



received
3-27-2026 fn
8:55 A.M.

ANNUAL COMPREHENSIVE FINANCIAL REPORT



For the Year Ended September 30, 2025
www.cityofkingsville.com

Annual Comprehensive Financial Report

September 30, 2025

CITY OF KINGSVILLE, TEXAS

City Commission

(for the fiscal year ended September 30, 2025)

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

City Manager

Charlie Sosa

Prepared By:

Department of Finance

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

City of Kingsville
 Annual Comprehensive Financial Report
 For The Year Ended September 30, 2025

TABLE OF CONTENTS

	Page	Exhibit
INTRODUCTORY SECTION		
Letter of Transmittal.....	1	
GFOA Certificate of Achievement.....	15	
Organizational Chart.....	16	
FINANCIAL SECTION		
Independent Auditor's Report.....	17	
Management's Discussion and Analysis (Required Supplementary Information).....	21	
<u>Basic Financial Statements</u>		
Government-wide Financial Statements:		
Statement of Net Position.....	43	A-1
Statement of Activities.....	44	A-2
Fund Financial Statements:		
Balance Sheet - Governmental Funds.....	46	A-3
Reconciliation of the Governmental Funds		
Balance Sheet to the Statement of Net Position.....	48	A-4
Statement of Revenues, Expenditures, and Changes in		
Fund Balances - Governmental Funds.....	49	A-5
Reconciliation of the Statement of Revenues, Expenditures, and Changes in		
Fund Balances of Governmental Funds to the Statement of Activities.....	51	A-6
Statement of Net Position - Proprietary Funds.....	52	A-7
Reconciliation of the Proprietary Fund Statement of Net Position to the		
Government-wide Statement of Net Position.....	53	A-7R
Statement of Revenues, Expenses, and Changes in		
Fund Net Position - Proprietary Funds.....	54	A-8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in		
Net Position - Proprietary Fund to the Statement of Activities.....	55	A-8R
Statement of Cash Flows - Proprietary Funds.....	56	A-9
Statement of Fiduciary Net Position - Fiduciary Funds.....	57	A-10
Statement of Changes in Fiduciary Net Position - Fiduciary Funds.....	58	A-11
Notes to the Financial Statements	59	
<u>Required Supplementary Information</u>		
Budgetary Comparison Schedules:		
General Fund.....	91	B-1
Police Forfeiture Fund.....	98	B-2
Federal Grants Fund.....	99	B-3

City of Kingsville
Annual Comprehensive Financial Report
For The Year Ended September 30, 2025

TABLE OF CONTENTS

	Page	Exhibit
Schedule of Changes in the City's Net Pension Liability And Related Ratios - Texas Municipal Retirement System	101	B-4
Schedule of City's Contributions - Texas Municipal Retirement System.....	103	B-5
Schedule of Changes in the City's Total OPEB Liability And Related Ratios - OPEB Plan	105	B-6
Notes to Required Supplementary Information.....	107	
 <u>Combining Statements and Budgetary Comparison Schedules as Supplementary Information:</u>		
Special Revenue Funds:		
Combining Balance Sheet - Nonmajor Special Revenue Funds.....	109	C-1
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds.....	110	C-2
Budgetary Comparison Schedules:		
Tourism Fund.....	111	C-3
State Grants Fund.....	112	C-4
Debt Service Funds:		
Budgetary Comparison Schedule:		
Debt Service Fund.....	113	C-5
Capital Projects Funds:		
Budgetary Comparison Schedule:		
Capital Improvements Fund.....	114	C-6
 STATISTICAL SECTION		
Net Position by Component, Last Four Fiscal Years.....	115	Schedule 1
Changes in Net Position, Last Four Fiscal Years.....	117	Schedule 2
Fund Balances, Governmental Funds, Last Ten Fiscal Years.....	121	Schedule 3
Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years.....	122	Schedule 4
Assessed Value & Estimated Actual Value of Taxable Property, Last Ten Fiscal Years..	124	Schedule 5
Direct and Overlapping Property Tax Rates (Rate per \$100 of Assessed Value).....	126	Schedule 6
Principal Property Tax Payers, Current Year and Nine Years Ago.....	127	Schedule 7
Property Tax Levies and Collections, Last Ten Fiscal Years.....	128	Schedule 8
Taxable Sales by Category, Last Ten Calendar Years.....	129	Schedule 9
Direct and Overlapping Sales Tax Rates, Last Ten Fiscal Years.....	131	Schedule 10
Ratios of Outstanding Debt by Type, Last Ten Fiscal Years.....	132	Schedule 11
Ratios of General Bonded Debt Outstanding, Last Ten Fiscal Years.....	133	Schedule 12
Direct and Overlapping Governmental Activities Debt as of September 30, 2024.....	134	Schedule 13
Legal Debt Margin Information, Last Ten Fiscal Years.....	135	Schedule 14
Pledged-Revenue Coverage, Last Ten Fiscal Years.....	137	Schedule 15

City of Kingsville
 Annual Comprehensive Financial Report
 For The Year Ended September 30, 2025

TABLE OF CONTENTS

	Page	Exhibit
Demographic and Economic Statistics, Last Ten Calendar Years.....	138	Schedule 16
Top Ten Employers, Current Year and Nine Years Ago.....	139	Schedule 17
Full-Time Equivalent City Government Employees by Function/Program, Last Ten Fiscal Years.....	140	Schedule 18
Operating Indicators by Function/Program, Last Ten Fiscal Years.....	141	Schedule 19
Capital Asset Statistics by Function/Program, Last Ten Fiscal Years.....	143	Schedule 20

OTHER SUPPLEMENTARY INFORMATION SECTION

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	145	
Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance.....	147	
Schedule of Findings and Questioned Costs	150	
Summary Schedule of Prior Audit Findings.....	151	
Corrective Action Plan.....	152	
Schedule of Expenditures of Federal Awards	153	D-1
Notes to the Schedule of Expenditures of Federal Awards.....	154	



P.O. BOX 1458 – KINGSVILLE, TEXAS 78364

March 13, 2026

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, 2025, 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, 2025, 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, 2025, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

THE CITY AND ITS ORGANIZATION

Population and Location

Current population estimates for the City of Kingsville are 29,246; this represents a 14.66 percent increase over the 2020 Census of 25,402. The City of Kingsville's standard metropolitan statistical area consists of Kleberg County which has a population of 31,040 according to the 2020 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 serves as a cornerstone of public safety, integrity, and community trust for a growing and diverse city. With 50 sworn peace officers and a total staff of 74, the department is dedicated to protecting the lives and well-being of Kingsville's 25,069 residents. Located along the I-69/US Highway 77 South corridor, Kingsville plays a key role in regional commerce and transportation, serving as an important gateway supported by the United States-Mexico-Canada Agreement (USMCA).

Our mission extends beyond traditional enforcement. We prioritize prevention, community engagement, and meaningful partnerships to build trust and improve quality of life. From emergency response to proactive investigations, our personnel approach every responsibility with professionalism, accountability, and purpose.

The Uniformed Patrol Division is the backbone of daily operations and the first point of contact for the public. Led by a Commander, three Captains, and three Lieutenants, the division includes 24 patrol officers, a traffic enforcement officer, a warrant officer, and 4-K-9 units trained in detection and tracking. The Criminal Interdiction Unit, staffed by two interdiction officers and one Lieutenant, focuses on disrupting drug, firearm, and human

trafficking along US Highway 77 and throughout the city. Over the past year, the Patrol Division handled approximately 19,300 calls for service, made 1,450 arrests, and conducted 7,200 traffic stops, reflecting a strong commitment to visibility, responsiveness, and proactive policing.

The Criminal Investigations Division conducts in-depth follow-up investigations under the supervision of a Commander, Captain, and Lieutenant. The division includes six Detectives, a Crime Scene Specialist, an Accident Investigator, and an Evidence Clerk. Their work includes responding to Crime Stoppers tips, applying forensic techniques, and preserving evidence to support successful case outcomes and accountability for offenders.

The Communications Division operates around the clock and is staffed by state-licensed telecommunicators, including four lead operators and ten dispatchers. This team manages approximately 19,300 emergency and non-emergency calls each year, coordinating essential services for both the Police and Fire Departments. They also oversee records management, background checks, and open records requests, ensuring efficient and reliable support for city operations.

The Training Division prepares officers to meet the demands of modern policing. Led by a Captain, the division oversees the Field Training Officer Program, and ongoing in-service training that meets and exceeds TCOLE standards. This ensures personnel remain current with changes in law, best practices, and community expectations.

The Administration Division supports the department's overall effectiveness through the Office of the Chief, with assistance from a Captain, administrative staff, and professional standards and internal affairs personnel.

The department's SWAT team has been recognized by the Texas Tactical Police Officers Association with its First Annual Unit Citation Award for Meritorious Service, reflecting the high level of readiness and professionalism maintained by the team.

Guided by innovation, accountability, and commitment to service, the Kingsville Police Department continues to meet the challenges of modern law enforcement. We recognize and thank our staff for their dedication and professionalism and remain focused on serving the community with honor and integrity.

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, 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 continued to work 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.

In fiscal year 2024/2025 new lights were added to the basketball court at Thompson Park through a donation from the Ed Rachel Foundation.

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, 2025, 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 \$52,921 increase in sales taxes compared to prior year

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 2025 compared to 6.0% for the nation. Future Job growth for the City fell below the National average and was projected at 5.4% compared to the 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% lower 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 U.S. The median household income is \$48,715 versus \$69,021 for the rest of the country. *(This information is from bestplaces.net)*

Diversification of Economy

The region has a varied manufacturing, agricultural and petrochemical base that adds to the relative stability of employment. Major industries located within the City's boundaries, or in proximity, include industrial, construction, fast food restaurants, convenience stores, banking, and financial services.

Texas A&M University - Kingsville (TAMUK) is also located within the city limits of the City of Kingsville. It boasts of being South Texas' greatest university, offering more academic programs and degrees, providing better learning and living facilities, doing more research, awarding more scholarships, and producing more successful graduates than any

other college or university in the region. TAMUK seeks to provide quality undergraduate and graduate programs for students of all ages through a judicious blend of liberal and career education programs. The emphasis is on providing an intellectually challenging education reflecting high standards of academic performance. TAMUK is dedicated to serving an ethnically and culturally diverse population. The University is committed to its mission of teaching, research, and service in South Texas for the advancement of knowledge and of regional development.

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

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

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

The land in the City of Kingsville region has strong mineral deposits, rich soil, and an excellent climate, with the principal crops being grain, sorghum, and cotton. The region produces a large supply of livestock including cattle, hogs, and poultry. The oil and gas industry are a major factor in the growth and stability within the trade area. This industry provides a secondary market for petroleum by-products and chemicals.

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

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

Transportation

The City is served by a network of major highways. Interstate 69 (I-69) comes into Kingsville from the north and replaced U.S. Highway 77 up to General Cavazos Blvd. TXDOT is currently building the next section of I-69 from General Cavazos Blvd south to approximately one mile beyond the city limits. This is a three-year construction project that will add access lanes on both sides of the interstate highway. I-69/Highway 77 links the City of Kingsville to both the Rio Grande Valley/Mexico to the south and Victoria (which then provides a direct connection to U.S. 59 and Houston). State Highway

44 and U.S. Highway 59 also link the City of Kingsville to Laredo/Mexico from I-69/Highway 77 at Robstown and Victoria. All highways are four-lane roads and are maintained at interstate or near interstate standards. There are a total of 212 miles of local streets within the city limits of Kingsville. Of this total, the Texas Department of Transportation (TXDOT) owns and maintains approximately 25.76 miles of roadway. The City of Kingsville owns and maintains the remainder. Rail service to and from the City of Kingsville is provided by the Burlington Northern/Santa Fe Railway, Texas Mexican Railway and Union Pacific Railroad.

A primary component of the City’s transportation system is the 2,457-acre Corpus Christi International Airport (CCIA), which is only 45 minutes from the City of Kingsville. Currently, the airport is served by approximately 24-30 daily flights from three major domestic carriers that use the airport’s 7,510 and 6,080 feet of lighted and instrument procedure runways.

Major Expenses

The government’s expenses relating to public safety and public works comprise 68.10% of total expenses for governmental activities as reflected in Exhibit B1 of the Annual Comprehensive Finance Report. As evidenced by the table below, the government’s expenses relating to these activities have remained relatively constant for Public Safety while slightly decreasing for Public Works for the last 11 years.

Expenses as a Percent of
Total Governmental Activities

Activity	FY 15-16	FY 24-25	Net Change
PublicSafety- Police & Fire	37.20%	44.30%	2.1%
Public Works	21.20%	23.80%	2.6%
Total	58.40%	68.10%	4.7%

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 FY24-25 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 24-25.

Street Improvements: In FY 24-25, the city expensed \$1,478,500.25 in street improvements ranging from full depth reconstruction to hot mix overlays and chip seal overlays of various city streets, with additional expenditures of \$353,832.71 planned. Major streets seeing work done in FY 24-25 include 17th Street, 18th Street, E. Huisache, E. Fordyce, E. Johnston, and E. Lee Street.

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 involving 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 that had a deadline of June 20, 2025, with an estimated cost of \$9,810,862.

In-House Engineering: Other projects savings were realized in FY 24-25 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, North and South UV Lights 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 this year.

The City utilized a Texas Parks and Wildlife Grant, and money budgeted 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 FY24-25. 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 24-25, 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 24-25 were \$1,379,371.59.

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 20 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 spent through FY 24-25.

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 to lateral lines
- 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 \$2.4 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.
- Pump station and water well #14 at W. Kenedy for \$3.7 million.
- Rehab mains through the heart of town for \$5 million.

The City of Kingsville continues to partner with Kleberg County, The Kingsville Chamber of Commerce, Texas A&M University-Kingsville (TAMUK), Workforce Solutions Coastal Bend and Coastal Bend College and Kingsville Independent School District 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 was focused on providing funds needed to start or expand a business and requires new job creation as a qualifying factor for the grant.

The City also continues to support our local economic partners, most notably 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 continues to monitor and support the missions of our important industries. In conjunction with this, we continually work to bring additional industrial partners. Economic Development has seen an increase in both large and small commercial development in the city. Businesses that opened recently include Bath and Body Works, Eye Mart Express, Travel America, Stripes, 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.

The city's economic development office continues to recruit industrial, retail and housing projects to the community.

Tourism

The City of Kingsville's evolution into a thriving historic community has made it a distinctive tourism destination in South Texas. This success is rooted in the vision and generosity of the City's founder, Mrs. Henrietta M. King, and her son-in-law, Robert J. Kleberg. Determined to foster community and economic opportunity in what was then an untamed desert, Mrs. King donated hundreds of acres of land that would become present-day Kingsville.

The surrounding ranchlands—once known as the Wild Horse Desert—continue to support a wide range of tourism activities, including heritage events, golfing, birding, and hunting. Much of this land traces back to the open range acquired by Captain Richard King in 1853, which later became the renowned King Ranch, one of the largest working ranches in the world. Captain King established his ranch along Santa Gertrudis Creek in 1854, and its legacy famously inspired the novel and motion picture *Giant*. In 2020, Kingsville further expanded its ecotourism efforts by becoming a Monarch City USA member. Tourism initiatives also promote signature events such as the bi-annual Wings Over South Texas Air Show and collaborative experiences like Meet the Blues, offering visitors rare opportunities to interact with air show performers.

King Ranch's influence has left an indelible mark on Kingsville's culture, identity, and growth. As a centennial city, Kingsville's longevity is rooted in the resilience of its people and the diverse attractions that draw visitors seeking historic Southern charm and a relaxed pace of life. Today, Kingsville is a vibrant multicultural community with something to offer everyone. The Tourism Department also manages and maintains the historic 1904 Train Depot—recognized as the birthplace of Kingsville on July 4, 1904, when the first passenger train traveled south, opening rail access to South Texas. This milestone was made possible in part by Henrietta King's donation of 70,000 acres for railroad construction.

Kingsville's early development was further shaped by education and military investment. With ample open range and a small population, land was acquired to establish a four-year institution and a naval air station. Texas A&M University–Kingsville, chartered in 1917 and opened in 1925 following delays caused by World War I, has grown into a nationally recognized public research university. With more than 90 years of continuous operation, it is the oldest public college south of San Antonio and continues to attract visitors through athletics, academic programs, and its diverse student population.

In 1941, the U.S. Department of Defense established Naval Air Station Kingsville east of town after local civic leaders successfully advocated for its location. Today, NAS Kingsville is one of the Navy's premier jet aviation training facilities, operating high-performance single-engine aircraft. Reflecting the strong relationship between the Navy and the community, the Secretary of the Navy announced in 2019 that a new Independence-variant Littoral Combat Ship would be named USS Kingsville (LCS 36), which was commissioned in August 2024.

Whether arriving by road along the main corridor or landing at the local airport west of town, visitors are welcomed by Kingsville's historic downtown home to charming specialty shops and locally owned restaurants. Beyond world-class fishing along the county's bays, the region boasts some of the Gulf Coast's most celebrated and historic cuisine. From wildlife encounters along the beach or on the Ranch to relaxing stays at one of the city's lodging destinations, Kingsville offers a complete visitor experience. The Tourism Department supports stays across 13 operating hotel properties, providing a combined total of 740 guest rooms.

Visitors are encouraged to explore upcoming events and travel resources by visiting KingsvilleTexas.com or by calling the Tourism Department for hotel discounts and trip-planning tips.

Financing of Major Capital Projects

During FY 24-25, 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 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,

Leticia Salinas
Interim Director of Finance and Accounting Manager



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, 2024

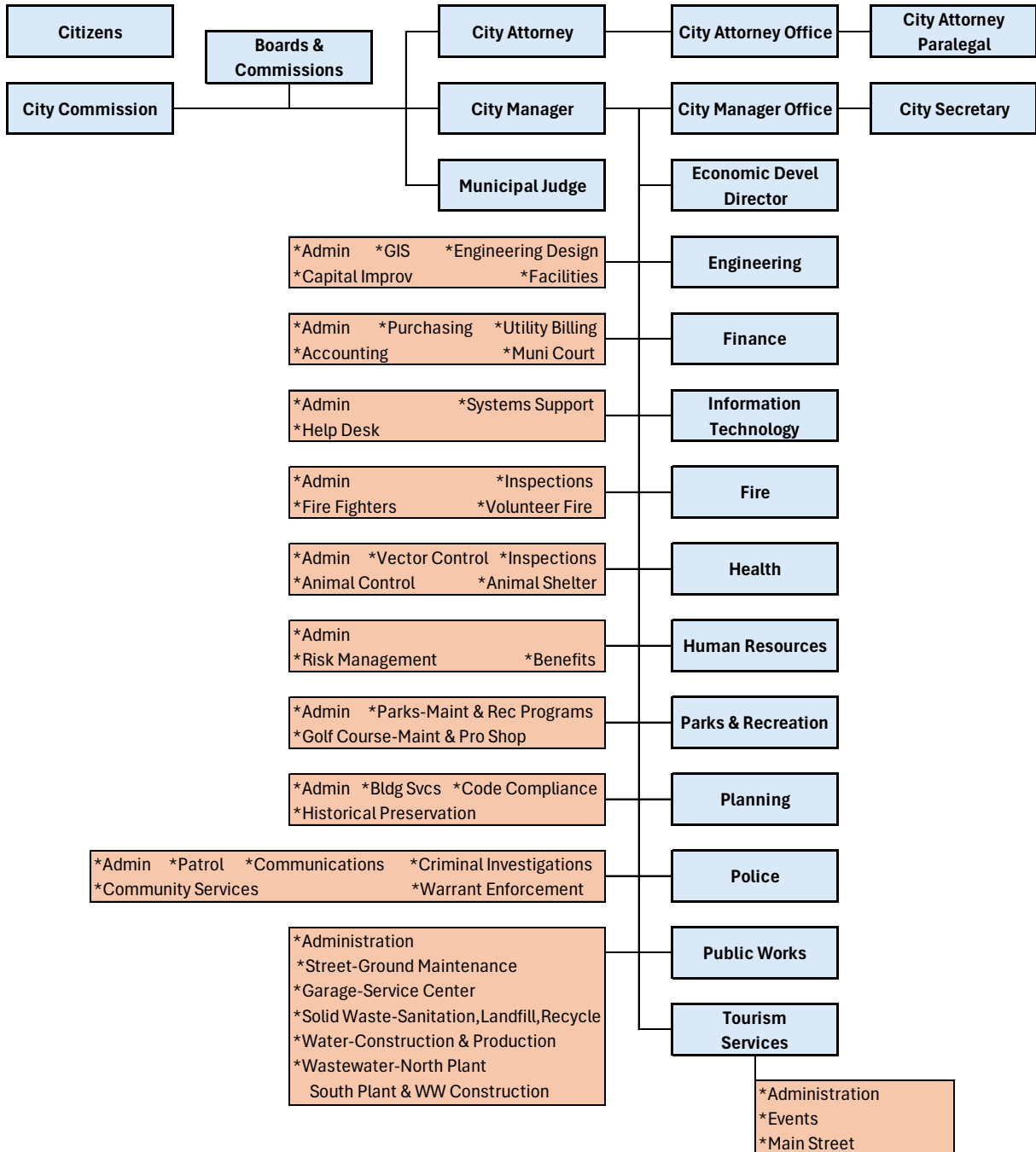
Christopher P. Morill

Executive Director/CEO



CITY OF KINGSVILLE

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, 2025, 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 referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Kingsville, as of September 30, 2025, 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* (GAS), 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 2025, City of Kingsville adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 102, *Certain Risk Disclosures*. Our opinion is not modified with respect to this matter.

As described in Note A to the financial statements, in 2025, City of Kingsville adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*. 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 issuance 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

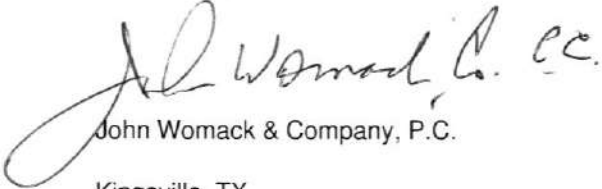
Management is responsible for the other information included in the ACFR. The other information as identified in the table of contents comprises the information included in the ACFR but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial 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 basic 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 March 13, 2026 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 cursive script that reads "John Womack & Co. P.C." with a large, sweeping flourish at the beginning.

John Womack & Company, P.C.

Kingsville, TX
March 13, 2026

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, 2025. 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 \$109.3 million compared to \$108.3 million in the prior fiscal year ended September 30, 2024. This increase is attributable to an increase in 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 \$2.02 million compared to \$3.67 million in the prior fiscal year ended September 30, 2024. This decrease is attributable to a net investment income gain in the TMRS retirement system.
- Total liabilities were \$50.9 million compared to \$54.4 million in the prior fiscal year ended September 30, 2024. This decrease is attributable to principal payments on long-term bond contractual obligations.
- Total deferred inflows of resources were \$4.2 million compared to \$4.9 million in the prior fiscal year ended September 30, 2024. This decrease is attributable to inflows related to OPEB and other resources.
- The total net position was \$56.3 million compared to \$52.7 million in the prior fiscal year ended September 30, 2024. This increase is attributable to increases in Capital Projects, and net investment in capital assets.
- 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 \$56.3 million.

Governmental Activities

On a government-wide basis for governmental activities:

- The City had net program expenses of \$19.4 million for the fiscal year ended September 30, 2025, compared to \$21.9 million for the prior year, representing an (11.36) % decrease coming mainly from public works and tourism.
- General revenues and transfers totaled \$21.1 million for the fiscal year ended September 30, 2025, compared to the prior year's amount of \$20.3 million, representing a 4.41% increase coming mainly from property taxes, miscellaneous, and available unrestricted funds.
- Net position overall increased 5.35% from \$29.9 million on September 30, 2024, to \$31.5 million on September 30, 2025.

