

**City of Kennedale, Texas**  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended  
September 30, 2018





**City of Kennedale, Texas**  
**Comprehensive Annual Financial Report**  
**Year Ended September 30, 2018**

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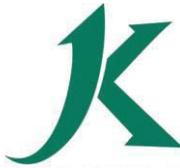
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**KENNEDALE**  
You're Here, Your Home

405 Municipal Drive, Kennedale TX 76060  
Ph: (817) 478-5418 www.cityofkennedale.com

March 28, 2019

Honorable Mayor and City Council,  
Citizens of Kennedale:

The City of Kennedale (City) Financial Management Policies requires that the City's Finance Department prepare a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Accordingly, the Comprehensive Annual Financial Report for the City of Kennedale, Texas for the fiscal year ended September 30, 2018, is hereby issued.

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 representations, 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 preparation 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 misstatements. 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 City's financial statements have been audited by **BKD, LLP**. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2018, are free of material misstatements. 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 unmodified opinions that the City's financial statements for the fiscal year ended September 30, 2018, 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 a Management's Discussion and Analysis (MD&A). The letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditor.

## PROFILE OF THE GOVERNMENT

The City of Kennedale was incorporated in 1947. The City of Kennedale is a first tier suburb of Fort Worth and is located adjacent to Arlington in south Tarrant County. The City currently occupies a land area of 6.2 square miles and serves an estimated population of 8,338. The City is empowered to levy property tax on both real and business personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically, when deemed appropriate by the city council.

The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and five Councilmembers. The term of office is two years with the terms of the Mayor and two of the Councilmembers' terms expiring in even-numbered years and the other terms of the three Councilmembers expiring in odd-numbered years. The City Council is responsible for enacting ordinances, resolutions and regulations governing the City, as well as appointing the members of various statutory and advisory boards, the City Manager, City Secretary, City Attorney and Municipal Judges. The City Manager is the chief administrative officer of the government and is responsible for the enforcement of laws and ordinances, the appointment and supervision of the executive directors and heads of departments, and the performance of functions within the municipal organization.

The City of Kennedale provides a full range of services including police, fire, emergency medical service, municipal court, library, parks, water distribution, wastewater collection, solid waste collection, curb-side recycling, streets, storm water drainage, community development (planning, code enforcement and building inspection) and general administrative services.

The financial reporting entity (government) includes all funds of the primary government (i.e., the City of Kennedale as legally defined), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. Discretely presented component units are legally separate entities and not part of the primary government's operations. The Kennedale Economic Development Corporation (KEDC) is included in the financial statements as a discretely presented component unit.

## ***FACTORS AFFECTING FINANCIAL CONDITION***

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Kennedale operates.

**Local Economy.** After an election in July of 1947, the Town of Kennedale was incorporated with a population of 300 people. By 1950, the population had increased to 500 residents and a petition to the State of Texas was approved which changed the Township into a recognized City.

Kennedale is becoming one of Tarrant County's fastest growing cities. Fronted by the major highways of I-20 and 287, the City provides an excellent location for major retail and professional businesses. This transportation corridor provides quick and easy access to the Dallas/Fort Worth International Airport, downtown Fort Worth just 15 minutes to the west and downtown Dallas just 20-25 minutes to the east. Furthermore, the City of Kennedale is within just a short drive to major entertainment venues including, but not limited to, Six Flags over Texas, Hurricane Harbor, Texas Motor Speedway, Globelife Park at Arlington, home of the Texas Rangers baseball team, and AT&T Stadium, home of the Dallas Cowboys football team.

Kennedale has experienced steady population growth in the last decade. Beautiful Village Creek slowly winds through the City and provides a tranquil feeling throughout the community.

Currently, the City is 6.2 square miles with much of this land undeveloped. This allows for selective locations for the incoming developments and pulls the citizen away from the crowds and traffic congestion of a major metropolitan city. As the economy continues to grow and expand into North Texas, Kennedale will be an attractive choice for businesses and families alike.

The Kennedale Economic Development Corporation (KEDC) was formed in 1996 to spearhead the economic growth of the City. The KEDC is funded by a voter approved, half cent sales tax, which is used to offer grants and other economic incentives to existing and new businesses. The KEDC is pursuing a four-pronged approach to economic development: land assembly and clearing for resell, manufacturing expansion, retail development and quality of life improvements. The redevelopment of the north entry into Kennedale (Oak Crest area) continues. A master plan has been adopted. Link Street to Kennedale Parkway was opened in 2015 and extension was opened in October 2016. The improved access has led to the development of a Popeye's and Burger King which opened in 2015. McDonald's opened in the Oak Crest area in October 2016. A hotel site is in the process of development. Multiple new subdivisions have been approved in the past year. The KEDC is also working with property owners in the area to develop their land. The Town Center has completed a spec building, along with the openings of a martial arts studio, electric supply store, Dickie's and antique shop.

**Accounting System and Budgetary Control.** The City's accounting records for general government operations are maintained on a modified accrual basis, with the revenues being recorded when available and measurable and expenditures being recorded when the services or goods are received and the liabilities incurred. Accounting records for the City's utilities are maintained on the accrual basis.

