	3,229	3,134	3,153
6,096	6,096	5,567	4,438	6,002
2,500	2,500	2,200	2,100	2,400

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

Function/Program	Fiscal Year				
	2024	2023	2022	2021	2020
Police					
Stations	1	1	1	1	1
Officer Units	55	60	63	63	63
Fire Stations	2	2	2	2	2
Refuse Collections					
Collection Trucks	22	21	14	14	14
Other Public Works					
Street (miles)	146	146	146	146	146
Highway (miles)					
Streetslights	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)	120	159	120	120	120
Fire Hydrants	826	822	822	822	820
Storage Capacity (thousands of gallons)	5,425	5,425	5,425	5,425	5,425
Wastewater					
Sanitary Sewers (miles)	100	100	100	98	98
Storm Sewers (miles)	35	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

2019	Fiscal Year			
	2018	2017	2016	2015
1	1	1	1	1
63	62	64	56	56
2	2	2	2	2
14	14	14	17	17
146	146	146	146	146
1,296	1,302	1,302	1,302	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
5,425	5,632	5,632	5,632	9,760
98	142	142	141	140
33	33	33	33	33
4,000	4,000	4,000	4,000	4,000

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

JOHN L. WOMACK, CPA
MARGARET KELLY, CPA

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KINGSVILLE, TEXAS 78364
(361) 592-2671
FAX (361) 592-1411

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

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

Members of the Mayor and City Commission:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Kingsville, as of and for the year ended September 30, 2024, 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 4, 2025.

Report on Internal Control Over Financial Reporting

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

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

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



PRIVATE COMPANIES PRACTICE SECTION, AICPA DIVISION FOR CPA FIRMS

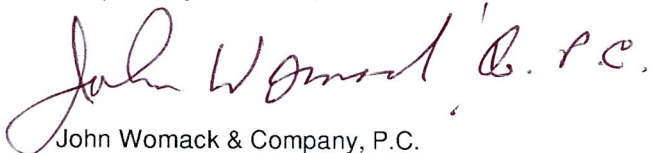
Report on Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

A handwritten signature in dark ink, reading "John Womack & Company, P.C.", written in a cursive style.

John Womack & Company, P.C.
Kingsville, TX
April 4, 2025

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

JOHN L. WOMACK, CPA
MARGARET KELLY, CPA

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KINGSVILLE, TEXAS 78364
(361) 592-2671
FAX (361) 592-1411

Independent Auditor's Report on Compliance for Each Major Federal Program and
Report on Internal Control Over Compliance in Accordance with the Uniform Guidance

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

Members of the Mayor and City Commission:

Report on Compliance for Each Major Federal Program

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 each of City of Kingsville's major federal programs for the year ended September 30, 2024. City of Kingsville's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Kingsville complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2024.

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.



PRIVATE COMPANIES PRACTICE SECTION, AICPA DIVISION FOR CPA FIRMS

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Kingsville's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Kingsville's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Kingsville's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

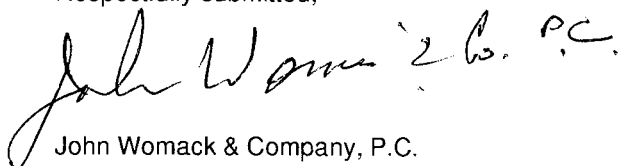
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance 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 black ink, appearing to read "John Womack & Co. P.C.", is written over the typed name.

John Womack & Company, P.C.
Kingsville, TX
April 4, 2025

CITY OF KINGSVILLE**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024****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?

YesXNoOne or more significant deficiencies identified that
are not considered to be material weaknesses?YesXNone ReportedNoncompliance material to financial
statements noted?YesXNo**2. Federal Awards**

Internal control over major programs:

One or more material weaknesses identified?

YesXNoOne or more significant deficiencies identified that
are not considered to be material weaknesses?YesXNone ReportedType of auditor's report issued on compliance for
major programs:Unmodified

Version of compliance supplement used in audit:

May 2024Any 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)?YesXNo

Identification of major programs:

Assistance Listing Number(s)

14.228

21.027

Name of Federal Program or Cluster

Community Development Block Programs

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?

X YesXNo**B. Financial Statement Findings**

NONE

C. Federal Award Findings and Questioned Costs

NONE

CITY OF KINGSVILLE

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED SEPTEMBER 30, 2024

Finding/Recommendation	Current Status	Management's Explanation If Not Implemented
<p>2023-1 Internal Control over Financial Reporting - Capital Assets and Deposits</p> <p>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.</p> <p>Criteria: Subledgers should be reconciled to the general ledger on an annual basis, with corrections posted on a timely basis.</p> <p>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.</p> <p>Effect: The effect was an understatement of capital assets in prior years' financial statements, as well as an overstatement of deposits payable.</p> <p>Perspective: The prior period adjustment is for 3.3% of net capital assets in the Utility Fund, and 10% of deposits.</p> <p>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.</p> <p>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.</p>	Implemented	N/A
<p>2023-2 State Compliance - Bidding</p> <p>Condition: The City did not perform proper bidding procedures for certain materials for road repairs.</p> <p>Criteria: The City must follow state purchasing guidelines which include bidding procedures for items greater than or equal to \$25,000.</p>	Implemented	N/A

CITY OF KINGSVILLE

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED SEPTEMBER 30, 2024

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
<p>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.</p> <p>Effect: The City is not in compliance with state law regarding purchases over \$25,000 for this item.</p> <p>Recommendation: We recommend that the City implement procedures to ensure that renewed contracts are reviewed to determine the need for new bidding procedures.</p> <p>Views of Responsible Officials: The City concurs with this finding. Contracts will be more closely reviewed to ensure proper bidding procedures are performed where required.</p>		

CITY OF KINGSVILLE
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2024

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

CITY OF KINGSVILLE
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**
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 Relief Funds	21.027	--	\$ --	\$ 1,176,670
Total U. S. Department of the Treasury			--	1,176,670
<u>U. S. Department of the Interior</u>				
Passed Through Coastal Bays and Estuaries, Inc.:				
Bays and Estuaries Grant	15.631	F22AC02089	--	6,140
Total U. S. Department of the Interior			--	6,140
<u>U. S. Department of Justice</u>				
Direct Program:				
Bulletproof Vest Partnership Program	16.607	--	--	7,573
Total U. S. Department of Justice			--	7,573
<u>U. S. Department of Housing & Urban Development</u>				
Passed Through Texas General Land Office:				
CDBG-Wastewater Improvements	14.228	22-082-016-D21	--	2,494,482
CDBG-Hurricane Harvey	14.228	22-085-009-D23	--	868,475
Total Passed Through Texas General Land Office			--	3,362,957
Total U. S. Department of Housing & Urban Development			--	3,362,957
<u>Department of Homeland Security</u>				
Passed Through Federal Emergency Management Agency:				
Hurricane Beryl Disaster Grant	97.036	4798WR-759897	--	20,357
Passed Through Texas Department of Public Safety:				
Operation Stone Garden	97.067	3194306	--	183,701
Total Department of Homeland Security			--	204,058
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ --	\$ 4,757,398

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, 2024

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.