Business Type Activities

On a government-wide basis for business type activities:

- The City had net program revenues of \$4.0 million for the fiscal year ended September 30, 2025, compared to \$4.1 million for the prior year, representing a 3.7% decrease.
- General revenues and transfers out totaled (\$2.0) million for the fiscal year ended September 30, 2025, compared to the prior year's amount of (\$1.4) million, representing a 42.09% increase.
- Net position overall increased 8.52% from \$22.9 million on September 30, 2024, to \$24.8 million on September 30, 2025.
- On September 30, 2025, business-type activities had \$20.4 million in total liabilities compared to \$23.0 million on September 30, 2024, representing an 11.20 decrease.

Governmental Activities vs Business-Type Activities

- The ratio of total assets to total liabilities for governmental activities was 2.0 times; for business-type activities the ratio was 2.35 times. This ratio is a measure of leverage and solvency, indicating how much assets are financed through borrowing and other obligations, and how easily debts can be paid by selling assets. The higher the ratio, the lower the financial risk.
- The quick ratio (current assets to current liabilities) was 6.05 times for governmental activities and 3.81 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 \$56.28 million, which is an increase of \$3.5 million from the prior year, or about 6.73%. Governmental activities' net position increased by 5.35%, while business-type activities' net position increased by 8.52%.

General Fund

- The fund balance of the General Fund decreased from \$13.47 million to \$12.95 million. This represents a (3.87%) decrease from the prior year's fund balance, and furthermore, represents 47.55% of the \$27.2 million in expenditures in the current year. The General Fund's Unassigned Fund Balance was \$7.74 million, or 28.44% of general fund expenditures.
- General Fund revenues, (including transfers in and issuance of debt), for the fiscal year ended September 30, 2025, of \$27.57 million were 4.70% higher than the prior year revenues of \$26.33 million. The \$1.2 million increase is mainly due to a \$148 thousand increase in licenses and permits, a \$464 thousand increase in taxes, a \$400 thousand increase in changes for services, a \$320 thousand increase in transfers from other intergovernmental, and a \$357 thousand increase in transfers in.
- General Fund's expenditures, including transfers out, for the fiscal year ended September 30, 2025, of \$28.08 million were 2.39% higher than the prior year expenditures of \$27.43 million. The \$654 thousand increase is mainly due to a general increase in two department's expenditures and a \$456 thousand increase in transfers out.

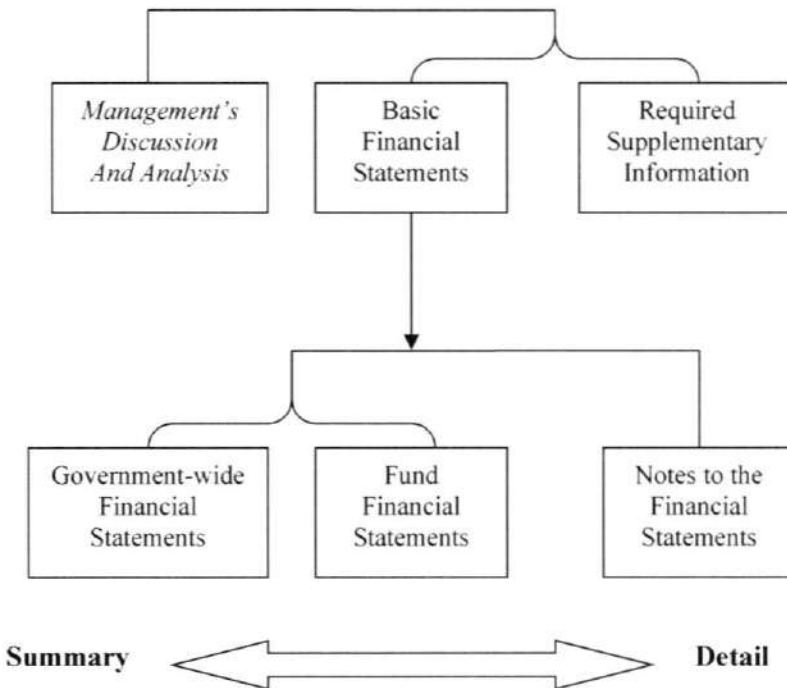
- General Fund 001 is part of the General Funds included in the Annual Comprehensive Financial Report. The financial policies state the City must maintain a reserve for major contingencies of at least 25% of the total General Fund 001 appropriations. General Fund 001's unassigned fund balance on September 30, 2024, was \$7.94 million, representing a 32.18% reserve. The fund balance remained at \$7.94 million on September 30, 2025, representing a 30.97% 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 comprehensive 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 Comprehensive 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, 2025, the net position totaled \$56.28 million, \$3.55 million more than the prior year. The composition of this net position is \$31.47 million for governmental activities and \$24.81 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 than any related debt used to acquire those assets that are still outstanding and represent 37.36% 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 1.43% of its net position set aside for the retirement of debt. Approximately 7.6% 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, 2025, and 2024
(in thousands of dollars)**

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current & other assets	\$ 34,815	\$ 36,293	\$ 16,303	\$ 19,172	\$ 51,118	\$ 55,465
Capital assets	26,399	22,592	31,807	30,274	58,206	52,866
Total assets	61,214	58,885	48,110	49,446	109,324	108,331
Deferred Outflows of Revenues	1,694	3,100	326	572	2,020	3,672
Short-term liabilities	3,883	2,142	1,867	2,119	5,750	4,261
Long-term liabilities						
Amounts due within one year	1,872	1,733	2,416	2,116	4,288	3,849
Due in more than one year	24,668	27,468	16,166	18,793	40,834	46,261
Total liabilities	30,423	31,343	20,449	23,028	50,872	54,371
Deferred Inflows of Revenues	1,014	769	3,176	4,128	4,190	4,897
Net investment in capital assets	4,661	418	16,248	13,277	20,909	13,695
Restricted	24,435	9,109	4,753	5,284	29,188	14,393
Unrestricted	2,376	20,346	3,809	4,301	6,185	24,647
Total net position	\$ 31,472	\$ 29,873	\$ 24,810	\$ 22,862	\$ 56,282	\$ 52,735

TABLE A-1: Governmental-Type Activities

Current & Other Assets decreased \$1.5 million from \$36.3 million in FY24 to \$34.8 million in FY25, or (4.07%). Virtually all of this is due to the City’s lower cash balances.

Capital assets, net of accumulated depreciation, increased \$3.8 million from \$22.6 million in FY24, to \$26.4 million in FY25, or 16.85%. Long-term liabilities decreased \$2.8 million from \$27.47 million in FY24 to \$24.7 million in FY25, or (10.20%). Most of this decrease is due to lower contractual obligations for debt issues. Other liabilities increased \$1.9 million from \$3.88 million in FY24 to \$5.8 million in FY25 or, 48.52%. This was mainly due to an increase in current contractual obligations. Restricted Net Position increased by \$15.3 million from \$9.11 million in FY24 to \$24.4 million in FY25, or 168.23% as follows:

\$3,335,838	increase	Federal and State Programs
(\$171,090)	decrease	Debt Service
\$11,874,546	increase	Capital Projects
\$10,045	increase	Municipal Court Security
\$198,220	increase	Law Enforcement
\$1,906	increase	Municipal Court Technology
\$75,494	increase	Tourism

Unrestricted Net Position decreased \$18.0 million from \$20.35 million in FY24 to \$2.4 million in FY25, or (88.32%).

TABLE A-1: Business-Type Activities

The Combined Utility System’s net position was \$24.80 million in FY25, which is 106.73% of total net position and is \$1.95 million more than the prior year. The Combined Utility System contributed all the total unrestricted business-type net position.

Current & Other Assets decreased \$2.87 million from \$19.17 million in FY24 to \$16.30 million in FY25, or (14.97%). Cash, both unrestricted and restricted, are down \$2.79 million from \$16.45 million in FY24 to \$13.66 million in FY25 attributable to debt service and grant expenditures. Capital assets, net of accumulated depreciation, increased \$1.53 million from \$30.27 million in FY24 to \$31.81 million in FY25, or 5.07%, due to the water meter capital project wastewater improvements.

Long-term liabilities decreased \$2.6 million from \$18.79 million in FY24 to \$16.17 million in FY25, or (13.98%) due to decreases in the contract obligations payable of \$2.2 million. Net investment in capital assets increased \$2.97 million from \$13.28 million in FY24 to \$16.25 million in FY25, or 22.37% due to increases in the bond and grant capital projects.

Restricted net position decreased \$530 thousand from \$5.28 million in FY24 to \$4.75 million in FY25, or (10.04%). 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 \$491 thousand from \$4.30 million in FY24 to \$3.81 million in FY25, or (11.44%). 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, 2025, and 2024
(in thousands of dollars)**

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenue:						
Program revenue:						
Charges for services	\$ 5,291	\$ 4,240	\$ 15,248	\$ 13,875	\$ 20,539	\$ 18,115
Operating grants & contributions	2,795	1,380	930	430	3,725	1,810
Capital grants & contributions	3,624	868	1,916	2,494	5,540	3,362
General revenues:						
Property taxes	9,497	8,734	-	-	9,497	8,734
Sales taxes	6,527	6,474	-	-	6,527	6,474
Other taxes	1,571	1,552	-	-	1,571	1,552
Intergovernmental earnings	-	-	-	-	-	-
Investment earnings	1,256	1,225	246	415	1,502	1,640
Insurance Settlement	-	-	144	120	144	120
Gain (loss) on disposal of capital assets	-	-	-	-	-	-
Other	219	234	(68)	85	151	319
Total revenues	<u>30,780</u>	<u>24,707</u>	<u>18,416</u>	<u>17,419</u>	<u>49,196</u>	<u>42,126</u>
Expenses:						
General government	5,957	6,035	-	-	5,957	6,035
Public safety	15,898	12,137	-	-	15,898	12,137
Public works	4,372	5,273	-	-	4,372	5,273
Health & other public services	3,423	3,384	-	-	3,423	3,384
Tourism	586	1,178	-	-	586	1,178
Community enrichment	0	0	-	-	-	-
Interest on long-term debt	920	420	-	-	920	420
Water, wastewater & storm water	-	-	10,932	9,430	10,932	9,430
Solid waste	-	-	3,208	3,263	3,208	3,263
Total expenses	<u>31,156</u>	<u>28,427</u>	<u>14,140</u>	<u>12,693</u>	<u>45,296</u>	<u>41,120</u>
Increase (Decrease) in net position before transfers	(376)	(3,720)	4,276	4,726	3,900	1,006
Transfers	2,073	2,032	(2,328)	(2,032)	(255)	-
Increase (decrease) in net position	<u>1,697</u>	<u>-1,688</u>	<u>1,948</u>	<u>2,694</u>	<u>3,645</u>	<u>1,006</u>
Net position, beginning	29,873	31,561	22,862	20,168	52,735	51,729
Prior period adjustment	(98)	-	-	-	(98)	-
Net position, ending	<u>\$ 31,472</u>	<u>\$ 29,873</u>	<u>\$ 24,810</u>	<u>\$ 22,862</u>	<u>\$ 56,282</u>	<u>\$ 52,735</u>

TABLE A-2: Governmental Activities

As shown in Table A-2, revenues were split between governmental activities and business-type activities at 62.57% and 37.43%, respectively. Expenses for each were 68.73% and 31.22%. Net position increased 5.35% for governmental activities, increased 8.52% for business-type activities, and increased 6.73% overall.

The cost of all *governmental* activities for the fiscal year 2025 was \$31.16 million. However, the amount that taxpayers paid for these services through City taxes and business fees was \$17.6 million.

Some of the costs were paid by:

- Those who directly benefited from the programs, or \$5.29 million, and
- Other governments and organizations subsidized certain programs with grants and contributions and totaled \$6.4 million.
- Charges for services comprised 16.10% of governmental activities' revenues including transfers in and 82.80% of business-type activities' revenues.
- Taxes contributed 53.56% of governmental activities' revenues including transfers.
- Investment earnings generated 3.82% and 1.34% of governmental activities revenues and business-type activities, respectively, reflective of increasing interest rates in 2025 compared to 2024.
- Public Safety (including Police, Fire, Emergency Management, Inspections and Municipal Court) expenses accounted for 51.03% of governmental activities' expenses and 14.03% 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 \$11.8 million.
- General government comprises 19.12% of all governmental activities' expenses.

Charges for services revenue increased \$1 million from \$4.24 million in FY24 to \$5.29 million in FY25, or 24.8%. These revenues come from licenses and permit fees, along with park and recreation activities and other miscellaneous changes. Sales tax revenue increased \$53 thousand from \$6.47 million in FY24 to \$6.5 million in FY25, or 0.82%. It is believed that residents continue to shop locally due to increasing fuel costs, rather than traveling to neighboring Corpus Christi. In FY25, the City's one-time comptroller audit adjustments increased overall sales tax payments by \$25 thousand down from \$24 thousand in FY 24.

Other Revenues increased from \$234 thousand in FY24 to \$219 thousand in FY25.

General government expenses decreased \$78 thousand from \$6.04 million in FY24 to \$6.0 million in FY25, or (1.29%). Public Safety expenses increased \$3.8 million from \$12.14 million in FY24 to \$15.90 million in FY25, or 31%. Public Works expenses decreased \$901 thousand from \$5.27 million in FY24 to \$4.4 million in FY25, or (17.10%). Overall expenditures went up by \$2.73 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 increased by \$3.34 million, from a \$3.71 million deficit in FY24 to a \$376 thousand deficit in FY25. Transfers In, increased \$41 thousand, from \$2.03 million in FY24 to \$2.07 million in FY25, or 2.02%.

TABLE A-2: Business-Type Activities

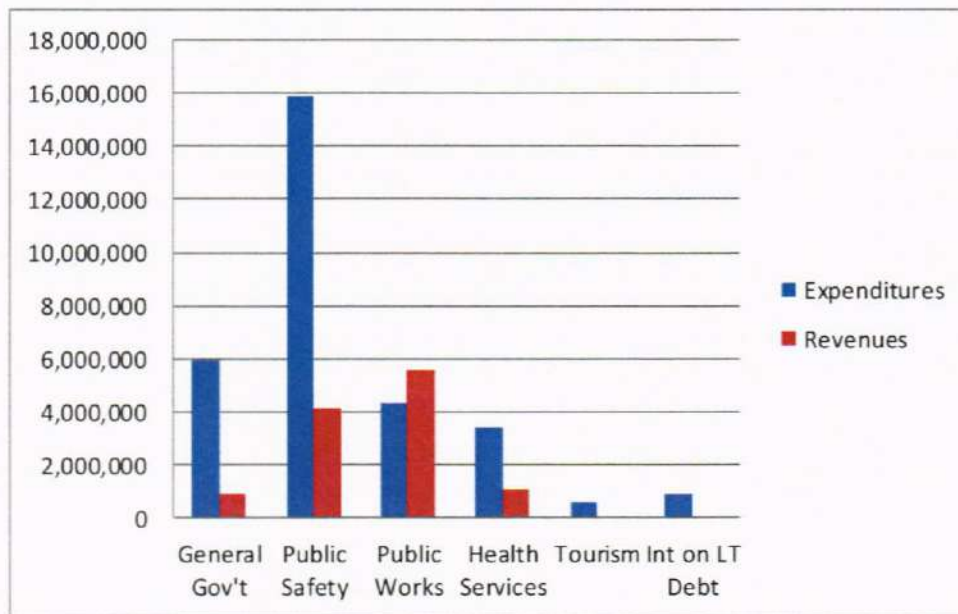
Charges for services revenue increased \$1.37 million from \$13.9 million in FY24 to \$15.25 million in FY25, or 9.90%. Water rates increased in FY25.

The change in net position before transfers decreased \$450 thousand, from \$4.73 million in FY24 to \$4.28 million in FY25, or 9.52%. Transfers Out increased \$296 thousand from \$2.03 million in FY24 to \$2.33 million in FY25, or 14.57%.

Solid Waste expenses decreased \$55 thousand from \$3.26 million in FY24 to \$3.21 million in FY25, or (1.69%). Water and wastewater expenses increased \$1.5 million from \$9.43 million in FY24 to \$10.93 million in FY25, or 15.92%.

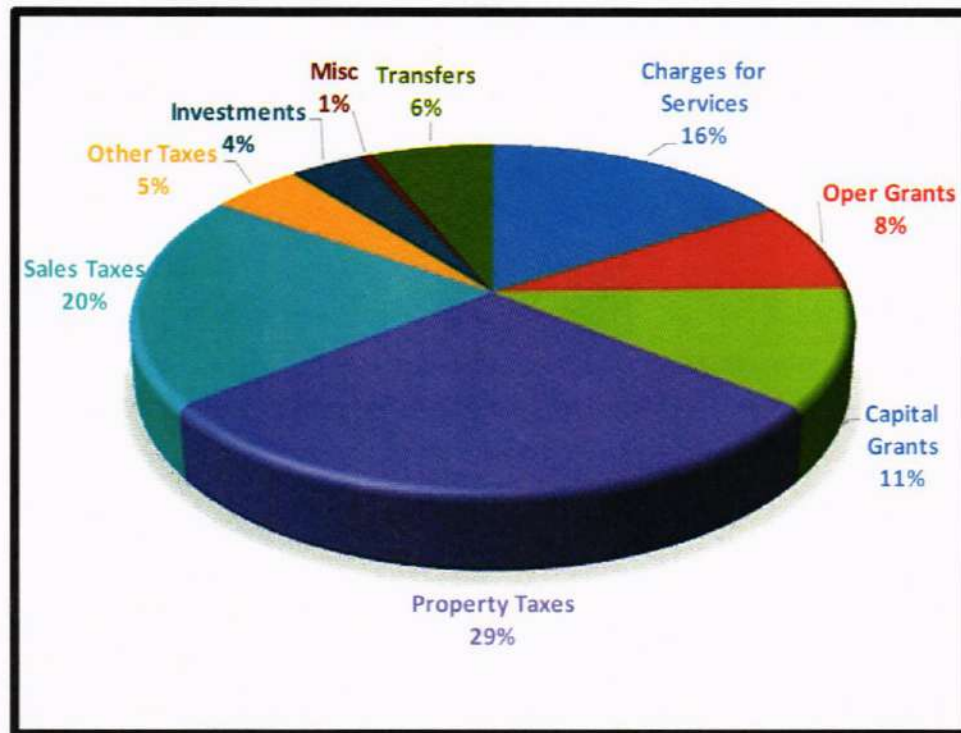
Graph 1 presents the cost of each of the City’s major governmental functions, as well as the associated program revenues.

Graph 1: Program Revenues to Activity Expenditures



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

Graph 2: Revenue by Source – Governmental Activities



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

The Combined Utilities System of water, wastewater, and storm water accounted for 77.32% of the expenses generated for business-type activities, with solid waste accounting for an additional 22.68%. The Utilities System had operating revenues of \$13.4 million, up by \$1.10 million, and operating expenses were \$10.9 million. The change in net position was \$2.01 million because of:

- Water revenues were up by \$616 thousand due to increased consumption.
- Wastewater revenues were up by \$520 thousand due to increase consumption and adjustments.
- Stormwater revenues were up by \$139 thousand.
- Operating and capital grant revenues were down by \$79 thousand.
- The operating expenses increased by \$1.5 million, primarily due to inflationary factors.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

- Total assets of the General Fund decreased \$417 thousand from \$15.55 million to \$15.14 million between FY24 and FY25. Most of this overall decrease in total assets is from a decrease of \$1.5 million in unrestricted Equity in Pooled Cash due to increased costs for operational expenditures.
- Deferred Revenues for FY25 increased slightly by \$144 thousand.
- Total liabilities decreased by \$39 thousand to approximately \$1.40 million or, (2.73%). Most of the decrease is attributed to a \$264 thousand decrease in Due To Other Funds as these were paid off by year end and a \$219 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 6.91 times in 2025, down from 7.45 in 2024.
- Starting on page 91, see the Budgetary Results of the General Fund section below for more details on the General Fund revenues and expenditures resulting in General Fund revenues under expenditures before other financing sources.
- The unassigned Fund Balance decreased \$630 thousand due to an increase in expenditures over revenues. The Committed Fund Balance for Street Maintenance increased by \$340 thousand due to more street maintenance projects. The Committed Park Maintenance Fund Balance decreased \$9 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 increased \$2 thousand due to additional projects being completed. The overall Fund Balance decreased \$521 thousand from \$13.47 million in FY24 to \$12.95 million in FY25. 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 \$208 thousand from \$1.78 million to \$1.58 million between FY24 and FY25. Most of this overall decrease in total assets was from a decrease in restricted Cash and Cash Equivalents of \$459 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 \$460 thousand from \$544 thousand in FY24 to approximately \$84 thousand in FY25 mainly due to a \$462 thousand decrease in customer deposits because of adjudicated cases. This brings the quick ratio (current assets to current liabilities) to 18.8 times in FY25 from 3.28 times in FY24.
- Year-end unsettled seizures remain from current City of Kingsville Police department seizures. Unsettled seizures pending were down \$462 thousand.
- The Police Forfeiture Fund revenues increased \$150 thousand, or 60.77%, from \$247 thousand in FY24 to \$397 thousand in FY25. This increase was due to more pending seizure cases being adjudicated.

- Police Forfeiture Fund expenditures saw a decrease of \$69 thousand from \$214 thousand in FY24 to \$145 thousand in FY25. This decrease was because of lower expected forfeiture revenue and expenditures being moved into another fund.
- The Police Forfeiture Fund Restricted Fund Balance increased by \$252 thousand from \$1.24 million in FY24 to \$1.50 million in FY25. 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

- Total Assets of the Federal Grants decreased \$973 thousand from \$3.12 million to \$2.15 million between FY24 and FY25, or (31.19%). Broke ground on construction projects.
- Total liabilities and deferred inflows increased \$1.09 million or 204.21% from \$1.60 million in FY24 to \$1.63 million in FY25 mainly due to an increase in Accounts Payable because of outstanding project invoices.
- Fund Balance decreased \$2.06 million or (79.83%) from \$2.59 million in FY24 to \$522 thousand in FY25. Most of the Federal Grants are reimbursement grants, which results in funds received after payments made. This change is due to timing issues or matching funds being provided.

Debt Service Fund

- The Debt Service Fund Balance increased \$61 thousand from \$616 thousand in FY24 to \$677 thousand in FY25. This was an increase of 9.91% from FY24 to FY25. 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 decreased 1.88 million from \$16.65 million in FY 24 to \$14.8 million in FY25 due to bond funds spent for items for which the bonds were issued. Total liabilities increased by \$129 thousand from \$74 thousand in FY24 to \$203 thousand in FY25 due to outstanding purchase orders at fiscal year end. The Fund balance decreased \$2.01 million from \$16.58 million in FY24 to \$14.56 million in FY25.

Other Governmental Funds

- Total assets of the Other Governmental Funds decreased \$481 thousand from \$1.75 million to \$1.27 million between FY24 and FY25. Equity in Pooled Cash and Cash equivalents decreased \$256 thousand, while Restricted Cash and Cash equivalents increased \$61 thousand. Accounts Receivable increased \$15 thousand and Due From Other Funds and Governments decreased \$7 thousand between FY24 and FY25.
- Total liabilities and deferred revenues of the Other Governmental Funds decreased by \$17 thousand to \$567 thousand, a (2.93%) decrease. Most of the decrease is attributed to Accounts Payable outstanding invoices paid and a decrease in deferred revenues not recognized at year end.