In developing and maintaining the City's accounting system, consideration is given to the adequacy of the internal control structure. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition and (2) the reliability of financial records for preparing financial statements and maintaining accountability of assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the City's internal controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The annual budget serves as the foundation for the City of Kennedale's financial planning and control. All departments of the City of Kennedale are required to submit requests for appropriation to the City Manager on or before June of each year. These requests are used to develop a proposed budget. The proposed budget is then presented to the City Council for review in or before August. The City Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than September 30, the close of the City of Kennedale's fiscal year. The appropriated budget is prepared by fund, function (e.g. public safety) and department (e.g. police). Transfer of appropriations within a department and within funds may be made with approval from the City Manager. Transfers between funds or additional appropriation require the approval of the City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted.

### ***Long-Term Financial Planning***

#### ***CURRENT YEAR PROJECTS***

The City of Kennedale leverages its resources by working with TxDOT and Tarrant County to enhance its transportation network. Road projects are funded by the City purchasing road material and the Tarrant County Precinct 2 road crews building the roadways. The City is partnering with the NCTCOG to improve sidewalks in the area and TxDOT to rebuild a local bridge.

An important element of the City's strategic plan – *Imagine Kennedale 2015* was to close the racetracks and convert the property to residential use. The City began that process with an update of the Comprehensive Land Use Plan. The City created a Tax Increment Reinvestment Zone (TIRZ) to fund off-site infrastructure improvements, namely the extension of water and sewer service, reconstruction of New Hope Road, and the addition of hike and bike trails along Kennedale Branch. TIRZ participation agreements with Tarrant County, Tarrant College District, and the Tarrant County Health District were completed in 2013. A water and sewer study to plan for the extension of the utility services is complete. The site of a current track is identified in the park master plan as a future community park.

Council, Board and staff activities are guided by the City's strategic plan – *Imagine Kennedale 2015* – and the adopted Comprehensive Land Use Plan. These plans call for the creation of residential areas on the southwest portion of Kennedale. The TIRZ, noted earlier, will guide this effort. Redevelopment of Oak Crest will be a long-term effort and it too is underway. Restoration of Village Creek as a park and water quality feature will consume staff time and resources for many years to come. Village Creek will require the assistance of the City of Arlington, the Corps of Engineers, the Trinity River Authority (TRA), the Tarrant Regional Water District, the University of Texas at Arlington (UTA), the Environmental Protection Agency (EPA), the Texas Commission on Environmental Quality (TCEQ) and the Texas Water Development Board (TWDB). Flood control and water quality planning activity may be essential to the City's efforts to encourage closure of a portion or all of the salvage yards located in the Village Creek floodplain.

The Asset Management Plan will be used to guide future council policy discussions.

### *FUTURE PROJECTS*

Beyond physical improvements in Kennedale, there will continue to be a focus on operational efficiencies and strategic planning.

The unified development code was adopted in mid-2016 and will need revisions as it is implemented. The City has held numerous neighborhood meetings to gather citizen input on future development.

### *RELEVANT FINANCIAL POLICIES*

The City will work towards controlling expenditures and exploring new revenue opportunities to grow the general fund balance. Efforts have been put into place to restore net working capital in the water and sewer fund. The City confirmed a bond rating of AA- from Standard & Poor's in the current year.

### *AWARDS AND ACKNOWLEDGEMENTS*

**Awards.** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Kennedale for its CAFR for the fiscal year ended September 30, 2017. This was the thirteenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current CAFR continues to meet the Certificate of Achievement Program's requirements and we may submit it to the GFOA to determine its eligibility for another certificate.

**Acknowledgments.** The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department and our independent auditors. We would like to express our sincere appreciation to those persons who have made possible the publication of this report. We would also like to thank the mayor and the members of the City Council for their support in planning and conducting the financial operations of the City.

Respectfully Submitted,



George Campbell  
City Manager



Brady Olsen  
Director of Finance & IT

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Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Kennedale**  
**Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