- Other Governmental Funds include Tourism, Federal and State grants. The fund balance for these funds was \$1.16 million in FY24 and decreased to \$701 thousand in FY25. This decrease 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 \$14.73 million, which was \$56 thousand, or 0.38% below the final budget. Ad Valorem Tax Delinquent revenues were \$136 thousand, which was \$66 thousand, or (32.85%) below budget. FY25 tax revenues increased by \$464 thousand due to collection efforts. Ad Valorem Tax Penalty revenues were \$127 thousand, which was \$9 thousand, or (6.44%) below 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 \$6.53 million, which was \$81 thousand, or 1.25% above budget. Franchise tax revenue was \$818 thousand, which was \$46 thousand, or 5.95% higher than the final budget. These variances are the result of conservative budgeting and changes in the local economy. Sales taxes for FY25 increased \$53 thousand over FY24, which indicates that consumers continued to shop more locally, but inflationary factors are slowing down purchases in general. Franchise taxes for FY25 decreased \$44 thousand but still indicate these revenues continue to remain stable from year to year.

Fines and Forfeiture revenue was less than the Final Budget for FY25 by \$135 thousand, or (21.11%). FY25 revenues decreased over FY24 by \$134 thousand. Municipal Court has returned to in person court appearances which has increased revenues.

Garbage Fees revenue was higher than the final budget by \$6 thousand, or 0.17% for FY25 due to customers changing the number of containers on their account. The Landfill Fees revenue was more than the final budget by \$26 thousand, or 3.69% for FY25. There was more rainfall in the prior year resulting in the landfill being open more days in FY25.

Expenditures

City Administration Department

The City Commission expenditures were lower than the final budget by \$16 thousand or 11.90% due to Commissioners attending less meetings than planned and traveling less than expected. FY25 actual expenditures decreased \$17 thousand from FY24 mainly due to less travel and training.

The City Manager expenditures were lower than the final budget by \$2 thousand 0.53%. due to small decreases overall. FY25 actual expenditures increased \$98 thousand from FY24 due to existing City Manager payout.

City Special Services expenditures were lower than the final budget by \$33 thousand, or 4.65% due to savings in Services. FY25 actual expenditures decreased by \$94 thousand from FY24, mainly due to no election.

Economic Development expenditures were lower than the final budget by \$69 thousand, or 25.49% due to less being paid for incentive agreements. FY25's actual expenditures increased by \$139 thousand mainly due to a vacant position in the EDC.

Overall, the City Administration Department's expenditures decreased in FY25 by \$152 thousand and stayed within budget as expenditures were lower than the final budget by \$120 thousand or (7.79%).

Management Services Department

The Personnel Division expenditures were lower than the final budget by \$15 thousand or 2.87% due to savings in costs of safety incentives, employee recognition supplies, various services and operating lease expenditures. FY25 actual expenditures increased \$48 thousand from FY24 mainly in Personnel due to the new compensation plan.

Municipal Court expenditures were lower than the final budget by \$3 thousand or 1.02% with savings in personnel, supplies and services. FY25 actual expenditures decreased \$7 thousand from FY24 due to personnel changes and reduction in force.

Finance expenditures were lower than the final budget by \$29 thousand or 3.22%, due to personnel change and reduction in force. FY25 actual expenditures increased \$38 thousand from FY24 due to hiring an accounting assistant.

Facilities expenditures were lower than the final budget by \$21 thousand or 4.9% due to supplies and service expenditures. FY25 actually decreased by \$24 thousand from FY24 due to savings in Capital Outlay.

Information Technology expenditures were lower than the final budget by \$7 thousand or 0.90% due to increases in Personnel and Services. FY25 actual expenditures decreased by \$2 thousand from FY24 due to reduction in force.

Overall, the Management Services Department's expenditures were lower than the final budget by \$76 thousand or 2.54%. Expenditures in FY25 increased by \$53 thousand from FY24 but stayed within the FY25 final budget.

Legal Department

The Legal Department expenditures were lower than the final budget by \$4 thousand, or 1.15% mainly in lower legal fees spent on outside counsel. FY25 actual expenditures increased by \$21 thousand from FY24 due to increase in compensation of staff.

Urban Development Department

Planning expenditures were lower than the final budget by \$1 thousand, or 0.41% mainly in Personnel expenditures due to a vacant position and Other Operating expenditures due to savings in an operating lease. FY25's actual expenditures increased \$15 thousand from FY24 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 \$2 thousand or 1.13% with savings in Personnel and Supplies. FY25 actual expenditures decreased by \$16 thousand from FY24 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 \$19 thousand, or 3.88% with savings mainly in Personnel. FY25 actual expenditures decreased \$37 thousand from FY24 in the Personnel category due new positioned filled.

Overall, the Urban Development Department expenditures were lower than the final budget by \$22 thousand or 2.32%. Actual expenditures in FY25 were \$38 thousand higher than FY24, but under the final budget.

Police Department

Police Department total expenditures were lower than the final budget by \$291 thousand, or 3.93% due to lower personnel, supplies and equipment expenses than budget. Personnel increased mainly due to the new compensation plan and supplies and equipment maintenance increased due to inflationary factors for operational costs. Actual expenditures in FY25 were \$500 thousand more than FY24 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 \$92 thousand or 1.84% due to increase in supplies. Actual expenditures in FY25 were \$464 thousand more than FY24 with the largest increase in personnel due to the new compensation plan.

Volunteer Fire Department

Expenditures for the Volunteer Fire Department were lower than the final budget by \$588 or 1.53%, which were realized in all operational costs. Actual expenditures in FY25 were \$9 thousand more than FY24 due to the new compensation plan

Public Works Department

Expenditures for the Public Works Administration division were \$25 thousand less than the final budget, or 5.99% due to a hiring freeze. Actual expenditures in FY25 were \$137 thousand more than FY24 due to building maintenance-concrete driveway expenditures.

Garage expenditures were \$16 thousand less than the final budget, or 2.75% due to staffing shortages which reduced costs across the board. Actual expenditures in FY25 were \$53 thousand more than in FY24 mainly in the Personnel category, due to the new compensation plan.

Sanitation expenditures were less than the final budget by \$9 thousand, or 0.57% due to vacancies which resulted in reduced costs across the board. Actual expenditures in FY25 were \$166 thousand higher than FY24 due to vacant positions and increases in overtime.

Street total expenditures were lower than the final budget by \$78 thousand, or 2.71% due to staffing shortages which reduced costs across the board. Actual expenditures in FY25 were \$328 thousand less than FY24 due to reductions throughout all expenditure categories.

Landfill total expenditures were lower than the final budget by \$400 thousand, or 26.12%. There were vacancies which reduced overall costs across the division. Actual expenditures in FY25 were \$109 thousand more than FY24.

Overall, the Public Works Department expenditures were lower than the final budget, by \$528 thousand, or 7.54%.

Health Department

The Health Department expenditures were lower than the final budget by \$4 thousand, or 0.38% due to supplies, services and building maintenance. The actual expenditures in FY25 were \$57 thousand more than FY24 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 \$31 thousand, or 2.28% as a result of across the board savings. Actual expenditures in FY25 were \$59 thousand less than FY24 mainly due to reductions in building maintenance and capital outlays..

Golf Course

Total expenditures for the Golf Course were lower than the final budget by \$6 thousand or 0.65%. Actual expenditures in FY25 were \$254 thousand less than FY24 due to reductions in building and equipment maintenance expenses and capital outlays.

Tourism

The Tourism Department expenditure was for the commitment to the County for improvements to the JK Northway which was completed in FY25.

Total Revenues and Expenditures

General Fund total revenues, not including transfers-in, were \$24.81 million, which is \$39 thousand, or 0.16% below the final budget. The General Fund expenditures, not including transfers-out, came in at \$27.23 million, which was \$1.17 million or 4.13% below the final budget. Actual revenues, including transfers in and lease proceeds are \$27.57 million and actual expenditures including transfers out are \$28.09 million resulting in a fund balance drawdown of \$ 521 thousand.

Budget Amendments of the General Fund

The General Fund revenues budget was amended by an increase of \$247 thousand from the following sources:

- City Special includes a transfer from Utility Fund for Public Works Concrete Parking Lot.
- Park and recreation fees include donations that were received from various sources to be used for Healthy Family Events and recreational programs.

- The Fire department received a donation for self-contained breathing apparatus and fire prevention supplies.
- The Health department fees include donations received for animal health care.
- For miscellaneous revenue, it includes the sale of the old hospital.

Further information on the revenue amendments is detailed on page 86 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 \$405 thousand came from the following sources:

The Facilities department budget increased by \$82 thousand due to emergency repairs for City Hall and Fire Station #2.

The Fire department budget increased by \$238 thousand due to an increase in Vehicle Maintenance and from donations received for self-contained breathing apparatus.

The Public Works Admin budget increased by \$150 thousand due to funding for the Concrete Parking Lot Project.

The Sanitation department budget increased by \$85 thousand for purchase orders that were rolled forward for projects that were not completed in the prior year.

The Golf Course department budget increased by \$87 thousand due to emergency repairs to the pump station.

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

Non-major Governmental Funds

Various special revenue funds comprise the portion of the financial statements found on pages 109-112. Total assets for the combined funds were \$1.27 million, total liabilities were \$542 thousand, total deferred inflows were \$25 thousand and total fund balances were \$701 thousand, with \$33 thousand in non-spendable funds and \$667 thousand in Restricted Fund Balance.

The Tourism Fund makes up 22.67% 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 0.00% of the special revenue funds and State Grants make up 76.32%.

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, 2025, and 2024
(In thousands of dollars)**

	Governmental Activities			Business-type Activities		
	2025	2024	% Change FY 24-25	2025	2024	% Change FY 24-25
Land	\$ 580	\$ 580	0.00%	\$ 595	\$ 595	0.00%
Construction in progress	6,966	3,244	114.73%	5,725	10,088	-43.25%
Road network	4,283	4,539	-5.64%	-	-	0.00%
Building & improvements	8,596	8,359	2.84%	14,187	15,043	-5.69%
Equipment	3,295	2,833	16.31%	10,859	3,851	181.98%
Vehicles	2,679	3,037	-11.79%	276	477	-42.14%
Right-to-use assets	-	-	0.00%	165	220	0.00%
Total	\$ 26,399	\$ 22,592	16.85%	\$ 31,807	\$ 30,274	5.06%

In the Notes to the Financial Statements located on pages 71-72, the City has invested \$134.06 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 \$3.72 million from \$3.24 million in FY24 to \$6.97 million in FY25 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 \$855 thousand from \$15.0 million in FY24 to \$14.2 million in FY25, or (5.69%) net of accumulated depreciation. Equipment increased \$7.01 million from \$3.85 million in FY24 to \$10.86 million in FY25, or 181.98%. Construction in progress decreased \$4.36 million from \$10.01 million in FY24 to \$5.72 million in FY25, or (43.25%) indicating a portion of some construction projects were completed.

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

**Table A-4: Long-Term Liabilities
September 30, 2025, and 2024
(in thousands of dollars)**

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Certificates of obligation	\$ 19,207	\$ 19,909	\$ 11,306	\$ 11,782	\$ 30,513	\$ 31,691
Limited tax refunding bonds	2,316	2,609	3,529	4,846	5,845	7,455
Premium on bonds payable	736	796	442	508	1,178	1,304
Leases payable	-	-	173	226	173	226
Capital leases	334	426	264	481	598	907
Total debt	22,593	23,740	15,714	17,843	38,307	41,583
Net pension liability	1,702	3,296	290	563	1,992	3,859
Landfill closure cost	-	-	2,272	2,183	2,272	2,183
OPEB Liability	653	685	176	185	829	870
Compensated absences	1,591	1,480	131	134	1,722	1,614
Total long-term debt	\$ 26,539	\$ 29,201	\$ 18,583	\$ 20,908	\$ 45,122	\$ 50,109

Table A-4 indicates that total long-term debt decreased by \$5.00 million from FY24 to FY25, or (9.95). Of that, compensated absences increased \$108 thousand or 6.69%, and other post-employment costs decreased \$41 thousand or 4.71%. Total debt outstanding at the fiscal year-end was \$45.12 million, from \$50.11 million for the prior year.

In addition, there were overall decreases of \$1.18 million in certificates of obligation bonds and revenue bonds (Combined Utility System) through sold and scheduled principal payments. Governmental Activities' certificate of obligations had a \$702 thousand debt decrease and the Business-type activities had a decrease of \$476 thousand. Additional information on the City's Long-Term Obligations can be found on Note G, Item # 1-4, and pages 73-78 of the Notes to the Financial Statements.

Ad Valorem Taxes

The FY25 tax rates were calculated and adopted in 2025 via Ordinance 2025-55 on September 8, 2025, 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 \$18.1 million each year based on the assessed value of \$1,046,597,537. A brief discussion of the ad valorem tax limitations of the Constitution of the State of Texas and the City Charter is found in Note A, Item #4b, page 63-64 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 2025-26 ADOPTED OPERATING BUDGET

The total Revenues and Expenditures adopted for the FY25-26 budget are \$92,809,051.40 and \$104,141,646.37 respectively. The \$11,332,595 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 \$6,613,635 and the ending estimated fund balance is \$6,781,721, leaving a projected operating surplus of \$168,085 over the required minimum of \$6.61 million. The required minimum reserves are 25.64% meeting the required 25% minimum.

The net deficits for FY24 and FY25 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.

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
Interim 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

**B
A
S
I
C

F
I
N
A
N
C
I
A
L

S
T
A
T
E
M
E
N
T
S**

CITY OF KINGSVILLE
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 14,550,327	\$ 21,990	\$ 14,572,317
Equity in pooled cash and cash equivalents	12,095,900	5,165,160	17,261,060
Receivables (net of allowances for uncollectibles):			
Taxes	2,078,962	--	2,078,962
Accounts receivable	561,359	1,769,076	2,330,435
Internal balances	82,456	(82,456)	--
Due from other governments	1,840,347	508,421	2,348,768
Prepaid expenses	384,445	--	384,445
Inventory, at cost	210,756	390,076	600,832
Restricted assets:			
Cash and cash equivalents	1,766,317	8,404,498	10,170,815
Equity in pooled cash and cash equivalents	1,243,870	72,878	1,316,748
Accounts receivable	--	52,566	52,566
Long-term assets:			
Land and construction in progress	7,546,293	6,319,933	13,866,226
Capital assets, net of related depreciation and amortization	18,852,780	25,487,527	44,340,307
Total Assets	61,213,812	48,109,669	109,323,481
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on Refunding	30,115	27,601	57,716
Deferred outflow related to pensions	1,562,378	266,891	1,829,269
Deferred outflow related to OPEB	102,064	31,259	133,323
Total Deferred Outflows of resources	1,694,557	325,751	2,020,308
LIABILITIES			
Accounts payable	2,536,572	849,188	3,385,760
Accrued wages payable	435,472	86,953	522,425
Payable from restricted assets:			
Accrued interest payable	69,873	78,784	148,657
Customer deposits	77,165	851,800	928,965
Due to:			
Other governments	764,033	--	764,033
Liabilities due within one year:			
Accumulated unpaid compensated absences	610,419	38,500	648,919
OPEB liability	66,524	9,940	76,464
Financed purchases payable	96,046	129,960	226,006
Leases payable	--	57,015	57,015
Contractual obligations payable	1,099,373	1,015,626	3,279,901
Liabilities due beyond one year:			
Accumulated unpaid compensated absences	980,546	92,018	1,072,564
Financed purchases payable	238,309	133,545	371,854
Leases payable	--	116,077	116,077
OPEB liability	586,804	165,836	752,640
Contractual obligations payable	21,159,955	14,261,616	34,256,669
Net pension liability	1,701,592	290,676	1,992,268
Landfill closure costs	--	2,271,739	2,271,739
Total Liabilities	30,422,683	20,449,273	50,871,956
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	853,300	145,762	999,062
Deferred inflows of resources related to OPEB	108,806	10,116	118,922
Other deferred inflows of resources	51,547	3,020,510	3,072,057
Total Deferred Inflows of Resources	1,013,653	3,176,388	4,190,041
NET POSITION:			
Net investment in Capital Assets	4,660,988	16,247,356	21,027,011
Restricted For:			
Federal and State Programs	4,556,671	3,558,622	8,115,293
Debt Service	805,793	--	805,793
Capital Projects	16,850,305	1,194,681	18,044,986
Municipal Court Security	58,252	--	58,252
Law Enforcement	1,449,770	--	1,449,770
Municipal Court Technology	46,423	--	46,423
Tourism	667,390	--	667,390
Unrestricted	2,376,441	3,809,100	6,066,874
Total Net Position	\$ 31,472,033	\$ 24,809,759	\$ 56,281,792

The accompanying notes are an integral part of this statement.

CITY OF KINGSVILLE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2025

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
General government and administration	\$ 5,956,670	\$ 612,427	\$ 315,298	\$ --
Public safety	15,898,595	1,644,175	2,453,673	--
Public works	4,371,693	1,926,443	--	3,624,143
City/County	3,423,330	1,095,115	--	--
Tourism	585,597	12,528	25,568	--
Interest on long-term debt	920,499	--	--	--
Total Government Activities	<u>31,156,384</u>	<u>5,290,688</u>	<u>2,794,539</u>	<u>3,624,143</u>
Business-type Activities:				
Water Improvement	6,936,589	5,609,416	929,937	1,916,044
Stormwater	505,055	572,410	--	--
Solid waste	3,207,599	4,106,952	--	--
Wastewater	3,490,696	4,959,269	--	--
Total Business-type Activities	<u>14,139,939</u>	<u>15,248,047</u>	<u>929,937</u>	<u>1,916,044</u>
Total Primary Government	<u>\$ 45,296,323</u>	<u>\$ 20,538,735</u>	<u>\$ 3,724,476</u>	<u>\$ 5,540,187</u>

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
- Restatement - Implementation of New Accounting Standard (GASB 101)
- Net Position - Beginning, as Restated
- Net Position - Ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (5,028,945)		\$ (5,028,945)
(11,800,747)		(11,800,747)
1,178,893		1,178,893
(2,328,215)		(2,328,215)
(547,501)		(547,501)
(920,499)		(920,499)
<u>(19,447,014)</u>		<u>(19,447,014)</u>
--	\$ 1,518,808	1,518,808
--	67,355	67,355
--	899,353	899,353
--	1,468,573	1,468,573
<u>--</u>	<u>3,954,089</u>	<u>3,954,089</u>
<u>(19,447,014)</u>	<u>3,954,089</u>	<u>(15,492,925)</u>
9,497,436	--	9,497,436
6,526,987	--	6,526,987
818,318	--	818,318
65,393	--	65,393
688,433	--	688,433
1,255,518	245,858	1,501,376
--	144,500	144,500
219,075	(68,403)	150,672
<u>2,072,523</u>	<u>(2,328,336)</u>	<u>(255,813)</u>
<u>21,143,683</u>	<u>(2,006,381)</u>	<u>19,137,302</u>
1,696,669	1,947,708	3,644,377
29,873,169	22,862,051	52,735,220
(97,805)	--	(97,805)
<u>29,775,364</u>	<u>22,862,051</u>	<u>52,637,415</u>
<u>\$ 31,472,033</u>	<u>\$ 24,809,759</u>	<u>\$ 56,281,792</u>

CITY OF KINGSVILLE

BALANCE SHEET - GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2025

	General Fund	Police Forfeiture Fund	Federal Grants
ASSETS			
Assets:			
Cash and cash equivalents	\$ 3,587	\$ 1,435,501	\$ --
Equity in pooled cash and cash equivalents	10,630,375	16,545	627,762
Receivables (net of allowances for uncollectibles):			
Taxes	1,901,833	--	--
Accounts receivable	919,036	--	--
Assessments	59,824	--	--
Due from:			
Other funds	342,006	--	--
Other governments	320,165	872	1,519,310
Prepaid expenditures	360,377	--	--
Inventory, at cost	201,600	--	--
Restricted assets:			
Cash and cash equivalents	286,652	77,165	--
Equity in pooled cash and cash equivalents	58,252	46,987	--
Accounts receivable	53,848	--	--
Total Assets	<u>\$ 15,137,555</u>	<u>\$ 1,577,070</u>	<u>\$ 2,147,072</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND EQUITY			
Liabilities:			
Accounts payable	\$ 704,553	\$ 6,533	\$ 1,598,606
Accrued wages payable	427,868	--	--
Payable from restricted assets:			
Customer deposits	--	77,165	--
Due to:			
Other funds	2,914	--	--
Other governments	264,033	--	--
Total Liabilities	<u>1,399,368</u>	<u>83,698</u>	<u>1,598,606</u>
Deferred Inflows of Resources:			
Deferred revenue	792,258	--	26,953
Total Deferred Inflows of Resources	<u>792,258</u>	<u>--</u>	<u>26,953</u>
Equity:			
Fund balances:			
Nonspendable:			
Inventory	195,041	--	--
Prepays	328,915	--	--
Restricted:			
Debt service	--	--	--
Capital outlay	--	--	--
Municipal court building security	58,252	--	--
Municipal court technology	--	46,423	--
Law enforcement	--	1,446,949	--
Tourism	--	--	--
Federal and state programs	--	--	521,513
Committed:			
Landfill	3,071,286	--	--
Street maintenance	755,337	--	--
Park maintenance	3,642	--	--
Golf course maintenance	5,315	--	--
Sanitation capital outlay	278,679	--	--
Assigned:			
Vehicle replacement	223,399	--	--
Economic development	283,660	--	--
Unassigned:	7,742,403	--	--
Total Equity	<u>12,945,929</u>	<u>1,493,372</u>	<u>521,513</u>
Total Liabilities, Deferred Inflows of Resources, and Equity	<u>\$ 15,137,555</u>	<u>\$ 1,577,070</u>	<u>\$ 2,147,072</u>

The accompanying notes are an integral part of this statement.

EXHIBIT A-3

Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 166,289	\$ 10,487,986	\$ 100	\$ 12,093,463
--	2,939,129	596,234	14,810,045
177,129	--	--	2,078,962
5	--	67,723	986,764
--	--	--	59,824
--	--	--	342,006
--	--	--	1,840,347
--	--	24,068	384,445
--	--	9,156	210,756
257,804	529,557	570,189	1,721,367
253,387	810,103	--	1,168,729
--	--	--	53,848
<u>\$ 854,614</u>	<u>\$ 14,766,775</u>	<u>\$ 1,267,470</u>	<u>\$ 35,750,556</u>
\$ 550	\$ 202,822	\$ 31,508	\$ 2,544,572
--	--	7,604	435,472
--	--	--	77,165
--	--	3,131	6,045
--	--	500,000	764,033
<u>550</u>	<u>202,822</u>	<u>542,243</u>	<u>3,827,287</u>
177,129	--	24,594	1,020,934
<u>177,129</u>	<u>--</u>	<u>24,594</u>	<u>1,020,934</u>
--	--	9,156	204,197
--	--	24,068	352,983
676,935	--	--	676,935
--	14,563,953	--	14,563,953
--	--	--	58,252
--	--	--	46,423
--	--	19	1,446,968
--	--	667,390	667,390
--	--	--	521,513
--	--	--	3,071,286
--	--	--	755,337
--	--	--	3,642
--	--	--	5,315
--	--	--	278,679
--	--	--	223,399
--	--	--	283,660
--	--	--	7,742,403
<u>676,935</u>	<u>14,563,953</u>	<u>700,633</u>	<u>30,902,335</u>
<u>\$ 854,614</u>	<u>\$ 14,766,775</u>	<u>\$ 1,267,470</u>	<u>\$ 35,750,556</u>

CITY OF KINGSVILLE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 SEPTEMBER 30, 2025

Total fund balances - governmental funds balance sheet	\$ 30,902,335
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.	26,399,074
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	857,193
The assets and liabilities of internal service funds are included in governmental activities in the SNP.	1,090,616
Payables for bond principal which are not due in the current period are not reported in the funds.	(21,522,943)
Payables for debt interest which are not due in the current period are not reported in the funds.	(69,873)
Payables for notes which are not due in the current period are not reported in the funds.	(334,356)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(1,590,965)
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds.	30,116
Solid waste assets & liabilities are included in the general fund but are in business-type activities in SNP.	(1,900,196)
Recognition of the City's proportionate share of the net pension liability is not reported in the funds.	(1,701,592)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(853,300)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	1,562,378
Bond premiums are amortized in the SNA but not in the funds.	(736,385)
Recognition of the City's proportionate share of the net OPEB liability is not reported in the funds.	(653,328)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.	(108,806)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.	<u>102,065</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 31,472,033</u>

The accompanying notes are an integral part of this statement.