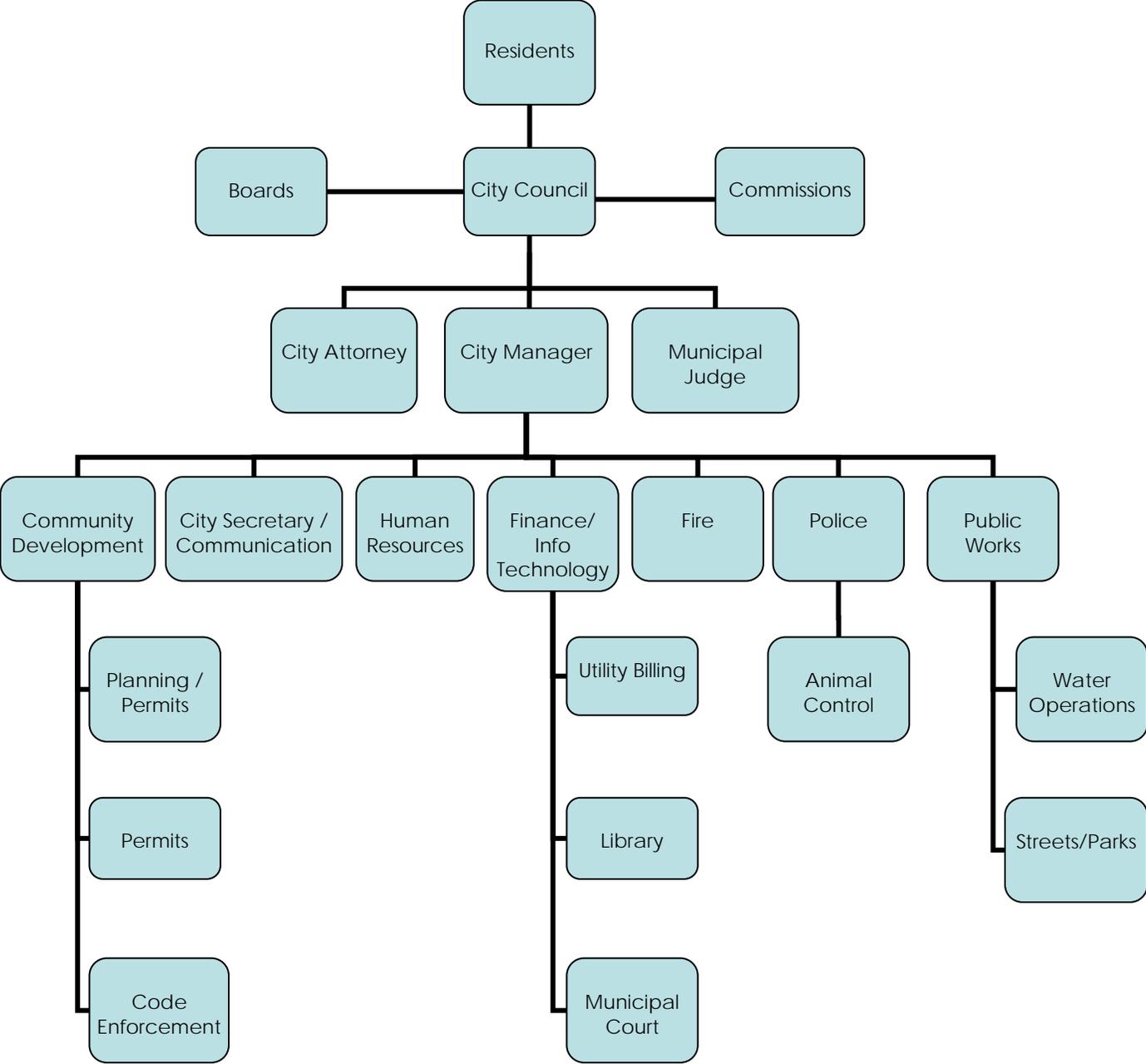
**September 30, 2017**

*Christopher P. Morill*

Executive Director/CEO

# City of Kennedale, Texas

## Organizational Chart



# City of Kennedale, Texas

## List of Principal Officers

### Elected Officials

Mayor	Brian Johnson
Council Member Place 1	Rockie Gilley
Council Member Place 2	Chris Pugh
Council Member Place 3/Mayor Pro Team	Sandra Lee
Council Member Place 4	Linda Rhodes
Council Member Place 5	Jan Joplin

### Appointed & Key Officials

City Manager	George Campbell
City Secretary/Communications Coordinator	Leslie Galloway
City Attorney	Taylor, Olsen, Adkins, Sralla & Elam, LLP
Director of Finance & IT	Brady Olsen
Human Resources Director	Danielle Clarke
Police Chief	Tommy Williams
Fire Chief	James Brown
Director of Public Works	Larry Hoover
Director of Planning	Melissa Dailey

### Economic Development Corporations Officials

Director Place 1	Johnny Trevino
Director Place 2	Joshua Altom
Director Place 3	Ronald Whitley
Director Place 4	Darold Tippey
Director Place 5 – Vice President	Ralph Grimes
Director Place 6 - President	Mark Yeary
Director Place 7	April Coltharp

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## Independent Auditor's Report

The Honorable Mayor and  
Members of the City Council  
City of Kennedale, Texas

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Kennedale, Texas (City) as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in *Note 1* to the financial statements, in 2018 the City adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, pension and other postemployment benefits information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual fund statements and schedules and the introductory and statistical sections as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we also have issued our report dated March 28, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

**BKD, LLP**

Dallas, Texas  
March 28, 2019

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# City of Kennedale, Texas

## Management's Discussion and Analysis (Unaudited)

### September 30, 2018

The Management's Discussion and Analysis (MD&A) section presents a narrative overview and analysis of the financial activities of the City of Kennedale, Texas (City) for the fiscal year ended September 30, 2018. We encourage readers to consider the information presented here in conjunction with the City's financial statements, which follow this section.

#### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities at the end of fiscal year 2018, resulting in \$41,420,769 of net position. Net position associated with governmental activities is approximately \$26 million, or 62% of the total net position of the City. Net position associated with business-type activities is approximately \$16 million, or 38% of the total net position of the City. The largest portion of net position consists of net investment in capital assets, which is approximately \$38 million.
- Unrestricted net position, which may be used to meet the City's future obligations, consists of approximately \$2.6 million, or 6% of the City's total net position. Unrestricted net position for governmental activities is approximately \$500,000, or 2% of total net position for governmental activities. Unrestricted net position for business-type activities is approximately \$2.1 million or 14% of total net position for business-type activities.
- As of the close of fiscal year 2018, the City's Governmental Funds reported a combined ending fund balance of \$2,986,355, an increase of \$553,312 from the prior year.
- At the end of the current fiscal year, total fund balance for the General Fund was \$2,855,447. This represents approximately 39% of General Fund expenditures.
- In 2018 the City adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Prior year comparative information contained herein has not been restated for the adoption of GASB 75.

#### Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the City of Kennedale, Texas' basic financial statements. The City's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

**Government-Wide Financial Statements:** The government-wide financial statements are designed to provide readers with a broad overview of the City of Kennedale's finances, in a manner similar to private-sector business.

The statement of net position presents information on all of the City of Kennedale's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference 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 of Kennedale is improving or deteriorating.

**City of Kennedale, Texas**  
**Management's Discussion and Analysis (Unaudited)**  
**September 30, 2018**

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, for example uncollected taxes and earned, but not used, vacation leave. Both the statement of net position and the statement of activities are prepared utilizing the full accrual basis of accounting.

In the Statement of Net Position and the Statement of Activities, the primary government is divided into two kinds of activities:

**Fund Financial 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. City of Kennedale, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Kennedale can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds:** Governmental funds are used to account for essentially the same functions reported as governmental activities 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 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.

The City of Kennedale maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund Debt Service Fund, and TIRZ #1 New Hope Fund, which are considered to be major funds. Data from the other 6 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Kennedale adopts an annual appropriated budget for its General Fund and Debt Service Fund. Budgetary comparison statements have been provided for the General Fund and the Debt Service Fund to demonstrate compliance with the budget.

**City of Kennedale, Texas**  
**Management's Discussion and Analysis (Unaudited)**  
**September 30, 2018**

**Proprietary Funds:** The City charges customers for the services it provides, whether to outside customers or to other units within the City. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. There is one type of proprietary fund: Enterprise Fund. The City's Enterprise Fund is identical to the business-type activities that are reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

**Notes to the Financial Statements:** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found in the financial section.

**Other Information:** The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements.

**Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of September 30, 2018, City assets and deferred outflows of resources exceeded its liabilities and deferred inflows resulting in \$41,420,769 of net position.

**Statement of Net Position for Governmental and Business-type Activities**

	2018			2017		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 3,701,753	\$ 3,593,935	\$ 7,295,688	\$ 3,211,312	\$ 2,756,193	\$ 5,967,505
Capital assets	33,875,170	16,778,486	50,653,656	34,863,923	17,064,746	51,928,669
Total assets	<u>37,576,923</u>	<u>20,372,421</u>	<u>57,949,344</u>	<u>38,075,235</u>	<u>19,820,939</u>	<u>57,896,174</u>
Deferred outflows of resources	518,886	59,356	578,242	961,550	122,550	1,084,100
Long-term liabilities	10,185,267	3,356,815	13,542,082	11,788,754	1,025,156	12,813,910
Other liabilities	<u>1,756,995</u>	<u>1,325,500</u>	<u>3,082,496</u>	<u>1,801,438</u>	<u>3,809,784</u>	<u>5,611,222</u>
Total liabilities	<u>11,942,262</u>	<u>4,682,315</u>	<u>16,624,577</u>	<u>13,590,192</u>	<u>4,834,940</u>	<u>18,425,132</u>
Deferred inflows of resources	420,610	61,630	482,240	144,781	21,214	165,995
Net position:						
Net investment in capital assets	24,410,280	13,310,004	37,720,284	24,362,252	13,238,962	37,601,214
Restricted	867,754	274,043	1,141,797	481,742	204,223	685,965
Unrestricted	<u>454,903</u>	<u>2,103,785</u>	<u>2,558,688</u>	<u>457,818</u>	<u>1,644,150</u>	<u>2,101,968</u>
Total net position	<u>\$ 25,732,937</u>	<u>\$ 15,687,832</u>	<u>\$ 41,420,769</u>	<u>\$ 25,301,812</u>	<u>\$ 15,087,335</u>	<u>\$ 40,389,147</u>

By far, the largest portion of the City's net position (91%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles and infrastructure), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**City of Kennedale, Texas**  
**Management's Discussion and Analysis (Unaudited)**  
**September 30, 2018**

An additional portion of the City's net position (2.7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$2,558,688 is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

**Analysis of City's Operations:** The following table provides a summary of the City's operations for the year ended September 30, 2018. Overall, the City had an increase in net position of \$1,158,454.