CITY OF KINGSVILLE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2025

	General Fund	Police Forfeiture Fund	Federal Grants
Revenue:			
Taxes	\$ 14,728,601	\$ --	\$ --
Licenses and permits	500,841	--	--
Charges for services	7,498,317	--	--
Fines and forfeitures	503,398	373,240	--
Special assessments	7,390	--	--
Interest and miscellaneous	1,175,866	24,243	5,410
Donations	75,165	--	--
Intergovernmental revenue	320,165	--	340,866
Federal and state grants	--	--	3,678,202
Total Revenues	<u>24,809,743</u>	<u>397,483</u>	<u>4,024,478</u>
Expenditures:			
Current:			
General government and administration	5,585,329	6,609	84,071
Public safety	12,064,347	138,385	90,489
Public works	6,479,667	--	3,602,050
City/County	3,097,958	--	230,238
Tourism	--	--	26,557
Debt service:			
Principal retired	--	--	--
Interest	--	--	--
Paying agent fees	--	--	--
Total Expenditures	<u>27,227,301</u>	<u>144,994</u>	<u>4,033,405</u>
Excess (deficiency) of revenues (under) expenditures	(2,417,558)	252,489	(8,927)
Other Financing Sources (Uses):			
Transfers in	2,755,646	--	10,074
Transfers out	(859,435)	--	(989)
Total Other Financing Sources (Uses)	<u>1,896,211</u>	<u>--</u>	<u>9,085</u>
Net Change in Fund Balances	(521,347)	252,489	158
Fund Balances/Equity, October 1	13,467,276	1,240,883	521,355
Fund Balances/Equity, September 30	<u>\$ 12,945,929</u>	<u>\$ 1,493,372</u>	<u>\$ 521,513</u>

The accompanying notes are an integral part of this statement.

EXHIBIT A-5

Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 1,967,485	\$ --	\$ 686,038	\$ 17,382,124
--	--	--	500,841
--	--	14,923	7,513,240
--	--	--	876,638
--	--	--	7,390
21,808	363,970	2,621	1,593,918
--	--	25,000	100,165
--	--	--	661,031
--	--	2,374,614	6,052,816
<u>1,989,293</u>	<u>363,970</u>	<u>3,103,196</u>	<u>34,688,163</u>
--	--	--	5,676,009
--	1,020,563	2,890,107	16,203,891
--	1,355,436	--	11,437,153
--	--	25,000	3,353,196
--	--	567,920	594,477
1,056,476	--	--	1,056,476
1,071,921	--	--	1,071,921
3,595	--	--	3,595
<u>2,131,992</u>	<u>2,375,999</u>	<u>3,483,027</u>	<u>39,396,718</u>
(142,699)	(2,012,029)	(379,831)	(4,708,555)
203,753	--	538,214	3,507,687
--	--	(100,925)	(961,349)
<u>203,753</u>	<u>--</u>	<u>437,289</u>	<u>2,546,338</u>
61,054	(2,012,029)	57,458	(2,162,217)
615,881	16,575,982	643,175	33,064,552
<u>\$ 676,935</u>	<u>\$ 14,563,953</u>	<u>\$ 700,633</u>	<u>\$ 30,902,335</u>

CITY OF KINGSVILLE

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025*

Net change in fund balances - total governmental funds	\$ (2,162,217)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	5,821,798
The depreciation of capital assets used in governmental activities is not reported in the funds.	(2,014,812)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	212,047
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	993,468
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	90,900
(Increase) decrease in accrued interest from beginning of period to end of period.	(1,354)
The net revenue (expense) of internal service funds is reported with governmental activities.	(1,290,765)
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(12,528)
Solid waste activities are included in the general fund but are included in business-type activities in the SOA.	261,508
Bond premiums are reported in the funds but not in the SOA.	59,969
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	(262,662)
OPEB contributions made after the measurement date but in current FY were de-expended & reduced NPL.	<u>1,318</u>
Change in net position of governmental activities - Statement of Activities	<u>\$ 1,696,669</u>

The accompanying notes are an integral part of this statement.

CITY OF KINGSVILLE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2025

	Enterprise Fund	Nonmajor Internal Service Fund
	Utility Fund	Insurance Fund
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 21,939	\$ 1,344,122
Equity in pooled cash and cash equivalents	3,841,213	--
Receivables (net of allowances for uncollectibles):		
Accounts	1,394,757	--
Due from:		
Other funds	1,769	88,501
Other governments	508,421	--
Inventory, at cost	390,076	--
Restricted assets - noncurrent:		
Cash and cash equivalents	<u>8,320,061</u>	<u>--</u>
Total current assets	<u>14,478,236</u>	<u>1,432,623</u>
Noncurrent assets:		
Capital assets:		
Land	181,743	--
Utility plant	41,266,104	--
Equipment	12,909,584	--
Vehicles	1,132,994	--
Right-to-use assets - vehicles	275,095	--
Construction in progress	<u>5,724,990</u>	<u>--</u>
Total capital assets	61,490,510	--
Less accumulated depreciation and amortization	<u>(35,462,846)</u>	<u>--</u>
Net capital assets	<u>26,027,664</u>	<u>--</u>
Total noncurrent assets	<u>26,027,664</u>	<u>--</u>
Total Assets	<u>40,505,900</u>	<u>1,432,623</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflow related to pensions	266,891	--
Deferred outflow related to OPEB	22,045	--
Deferred Loss on Refunding	27,601	--
Total Deferred Outflows of Resources	<u>\$ 316,537</u>	<u>\$ --</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 849,188	\$ --
Accrued wages payable	86,953	--
Due to:		
Other funds	84,225	342,006
Accumulated unpaid compensated absences	38,500	--
Current liabilities payable from restricted assets:		
Accrued interest payable	60,451	--
OPEB liability	9,940	--
Leases payable	57,015	--
Financed purchases payable	82,041	--
Contractual obligations payable	950,098	--
Customer deposits	<u>851,800</u>	<u>--</u>
Total current liabilities	<u>3,070,211</u>	<u>342,006</u>
Long-term liabilities, net of current portion:		
Accumulated unpaid compensated absences	92,018	--
OPEB liability	118,905	--
Leases payable	116,077	--
Financed purchases payable	84,099	--
Contractual obligations payable	12,343,433	--
Net pension liability	<u>290,676</u>	<u>--</u>
Total long-term liabilities, net of current portion	<u>13,045,208</u>	<u>--</u>
Total Liabilities	<u>16,115,419</u>	<u>342,006</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow related to pensions	145,762	--
Deferred inflow related to OPEB	4,350	--
Other Deferred inflows	<u>3,020,510</u>	<u>--</u>
Total Deferred Inflows of Resources	<u>3,170,622</u>	<u>--</u>
NET POSITION		
Net investment in capital assets	12,548,637	--
Restricted for:		
Self insurance	--	1,090,617
State and federal programs	3,558,622	--
Capital outlay	1,194,681	--
Unrestricted	<u>4,234,456</u>	<u>--</u>
Total Net Position	<u>\$ 21,536,396</u>	<u>\$ 1,090,617</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, 2025*

Utility Fund Net Position - Proprietary Funds Statement of Net Position	\$	21,536,396
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		
		3,230,161
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>24,809,759</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, 2025

	Enterprise Fund	Nonmajor Internal Service Fund
	Utility Fund	Insurance Fund
OPERATING REVENUES:		
Water	\$ 5,604,476	\$ --
Other income	5,048	--
Wastewater	5,536,619	--
Insurance premiums	--	5,115,001
Intergovernmental revenue	929,937	--
Total Operating Revenues	<u>12,076,080</u>	<u>5,115,001</u>
OPERATING EXPENSES:		
Personal services	4,202,140	--
Supplies	681,018	--
Services	2,417,893	5,143,496
Maintenance	1,823,080	--
Depreciation and amortization	1,403,629	--
Total Operating Expenses	<u>10,546,304</u>	<u>5,143,496</u>
Operating Income (Loss)	<u>1,529,776</u>	<u>(28,495)</u>
NON-OPERATING REVENUES (EXPENSES):		
Interest	233,130	69,203
Interest and fiscal agent charge	(386,036)	--
Total Non-operating Revenues (Expenses)	<u>(8,406)</u>	<u>69,203</u>
Net Income (Loss) before Capital Contributions and Transfers	<u>1,521,370</u>	<u>40,708</u>
CAPITAL CONTRIBUTIONS:		
Federal grants	1,916,044	--
Total Capital Contributions	<u>1,916,044</u>	<u>--</u>
TRANSFERS IN (OUT):		
Transfers In	388,745	--
Transfers Out	(1,603,610)	(1,331,473)
Total Transfers In (Out)	<u>(1,214,865)</u>	<u>(1,331,473)</u>
Increase (Decrease) in Net Position	2,222,549	(1,290,765)
Net Position, October 1	19,313,847	2,381,382
Net Position, September 30	<u>\$ 21,536,396</u>	<u>\$ 1,090,617</u>

The accompanying notes are an integral part of this statement.

CITY OF KINGSVILLE

EXHIBIT A-8R

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS TO
THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025*

Change in net position - utility fund	\$	2,222,549
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>(274,841)</u>
Change in net position of Business-type activities - statement of activities	\$	<u>1,947,708</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, 2025

	Utility Fund	Internal Service Fund
Cash Flows from Operating Activities:		
Cash received from customers	\$ 11,102,286	\$ 5,353,715
Cash received from other governments	901,351	--
Cash payments to employees for services	(4,192,897)	--
Cash payments to other suppliers for goods and services	(6,057,524)	(4,801,490)
Net Cash Provided (Used) by Operating Activities	<u>1,753,216</u>	<u>552,225</u>
Cash Flows from Non-capital Financing Activities:		
Proceeds (payments) from (for) interfund borrowings	18,050	--
Transfers from other funds	388,745	--
Transfers (to) other funds	(1,603,610)	(1,331,473)
Net Cash Provided (Used) by Non-capital Financing Activities	<u>(1,196,815)</u>	<u>(1,331,473)</u>
Cash Flows from Capital and Related Financing Activities:		
Principal and interest paid	(2,305,549)	--
Insurance recovery	144,500	--
Proceeds from capital grants	1,916,044	--
Acquisition or construction of capital assets	(3,074,218)	--
Net Cash Provided (Used) for Capital & Related Financing Activities	<u>(3,319,223)</u>	<u>--</u>
Cash Flows from Investing Activities:		
Interest and dividends on investments	233,130	69,204
Net Cash Provided (Used) for Investing Activities	<u>233,130</u>	<u>69,204</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,529,692)	(710,044)
Cash and Cash Equivalents at Beginning of Year	14,712,905	2,054,166
Cash and Cash Equivalents at End of Year	<u>\$ 12,183,213</u>	<u>\$ 1,344,122</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$ 1,529,776	\$ (28,495)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation	1,403,630	--
Provision for uncollectible accounts	--	--
Change in Assets and Liabilities:		
Decrease (increase) in receivables	(72,443)	238,714
Decrease (increase) in inventories	132,137	--
Decrease (increase) in prepaid expenses	1,178	--
Decrease (increase) in deferred outflow related to pension	235,243	--
Decrease (increase) in deferred outflows	9,156	--
Increase (decrease) in accounts payable	(264,304)	342,006
Increase (decrease) in accrued wages payable	9,243	--
Increase (decrease) in net pension liability	(272,372)	--
Increase (decrease) in OPEB liability	(7,055)	--
Increase (decrease) in deferred inflow related to pension	81,999	--
Increase (decrease) in deferred inflow related to OPEB	1,547	--
Increase (decrease) in other deferred inflows	(1,036,064)	--
Increase (decrease) in accumulated compensated absences	(3,074)	--
Increase (decrease) in customer deposits	4,619	--
Total Adjustments	<u>223,440</u>	<u>580,720</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,753,216</u>	<u>\$ 552,225</u>
Non-Cash Capital and Related Financing Activities:		
Capital asset acquisitions under leases	<u>\$ --</u>	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

CITY OF KINGSVILLE*STATEMENT OF FIDUCIARY NET POSITION**FIDUCIARY FUNDS**SEPTEMBER 30, 2025*

	<u>Custodial Fund</u>
	<u>Court Cash Bond Account</u>
ASSETS	
Assets:	
Cash and cash equivalents	\$ 47,804
Total Assets	<u>\$ 47,804</u>
LIABILITIES AND EQUITY	
Net Position:	
Restricted for Municipal Court Bonds	47,804
Total Net Position	<u>\$ 47,804</u>
 Total Liabilities and Net Position	 <u>\$ 47,804</u>

The accompanying notes are an integral part of this statement.

CITY OF KINGSVILLE

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Custodial Funds
ADDITIONS:	
Municipal Court Bonds	\$ 64,411
Total Additions	<u>64,411</u>
DEDUCTIONS:	
Payment of Municipal Court Bonds	54,954
Total Deductions	<u>54,954</u>
Change in Fiduciary Net Position	9,457
Net Position-Beginning of the Year	38,347
Net Position-End of the Year	<u>\$ 47,804</u>

The accompanying notes are an integral part of this statement.

CITY OF KINGSVILLE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2025

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, 2025.

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, 2025.

b. Discretely Presented Component Unit

The City did not have a Discretely Presented Component Unit at September 30, 2025.

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, 2025

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, 2025

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

The City reports the following major governmental funds:

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

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

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

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

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

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

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

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

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

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

CITY OF KINGSVILLE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2025

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.

Custodial funds (a type of fiduciary fund) are used when a government holds assets in a trustee or agency capacity for others. Fiduciary funds use the accrual basis of accounting and focus on safeguarding assets and ensuring proper distribution. Since, by definition, the custodial fund assets are being held for the benefit of a third party and cannot be used to finance activities or obligations of the government, these funds are not incorporated into the government-wide statements. The City has one custodial fund for the collection. 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. 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 recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement took effect for financial statements starting with the fiscal year that ends December 31, 2024. Implementation of this Standard resulted in a restatement of beginning net position in the Governmental Activities in the amount of \$97,805 in the Statement of Activities.

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. Implementation of this Standard had no effect on the City's financial statements.

GASB Statement No. 103, Financial Reporting Model Improvements, will improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025 (fiscal year 2026) and all reporting periods thereafter.

CITY OF KINGSVILLE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2025

GASB Statement No. 104, Disclosure of Certain Capital Assets, will require governmental entities to provide detailed information about capital assets in notes to financial statements. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The presentation of lease assets recognized in accordance with Statement No. 87, intangible right-to-use assets recognized in accordance with Statement No. 94, subscription assets recognized in accordance with Statement No. 96, as well as assets held for sale will be affected by this Statement. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025 (fiscal year 2026) and all reporting periods thereafter.

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 2024 tax rate was \$.77000, of which \$.60480 was distributed to the General Fund and \$.16520 was applied to the Debt Service Fund. Using the twenty-five percent rule, the City's legal margin is \$240,803,377.

CITY OF KINGSVILLE

*NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025*

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

The top ten taxpayers are as follows:

Taxpayer Name	Nature of Operations	Assessed Valuation	% of Total Taxable Valuation
AEP Texas Inc.	Electric Utility	\$ 23,859,860	2.35%
Rockstar Oak Tree LLC	Apartments	14,787,180	1.46%
KL Phase 1 Owner LTD	Apartments	14,220,010	1.40%
Rockstar Kingsville Pointe LLC	Apartments	14,146,860	1.40%
Apexone Javelina LLC	Apartments	10,602,160	1.05%
Kingsville Two Family Housing LTD	Apartments	10,106,159	1.00%
Kingsville Square LTD	Apartments	9,640,070	0.95%
2101 Hawks Landing LLC	Apartments	9,161,510	0.90%
LFL Properties Kingsville LLC	Apartments	8,847,290	0.87%
KL Phase II Owner LTD	Apartments	8,756,630	0.86%

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.

CITY OF KINGSVILLE

*NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025*

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

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

Impairment losses related to capital assets are recognized and measured when there has been a significant, unexpected decline in the service utility of capital assets. The events or changes in circumstances which lead to impairment determinations are not considered to be normal or ordinary. The service utility of a capital asset is the usable capacity which, at acquisition, was expected to be used or provide service. Common indicators of impairment include - evidence of physical damage where the level of damage is such that restoration efforts are needed to restore service utility; enactment of laws or approval of regulations as well as changes in environmental factors; technological developments, or other evidence of obsolescence; changes in the manner of duration of use of capital assets; or construction stoppage due to lack of funding. There were no impairment charges during fiscal year 2025.

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 \$2,020,308, of which \$1,694,557 is in governmental activities and \$325,751 in business-type activities.

There were deferred inflows of resources in the Statement of Net Position of \$4,190,041 of which \$1,013,653 is in governmental activities, and \$3,176,388 is in business-type activities.

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Deferred inflows from grants	\$ 51,547	\$ 2,971,501
Gain on refunding	-	49,009
	<u>\$ 51,547</u>	<u>\$ 3,020,510</u>

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.

CITY OF KINGSVILLE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2025

h. Restricted Assets

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

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

i. Long-term Obligations

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

j. Pension Plans

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

k. Fund Balance

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.

CITY OF KINGSVILLE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2025

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

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

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

Fund balances of the governmental funds are classified as follows:

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

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

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

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

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

CITY OF KINGSVILLE

*NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025*

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, 2025, met their minimum requirements.

Spending Prioritization in Using Available Resources:

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

l. Accumulated Unpaid Compensated Absences

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

m. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures. 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, 2025

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, 2025, the carrying amount of the City's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$22,335,830 and the bank balance was \$21,936,442. The City's cash deposits at September 30, 2025 and during the year ended September 30, 2025, 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, 2025**

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

<u>Investment</u>	<u>Reported Amount</u>	<u>Fair Value</u>
Texas Class (Rated @ AAAM)	<u>\$ 21,032,913</u>	<u>\$ 21,032,913</u>

The latest financial statements for the Texas Class Investment Pool can be found on their website www.texasclass.com.

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, 2025*

D. Receivables

Receivable balances at September 30, 2025 consists of the following:

	<u>Governmental</u>	<u>Enterprise</u>	<u>Enterprise Restricted</u>	<u>Total</u>
Receivables:				
Accounts	\$ 9,263,971	\$ 2,954,767	\$ 120,630	\$ 12,339,368
Taxes - Property	1,402,455	--	--	1,402,455
Taxes - Franchise & Sales	1,237,489	--	--	1,237,489
Special Assessments	59,824	--	--	59,824
Gross Receivables	<u>11,963,739</u>	<u>2,954,767</u>	<u>120,630</u>	<u>15,039,136</u>
Less: Allowance for uncollectable	<u>(9,323,418)</u>	<u>(1,185,691)</u>	<u>(68,064)</u>	<u>(10,577,173)</u>
Net total receivable	<u>\$ 2,640,321</u>	<u>\$ 1,769,076</u>	<u>\$ 52,566</u>	<u>\$ 4,461,963</u>

E. Capital Assets

Capital asset activity for the year ended September 30, 2025, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<u>Governmental activities:</u>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 580,398	\$ --	\$ --	\$ 580,398
Construction in progress	3,244,164	4,263,461	(541,730)	6,965,895
Total capital assets not being depreciated	<u>3,824,562</u>	<u>4,263,461</u>	<u>(541,730)</u>	<u>7,546,293</u>
<i>Capital assets being depreciated:</i>				
Road network	19,285,846	--	--	19,285,846
Buildings and improvements	13,183,808	586,286	--	13,770,094
Equipment	10,299,616	1,398,128	--	11,697,744
Vehicles	8,042,823	115,653	(106,104)	8,052,372
Total capital assets being depreciated	<u>50,812,093</u>	<u>2,100,067</u>	<u>(106,104)</u>	<u>52,806,056</u>
Less accumulated depreciation for:				
Road network	(14,746,859)	(255,892)	--	(15,002,751)
Buildings and improvements	(4,824,925)	(349,300)	--	(5,174,225)
Equipment	(7,466,492)	(936,160)	--	(8,402,652)
Vehicles	(5,006,292)	(473,459)	106,104	(5,373,647)
Total accumulated depreciation	<u>(32,044,568)</u>	<u>(2,014,811)</u>	<u>106,104</u>	<u>(33,953,275)</u>
Total capital assets being depreciated, net	<u>18,767,525</u>	<u>85,256</u>	<u>--</u>	<u>18,852,781</u>
Governmental activities capital assets, net	<u>\$ 22,592,087</u>	<u>\$ 4,348,717</u>	<u>\$ (541,730)</u>	<u>\$ 26,399,074</u>

CITY OF KINGSVILLE

*NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025*

	Beginning Balances (A)	Increases	Decreases	Ending Balances
Business-type activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 594,943	\$ --	\$ --	\$ 594,943
Construction in progress	10,087,468	2,156,059	(6,518,537)	5,724,990
Total capital assets not being depreciated	<u>10,682,411</u>	<u>2,156,059</u>	<u>(6,518,537)</u>	<u>6,319,933</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	45,538,053	246,217	--	45,784,270
Equipment	10,596,471	7,841,223	(195,870)	18,241,824
Vehicles	3,092,695	--	--	3,092,695
Right-to-use assets - Vehicles	275,095	--	--	275,095
Total capital assets being depreciated	<u>59,502,314</u>	<u>8,087,440</u>	<u>(195,870)</u>	<u>67,393,884</u>
Less accumulated depreciation for:				
Buildings and improvements	(30,494,890)	(1,101,830)	--	(31,596,720)
Equipment	(6,745,459)	(759,719)	122,419	(7,382,759)
Vehicles	(2,615,539)	(201,301)	--	(2,816,840)
Right-to-use assets - Vehicles	(55,019)	(55,019)	--	(110,038)
Total accumulated depreciation	<u>(39,910,907)</u>	<u>(2,117,869)</u>	<u>122,419</u>	<u>(41,906,357)</u>
Total capital assets being depreciated, net	<u>19,591,407</u>	<u>5,969,571</u>	<u>(73,451)</u>	<u>25,487,527</u>
Business-type activities capital assets, net	<u>\$ 30,273,818</u>	<u>\$ 8,125,630</u>	<u>\$ (6,591,988)</u>	<u>\$ 31,807,460</u>

Governmental depreciation was charged to functions as follows:

General Government	\$ 244,120
Tourism	17,677
Public Safety	829,579
Public Works	579,114
City/County	<u>344,321</u>
	<u>\$ 2,014,811</u>

Business-type depreciation was charged to functions as follows:

Water	\$ 826,814
Wastewater	576,816
Solid Waste	<u>714,240</u>
	<u>\$ 2,117,870</u>

CITY OF KINGSVILLE

*NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025*

F. Interfund Balances and Activity

1. Due To and From Other Funds

Balances due to and due from other funds at September 30, 2025, consisted of the following:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Insurance Fund	\$ 342,006	Short-term loans
Utility Fund	Insurance Fund	82,456	Short-term loans
Other Governmental Funds	Insurance Fund	6,045	Short-term loans
Utility Fund	Utility Fund	1,769	Transfer load share
	Subtotal	<u>\$ 432,276</u>	