**Revenues and Expenses for Governmental and Business-type Activities**

	2018			2017		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
<b>Revenues</b>						
Program Revenues						
Charges for services	\$ 1,477,290	\$ 4,832,378	\$ 6,309,668	\$ 952,646	\$ 5,086,486	\$ 6,039,132
Operating grant and contribution	152,588	-	152,588	145,560	-	145,560
Capital grant and contribution	-	325,676	325,676	154,819	374,296	529,115
General revenues						
Taxes and fees	7,377,616	-	7,377,616	6,449,881	-	6,449,881
Other	195,820	17,591	213,411	156,905	3,919	160,824
Total revenues	<u>9,203,314</u>	<u>5,175,645</u>	<u>14,378,959</u>	<u>7,859,811</u>	<u>5,464,701</u>	<u>13,324,512</u>
<b>Expenses</b>						
General government	1,526,536	-	1,526,536	1,460,659	-	1,460,659
Public safety	4,680,243	-	4,680,243	4,494,080	-	4,494,080
Public works	1,615,294	-	1,615,294	1,743,770	-	1,743,770
Community development and recreation	436,270	-	436,270	397,477	-	397,477
Interest and fiscal charges	403,223	-	403,223	348,741	-	348,741
Water and sewer	-	4,370,394	4,370,394	-	3,271,916	3,271,916
Storm water drainage	-	188,545	188,545	-	66,067	66,067
Total expenses	<u>8,661,566</u>	<u>4,558,939</u>	<u>13,220,505</u>	<u>8,444,727</u>	<u>3,337,983</u>	<u>11,782,710</u>
<b>Increase (Decrease) in Net Position</b>						
<b>Before Transfers</b>	541,748	616,706	1,158,454	(584,916)	2,126,718	1,541,802
Transfers	-	-	-	748,617	(748,617)	-
<b>Change in Net Position</b>	<u>541,748</u>	<u>616,706</u>	<u>1,158,454</u>	<u>163,701</u>	<u>1,378,101</u>	<u>1,541,802</u>
<b>Net Position, Beginning of Year, As Previously Reported</b>	25,301,812	15,087,335	40,389,147	25,138,111	13,709,234	38,847,345
<b>Change in Accounting Principal</b>	(110,623)	(16,209)	(126,832)	-	-	-
<b>Net Position, Beginning of Year, As Restated</b>	<u>25,191,189</u>	<u>15,071,126</u>	<u>40,262,315</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Position, Ending of Year</b>	<u>\$ 25,732,937</u>	<u>\$ 15,687,832</u>	<u>\$ 41,420,769</u>	<u>\$ 25,301,812</u>	<u>\$ 15,087,335</u>	<u>\$ 40,389,147</u>

**Governmental Activities:** Governmental activities increased the City's net position by \$541,748. Total revenue for the governmental activities (excluding transfers) increased from the previous year by \$1,343,503. General revenue had a net increase of \$966,650. Property tax collections increased as a result of real property appraisals and new business and property additions which continues to grow the local economy. Program Revenues increased as a result of an increase in developmental services fees from new businesses.

**Business-type Activities:** Net position from business-type activities increased by \$616,706. Total revenue for the business-type activities decreased from the previous year by \$289,056 primarily due to a decrease in water and sewer rates.

**City of Kennedale, Texas**  
**Management's Discussion and Analysis (Unaudited)**  
**September 30, 2018**

**Financial Analysis of the City's Funds**

**Governmental Funds:** The focus of the City's Governmental Funds is to provide information on near term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's Governmental Funds reported a combined ending fund balance of \$2,986,355, an increase of \$553,312 from the prior year. This amount includes fund balance restricted for Capital Projects of \$565,525, restricted for Debt Service of \$194,135, restricted for Parks of \$68,115, restricted for Municipal Court of \$38,232 and Other of \$1,747. The net unassigned fund balance was \$958,123, a decrease of \$545,518 from prior year. Components of the net increase of the total fund balance are:

In the General Fund, the final budget projected a \$281,837 decrease in fund balance this fiscal year; however, the actual increase was \$384,278. Total revenues were \$449,380 over budget and total expenditures were over budget by \$220,535, for a total excess of revenues over expenditures of \$228,845 over the budget. Revenues increased from the budget primarily due to increase in franchise tax and an increase in building permits. Expenditures increased from the budget primarily due to an increase in overtime in the Fire Department.

**Proprietary Funds:** The City's proprietary funds provide the same type of information found in the government-wide financial statements. Unrestricted net position of the Water and Wastewater Fund at the end of the fiscal year amounted to \$1,990,605 and the Storm Water Drainage Fund reported an unrestricted net position of \$113,180.

**Capital Assets:** The City's capital assets for its governmental and business-type activities as of September 30, 2018, amount to \$50,653,656 (net of accumulated depreciation). This net investment in capital assets includes land, buildings, park facilities, roads, bridges and water and sewer lines.

Additional information on capital asset activity can be found in *Note 7* of this report.