2. Transfers To and From Other Funds

Transfers to and from other funds at September 30, 2025, consisted of the following:

<u>Transfers To</u>	<u>Transfers From</u>	<u>Amount</u>	<u>Reason</u>
General Fund	Other Governmental Funds	\$ 100,925	Supplement other funds sources
General Fund	Utility Fund	1,603,610	Supplement other funds sources
General Fund	Internal Service Fund	1,051,111	Supplement other funds sources
	Subtotal:	<u>2,755,646</u>	
Federal Grants	General Fund	9,084	
Federal Grants	Federal Grants	990	
	Subtotal:	<u>10,074</u>	
Debt Service Fund	General Fund	203,753	Supplement other funds sources
	Subtotal:	<u>203,753</u>	
Other Governmental Fund	General Fund	527,704	Supplement other funds sources
Other Governmental Fund	Internal Service Fund	10,510	Supplement other funds sources
	Subtotal:	<u>538,214</u>	
Utility Fund	General Fund	118,893	Supplement other funds sources
Utility Fund	Internal Service Fund	269,852	Supplement other funds sources
	Subtotal:	<u>388,745</u>	
	Total	<u>\$ 3,896,432</u>	

G. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended September 30, 2025, are as follows:

CITY OF KINGSVILLE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Certificates of obligation	\$ 19,908,603	\$ -	\$ 702,102	\$ 19,206,501	\$ 794,504
Limited Tax Refunding Bond	2,609,490	-	293,049	2,316,441	304,869
Premium on Bonds Payable	796,353	-	59,969	736,384	-
Total bonds payable	23,314,446	--	1,055,120	22,259,326	1,099,373
Financed purchases	425,255	-	90,900	334,355	96,046
Total long-term debt	23,739,701	--	1,146,020	22,593,681	1,195,419
Net pension liability (asset) *	3,296,036	3,694,180	5,288,624	1,701,592	-
Accumulated compensated absences*	1,480,632	1,019,199	908,866	1,590,965	610,419
OPEB liability *	684,845	69,695	101,212	653,328	66,524
Governmental activities					
Total long-term debt	\$ 29,201,214	\$ 4,783,074	\$ 7,553,659	\$ 26,539,566	\$ 1,872,362

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Business-type activities:					
Certificates of obligation	\$ 11,782,397	\$ --	\$ 475,866	\$ 11,306,531	\$ 580,495
Limited Tax Refunding Bond	4,845,510	--	1,316,951	3,528,559	435,131
Premium on Bonds Payable	508,471	--	66,319	442,152	-
Total bonds payable	17,136,378	--	1,859,136	15,277,242	1,015,626
Financed purchases	481,104	--	217,599	263,505	129,960
Leases Payable	225,999	--	52,907	173,092	57,015
Total long-term debt	17,843,481	--	2,129,642	15,713,839	1,202,601
Net pension liability (asset) *	563,048	601,378	873,750	290,676	-
Landfill closure cost	2,182,813	88,926	--	2,271,739	-
OPEB liability *	185,519	18,526	28,269	175,776	9,940
Accumulated compensated absences*	133,590	92,250	95,322	130,518	38,500
Business-type activities					
Long-term liabilities	\$ 20,908,451	\$ 801,080	\$ 3,126,983	\$ 18,582,548	\$ 1,251,041

* Other long-term liabilities (assets)

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

CITY OF KINGSVILLE

*NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025*

Certificates of obligation payable:	<u>2025</u>	<u>2024</u>
(1) \$3,358,000 Combination Tax and Subordinate Lien Revenue Certificates of Obligation Series 2021 for General Improvements; paid in annual installments of \$111,000 to \$115,000 through 8/1/2051 with no interest. (100% Utility Fund)	\$ 2,914,000	\$ 3,025,000
 \$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
 \$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%.	 3,315,000	 3,750,000
 \$6,740,000 C.O. Series 2016, for Capital Outlay and General Improvements, due in annual installments of \$115,000 to \$845,000 through August 1, 2036; interest at 2.0% to 3.5% (100% General Fund)	 1,952,034	 2,210,000
 \$3,595,000 Limited Tax Refunding Bonds Series 2021 due to original installments of \$225,000 to \$500,000 through August 31, 2032, interest at 3.00% to 4.00%. (General Fund 21% and Utility Fund 79%).	 2,530,000	 2,810,000
 \$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)	 380,000	 570,000
 \$1,850,000 Tax Note Series 2022, for Capital Outlay and General Improvements, due in annual installments of \$245,000 to \$285,000 through August 2027; interest at 2.640%. (66.05% General Fund and 33.95% Utility Fund)	 1,100,000	 1,355,000
 \$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)	 357,000	 371,000

CITY OF KINGSVILLE

*NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025*

<p>\$4,625,000 C.O. Series 2023A, for Capital Outlay and General Improvements, due in annual installments of \$300,000 to \$800,000 through September 30, 2043; interest at 5.0%. (50.41% Utility Fund and 49.59% General Fund)</p>	3,700,000	3,825,000
<p>\$6,100,000 Combination Tax and Subordinate Lien Revenue Certificates of Obligation Series 2023 for General Improvements; paid in annual installments of \$100,000 to \$575,000 through September 30, 2038 at 4.5% interest. (100% Utility Fund)</p>	5,800,000	6,000,000
<p>\$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)</p>	14,310,000	14,335,000
<p>Total Certificates of Obligation Payable</p>	\$ <u>36,358,034</u>	\$ <u>39,146,000</u>

(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, 2025, are as follows:

<u>Year Ending September 30,</u>	Governmental Activities		
	Principal	Interest	Total
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	1,039,926	717,171	1,757,097
2031-2035	5,487,872	2,888,407	8,376,279
2036-2040	5,567,681	1,730,671	7,298,352
2041-2045	5,061,502	516,780	5,578,282
Totals	\$ 21,522,943	\$ 9,108,657	\$ 30,631,600

CITY OF KINGSVILLE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

Year Ending September 30,	Business-type Activities		
	Certificates of Obligation		Revenue Bonds
	Principal	Interest	Total
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	1,139,941	319,396	1,459,337
2030	1,075,074	282,401	1,357,475
2031-2035	4,677,162	912,209	5,589,371
2036-2040	2,877,319	250,593	3,127,912
2041-2045	1,058,498	21,811	1,080,309
2046-2050	631,000	-	631,000
2051-2053	142,000	-	142,000
Totals	<u>\$ 14,835,091</u>	<u>\$ 2,962,174</u>	<u>\$ 17,797,265</u>

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, 2025, 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, 2025.
- 4. Financed Purchases Payable

Commitments for financed purchases payable for facilities and equipment as of September 30, 2025 are as follows:

Governmental Activities:

	2025	2024
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.	240,982	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	93,374	137,861
Total	<u>\$ 334,356</u>	<u>\$ 425,255</u>

CITY OF KINGSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Business-type Activities:		
	<u>2025</u>	<u>2024</u>
Installment loan for capital outlay, due in annual installments of \$51,303, including interest at 3.47%, through December 31, 2026 secured by articulated dump truck	\$ 100,205	\$ 143,517
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
Installment loan for capital outlay, due in annual installments of \$87,562, including interest at 3.47, through February 18, 2027 secured by clarifier	<u>163,300</u>	<u>245,058</u>
	<u>\$ 263,505</u>	<u>\$ 480,944</u>

Debt service requirements on financed purchases at September 30, 2025, are as follows:

	<u>Governmental Activities</u>		
Year Ending September 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	16,206	205	16,411
2031-2035	--	--	--
Totals	<u>\$ 334,455</u>	<u>\$ 46,090</u>	<u>\$ 380,545</u>

	<u>Business-type Activities</u>		
Year Ending September 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 129,707	\$ 9,158	\$ 138,865
2027	133,798	4,530	138,328
Totals	<u>\$ 263,505</u>	<u>\$ 13,688</u>	<u>\$ 277,193</u>

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, 2025, the value of the right-to-use assets for business-type activities is \$275,095 and the accumulated amortization is \$110,038.

CITY OF KINGSVILLE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2025

The annual requirements to amortize leases payable as of September 30, 2025, are as follows:

Year Ending September 30,	Business-Type Activities		
	Principal	Interest	Total
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	\$ 173,092	\$ 19,678	\$ 192,770

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.

Employees covered by benefit terms:

At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	235
Inactive employees entitled to but not yet receiving benefits	190
Active employees	279
Total covered employees	<u>704</u>

CITY OF KINGSVILLE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2025

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 9.34% and 9.09% in calendar years 2025 and 2024, respectively. The City's contributions to TMRS for the year ended September 30, 2025 were \$1,509,186 and were equal to the required contributions.

4. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2024, 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, 2024 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, 2024 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 2024 valuation.

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

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

CITY OF KINGSVILLE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2025

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.

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2023	\$ 79,318,959	\$ 75,459,876	\$ 3,859,083
Changes for the year			
Service cost	2,253,438	--	2,253,438
Interest	5,290,119	--	5,290,119
Change of benefit terms	--	--	--
Difference between expected and actual experience	899,104	--	899,104
Changes of assumptions	--	--	--
Contributions - employer	--	1,432,430	(1,432,430)
Contributions - employee	--	1,103,082	(1,103,082)
Net investment income	--	7,825,425	(7,825,425)
Benefit payments, including refunds of employee contributions	(4,147,103)	(4,147,103)	--
Administrative expense	--	(50,285)	50,285
Other changes	--	(1,176)	1,176
Net changes	4,295,558	6,162,373	(1,866,815)
Balance at 12/31/2024	\$ 83,614,517	\$ 81,622,249	\$ 1,992,268

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	\$ 13,085,819	\$ 1,992,268	\$ (7,154,698)

CITY OF KINGSVILLE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

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.tmr.com.

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

For the year ended September 30, 2025, the City recognized pension expense of \$1,816,717.

Schedule of Pension Expense

Total Service Cost	\$ 2,253,438
Interest on the Total Pension Liability	5,290,119
Current Period Benefit Changes	--
Employee Contributions (Reduction of Expense)	(1,103,082)
Projected Earnings on Plan Investments (Reduction of Expense)	(5,093,542)
Administrative Expense	50,285
Other Changes in Fiduciary Net Position	1,176
Recognition of Current Year Outflow (Inflow) of Resources - Liabilities	294,789
Recognition of Current Year Outflow (Inflow) of Resources - Assets	(546,377)
Amortization of Prior Year Outflows (Inflows) of Resources - Liabilities	167,926
Amortization of Prior Year Outflows (Inflows) of Resources - Assets	501,985
Total Pension Expense (Income)	<u>\$ 1,816,717</u>

At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 665,688	\$ 7,988
Changes in actuarial assumptions	-	219,948
Difference between projected and actual investment earnings	-	771,126
Contributions subsequent to the measurement date	<u>1,163,581</u>	<u>-</u>
Total	<u>\$ 1,829,269</u>	<u>\$ 999,062</u>

\$1,163,581 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, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending September 30,	
2026	\$ 210,800
2027	\$ 1,197,844
2028	\$ (1,195,642)
2029	\$ (546,376)
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.

CITY OF KINGSVILLE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2025

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 \$6,980 for fiscal year ended September 30, 2025 was equal to the required and actual contributions and the City has no future liability. Three-year information is as follows:

	<u>2023</u>	<u>2024</u>	<u>2025</u>
Annual Required Contribution	\$ 3,241	\$ 8,520	\$ 6,980
Percentage of Required Cost Contributed	100%	100%	100%

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

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

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.

I. Post Retirement Benefits

1. Post-Employment Health Care Benefits

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

GASB 75 allows and actuarial valuation date no earlier than thirty months and one day prior to the fiscal year-end reporting date and a measurement date no earlier than one year and one day prior to the fiscal year end reporting date. For the reporting year ending September 30, 2025, the City used an actuarial valuation date of September 30, 2024 and measurement date of September 30, 2025.

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

CITY OF KINGSVILLE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2025

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 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, 2025, 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, 2025
Actuarial Valuation Date:	September 30, 2024
Inflation:	3.00%
Salary Increases, including inflation:	3.00%
Discount Rate:	4.50%
Prior Year Discount Rate:	4.06%

The discount rate was based on the 9/30/25 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	262
	<u>265</u>

CITY OF KINGSVILLE

*NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025*

Balance at 9/30/2024	\$ 870,366
Changes for the year:	
Service Cost	48,264
Interest	35,781
Differences between expected and actual experience	4,176
Changes in Assumptions/Inputs	(54,808)
Change in Benefit Terms	-
Benefit payments	(74,672)
Administrative expense	-
Net Changes	<u>(41,259)</u>
Balance at 9/30/2025	<u>\$ 829,107</u>

	1% Decrease in Discount Rate	No change in Discount Rate	1% Increase in Discount Rate
Discount Rate:	\$ 910,649	\$ 829,105	\$ 757,243
Healthcare Cost Trend Rates:	\$ 733,283	\$ 829,105	\$ 944,714

OPEB Expense		
Service cost		\$ 48,264
Interest on liabilities		35,781
Difference between actual and expected experience		(17,703)
Changes in assumptions-inputs		6,606
Change in benefit terms		-
Total OPEB Expense		<u>\$ 72,948</u>

Deferred Outflows and Inflows	Outflows	Inflows
Differences between actual and expected experience	\$ 49,972	\$ 60,300
Changes of assumptions or other inputs	83,352	58,621
Total Deferred Outflows and Inflows	<u>\$ 133,324</u>	<u>\$ 118,921</u>

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

Year Ended Sept. 30:	
2026	(11,097)
2027	(11,097)
2028	25,526
2029	19,510
2030	(8,439)
Thereafter	

CITY OF KINGSVILLE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2025

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, 2025.

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, 2025 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:

\$320,930 addition in revenues and other financing sources comprised of:

\$74,060 in City Special - Transfer from utility fund for public works concrete parking lot

\$16,000 in Parks and Recreation - Donation revenue for healthy family events

\$33,220 in Parks and Recreation - Donation revenue for recreational programs

\$175,000 in Miscellaneous - Sale of old hospital

\$20,000 in Fire Department - Fire department breathing apparatus

\$650 in Fire Department - Donation revenue for fire prevention supplies

\$2,000 in Health Department - Donation revenue for animal health care

CITY OF KINGSVILLE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2025

\$206,107 addition to expenditures and other financing uses comprised of:

- \$74,060 in City Special - For public works concrete parking lot
- \$16,000 in Parks and Recreation - Donations for healthy family events
- \$33,220 in Parks and Recreation - Donations for recreational programs
- \$52,796 in Police Department - For rolled over purchases orders - minor equipment
- \$12,802 in City Special - Sale of old hospital
- \$81,620 in City Manager - Funding for the interim city manager stipend
- \$(87,041) in City Special - To correct funding source for budget amendment reserve
- \$20,000 in Fire Department - For fire department breathing apparatus
- \$650 in Fire Department - Donations for fire prevention supplies
- \$2,000 in Health Department - For animal health care

L. Compensated Absences

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

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

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

There is no limit on accumulated holiday hours to be paid at termination. The City implemented GASB 101, Compensated Absences, in the current fiscal year. See also Footnotes for information regarding the effect of the implementation of this standard. As of September 30, 2025, the liability for accrued vacation leave and accrued sick leave is approximately \$1,721,483. The amounts applicable to the Governmental and Business-Type Activities are \$1,590,965 and \$130,518, respectively.

CITY OF KINGSVILLE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2025

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, 2025 was \$.50000 per thousand gallons of water delivered.
- b. The adjustment in the handling charge may exceed an increase of 5% in any contract year if the Authority obtains prior written approval of customers representing in the aggregate not less than 75% of the water purchased from the Authority during its preceding Fiscal Year.
- c. Notice of a change in handling charge shall be delivered to the City on or before the 10th day of August of each contract year. The notice shall state the amount of the new charge and the reason and calculations for the adjustment. The new handling charge shall be effective commencing at the beginning of the next contract year.
- d. The City may object to the handling charge for any contract year after the initial year by delivering to the Authority a notice stating the nature of the City's objection to the charge. The objection shall be resolved by following the dispute resolution procedures established in the contract. If the dispute is not resolved by the beginning of the subject contract year, the City shall pay at the new rate until the dispute is resolved. The handling charge determined through the dispute resolution procedure shall be effective as the beginning of that contract year unless otherwise agreed by the parties.

CITY OF KINGSVILLE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2025

- 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 \$2.814353 to \$3.297434 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 \$482,041 and \$400,000 in 2025 and 2024, 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, 2025, employees of the City were covered by a health insurance plan (the Plan.) The City paid premiums ranging from \$736 to \$2,744 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, 2025, have been filed with the Texas State Board of Insurance, and are public records.

3. Litigation Tort Claims

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

CITY OF KINGSVILLE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2025

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, 2025 is \$2,271,739 based on 17,9995% usage (filled) of the landfill through September 30, 2025. It is estimated that an additional \$10,349,383 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 \$12,621,122 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, 2025. 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 March 13, 2026 (the date of the Audit Report). The financial statements include all Type I events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles. Management and those charged with governance have determined that there are no non-recognized Type II subsequent events that require additional disclosure.

S. Restatement for Beginning Net Position

The beginning net position of the Statement of Activities has been restated to reflect the implementation of a new accounting standard (GASB 101) as follows:

Beginning Net Position - Governmental Activities	\$ 29,873,169
Restatement - Implementation of New Accounting Standard (GASB 101)	<u>(97,805)</u>
Beginning Net Position as Restated	<u>\$ 29,775,364</u>

**RE
QU
IR
ED
S
UP
PL
EM
EN
TA
RY
I
NF
OR
MA
TI
ON**

CITY OF KINGSVILLE

GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2025

EXHIBIT B-1

Page 1 of 7

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
General Property Taxes:				
Current taxes	\$ 6,936,846	\$ 6,936,846	\$ 6,941,205	\$ 4,359
Delinquent taxes	201,977	201,977	135,631	(66,346)
Penalty and interest	135,452	135,452	126,732	(8,720)
Late rendition fee	6,981	6,981	5,133	(1,848)
In lieu of tax payments	104,600	104,600	109,202	4,602
Total General Property Taxes	<u>7,385,856</u>	<u>7,385,856</u>	<u>7,317,903</u>	<u>(67,953)</u>
City Sales Tax	<u>6,446,139</u>	<u>6,446,139</u>	<u>6,526,987</u>	<u>80,848</u>
Mixed Drink Tax	<u>68,683</u>	<u>68,683</u>	<u>65,393</u>	<u>(3,290)</u>
Business Taxes:				
Electric franchise tax	602,748	602,748	684,584	81,836
Telephone franchise tax	45,300	45,300	33,712	(11,588)
Gas franchise tax	80,000	80,000	86,871	6,871
Cable T.V. franchise tax	44,307	44,307	13,151	(31,156)
Total Business Taxes	<u>772,355</u>	<u>772,355</u>	<u>818,318</u>	<u>45,963</u>
Total Taxes	<u>14,673,033</u>	<u>14,673,033</u>	<u>14,728,601</u>	<u>55,568</u>
Permits and Licenses:				
Plumbing permits	19,000	19,000	31,166	12,166
Electric permits	35,000	35,000	23,227	(11,773)
Building permits	233,550	233,550	191,426	(42,124)
Moving permits	1,300	1,300	1,079	(221)
Other permits	171,350	171,350	175,670	4,320
Amusement licenses	50	50	38,715	38,665
Beer and mixed drink licenses	12,000	12,000	7,193	(4,807)
Contractor licenses	32,500	32,500	32,190	(310)
Solicitor licenses	75	75	175	100
Food handler licenses	30,000	30,000	--	(30,000)
Total Permits and Licenses	<u>534,825</u>	<u>534,825</u>	<u>500,841</u>	<u>(33,984)</u>
Charges for Services:				
General Service Fees:				
Zoning fees	3,500	3,500	3,465	(35)
Platting fees	3,000	3,000	4,100	1,100
Animal control fees	8,315	8,315	8,966	651
Arrest fees	8,500	8,500	5,900	(2,600)
Child safety	100	100	50	(50)
Ambulance service	687,846	687,846	765,576	77,730
Park and recreational fees	1,155,340	1,171,340	1,082,020	(89,320)
Cell tower rentals	6,336	6,336	6,248	(88)
Street maintenance fees	1,425,467	1,425,467	1,442,902	17,435
Septic tank application fee	7,000	7,000	11,985	4,985
Other service fees	27,904	27,904	27,904	--
Total General Service Fees	<u>3,333,308</u>	<u>3,349,308</u>	<u>3,359,116</u>	<u>9,808</u>

CITY OF KINGSVILLE
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2025

EXHIBIT B-1
Page 2 of 7

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
City/County Services:				
Demolition recovery revenue	30,000	30,000	(5,811)	(35,811)
Weed control	15,000	15,000	20,346	5,346
Total City/County Services	45,000	45,000	14,535	(30,465)
Sanitation Services:				
Garbage fees	3,307,848	3,307,848	3,313,597	5,749
Landfill fees	706,657	706,657	732,699	26,042
Miscellaneous	106,761	106,761	78,370	(28,391)
Total Sanitation Services	4,121,266	4,121,266	4,124,666	3,400
Total Charges for Services	7,499,574	7,515,574	7,498,317	(17,257)
Fines and Forfeitures:				
Court fines	578,350	578,350	456,641	(121,709)
Minor fines	2,739	2,739	1,966	(773)
Collection of state taxes	20,521	20,521	16,400	(4,121)
Other court fines	36,511	36,511	28,391	(8,120)
Total Fines and Forfeits	638,121	638,121	503,398	(134,723)
Special Assessments	7,500	7,500	7,390	(110)
Interest and Miscellaneous:				
Interest from investments	959,280	959,280	868,293	(90,987)
Auction revenue	2,500	2,500	304	(2,196)
Insurance settlement	--	--	77,759	77,759
Gain or loss on sale of property	218,300	393,300	162,198	(231,102)
Sale of city publications	1,076	1,076	1,798	722
Sale of recycle item	13,100	13,100	17,767	4,667
Miscellaneous	19,191	19,191	47,747	28,556
Total Interest and Miscellaneous	1,213,447	1,388,447	1,175,866	(212,581)
Donations	35,000	90,870	75,165	(15,705)
Intergovernmental Revenue	--	--	320,165	320,165
Total Revenues	24,601,500	24,848,371	24,809,743	(38,628)
Expenditures:				
City Administration Department				
City Commission:				
Personal services	91,481	81,306	72,648	8,658
Supplies	700	1,024	992	32
Services	54,296	53,163	45,724	7,439
Total City Commission	146,477	135,493	119,364	16,129

CITY OF KINGSVILLE
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2025

EXHIBIT B-1
 Page 3 of 7

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
City Manager:				
Personal services	322,946	373,755	372,260	1,495
Supplies	500	500	305	195
Services	19,671	60,865	60,248	617
Other operating expenditures	2,545	2,545	2,545	--
Total City Manager	345,661	437,664	435,358	2,306
City Special:				
Personal services	15,265	10,605	9,563	1,042
Supplies	1,675	4,280	4,266	14
Services	679,177	677,065	645,620	31,445
Other operating expenditures	7,253	6,798	6,798	--
Capital outlay	300,000	--	--	--
Total City Special	1,003,370	698,748	666,247	32,501
Economic Development:				
Personal services	65,000	115,777	62,117	53,660
Services	200,000	156,323	140,637	15,686
Total Economic Development	265,000	272,100	202,754	69,346
Total City Administration Department	1,760,508	1,544,006	1,423,723	120,283
Management Services Department				
Personnel:				
Personal services	445,094	459,924	454,985	4,939
Supplies	12,537	12,653	12,503	150
Services	50,063	48,194	39,105	9,089
Other operating expenditures	6,264	6,263	5,301	962
Total Personnel	513,958	527,034	511,894	15,140
Municipal Court:				
Personal services	312,372	334,178	331,556	2,622
Supplies	2,000	1,266	1,266	--
Services	5,187	3,842	3,017	825
Total Municipal Court	319,559	339,287	335,839	3,448
Finance:				
Personal services	791,723	788,043	761,594	26,449
Supplies	5,000	6,331	6,331	--
Services	99,633	108,773	106,156	2,617
Total Finance	896,356	903,146	874,081	29,065