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Land	\$ 4,206,187	\$ 4,206,187	\$ 585,429	\$ 585,429	\$ 4,791,616	\$ 4,791,616
Buildings and improvements	5,033,147	4,989,683	5,761,788	5,761,606	10,794,935	10,751,289
Machinery and equipment	3,570,509	3,454,037	1,018,752	1,018,752	4,589,261	4,472,789
Construction in progress	427,990	427,990	253,989	122,131	681,979	550,121
Infrastructure/water distribution	39,411,897	39,367,732	19,099,806	18,751,406	58,511,703	58,119,138
Accumulated depreciation	(18,774,560)	(17,581,706)	(9,941,278)	(9,174,578)	(28,715,838)	(26,756,284)
Total	\$ 33,875,170	\$ 34,863,923	\$ 16,778,486	\$ 17,064,746	\$ 50,653,656	\$ 51,928,669

**Long-term Debt:** At the end of the current fiscal year, the City had total bonds outstanding of \$11,238,494, all being tax supported. The City also has approximately \$1,808,684 of additional debt through capital leases.

**City of Kennedale, Texas**  
**Management's Discussion and Analysis (Unaudited)**  
**September 30, 2018**

Additional information on long-term debt activity can be found in *Note 8* of this report.

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
General obligation bonds	\$ 4,614,582	\$ 4,804,425	\$ 613,912	\$ 730,575	\$ 5,228,494	\$ 5,535,000
Certificates of obligation	4,410,000	5,125,000	1,600,000	1,745,000	6,010,000	6,870,000
Capital leases	554,114	600,557	1,254,570	1,350,209	1,808,684	1,950,766
Total	<u>\$ 9,578,696</u>	<u>\$ 10,529,982</u>	<u>\$ 3,468,482</u>	<u>\$ 3,825,784</u>	<u>\$ 13,047,178</u>	<u>\$ 14,355,766</u>

The City has an AA- rating from Standard and Poor's.

**Economic Factors and the Next Fiscal Year's Budget and Rates**

The City Council passed the effective tax rate of .725714 and budgeted to decrease overall city reserves by approximately \$940,000. The Council approved a large raise for public safety officers, but did not provide the funding for the raise. Additionally, Council approved the use of water and sewer reserves for over \$600,000 in capital projects.

In addition, City Council approved lowering the bases rate for water and sewer services for the coming year. The City is currently exploring long term solutions for the water and sewer fund. Cash funded capital projects were largely put on hold for the coming year, as the City examines debt opportunities.

Development continues within the city, with new subdivisions continuing construction. In addition, a new Hilton branded hotel is set to open within city limits. The city continues to develop the town center, with full occupancy of current buildings possible within the fiscal year. City management continues to explore expanded revenue streams for the City.

**Requests for Information**

This financial report is designed to provide a general overview of the City of Kennedale's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, City of Kennedale, 405 Municipal Dr., Kennedale, Texas 76060.

## **Basic Financial Statements**

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**City of Kennedale, Texas**  
**Statement of Net Position**  
**September 30, 2018**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Kennedale Economic Development Corporation
<b>Assets</b>				
Cash and cash equivalents	\$ 3,162,739	\$ 2,110,012	\$ 5,272,751	\$ 234,269
Receivables (net of allowance)				
Accounts	472,213	582,916	1,055,129	26,305
Sales tax	300,624	-	300,624	69,728
Prepaid items	86,778	-	86,778	10,000
Inventory	-	57,381	57,381	-
Internal balances	(320,601)	320,601	-	-
Restricted assets				
Cash and cash equivalents	-	523,025	523,025	-
Capital assets				
Land and construction in progress	4,634,177	839,418	5,473,595	864,017
Other capital assets, net of accumulated depreciation	29,240,993	15,939,068	45,180,061	4,161,758
Total assets	37,576,923	20,372,421	57,949,344	5,366,077
<b>Deferred Outflows of Resources</b>				
Deferred charge on refunding	113,806	-	113,806	-
Deferred outflows of resources - Pension	390,840	57,269	448,109	-
Deferred outflows of resources - OPEB	14,240	2,087	16,327	-
Total deferred outflows of resources	518,886	59,356	578,242	-
<b>Liabilities</b>				
Accounts payable and contracts payable	367,655	586,428	954,083	1,228
Accrued liabilities	110,864	20,922	131,786	28,899
Accrued interest	53,029	46,980	100,009	20,956
Due to other governments	17,264	-	17,264	-
Unearned revenue	26,637	274,043	300,680	20,000
Bonds payable	924,900	276,225	1,201,125	102,038
Compensated absences	79,033	16,271	95,305	-
Capital leases	177,613	104,631	282,244	-
Noncurrent liabilities				
Bonds payable	8,099,682	1,937,687	10,037,369	1,013,318
Capital leases	376,501	1,149,939	1,526,440	-
Compensated absences	316,134	65,086	381,220	-
OPEB liability	144,588	21,186	165,774	-
Net pension liability	1,248,362	182,917	1,431,279	-
Total liabilities	11,942,262	4,682,315	16,624,577	1,186,439
<b>Deferred Inflows of Resources</b>				
Deferred inflows of resources - Pension	420,610	61,630	482,240	-
Total deferred inflows of resources	420,610	61,630	482,240	-
<b>Net Position</b>				
Net investment in capital assets	24,410,280	13,310,004	37,720,284	3,910,419
Restricted for				
Capital Projects	565,525	-	565,525	-
Debt service	194,135	-	194,135	-
Economic Development	-	-	-	341,976
Impact fees	-	274,043	274,043	-
Municipal Court	38,232	-	38,232	-
Parks	68,115	-	68,115	-
Other	1,747	-	1,747	-
Unrestricted	454,903	2,103,785	2,558,688	-
Total net position	\$ 25,732,937	\$ 15,687,832	\$ 41,420,769	\$ 4,252,395

**City of Kennedale, Texas**  
**Statement of Activities**  
**For the Year Ended September 30, 2018**

Functions/program	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	\$ 1,526,536	\$ 709,603	\$ 152,588	\$ -
Public safety	4,680,243	547,621	-	-
Public works	1,615,294	143,445	-	-
Community development and recreation	436,270	76,621	-	-
Interest and fiscal charges	403,223	-	-	-
Total governmental activities	<u>8,661,566</u>	<u>1,477,290</u>	<u>152,588</u>	<u>-</u>
Business-type activities:				
Water and wastewater	4,370,394	4,576,495	-	325,676
Storm water drainage	188,545	255,883	-	-
Total business-type activities	<u>4,558,939</u>	<u>4,832,378</u>	<u>-</u>	<u>325,676</u>
Total primary government	<u>\$ 13,220,505</u>	<u>\$ 6,309,668</u>	<u>\$ 152,588</u>	<u>\$ 325,676</u>
Component units:				
Kennedale Economic Development Corporation	\$ 966,676	\$ 108,206	\$ -	\$ -
Total component units	<u>\$ 966,676</u>	<u>\$ 108,206</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues

Taxes

  Property taxes

  Sales taxes

  Franchise taxes

Interest on investments

Gain of sale of land

Miscellaneous

Transfers

Total general revenues and transfers

**Change in Net Position**

**Net Position, Beginning of Year, as Previously Reported**

**Change in Accounting Principle**

**Net Position, Beginning of Year, as Restated**

**Net Position, End of Year**

**Net (Expense) Revenue and Changes in Net Position**

<b>Primary Government</b>			<b>Component Unit</b>
<b>Governmental</b>	<b>Business-type</b>		<b>Economic</b>
<b>Activities</b>	<b>Activities</b>	<b>Total</b>	<b>Development</b>
			<b>Corporation</b>
\$ (664,345)	\$ -	\$ (664,345)	\$ -
(4,132,622)	-	(4,132,622)	-
(1,471,849)	-	(1,471,849)	-
(359,649)	-	(359,649)	-
<u>(403,223)</u>	<u>-</u>	<u>(403,223)</u>	<u>-</u>
<u>(7,031,688)</u>	<u>-</u>	<u>(7,031,688)</u>	<u>-</u>
-	531,777	531,777	-
-	<u>67,338</u>	<u>67,338</u>	-
-	599,115	599,115	-
<u>\$ (7,031,688)</u>	<u>\$ 599,115</u>	<u>\$ (6,432,573)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (858,470)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (858,470)</u>
\$ 5,140,105	\$ -	\$ 5,140,105	\$ -
1,459,743	-	1,459,743	447,132
777,768	-	777,768	-
53,986	17,591	71,577	5,399
-	-	-	106,049
141,834	-	141,834	81,716
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>7,573,436</u>	<u>17,591</u>	<u>7,591,027</u>	<u>640,296</u>
<u>541,748</u>	<u>616,706</u>	<u>1,158,454</u>	<u>(218,174)</u>
25,301,812	15,087,335	40,389,147	4,397,812
<u>(110,623)</u>	<u>(16,209)</u>	<u>(126,832)</u>	<u>-</u>
<u>25,191,189</u>	<u>15,071,126</u>	<u>40,262,315</u>	<u>-</u>
<u>\$ 25,732,937</u>	<u>\$ 15,687,832</u>	<u>\$ 41,420,769</u>	<u>\$ 4,179,638</u>