CITY OF KINGSVILLE
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2025

EXHIBIT B-1
Page 4 of 7

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Facilities:				
Supplies	29,015	31,322	31,217	105
Services	180,017	181,640	162,496	19,144
Equipment maintenance	4,000	6,936	6,936	--
Building maintenance	135,279	210,633	208,768	1,865
Total Facilities	348,311	430,531	409,417	21,114
Information Technology:				
Personal services	440,964	434,298	432,313	1,985
Supplies	4,448	20,622	20,473	149
Services	312,610	318,685	318,085	600
Other operating expenditures	10,317	5,447	1,192	4,255
Total Information Technology	768,339	779,051	772,063	6,988
Total Management Services Department	2,846,523	2,979,049	2,903,294	75,755
Legal Department				
Personal services	273,983	272,295	271,084	1,211
Supplies	500	597	597	--
Services	49,255	55,193	52,611	2,582
Other operating expenditures	1,128	1,128	1,128	--
Total Legal Department	324,866	329,213	325,420	3,793
Urban Development Department				
Planning:				
Personal services	280,162	281,539	280,617	922
Supplies	1,050	1,052	963	89
Services	12,478	12,316	12,075	241
Other operating expenditures	11,672	7,397	7,397	--
Total Planning	305,362	302,304	301,052	1,252
Permits and Licenses:				
Personal services	153,126	128,918	128,032	886
Supplies	2,700	2,349	1,857	492
Services	5,320	30,068	29,739	329
Equipment maintenance	750	250	132	118
Total Permits and Licenses	161,896	161,585	159,760	1,825
Community Appearance:				
Personal services	407,568	376,268	375,836	432
Supplies	13,000	10,545	10,046	499
Services	69,041	58,568	52,914	5,654
Equipment maintenance	8,000	26,334	13,895	12,439
Capital outlay	--	19,400	19,389	11
Total Community Appearance	497,609	491,115	472,080	19,035

CITY OF KINGSVILLE
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2025

EXHIBIT B-1
Page 5 of 7

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Total Urban Development Department	964,867	955,004	932,892	22,112
Police Department				
Personal services	6,501,486	6,262,159	6,196,801	65,358
Supplies	202,367	238,898	230,124	8,774
Services	628,086	590,117	555,307	34,810
Equipment maintenance	80,098	158,774	81,470	77,304
Other operating expenditures	64,166	59,969	59,969	--
Capital outlay	8,790	105,046	--	105,046
Total Police Department	7,484,993	7,414,963	7,123,671	291,292
Fire Department				
Personal services	4,336,009	4,307,872	4,252,353	55,519
Supplies	156,818	144,171	141,516	2,655
Services	204,730	288,023	283,564	4,459
Equipment maintenance	52,280	216,705	187,687	29,018
Building maintenance	--	15,000	15,000	--
Other operating expenditures	6,248	2,749	2,714	35
Capital outlay	--	20,000	20,000	--
Total Fire Department	4,756,085	4,994,520	4,902,834	91,686
Volunteer Fire Department				
Personal services	14,838	13,459	13,177	282
Supplies	9,500	9,090	9,090	--
Services	12,592	13,254	12,947	307
Equipment maintenance	1,500	2,628	2,628	--
Total Volunteer Fire Department	38,430	38,430	37,842	588
Public Works Department				
Public Works Administration:				
Personal services	207,479	199,478	192,056	7,422
Supplies	2,813	1,398	1,129	269
Services	57,148	68,929	51,167	17,762
Equipment maintenance	3,500	3,946	3,946	--
Building maintenance	--	147,180	147,180	--
Other operating expenditures	4,176	4,173	4,173	--
Total Public Works Administration	275,117	425,104	399,651	25,453

CITY OF KINGSVILLE
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2025

EXHIBIT B-1
Page 6 of 7

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Garage:				
Personal services	562,018	552,618	538,684	13,934
Supplies	14,606	13,731	13,225	506
Services	5,960	5,596	5,280	316
Equipment maintenance	6,005	5,733	4,575	1,158
Other operating expenditures	804	1,128	1,128	--
Total Garage	589,393	578,807	562,892	15,915
Sanitation:				
Personal services	947,903	1,003,782	1,003,782	--
Supplies	231,600	222,226	213,329	8,897
Services	28,991	33,944	33,944	--
Equipment maintenance	151,361	184,689	184,689	--
Building maintenance	500	500	296	204
Other operating expenditures	146,584	146,584	146,581	3
Total Sanitation	1,506,939	1,591,725	1,582,621	9,104
Street:				
Personal services	1,043,086	1,005,117	991,892	13,225
Supplies	76,069	67,751	66,920	831
Services	459,690	425,197	417,157	8,040
Equipment maintenance	57,446	69,191	69,155	36
Building maintenance	1,268,518	1,313,469	1,257,489	55,980
Other operating expenditures	1,128	1,128	1,128	--
Total Street	2,905,937	2,881,853	2,803,741	78,112
Landfill:				
Personal services	737,686	711,722	711,722	--
Supplies	85,360	81,744	81,744	--
Services	588,444	652,092	252,238	399,854
Equipment maintenance	76,000	79,409	79,409	--
Building maintenance	7,000	4,521	4,521	--
Other operating expenditures	1,140	1,128	1,128	--
Total Landfill	1,495,630	1,530,616	1,130,762	399,854
Total Public Works Department	6,773,016	7,008,107	6,479,667	528,440
Health Department				
Personal services	788,720	805,458	803,302	2,156
Supplies	60,100	57,005	56,306	699
Services	68,684	70,103	69,501	602
Equipment maintenance	5,500	4,383	4,286	97
Building maintenance	5,000	4,681	4,632	49
Other operating expenditures	6,613	4,105	4,105	--
Total Health Department	934,617	945,734	942,132	3,602

CITY OF KINGSVILLE

GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2025

EXHIBIT B-1

Page 7 of 7

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Parks and Recreation Department				
Personal services	1,008,163	936,164	924,249	11,915
Supplies	89,237	103,158	98,299	4,859
Services	194,626	234,236	223,364	10,872
Equipment maintenance	13,070	15,546	15,186	360
Building maintenance	29,905	38,643	36,360	2,283
Other operating expenditures	3,320	3,045	3,045	--
Total Parks and Recreation Department	1,338,321	1,330,792	1,300,503	30,289
Golf Course				
Personal services	524,105	543,646	540,986	2,660
Supplies	85,640	127,879	126,533	1,346
Services	73,127	77,072	76,053	1,019
Equipment maintenance	7,000	9,008	9,008	--
Building maintenance	10,055	19,988	19,988	--
Other operating expenditures	73,914	73,042	73,042	--
Capital outlay	--	10,310	9,713	597
Total Golf Course	773,840	860,944	855,323	5,621
Total Expenditures	27,996,067	28,400,762	27,227,301	1,173,461
Excess (deficiency) of revenues (under) expenditures	(3,394,567)	(3,552,391)	(2,417,558)	1,134,833
Other Financing Sources (Uses):				
Transfers in	3,575,295	3,649,355	2,755,646	(893,709)
Transfers out	(1,228,567)	(1,253,144)	(859,435)	393,709
Total Other Financing Sources (Uses)	2,346,728	2,396,211	1,896,211	(500,000)
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(1,047,839)	(1,156,180)	(521,347)	634,833
Fund Balances/Equity, October 1	13,467,276	13,467,276	13,467,276	--
Fund Balances/Equity, September 30	\$ 12,419,437	\$ 12,311,096	\$ 12,945,929	\$ 634,833

CITY OF KINGSVILLE
POLICE FORFEITURE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2025

EXHIBIT B-2

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines and Forfeitures:				
Confiscated revenue	\$ --	\$ --	\$ 364,725	\$ 364,725
Minor fines	11,500	11,500	8,515	(2,985)
Total Fines and Forfeits	11,500	11,500	373,240	361,740
Interest and Miscellaneous:				
Interest from investments	3,266	3,266	13,963	10,697
Auction revenue	--	--	10,280	10,280
Total Interest and Miscellaneous	3,266	3,266	24,243	20,977
Total Revenues	14,766	14,766	397,483	382,717
Expenditures:				
Management Services Department				
Finance:				
Services	2,000	903	903	--
Other operating expenditures	5,800	6,897	5,706	1,191
Total Finance	7,800	7,800	6,609	1,191
Total Management Services Department	7,800	7,800	6,609	1,191
Police Department				
Supplies	103,000	68,616	35,317	33,299
Services	156,710	221,958	106,678	115,280
Equipment maintenance	--	--	(6,412)	6,412
Capital outlay	8,000	10,802	2,802	8,000
Total Police Department	267,710	301,375	138,385	162,990
Total Expenditures	275,510	309,175	144,994	164,181
Excess (deficiency) of revenues (under) expenditures	(260,744)	(294,409)	252,489	546,898
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(260,744)	(294,409)	252,489	546,898
Fund Balances/Equity, October 1	1,240,883	1,240,883	1,240,883	--
Fund Balances/Equity, September 30	\$ 980,139	\$ 946,474	\$ 1,493,372	\$ 546,898

CITY OF KINGSVILLE
FEDERAL GRANTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2025

EXHIBIT B-3
Page 1 of 2

	1	2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Interest and Miscellaneous:				
Miscellaneous	\$ --	\$ --	\$ 5,410	\$ 5,410
Total Interest and Miscellaneous	--	--	5,410	5,410
Intergovernmental Revenue	--	--	340,866	340,866
Federal and state grants	32,574,558	32,744,847	3,678,202	(29,066,645)
Total Revenues	32,574,558	32,744,847	4,024,478	(28,720,369)
Expenditures:				
City Administration Department				
City Special:				
Services	11,045	--	--	--
Total City Special	11,045	--	--	--
Economic Development:				
Services	--	40,000	40,000	--
Total Economic Development	--	40,000	40,000	--
Total City Administration Department	11,045	40,000	40,000	--
Management Services Department				
Information Technology:				
Supplies	45,000	45,000	44,071	929
Total Information Technology	45,000	45,000	44,071	929
Total Management Services Department	45,000	45,000	44,071	929
Urban Development Department				
Community Appearance:				
Services	22,020	1,115	--	1,115
Total Community Appearance	22,020	1,115	--	1,115
Total Urban Development Department	22,020	1,115	--	1,115

CITY OF KINGSVILLE
 FEDERAL GRANTS FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2025

EXHIBIT B-3
 Page 2 of 2

	1	2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Police Department				
Personal services	--	114,205	82,372	31,833
Supplies	--	28,169	8,117	20,052
Capital outlay	--	12,000	--	12,000
Total Police Department	--	154,374	90,489	63,885
Public Works Department				
Street:				
Services	3,918,789	3,918,789	--	3,918,789
Building maintenance	352,822	352,822	--	352,822
Capital outlay	28,438,748	28,438,748	3,602,050	24,836,698
Total Street	32,710,359	32,710,359	3,602,050	29,108,309
Total Public Works Department	32,710,359	32,710,359	3,602,050	29,108,309
Health Department				
Capital outlay	207,619	278,972	199,895	79,077
Total Health Department	207,619	278,972	199,895	79,077
Parks and Recreation Department				
Capital outlay	--	85,597	30,343	55,254
Total Parks and Recreation Department	--	85,597	30,343	55,254
Tourism Department				
Services	18,819	20,330	--	20,330
Building maintenance	28,068	26,557	--	26,557
Capital outlay	--	26,557	26,557	--
Total Tourism Department	46,887	73,443	26,557	46,886
Total Expenditures	33,042,929	33,388,859	4,033,405	29,355,454
Excess (deficiency) of revenues (under) expenditures	(468,371)	(644,012)	(8,927)	635,085
Other Financing Sources (Uses):				
Transfers in	45,989	155,073	10,074	(144,999)
Transfers out	(45,989)	(45,989)	(989)	45,000
Total Other Financing Sources (Uses)	--	109,084	9,085	(99,999)
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(468,371)	(534,928)	158	535,086
Fund Balances/Equity, October 1	521,355	521,355	521,355	--
Fund Balances/Equity, September 30	\$ 52,984	\$ (13,573)	\$ 521,513	\$ 535,086

CITY OF KINGSVILLE

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

	Measurement Year						
	2024	2023	2022	2021	2020	2019	2018
Total pension liability:							
Service cost	\$ 2,253,438	\$ 1,927,843	\$ 1,799,750	\$ 1,693,432	\$ 1,662,095	\$ 1,587,157	\$ 1,556,039
Interest	5,290,119	5,112,774	4,828,469	4,567,986	4,388,996	4,239,811	4,062,979
Changes of benefit terms	--	--	--	--	--	--	--
Differences between expected and actual experience	899,104	(22,644)	1,030,414	790,799	(266,766)	(657,718)	(228,198)
Changes of assumptions	--	(623,522)	--	--	--	73,235	--
Benefit payments, including refunds of employee contributions	(4,147,103)	(3,712,747)	(3,308,758)	(3,183,987)	(3,112,587)	(3,027,032)	(2,546,244)
Net change in total pension liability	4,295,558	2,681,704	4,349,875	3,868,230	2,671,738	2,215,453	2,844,576
Total pension liability - beginning	79,318,959	76,637,255	72,287,380	68,419,150	65,747,412	63,531,959	60,687,383
Total pension liability - ending (a)	\$ 83,614,517	\$ 79,318,959	\$ 76,637,255	\$ 72,287,380	\$ 68,419,150	\$ 65,747,412	\$ 63,531,959
Plan fiduciary net position:							
Contributions - employer	\$ 1,432,430	\$ 1,181,793	\$ 1,061,628	\$ 1,042,974	\$ 1,078,646	\$ 1,014,471	\$ 1,007,184
Contributions - employee	1,103,082	985,029	924,303	872,261	858,014	818,122	802,082
Net investment income	7,825,426	7,982,551	(5,536,404)	8,902,980	4,903,680	8,819,344	(1,785,743)
Benefit payments, including refunds of employee contributions	(4,147,103)	(3,712,747)	(3,308,758)	(3,183,987)	(3,112,587)	(3,027,032)	(2,546,244)
Administrative expense	(50,285)	(50,860)	(47,959)	(41,217)	(31,747)	(49,847)	(34,517)
Other	(1,176)	(355)	57,229	282	(1,239)	(1,498)	(1,803)
Net change in plan fiduciary net position	6,162,374	6,385,411	(6,849,961)	7,593,293	3,694,767	7,573,560	(2,559,041)
Plan fiduciary net position - beginning	75,459,875	69,074,464	75,924,425	68,331,132	64,636,365	57,062,805	59,621,846
Plan fiduciary net position - ending (b)	\$ 81,622,249	\$ 75,459,875	\$ 69,074,464	\$ 75,924,425	\$ 68,331,132	\$ 64,636,365	\$ 57,062,805
City's net pension liability - ending (a) - (b)	\$ 1,992,268	\$ 3,859,084	\$ 7,562,791	\$ (3,637,045)	\$ 88,018	\$ 1,111,047	\$ 6,469,154
Plan fiduciary net position as a percentage of the total pension liability covered payroll	97.62%	95.13%	90.13%	105.03%	99.87%	98.31%	89.82%
City's net pension liability as a percentage of covered payroll	12.64%	27.42%	57.28%	-29.19%	0.72%	9.51%	56.46%

EXHIBIT B-4

	2017	2016	2015
\$	1,542,091	\$ 1,518,194	\$ 1,478,821
	3,865,404	3,724,025	3,700,688
	--	--	--
	(59,073)	(830,982)	(652,092)
	--	--	70,021
	(2,310,479)	(2,346,871)	(2,279,840)
	3,037,943	2,064,366	2,317,598
	57,649,440	55,585,074	53,267,476
\$	<u>60,687,383</u>	<u>\$ 57,649,440</u>	<u>\$ 55,585,074</u>
\$	1,044,347	\$ 1,044,455	\$ 1,067,110
	795,478	780,276	778,913
	7,318,990	3,378,510	74,370
	(2,310,479)	(2,346,871)	(2,279,840)
	(37,934)	(38,160)	(45,302)
	(1,922)	(2,056)	(2,237)
	6,808,480	2,816,154	(406,986)
	52,813,366	49,997,212	50,404,198
\$	<u>59,621,846</u>	<u>\$ 52,813,366</u>	<u>\$ 49,997,212</u>
\$	<u>1,065,537</u>	<u>\$ 4,836,074</u>	<u>\$ 5,587,862</u>
	98.24%	91.61%	89.95%
\$	11,363,969	\$ 11,146,799	\$ 11,127,323
	9.38%	43.39%	50.22%

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

	Fiscal Year						
	2025	2024	2023	2022	2021	2020	2019
Actuarially determined contribution	\$ 1,509,186	\$ 1,404,215	\$ 1,120,684	\$ 1,065,042	\$ 1,104,036	\$ 1,033,057	\$ 1,011,365
Contributions in relation to the actuarially determined contribution	(1,509,186)	(1,404,215)	(1,120,684)	(1,065,042)	(1,104,036)	(1,033,057)	(1,011,365)
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Covered-employee payroll	\$ 16,260,076	\$ 15,447,915	\$ 13,767,779	\$ 13,119,447	\$ 13,003,126	\$ 11,782,515	\$ 11,612,444
Contributions as a percentage of covered payroll	9.28%	9.09%	8.14%	8.12%	8.49%	8.77%	8.71%

EXHIBIT B-5

<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 1,023,749	\$ 1,036,718	\$ 1,056,924
(1,023,749)	(1,036,718)	(1,056,924)
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
\$ 11,503,830	\$ 11,222,189	\$ 11,208,130
8.90%	9.24%	9.43%

CITY OF KINGSVILLE

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

	Fiscal Year						
	2025	2024	2023	2022	2021	2020	2019
Total OPEB liability:							
Service cost	\$ 48,264	\$ 26,761	\$ 25,962	\$ 42,012	\$ 35,155	\$ 71,543	\$ 51,950
Interest (on the total OPEB liability)	35,781	32,943	30,715	20,552	19,223	47,127	50,802
Changes of benefit terms	--	--	--	--	--	--	--
Differences between expected and actual experience	4,176	67,429	3,079	(180,900)	110,113	(508,154)	176,817
Changes of assumptions	(54,808)	100,262	33,021	(38,841)	20,591	(448,465)	190,814
Benefit payments, including refunds of employee contributions	(74,672)	(84,908)	(73,040)	(64,787)	(37,106)	(46,607)	(156,361)
Net change in total OPEB liability	(41,259)	142,487	19,737	(221,964)	147,976	(884,556)	314,022
Total OPEB liability - beginning	870,346	727,859	708,122	930,086	782,110	1,666,666	1,352,644
Total OPEB liability - ending	\$ 829,087	\$ 870,346	\$ 727,859	\$ 708,122	\$ 930,086	\$ 782,110	\$ 1,666,666
Covered-employee payroll	\$ 12,996,215	\$ 12,617,684	\$ 8,909,583	\$ 8,650,081	\$ 9,756,680	\$ 9,472,505	\$ 10,029,006
Total OPEB liability as a percentage of covered-employee payroll	6.38%	6.90%	8.17%	8.19%	9.53%	8.26%	16.62%
Discount Rate	4.50%	4.06%	4.63%	4.40%	2.19%	2.41%	2.75%

* 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-6

<u>2018</u>	
\$	50,437
	50,887
	--
	(11,837)
	--
	<u>(30,090)</u>
	59,397
	1,293,247
\$	<u>1,352,644</u>
\$	9,736,899
	13.89%
	3.83%

CITY OF KINGSVILLE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED SEPTEMBER 30, 2025

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	21 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.

(This 1/2 page left blank intentionally)

CITY OF KINGSVILLE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2025

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	4.50%
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	Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period.
	<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**

COMBINING STATEMENTS & BUDGET COMPARISONS

CITY OF KINGSVILLE
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 SEPTEMBER 30, 2025

	Tourism Fund	State Grants	Other Special Revenues	Total Nonmajor Special Revenue Funds (See Exhibit A-3)
ASSETS				
Assets:				
Cash and cash equivalents	\$ 100	\$ --	\$ --	\$ 100
Equity in pooled cash and cash equivalents	46,519	549,362	353	596,234
Receivables (net of allowances for uncollectibles):				
Accounts receivable	67,723	--	--	67,723
Prepaid expenditures	24,068	--	--	24,068
Inventory, at cost	9,156	--	--	9,156
Restricted assets:				
Cash and cash equivalents	570,189	--	--	570,189
Total Assets	<u>\$ 717,755</u>	<u>\$ 549,362</u>	<u>\$ 353</u>	<u>\$ 1,267,470</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND EQUITY				
Liabilities:				
Accounts payable	\$ 6,406	\$ 25,102	\$ --	\$ 31,508
Accrued wages payable	7,604	--	--	7,604
Due to:				
Other funds	3,131	--	--	3,131
Other governments	--	500,000	--	500,000
Total Liabilities	<u>17,141</u>	<u>525,102</u>	<u>--</u>	<u>542,243</u>
Deferred Inflows of Resources:				
Deferred revenue	--	24,260	334	24,594
Total Deferred Inflows of Resources	<u>--</u>	<u>24,260</u>	<u>334</u>	<u>24,594</u>
Equity:				
Fund balances:				
Nonspendable:				
Inventory	9,156	--	--	9,156
Prepays	24,068	--	--	24,068
Restricted:				
Law enforcement	--	--	19	19
Tourism	667,390	--	--	667,390
Total Equity	<u>700,614</u>	<u>--</u>	<u>19</u>	<u>700,633</u>
Total Liabilities, Deferred Inflows of Resources, and Equity	<u>\$ 717,755</u>	<u>\$ 549,362</u>	<u>\$ 353</u>	<u>\$ 1,267,470</u>

The accompanying notes are an integral part of this statement.

CITY OF KINGSVILLE

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Tourism Fund	State Grants	Other Special Revenues	Total Nonmajor Special Revenue Funds (See Exhibit A-5)
Revenue:				
Taxes	\$ 686,038	\$ --	\$ --	\$ 686,038
Charges for services	14,923	--	--	14,923
Interest and miscellaneous	2,621	--	--	2,621
Donations	--	--	25,000	25,000
Federal and state grants	--	2,368,353	6,261	2,374,614
Total Revenues	<u>703,582</u>	<u>2,368,353</u>	<u>31,261</u>	<u>3,103,196</u>
Expenditures:				
Current:				
Public safety	--	2,883,846	6,261	2,890,107
City/County	--	--	25,000	25,000
Tourism	567,920	--	--	567,920
Total Expenditures	<u>567,920</u>	<u>2,883,846</u>	<u>31,261</u>	<u>3,483,027</u>
Excess (deficiency) of revenues (under) expenditures	135,662	(515,493)	--	(379,831)
Other Financing Sources (Uses):				
Transfers in	22,721	515,493	--	538,214
Transfers out	(100,925)	--	--	(100,925)
Total Other Financing Sources (Uses)	<u>(78,204)</u>	<u>515,493</u>	<u>--</u>	<u>437,289</u>
Net Change in Fund Balances	57,458	--	--	57,458
Fund Balances/Equity, October 1	643,156	--	19	643,175
Fund Balances/Equity, September 30	<u>\$ 700,614</u>	<u>\$ --</u>	<u>\$ 19</u>	<u>\$ 700,633</u>

The accompanying notes are an integral part of this statement.

**SPECIAL
REVENUE
FUNDS**

CITY OF KINGSVILLE

TOURISM FUND
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2025

EXHIBIT C-3

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Hotel/Motel property tax	\$ 601,000	\$ 601,000	\$ 686,038	\$ 85,038
Total Taxes	<u>601,000</u>	<u>601,000</u>	<u>686,038</u>	<u>85,038</u>
Charges for Services:				
General Service Fees:				
Park and recreational fees	23,000	23,000	12,528	(10,472)
Total General Service Fees	<u>23,000</u>	<u>23,000</u>	<u>12,528</u>	<u>(10,472)</u>
Sanitation Services:				
Miscellaneous	500	500	2,395	1,895
Total Sanitation Services	<u>500</u>	<u>500</u>	<u>2,395</u>	<u>1,895</u>
Total Charges for Services	<u>23,500</u>	<u>23,500</u>	<u>14,923</u>	<u>(8,577)</u>
Interest and Miscellaneous:				
Interest from investments	200	200	211	11
Miscellaneous	5,000	5,000	2,410	(2,590)
Total Interest and Miscellaneous	<u>5,200</u>	<u>5,200</u>	<u>2,621</u>	<u>(2,579)</u>
Total Revenues	<u>629,700</u>	<u>629,700</u>	<u>703,582</u>	<u>73,882</u>
Expenditures:				
Tourism Department				
Personal services	373,625	311,635	311,468	167
Supplies	18,500	30,199	28,605	1,594
Services	225,622	274,214	223,329	50,885
Equipment maintenance	1,700	1,700	(1,479)	3,179
Building maintenance	2,000	4,000	1,378	2,622
Other operating expenditures	4,920	4,619	4,619	--
Total Tourism Department	<u>626,367</u>	<u>626,367</u>	<u>567,920</u>	<u>58,447</u>
Total Expenditures	<u>626,367</u>	<u>626,367</u>	<u>567,920</u>	<u>58,447</u>
Excess (deficiency) of revenues (under) expenditures	3,333	3,333	135,662	132,329
Other Financing Sources (Uses):				
Transfers in	22,721	22,721	22,721	--
Transfers out	(100,925)	(100,925)	(100,925)	--
Total Other Financing Sources (Uses)	<u>(78,204)</u>	<u>(78,204)</u>	<u>(78,204)</u>	<u>--</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(74,871)	(74,871)	57,458	132,329
Fund Balances/Equity, October 1	643,156	643,156	643,156	--
Fund Balances/Equity, September 30	<u>\$ 568,285</u>	<u>\$ 568,285</u>	<u>\$ 700,614</u>	<u>\$ 132,329</u>

CITY OF KINGSVILLE

STATE GRANTS FUND
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2025

EXHIBIT C-4

	1	2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Federal and state grants	\$ 167,619	\$ 853,894	\$ 2,368,353	\$ 1,514,459
Total Revenues	<u>167,619</u>	<u>853,894</u>	<u>2,368,353</u>	<u>1,514,459</u>
Expenditures:				
Police Department				
Personal services	128,506	251,625	252,937	(1,312)
Supplies	--	175,751	155,983	19,768
Services	39,113	31,488	11,469	20,019
Equipment maintenance	--	1,883	--	1,883
Capital outlay	--	339,640	191,820	147,820
Total Police Department	<u>167,619</u>	<u>800,388</u>	<u>612,209</u>	<u>188,179</u>
Fire Department				
Supplies	--	3,300	3,360	(60)
Services	--	2,657	2,202,657	(2,200,000)
Capital outlay	--	65,700	65,620	80
Total Fire Department	<u>--</u>	<u>71,657</u>	<u>2,271,637</u>	<u>(2,199,980)</u>
Total Expenditures	<u>167,619</u>	<u>872,045</u>	<u>2,883,846</u>	<u>(2,011,801)</u>
Excess (deficiency) of revenues (under) expenditures	--	(18,151)	(515,493)	(497,342)
Other Financing Sources (Uses):				
Transfers in	--	15,493	515,493	500,000
Transfers out	(7,500)	(7,500)	--	7,500
Total Other Financing Sources (Uses)	<u>(7,500)</u>	<u>7,993</u>	<u>515,493</u>	<u>507,500</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(7,500)	(10,158)	--	10,158
Fund Balances/Equity, October 1	--	--	--	--
Fund Balances/Equity, September 30	<u>\$ (7,500)</u>	<u>\$ (10,158)</u>	<u>\$ --</u>	<u>\$ 10,158</u>

**D
E
B
T

S
E
R
V
I
C
E

F
U
N
D**

CITY OF KINGSVILLE

DEBT SERVICE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2025

EXHIBIT C-5

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
General Property Taxes:				
Current taxes	\$ 1,944,426	\$ 1,944,426	\$ 1,897,156	\$ (47,270)
Delinquent taxes	45,226	45,226	35,912	(9,314)
Penalty and interest	40,035	40,035	34,417	(5,618)
Total General Property Taxes	<u>2,029,687</u>	<u>2,029,687</u>	<u>1,967,485</u>	<u>(62,202)</u>
Interest and Miscellaneous:				
Interest from investments	25,246	25,246	21,808	(3,438)
Total Interest and Miscellaneous	<u>25,246</u>	<u>25,246</u>	<u>21,808</u>	<u>(3,438)</u>
Total Revenues	<u>2,054,933</u>	<u>2,054,933</u>	<u>1,989,293</u>	<u>(65,640)</u>
Expenditures:				
Debt Service				
Principal retired	1,056,478	1,056,478	1,056,476	2
Interest	1,071,924	1,071,924	1,071,921	3
Paying agent fees	19,780	19,780	3,595	16,185
Total Debt Service	<u>2,148,182</u>	<u>2,148,182</u>	<u>2,131,992</u>	<u>16,190</u>
Total Expenditures	<u>2,148,182</u>	<u>2,148,182</u>	<u>2,131,992</u>	<u>16,190</u>
Excess (deficiency) of revenues (under) expenditures	(93,249)	(93,249)	(142,699)	(49,450)
Other Financing Sources (Uses):				
Transfers in	203,753	203,753	203,753	--
Total Other Financing Sources (Uses)	<u>203,753</u>	<u>203,753</u>	<u>203,753</u>	<u>--</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	110,504	110,504	61,054	(49,450)
Fund Balances/Equity, October 1	615,881	615,881	615,881	--
Fund Balances/Equity, September 30	<u>\$ 726,385</u>	<u>\$ 726,385</u>	<u>\$ 676,935</u>	<u>\$ (49,450)</u>

**C
A
P
I
T
A
L

P
R
O
J
E
C
T
S

F
U
N
D**

CITY OF KINGSVILLE
CAPITAL IMPROVEMENTS FUND
CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2025

EXHIBIT C-6

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest and Miscellaneous:				
Interest from investments	\$ --	\$ --	\$ 363,970	\$ 363,970
Total Interest and Miscellaneous	--	--	363,970	363,970
Total Revenues	--	--	363,970	363,970
Expenditures:				
Police Department				
Supplies	--	78,919	78,919	--
Capital outlay	78,919	--	--	--
Total Police Department	78,919	78,919	78,919	--
Fire Department				
Supplies	--	6,036	6,036	--
Capital outlay	14,079,878	14,073,842	935,608	13,138,234
Total Fire Department	14,079,878	14,079,878	941,644	13,138,234
Public Works Department				
Sanitation:				
Capital outlay	48,475	1,373,301	650,742	722,559
Total Sanitation	48,475	1,373,301	650,742	722,559
Street:				
Supplies	--	4,693	4,693	--
Capital outlay	96,950	787,045	700,001	87,044
Total Street	96,950	791,738	704,694	87,044
Total Public Works Department	145,425	2,165,039	1,355,436	809,603
Total Expenditures	14,304,222	16,323,836	2,375,999	13,947,837
Excess (deficiency) of revenues (under) expenditures	(14,304,222)	(16,323,836)	(2,012,029)	14,311,807
Fund Balances/Equity, October 1	16,575,982	16,575,982	16,575,982	--
Fund Balances/Equity, September 30	\$ 2,271,760	\$ 252,146	\$ 14,563,953	\$ 14,311,807

Statistical Section

This part of the City of Kingsville's annual comprehensive 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.	115-122
Revenue Capacity	
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	123-131
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	132-137
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.	138-139
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.	140-144

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				
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Governmental Activities					
Net investment in Capital Assets	\$ 4,660,988	\$ 417,794	\$ 14,502,177	\$ 12,190,877	\$ 9,712,649
Restricted	24,434,604	9,109,645	6,417,480	6,590,375	4,298,931
Unrestricted	<u>2,376,441</u>	<u>20,345,730</u>	<u>10,641,329</u>	<u>10,471,375</u>	<u>9,453,907</u>
Total Governmental Activities Net Position	<u>\$ 31,472,033</u>	<u>\$ 29,873,169</u>	<u>\$ 31,560,986</u>	<u>\$ 29,252,627</u>	<u>\$ 23,465,487</u>
Business-type activities					
Net Investment in Capital Assets	\$ 16,247,356	\$ 13,277,251	\$ 7,465,510	\$ 9,951,488	\$ 9,456,955
Restricted	4,753,303	5,283,743	5,847,033	4,583,395	2,503,844
Unrestricted	<u>3,809,100</u>	<u>4,301,055</u>	<u>6,855,495</u>	<u>4,355,387</u>	<u>5,438,734</u>
Total Business-Type Activities Net Position	<u>\$ 24,809,759</u>	<u>\$ 22,862,049</u>	<u>\$ 20,168,038</u>	<u>\$ 18,890,270</u>	<u>\$ 17,399,533</u>
Primary Government					
Net investment in Capital Assets	\$ 21,027,011	\$ 13,695,045	\$ 21,967,687	\$ 22,142,365	\$ 19,169,604
Restricted	29,187,907	14,393,388	12,264,513	11,173,770	6,802,775
Unrestricted	<u>6,066,874</u>	<u>24,646,785</u>	<u>17,496,824</u>	<u>14,826,762</u>	<u>14,892,641</u>
Total Primary Government Net Position	<u>\$ 56,281,792</u>	<u>\$ 52,735,218</u>	<u>\$ 51,729,024</u>	<u>\$ 48,142,897</u>	<u>\$ 40,865,020</u>

SCHEDULE 1

		Fiscal Year							
		2020	2019	2018	2017	2016			
\$	8,732,847	\$	8,388,284	\$	6,481,143	\$	8,359,623	\$	8,385,155
	3,023,392		3,538,577		3,450,739		3,391,989		2,691,190
	<u>8,737,572</u>		<u>5,855,585</u>		<u>7,847,141</u>		<u>4,923,248</u>		<u>5,042,603</u>
\$	<u>20,493,811</u>	\$	<u>17,782,446</u>	\$	<u>17,779,023</u>	\$	<u>16,674,860</u>	\$	<u>16,118,948</u>
\$	9,726,407	\$	9,265,006	\$	9,269,664	\$	7,888,672	\$	5,337,203
	2,734,415		3,599,174		2,277,168		3,124,894		3,783,641
	<u>4,061,441</u>		<u>2,504,378</u>		<u>2,541,750</u>		<u>2,394,348</u>		<u>5,265,570</u>
\$	<u>16,522,263</u>	\$	<u>15,368,558</u>	\$	<u>14,088,582</u>	\$	<u>13,407,914</u>	\$	<u>14,386,414</u>
\$	18,459,254	\$	17,653,290	\$	15,750,807	\$	16,248,295	\$	13,722,358
	5,757,807		7,137,751		5,727,907		6,516,883		6,474,831
	<u>12,799,013</u>		<u>8,359,963</u>		<u>10,388,891</u>		<u>7,317,596</u>		<u>10,308,173</u>
\$	<u>37,016,074</u>	\$	<u>33,151,004</u>	\$	<u>31,867,605</u>	\$	<u>30,082,774</u>	\$	<u>30,505,362</u>

CITY OF KINGSVILLE
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	Fiscal Year				
	2025	2024	2023	2022	2021
Expenses					
Governmental Activities:					
General Government	\$ 5,956,670	\$ 6,034,948	\$ 6,897,221	\$ 4,805,229	\$ 4,534,741
Public Safety	15,898,595	12,136,819	11,243,058	9,069,157	8,565,107
Public Works	4,371,693	5,273,051	3,788,476	3,120,424	3,588,399
City/County	3,423,330	3,383,778	3,114,942	2,592,537	2,515,339
Tourism	585,597	1,178,475	651,792	539,067	415,224
Community Enrichment	-	-	54,833	-	-
Interest on Long-Term Debt	920,499	419,757	200,196	202,888	185,474
Total Governmental Activities Expenses	31,156,384	28,426,828	25,950,518	20,329,302	19,804,264
Business-Type Activities:					
Water	6,936,589	6,082,983	5,696,128	5,861,743	4,629,416
Solid Waste	3,207,599	3,262,642	2,986,526	3,242,982	2,815,547
Waste Water	3,490,696	3,326,281	3,276,876	2,937,849	2,899,735
Storm Water	505,055	21,896	85,090	1,893	1,188
Total Business-Type Activity Expenses	14,139,939	12,693,802	12,044,620	12,044,467	10,345,886
Total Primary Government Expenses	\$ 45,296,323	\$ 41,120,630	\$ 37,995,138	\$ 32,373,769	\$ 30,150,170
Program Revenue (see schedule 3)					
Governmental Activities					
Charges for Services:					
General Government	\$ 612,427	\$ 421,003	\$ 352,556	\$ 400,742	\$ 417,217
Public Safety	1,644,175	1,642,032	1,326,835	1,500,917	1,297,364
Public Works	1,926,443	1,130,325	1,090,136	1,044,853	822,553
City/County	1,095,115	1,020,033	1,186,138	1,026,714	472,948
Tourism	12,528	26,274	15,204	14,761	13,513
Operating Grants and Contributions	2,794,539	1,380,426	3,033,549	936,881	1,355,078
Capital Grants and Contributions	3,624,143	868,475	1,033,517	2,331,066	-
Total Governmental Activities Revenues	11,709,370	6,488,568	8,037,935	7,255,934	4,378,673
Business-Type Activities					
Charges for Services:					
Water	5,609,416	4,993,216	5,340,149	5,245,790	4,995,788
Waste Water	4,959,269	4,438,966	-	-	-
Solid Waste	4,106,952	4,008,979	8,906,199	8,982,951	8,699,074
Storm Water	572,410	433,887	426,029	414,582	401,508
Operating Grants and Contributions	929,937	430,353	34,082	4,678	507,183
Capital Grants and Contributions	1,916,044	2,494,482	397,869	1,017,042	-
Total Business-Type Activities Program Revenues	18,094,028	16,799,883	15,104,328	15,665,043	14,603,553
Total Primary Government Program Revenues	\$ 29,803,398	\$ 23,288,451	\$ 23,142,263	\$ 22,920,977	\$ 18,982,226

SCHEDULE 2

	Fiscal Year				
	2020	2019	2018	2017	2016
\$	4,658,647	\$ 4,719,760	\$ 4,509,275	\$ 4,803,413	\$ 4,487,935
	9,544,822	10,272,984	9,299,188	9,056,283	10,415,086
	3,053,129	3,632,080	3,382,760	3,978,987	3,321,641
	2,168,364	2,337,837	2,060,985	2,116,324	2,735,353
	543,425	651,531	590,957	976,056	533,758
	-	-	-	-	-
	266,416	279,826	337,368	362,092	415,124
	<u>20,234,803</u>	<u>21,894,018</u>	<u>20,180,533</u>	<u>21,293,155</u>	<u>21,908,897</u>
	4,126,370	4,392,972	4,381,668	4,587,773	4,576,376
	2,735,102	2,966,136	2,697,771	2,861,670	2,594,497
	2,957,232	2,939,875	3,004,453	3,234,997	2,992,974
	1,261	860	327	270	253
	<u>9,819,965</u>	<u>10,299,843</u>	<u>10,084,219</u>	<u>10,684,710</u>	<u>10,164,100</u>
\$	<u><u>30,054,768</u></u>	<u><u>32,193,861</u></u>	<u><u>30,264,752</u></u>	<u><u>31,977,865</u></u>	<u><u>32,072,997</u></u>
\$	380,421	\$ 324,138	\$ 270,992	\$ 289,523	\$ 342,476
	1,386,835	1,597,664	2,515,424	1,738,745	3,596,477
	807,064	787,122	813,052	853,075	601,700
	370,251	361,675	314,270	308,082	467,315
	50,090	58,534	51,128	55,173	935
	2,607,026	1,379,626	1,003,090	1,192,770	1,071,004
	-	-	-	-	-
	<u>5,601,687</u>	<u>4,508,759</u>	<u>4,967,956</u>	<u>4,437,368</u>	<u>6,079,907</u>
	4,886,760	4,730,167	5,071,190	5,084,940	4,748,558
	4,141,620	3,800,783	3,543,469	3,497,038	3,409,252
	4,115,973	3,890,518	3,927,251	3,924,740	3,856,298
	404,887	390,799	330,649	227,449	226,086
	142,715	24,907	42,587	191,926	111,987
	-	-	-	-	-
	<u>13,691,955</u>	<u>12,837,174</u>	<u>12,915,146</u>	<u>12,926,093</u>	<u>12,352,181</u>
\$	<u><u>19,293,642</u></u>	<u><u>17,345,933</u></u>	<u><u>17,883,102</u></u>	<u><u>17,363,461</u></u>	<u><u>18,432,088</u></u>

CITY OF KINGSVILLE
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	Fiscal Year				
	2025	2024	2023	2022	2021
Net (Expense)/Revenue					
Governmental Activities	\$ (19,447,014)	\$ (21,938,260)	\$ (17,912,583)	\$ (13,073,368)	\$ (15,425,611)
Business-Type Activities	3,954,089	4,106,081	3,059,708	3,620,576	4,257,667
Total Primary Government Net Expenses	\$ (15,492,925)	\$ (17,832,179)	\$ (14,852,875)	\$ (9,452,792)	\$ (11,167,944)
General Revenues - Other Changes in Net Position					
Governmental Activities					
Taxes					
Property Taxes	\$ 9,497,436	\$ 8,733,925	\$ 8,455,115	\$ 8,576,529	\$ 7,634,771
Franchise Taxes	818,318	862,475	889,859	840,179	881,639
Sales Taxes	6,526,987	6,474,066	6,485,867	6,279,434	5,704,000
Hotel/Motel Taxes	688,433	622,810	599,478	635,149	609,475
Other Taxes	65,393	65,898	68,927	64,220	54,035
Payment in Lieu of Taxes	-	-	-	-	-
Insurance Settlement	-	234,258	-	-	-
Investment Earnings	1,255,518	1,225,374	927,250	211,507	31,377
Gain (loss) on disposal of capital assets	-	-	-	-	70,797
Intergovernmental Revenue	-	-	-	10,000	-
Miscellaneous (loss)	219,075	-	42,834	59,430	24,379
Transfers	2,072,523	2,031,637	2,751,612	2,184,060	3,386,814
Total Governmental Activities	21,143,683	20,250,443	20,220,942	18,860,508	18,397,287
Business-Type Activities					
Investment Earnings	245,858	415,107	359,311	54,229	6,420
Other	144,500	204,457	-	-	-
Insurance Settlement	(68,403)	-	-	-	-
Transfers	(2,328,336)	(2,031,637)	(2,751,612)	(2,184,060)	(3,386,814)
Total Business-Type Activities	(2,006,381)	(1,412,073)	(2,392,301)	(2,129,831)	(3,380,394)
Total Primary Government	\$ 19,137,302	\$ 18,838,370	\$ 17,828,641	\$ 16,730,677	\$ 15,016,893
Changes in Net Position					
Governmental Activities (loss)	\$ 1,696,669	\$ (1,687,817)	\$ 2,308,359	\$ 5,787,140	\$ 2,971,676
Business-Type Activities (loss)	1,947,708	2,694,008	667,407	1,490,745	877,273
Total Primary Government (loss)	\$ 3,644,377	\$ 1,006,191	\$ 2,975,766	\$ 7,277,885	\$ 3,848,949

SCHEDULE 2
(Continued)

		Fiscal Year							
		2020	2019	2018	2017	2016			
\$	(14,633,116)	\$	(17,385,259)	\$	(15,212,577)	\$	(16,855,787)	\$	(15,828,990)
	<u>3,871,990</u>		<u>2,537,331</u>		<u>2,830,927</u>		<u>2,241,383</u>		<u>2,188,081</u>
\$	<u>(10,761,126)</u>	\$	<u>(14,847,928)</u>	\$	<u>(12,381,650)</u>	\$	<u>(14,614,404)</u>	\$	<u>(13,640,909)</u>
\$	7,651,822	\$	7,407,799	\$	6,983,970	\$	6,837,284	\$	6,425,348
	868,834		1,023,299		979,444		989,053		996,256
	5,116,414		5,080,332		4,764,200		4,770,174		4,599,145
	508,437		649,312		566,267		549,471		510,673
	51,862		67,931		64,514		66,553		55,932
	-		-		-		-		100,000
	-		-		-		573,250		1,605,908
	260,690		396,086		280,161		134,896		251,491
	23,500		31,605		3,000		87,712		-
	-		-		-		-		-
	39,536		40,982		81,377		98,935		24,320
	<u>2,823,386</u>		<u>2,691,336</u>		<u>2,286,274</u>		<u>3,304,371</u>		<u>1,837,694</u>
	<u>17,344,481</u>		<u>17,388,682</u>		<u>15,989,207</u>		<u>17,411,699</u>		<u>16,406,767</u>
	105,101		157,476		84,354		73,974		103,258
	-		-		8,002		10,514		-
	<u>(2,823,386)</u>		<u>(2,691,336)</u>		<u>(2,286,274)</u>		<u>(3,304,371)</u>		<u>(1,837,694)</u>
	<u>(2,718,285)</u>		<u>(2,533,860)</u>		<u>(2,193,918)</u>		<u>(3,219,883)</u>		<u>(1,734,436)</u>
\$	<u>14,626,196</u>	\$	<u>14,854,822</u>	\$	<u>13,795,289</u>	\$	<u>14,191,816</u>	\$	<u>14,672,331</u>
\$	2,711,365	\$	3,423	\$	776,630	\$	555,912	\$	577,777
	<u>1,153,705</u>		<u>3,471</u>		<u>637,009</u>		<u>(978,500)</u>		<u>453,645</u>
\$	<u>3,865,070</u>	\$	<u>6,894</u>	\$	<u>1,413,639</u>	\$	<u>(422,588)</u>	\$	<u>1,031,422</u>

CITY OF KINGSVILLE

FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS

	Fiscal Year				
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
General Fund					
Nonspendable	\$ 523,956	\$ 523,956	\$ 476,828	\$ 476,828	\$ 478,980
Restricted	58,252	48,304	191,039	34,492	22,708
Committed	4,114,259	3,984,866	4,224,115	3,797,887	3,356,991
Assigned	507,059	538,324	434,057	-	-
Unassigned	<u>7,742,403</u>	<u>8,371,827</u>	<u>9,243,955</u>	<u>8,955,345</u>	<u>9,932,049</u>
Total General Fund	\$ <u>12,945,929</u>	\$ <u>13,467,277</u>	\$ <u>14,569,994</u>	\$ <u>13,264,552</u>	\$ <u>13,790,728</u>
Restricted					
Debt Service Funds	676,935	615,881	590,090	491,634	404,270
Special Revenue Funds	1,222,146	1,164,531	1,608,723	1,660,341	1,625,506
Capital Projects Funds	14,563,953	16,575,982	4,851,396	338,305	81,309
Unassigned, Reported in					
Special Revenue Funds	1,493,372	1,240,883	1,207,715	1,316,287	1,149,361
Assigned					
Drug Awareness	-	-	-	-	-
Total All Other Governmental Funds	\$ <u>17,956,406</u>	\$ <u>19,597,277</u>	\$ <u>8,257,924</u>	\$ <u>3,806,567</u>	\$ <u>3,260,446</u>

SCHEDULE 3

		Fiscal Year							
		2020	2019	2018	2017	2016			
\$	375,986	\$	320,068	\$	354,036	\$	285,323	\$	252,475
	8,391		5,600		2,314		97,057		97,400
	3,701,093		3,259,455		2,664,778		1,266,453		2,945,543
	-		-		-		-		-
	<u>9,066,420</u>		<u>7,193,210</u>		<u>6,963,901</u>		<u>7,470,863</u>		<u>7,149,475</u>
\$	<u>13,151,890</u>	\$	<u>10,778,333</u>	\$	<u>9,985,029</u>	\$	<u>9,119,696</u>	\$	<u>10,444,893</u>
	618,428		612,098		559,382		757,325		618,994
	638,204		561,021		344,117		412,248		534,268
	121,478		369,208		1,723,633		4,007,567		6,509,573
	1,234,903		1,307,616		2,091,534		1,461,090		1,726,151
	<u>58</u>		<u>58</u>		<u>58</u>		<u>2,365</u>		<u>2,365</u>
\$	<u>2,613,071</u>	\$	<u>2,850,001</u>	\$	<u>4,718,724</u>	\$	<u>6,640,595</u>	\$	<u>9,391,351</u>

CITY OF KINGSVILLE

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

	Fiscal Year				
	2025	2024	2023	2022	2021
Revenues					
Property Taxes	\$ 9,285,388	\$ 8,741,614	\$ 8,455,115	\$ 8,576,533	\$ 7,592,914
Taxes-Other	8,096,736	8,024,875	8,090,135	7,724,401	7,356,029
Licenses, Fees and Permits	500,841	352,199	289,793	320,787	255,995
Fines and Penalties	876,638	782,593	623,545	905,492	697,303
Charges for Services	7,513,240	7,124,199	7,104,451	6,897,488	6,165,410
Special Assessment	7,390	8,314	3,093	6,003	4,176
Intergovernmental	661,031	746,317	2,750,158	460,216	539,652
Investment Earnings/Other	1,593,918	1,458,193	958,507	189,792	53,600
Gain or Loss on Sale of Property	-	-	-	-	70,797
Federal Grant	6,052,816	1,502,584	1,289,908	2,799,064	790,425
Donations	100,165	101,958	64,834	77,098	49,381
Total Revenues	34,688,163	28,842,846	29,629,539	27,956,874	23,575,682
Expenditures					
General Government	5,676,009	5,879,834	5,917,218	4,932,186	4,609,833
Public Safety	15,183,328	12,033,133	10,344,129	10,324,906	9,606,373
Public Works	10,081,717	7,225,970	6,833,668	5,879,985	5,894,087
City/County	3,353,196	3,831,624	2,905,271	2,625,052	2,486,047
Tourism	594,477	1,169,152	649,822	536,179	410,502
Other	-	-	-	-	-
Capital Outlay	2,375,999	2,943,457	2,419,300	4,366,941	948,982
Debt Service					
Interest	1,071,921	401,400	240,503	245,887	260,980
Principal	1,056,476	1,676,177	1,570,948	1,360,101	1,371,163
Bond Issuance Cost	3,595	171,158	155,611	30,001	1,558
Total Expenditures	39,396,718	35,331,905	31,036,470	30,301,238	25,589,525
Excess of Revenues over/ (under) Expenditures	(4,708,555)	(6,489,059)	(1,406,931)	(2,344,364)	(2,013,843)
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
Insurance Settlement	-	-	-	-	-
Refunding Bonds Issued	-	-	-	-	754,950
Payment to Refunding Bonds	-	-	-	-	-
Escrow Agent	-	-	-	-	(771,750)
Lease Proceeds	-	298,465	-	-	32,229
Transfers In	3,507,687	2,630,330	2,778,679	2,078,655	2,555,433
Transfers Out	(961,349)	(902,597)	(522,648)	(980,271)	(641,816)
Total Other Financing Sources (uses)	2,546,338	16,725,696	7,163,731	2,364,309	3,300,054
Net Change In Fund Balances	\$ (2,162,217)	\$ 10,236,637	\$ 5,756,800	\$ 19,945	\$ 1,286,211
Debt Services as a Percentage of Noncapital Expenditures	6.34%	6.48%	6.33%	6.19%	6.62%

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

SCHEDULE 4

						Fiscal Year									
						2020	2019	2018	2017 *	2016 *					
\$	7,492,381	\$	7,120,452	\$	6,998,136	\$	6,706,943	\$	6,370,231						
	6,645,547		6,924,607		6,488,517		6,483,549		6,267,496						
	273,086		239,639		193,757		246,379		262,275						
	759,214		894,774		1,886,822		1,107,731		2,999,672						
	6,070,476		5,852,479		5,860,636		5,900,175		5,417,808						
	5,333		4,811		774		2,797		-						
	2,033,862		585,000		550,000		550,000		550,000						
	256,334		432,802		300,139		207,464		402,997						
	23,500		45,599		-		-		-						
	573,163		787,787		448,342		642,770		521,004						
	23,767		45,891		7,025		29,300		1,730						
	<u>24,156,663</u>		<u>22,933,841</u>		<u>22,734,148</u>		<u>21,877,108</u>		<u>22,793,213</u>						
	4,535,714		4,423,846		4,334,387		5,387,819		4,499,066						
	8,990,262		9,108,029		8,994,258		9,392,971		9,726,283						
	5,048,455		5,708,912		5,244,664		5,994,479		4,953,034						
	2,046,965		2,137,638		2,009,023		2,976,194		2,846,518						
	536,110		639,401		580,694		971,148		553,609						
	-		-		-		-		-						
	1,167,343		2,080,589		3,151,215		2,750,583		2,165,305						
	-		-		-		-		-						
	251,620		332,397		357,712		458,762		278,696						
	1,226,939		1,097,715		1,124,637		980,798		1,463,485						
	64,743		3,150		2,900		3,550		91,800						
	<u>23,868,151</u>		<u>25,531,677</u>		<u>25,799,490</u>		<u>28,916,304</u>		<u>26,577,796</u>						
	<u>288,512</u>		<u>(2,597,836)</u>		<u>(3,065,342)</u>		<u>(7,039,196)</u>		<u>(3,784,583)</u>						
	-		-		3,000		105,806		-						
	-		42,166		845,105		750,879		10,396						
	-		-		-		-		6,740,000						
	358,635		-		-		-		-						
	14,548		-		-		-		198,693						
	2,705,982		-		-		573,250		1,605,908						
	-		-		-		-		-						
	(3,051,000)		-		-		-		-						
	622,780		-		-		-		-						
	1,997,815		2,209,342		1,669,896		3,121,412		2,365,743						
	<u>(800,644)</u>		<u>(729,092)</u>		<u>(509,196)</u>		<u>(1,588,105)</u>		<u>(965,743)</u>						
	<u>1,848,116</u>		<u>1,522,416</u>		<u>2,008,805</u>		<u>2,963,242</u>		<u>9,954,997</u>						
\$	<u>2,136,628</u>	\$	<u>(1,075,420)</u>	\$	<u>(1,056,537)</u>	\$	<u>(7,039,196)</u>	\$	<u>6,170,414</u>						
	6.51%		6.10%		6.55%		5.50%		7.14%						

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
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
2025	1,366,062,118	44,636,153	88,393,250	452,493,984	1,046,597,537	0.76918	1,499,091,521

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
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
2025	0.61273	0.15645	0.76918	0.93070	0.53140	0.38490

Source: Kleberg County Tax Assessor Office

CITY OF KINGSVILLE

PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND NINE YEARS AGO

SCHEDULE 7

Taxpayer	2025			2016		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
AEP Texas Inc.	\$ 24,733,000	1	2.36%			
Rockstar Kingsville Pointe LLC	14,932,600	2	1.43%			
KL Phase I Owner LTD	13,984,220	3	1.34%			
Rockstar Oak Tree LLC	13,840,490	4	1.32%			
Javelina Station Apartments LLC	10,196,700	5	0.97%			
Kingsville Square LTD	9,954,800	6	0.95%			
LFL Properties Kingsville LLC	9,739,350	7	0.93%			
Wal-Mart Stores Inc #01-0442	8,669,750	8	0.83%			
KL Phase II Owner LTD	8,613,470	9	0.82%			
HEB Grocery Inc	8,452,390	10	0.81%			
AEP Texas Central Company				\$ 26,246,310		3.47%
KL Phase I Owner LTD				12,862,200		1.70%
NLP Kingsville Ventures LLC				11,169,490		1.48%
Javelina Station LP				8,416,700		1.11%
HBC Holding LTD				7,531,800		1.00%
Wal-Mart Stores Texas, LLC US00442				7,476,640		0.99%
King Ranch Saddle Shop Inc				6,372,670		0.84%
Eddie Yaklin Ford Lincoln Mercury LTD				5,645,970		0.75%
Wal-Mart Stores Inc #01-0442				5,310,670		0.70%
Neessen Chevrolet Inc				4,964,730		0.66%
Total	\$ 123,116,770		11.76%	\$ 95,997,180		12.70%

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
2016	\$ 6,350,640	\$ 6,115,195	96.3%	\$ 165,453	\$ 6,280,648	98.90%
2017	6,640,180	6,396,334	96.3%	149,106	6,545,440	98.57%
2018	6,880,532	6,645,832	96.6%	107,508	6,753,340	98.15%
2019	7,056,152	6,799,232	96.4%	155,403	6,954,635	98.56%
2020	7,473,551	7,180,302	96.1%	150,195	7,330,497	98.09%
2021	7,620,817	7,260,036	95.3%	283,597	7,543,633	98.99%
2022	8,164,047	7,886,943	96.6%	96,578	7,983,521	97.79%
2023	8,256,621	7,986,730	96.7%	224,761	8,211,491	99.45%
2024	8,498,742	8,205,290	96.5%	240,217	8,445,507	99.37%
2025	9,197,627	8,842,678	96.1%	171,543	9,014,221	98.01%

Source: Kieberg County Tax Assessor Office

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

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

	Fiscal Year				
	2025	2024	2023	2022	2021
Building Materials, Hardware, etc.	\$ 34,405	\$ 36,540	\$ 40,079	\$ 46,650	\$ 44,587
General Merchandise	55,316	54,128	56,357	59,840	57,006
Food Stores	27,630	27,224	26,910	26,950	25,309
Automotive Dealers and Gasoline	25,076	27,115	27,034	25,250	24,140
Apparel and Accessory Stores	10,506	11,270	11,624	9,400	8,744
Home Furniture, Furnishing, and Equipment	2,859	2,662	3,038	3,742	3,653
Eating and Drinking Places	77,475	74,846	74,698	65,450	63,115
All Other Outlets	11,659	10,346	12,791	10,900	10,028
Total	\$ 244,926	\$ 244,131	\$ 252,531	\$ 248,182	\$ 236,582
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							
		2020	2019	2018	2017	2016			
\$	44,066	\$	33,660	\$	31,589	\$	31,293	\$	31,075
	53,764		49,564		53,021		50,670		48,926
	23,879		20,778		21,319		20,990		18,733
	23,598		22,820		21,449		21,689		22,194
	5,434		3,147		2,343		3,209		4,256
	3,735		4,594		4,828		4,685		5,059
	53,372		55,899		51,130		48,936		46,526
	<u>10,093</u>		<u>12,724</u>		<u>14,066</u>		<u>14,064</u>		<u>15,596</u>
\$	<u>217,941</u>	\$	<u>203,186</u>	\$	<u>199,745</u>	\$	<u>195,536</u>	\$	<u>192,365</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>Kieberg County Property Tax Relief</u>	<u>State Sales Tax</u>
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%
2025	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	Leases Payable			
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	766,108	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%	783.20
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	22,518,093	425,255	16,627,907	481,104	225,999	40,278,358	5.36%	1,370.43
2025	21,522,942	334,355	14,835,090	263,505	173,092	37,128,984	4.96%	1,269.54

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				
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
2025	36,358,032	676,935		35,681,097	2.3802%	1,220.03

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	\$ 40,990,000	81.94%	\$ 33,587,208
Kleberg County	8,545,000	53.14%	4,540,813
Ricardo ISD	1,441,000	6.13%	88,333
South Texas Water Authority	2,405,000	38.49%	<u>925,685</u>
Subtotal, Overlapping Debt			39,142,037
City Direct Debt; Bonds Financed Purchases			21,522,942 <u>344,355</u>
Subtotal, Direct Debt			<u>21,867,297</u>
Total Direct and Overlapping Debt			\$ <u><u>61,009,334</u></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)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Debt Limit	\$ 213,123,097	\$ 222,713,909	\$ 229,236,090	\$ 245,519,722	\$ 251,705,410
Total Net Debt Applicable to Limit	<u>12,673,491</u>	<u>11,676,198</u>	<u>10,849,298</u>	<u>9,741,152</u>	<u>8,083,010</u>
Legal Debt Margin	\$ <u><u>200,449,606</u></u>	\$ <u><u>211,037,711</u></u>	\$ <u><u>218,386,792</u></u>	\$ <u><u>235,778,570</u></u>	\$ <u><u>243,622,400</u></u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	5.95%	5.24%	4.73%	3.97%	3.21%

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				
		2021	2022	2023	2024	2025
\$		272,350,996	\$ 253,477,695	\$ 285,087,729	\$ 250,763,275	\$ 240,803,377
		<u>8,464,893</u>	<u>8,239,979</u>	<u>8,864,245</u>	<u>21,902,212</u>	<u>20,846,007</u>
\$		<u>263,886,103</u>	<u>\$ 245,237,716</u>	<u>\$ 276,223,484</u>	<u>\$ 228,861,063</u>	<u>\$ 219,957,370</u>
		3.11%	3.25%	3.11%	8.73%	8.66%

Assessed Value		\$ 1,046,597,537
Debt Limit (25% of assessed value)		<u>261,649,384</u>
Debt Applicable to Limit:		
General Obligation Bonds	\$ 21,522,942	
Less: Amount Set Aside for Repayment of General Obligation Debt	<u>676,935</u>	
Total Net Debt Applicable to Limit		<u>20,846,007</u>
Legal Debt Margin		<u>\$ 240,803,377</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		
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	1,963,758	445,964	0.83	
2025	11,141,095	9,142,675	1,998,420	1,728,523	386,036	(0.05)	

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
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%
2025	29,246	747,820	25,570	28.7	N/A	4,019	4.1%

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	2025			*2016		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
NAS Kingsville	1,768	1	12.86%	1,502	2	10.51%
Texas A&M Kingsville	1,127	2	8.20%	2,362	1	16.53%
Kingsville ISD	422	3	3.07%	530	4	3.71%
City of Kingsville	294	4	2.14%	300	7	2.10%
Kleberg County	285	5	2.07%	-	-	-
Celanese	280	6	2.04%	650	3	4.55%
HEB	279	7	2.03%	235	10	1.64%
Walmart	248	8	1.80%	320	5	2.24%
Border Patrol	241	9	1.75%	278	8	1.95%
King Ranch	220	10	1.60%	300	6	2.10%
Brock-Jacobs (Formerly Mundy Corp.)				250	9	1.75%
Total	5,164		37.56%	6,727		47.08%
			Labor Force			14,339
			Employment			13,748
			Unemployment			591
			Rate			4.1%

Source:

WorkForce Solutions of Coastal Bend
 Kingsville Chamber of Commerce

*2016 Information from '15-16 ACFR

CITY OF KINGSVILLE

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

SCHEDULE 18

	<u>2025</u>	<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>
City Commission	6	5	4	4	5	5	5	5	5	5
General Government	54	56	42	50	50	46	45	43	45	40
Fire	38	42	38	33	34	32	33	33	32	34
Health	12	12	11	9	10	10	10	8	8	10
Library	0	0	0	0	0	9	8	9	9	9
Police	68	69	64	65	67	65	66	67	66	64
Public Works	94	90	100	98	103	93	99	93	93	98
Task Force	0	0	0	0	0	0	0	0	0	11
Parks Dept.	17	16	15	15	15	11	12	11	10	10
Golf Course	8	9	9	8	8	7	8	8	8	8
Total	<u>297</u>	<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>

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				
	2025	2024	2023	2022	2021
General Government					
Building Permits Issued	1,305	3,196	1,401	1,536	1,424
Building Inspections Conducted	2,679	2,922	1,134	1,703	1,432
Police					
Physical Arrest	1,471	1,541	1,569	1,482	1,616
Parking Violations	80	132	87	148	85
Traffic Violations	7,880	9,466	7,856	5,509	7,523
Fire					
Emergency Responses	3,287	3,376	3,172	3,021	3,266
Fire Calls	457	727	710	797	314
Inspections	525	665	730	794	600
Refuse Collections					
Refuse Collected (tons per day; 365)	96	95	88	67	80
Recyclables Collected (tons per day; 365)	0.09	-	0.39	0.18	0.38
Other Public Works					
Street Resurfacing (miles)	4	4	4	3	2
Potholes Repaired	8,104	7,373	6,736	7,102	8,896
Parks and Recreation					
Athletic Field Permits Issued	2,674	2,512	1,747	397	334
Community Center Admissions	230	264	159	174	150
Library					
Volumes in Collection	-	-	-	-	-
Total Volumes Borrowed	-	-	-	-	-
Health					
Environmental Health	202	165	154	275	331
Consumer Health	2,316	2,443	2,411	2,380	2,391
Weed Control	4,458	4,182	2,091	2,077	2,242
Animal Control	3,783	3,382	3,871	5,543	7,183
Water					
New Connections	33	24	18	41	38
Water Main Breaks	326	365	371	456	530
Average Daily Consumption (thousands of gallons)	3,221	3,310	3,968	3,665	3,334
Peak Daily Consumption (thousands of gallons)	4,490	6,137	7,374	4,820	4,933
Wastewater					
Average Daily Sewer Treatment (thousands of gallons)	2,097	2,100	1,860	1,900	2,500

Sources: Various City Departments

SCHEDULE 19

	Fiscal Year				
2020	2019	2018	2017	2016	
1,829	2,144	2,059	2,374	2,058	
1,315	1,788	1,633	2,170	1,400	
1,611	1,856	1,295	1,060	1,014	
68	165	246	408	663	
4,046	3,237	6,307	3,032	3,192	
3,630	3,074	3,005	3,005	2,826	
654	723	610	641	556	
587	456	434	388	356	
70	104	82	86	82	
2	-	1	1	1	
2	2	2	2	3	
15,405	21,166	15,136	4,205	4,487	
220	486	474	396	348	
125	225	219	97	83	
60,081	58,728	55,326	53,903	55,878	
15,644	26,636	34,859	34,014	34,895	
284	339	285	350	430	
2,253	2,975	2,436	2,847	2,906	
3,382	3,181	3,966	3,967	4,995	
7,995	7,740	8,225	7,075	7,438	
37	42	36	47	33	
620	319	254	342	294	
2,373	3,499	3,499	3,229	3,134	
4,971	6,096	6,096	5,567	4,438	
2,500	2,500	2,500	2,200	2,100	

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

Function/Program	Fiscal Year				
	2025	2024	2023	2022	2021
Police					
Stations	2	1	1	1	1
Officer Units	55	55	60	63	63
Fire Stations	2	2	2	2	2
Refuse Collections					
Collection Trucks	23	22	21	14	14
Other Public Works					
Street (miles)	146	146	146	146	146
Highway (miles)					
Streetlights	1,296	1,296	1,296	1,296	1,296
Traffic Signals	4	4	4	4	4
Parks and Recreation					
Acreage	195	195	195	195	195
Playgrounds	9	9	9	9	9
Baseball/Softball Diamonds	12	12	12	12	12
Soccer/Football Fields	12	12	12	12	12
Community Centers	2	2	2	2	2
Water					
Water Mains (miles)	120	120	159	120	120
Fire Hydrants	826	826	822	822	822
Storage Capacity (thousands of gallons)	5,425	5,425	5,425	5,425	5,425
Wastewater					
Sanitary Sewers (miles)	100	100	100	100	98
Storm Sewers (miles)	35	35	33	33	33
Treatment Capacity (thousand of gallons)	4,000	4,000	4,000	4,000	4,000

Sources: Various City Departments

SCHEDULE 20

	Fiscal Year				
2020	2019	2018	2017	2016	
1	1	1	1	1	1
63	63	62	64	56	
2	2	2	2	2	
14	14	14	14	17	
146	146	146	146	146	
1,296	1,296	1,302	1,302	1,302	
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	
820	808	808	808	808	
5,425	5,425	5,632	5,632	5,632	
98	98	142	142	141	
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

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

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

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

Members of the Mayor and City Commission:

We have audited, in accordance with 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 (*Government Auditing Standards*), 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, 2025, 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 March 13, 2026.

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 audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Kingsville's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Kingsville's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of 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*.

City of Kingsville's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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,



John Womack & Company, P.C.

Kingsville, TX
March 13, 2026

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

JOHN L. WOMACK, CPA
MARGARET KELLY, CPA

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

Independent Auditor's Report on Compliance for Each Major Federal Program and
Report on Internal Control Over Compliance 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 City of Kingsville's major federal program for the year ended September 30, 2025. City of Kingsville's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Kingsville complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2025.

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 cursive script that reads "John Womack & Company, P.C." The signature is written in dark ink and is positioned above the printed name of the firm.

John Womack & Company, P.C.

Kingsville, TX
March 13, 2026

CITY OF KINGSVILLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

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

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes X No

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

Type of auditor's report issued on compliance for major programs: Unmodified

Version of compliance supplement used in audit: November, 2025

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, para. 200.516(a)? Yes X No

Identification of major programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
14.228	Community Development Block Grants

Dollar threshold used to distinguish between type A and type B programs: \$1,000,000

Auditee qualified as low-risk auditee? Yes X No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

CITY OF KINGSVILLE

*SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2025*

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

CITY OF KINGSVILLE
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2025

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, 2025

EXHIBIT D-1

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal ALN Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
OTHER PROGRAMS:				
<u>U. S. Department of the Treasury</u>				
Direct Program:				
Coronavirus State and Local Fiscal Recovery Funds	21.027	--	\$ --	\$ 1,270,803
Total U. S. Department of the Treasury			--	1,270,803
<u>U. S. Department of Justice</u>				
Direct Program:				
Bulletproof Vest Partnership Program	16.607	--	--	2,097
Total U. S. Department of Justice			--	2,097
<u>U. S. Department of Housing & Urban Development</u>				
Passed Through Texas General Land Office:				
CDBG-Wastewater Improvements	14.228	22-082-016-D21	--	1,792,168
CDBG-Hurricane Harvey	14.228	22-085-009-D23	--	3,599,143
Hazard Mitigation Grant	14.228	24-065-140-E998	--	94,716
Total Passed Through Texas General Land Office			--	5,486,027
Total U. S. Department of Housing & Urban Development			--	5,486,027
<u>Department of Homeland Security</u>				
Passed Through Federal Emergency Management Agency:				
Disaster Grant (Presidentially Declared Disasters)	97.036	DR4586-0041	--	29,160
Passed Through Texas Department of Public Safety:				
Operation Stonegarden	97.067	3194306	--	76,961
Total Department of Homeland Security			--	106,121
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ --	\$ 6,865,048

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, 2025

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.