**City of Kennedale, Texas**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2018**

	General Fund	Debt Service	TIRZ #1 New Hope	Non-major Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 2,528,602	\$ 196,138	\$ 21,093	\$ 416,906	\$ 3,162,739
Receivables (net of allowance for uncollectibles)					
Accounts	302,862	-	-	169,351	472,213
Taxes	287,054	13,570	-	-	300,624
Due from other funds	165,494	-	-	-	165,494
Prepaid items	86,778	-	-	-	86,778
Advances to other funds	176,235	-	-	297,060	473,295
	<u>3,547,025</u>	<u>209,708</u>	<u>21,093</u>	<u>883,317</u>	<u>4,661,143</u>
<b>Total assets</b>	<b>\$ 3,547,025</b>	<b>\$ 209,708</b>	<b>\$ 21,093</b>	<b>\$ 883,317</b>	<b>\$ 4,661,143</b>
<b>Liabilities</b>					
Accounts payable	\$ 359,408	\$ -	\$ 5,731	\$ 2,516	\$ 367,655
Accrued liabilities	110,864	-	-	-	110,864
Due to other funds	-	-	8,858	156,636	165,494
Due to other governments	17,264	-	-	-	17,264
Advance from other funds	-	-	793,896	-	793,896
Unearned Revenue	19,804	6,833	-	-	26,637
	<u>507,340</u>	<u>6,833</u>	<u>808,485</u>	<u>159,152</u>	<u>1,481,810</u>
<b>Total liabilities</b>	<b>507,340</b>	<b>6,833</b>	<b>808,485</b>	<b>159,152</b>	<b>1,481,810</b>
Deferred inflows of resources	<u>184,238</u>	<u>8,740</u>	<u>-</u>	<u>-</u>	<u>192,978</u>
<b>Fund balances</b>					
Nonspendable					
Prepays	86,778	-	-	-	86,778
Restricted for					
Capital Projects	-	-	-	565,525	565,525
Debt service	-	194,135	-	-	194,135
Municipal Court	38,232	-	-	-	38,232
Parks	68,115	-	-	-	68,115
Other	-	-	-	1,747	1,747
Assigned					
Capital and special projects	915,608	-	-	-	915,608
Parks	-	-	-	158,092	158,092
Unassigned	1,746,714	-	(787,392)	(1,199)	958,123
	<u>2,855,447</u>	<u>194,135</u>	<u>(787,392)</u>	<u>724,165</u>	<u>2,986,355</u>
<b>Total fund balances</b>	<b>2,855,447</b>	<b>194,135</b>	<b>(787,392)</b>	<b>724,165</b>	<b>2,986,355</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 3,547,025</b>	<b>\$ 209,708</b>	<b>\$ 21,093</b>	<b>\$ 883,317</b>	<b>\$ 4,661,143</b>

**City of Kennedale, Texas**  
**Reconciliation of the Balance Sheet of**  
**Governmental Funds to the Statement of Net Position**  
**September 30, 2018**

Total fund balances – governmental funds		\$ 2,986,355
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets (net of accumulated depreciation) used in governmental activities are not current financial resources and therefore are not reported in the funds.		33,875,170
Interest payable on long-term debt in the City's governmental activities is not payable from current resources and therefor is not reported in the Governmental funds balance sheet.		(53,029)
Revenues earned but not available within 60 days of the year-end are not recognized as revenue on the fund financial statements.		192,978
Deferred outflows of resources and deferred inflows of resources represent flows of resources which relate to future periods and, therefore, are not reported in the fund financial statements. Deferred outflows of resources and deferred inflows of resources at year-end consist of:		
Deferred charges on refunding	\$ 113,806	
Employer contributions (GASB 75)	4,218	
Assumption changes (GASB 75)	10,022	
Employer contributions (GASB 68)	377,400	
Investment return difference (GASB 68)	(332,558)	
Assumption changes (GASB 68)	13,440	
Experience difference (GASB 68)	<u>(88,052)</u>	98,276
Long-term liabilities, including bonds payable, notes payable, compensated absences, net pension liability are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet.		
Bonds payable	(8,936,086)	
Issuance premium	(88,496)	
Capital lease obligation	(554,114)	
Compensated absences	(395,167)	
Net pension liability	(1,248,362)	
Total OPEB liability	<u>(144,588)</u>	<u>(11,366,813)</u>
Total net position of governmental activities		<u><u>\$ 25,732,937</u></u>

**City of Kennedale, Texas**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended September 30, 2018**

	General Fund	Debt Service	TIRZ #1 New Hope	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property taxes	\$ 3,882,162	\$ 1,329,037	\$ 32,282	\$ -	\$ 5,243,481
General sales tax	1,459,743	-	-	-	1,459,743
Franchise fees	777,768	-	-	-	777,768
Licenses and permits	335,340	-	-	126,951	462,291
Public safety fees	184,260	-	-	-	184,260
Intergovernmental	558,692	152,588	-	1,590	712,870
Charges for services	81,142	-	-	-	81,142
Fines and forfeitures	188,140	-	-	1,175	189,315
Investment earnings	41,307	7,534	-	5,145	53,986
Miscellaneous	88,641	-	-	53,193	141,834
	<u>7,597,195</u>	<u>1,489,159</u>	<u>32,282</u>	<u>188,054</u>	<u>9,306,690</u>
Total revenues					
<b>Expenditures</b>					
Current					
General government	1,473,009	-	-	-	1,473,009
Public safety	4,390,751	-	-	-	4,390,751
Public works	718,519	-	-	-	718,519
Culture and recreation	360,777	-	-	12,816	373,593
Other income	-	-	-	-	-
Capital outlay	191,087	-	15,703	720	207,510
Debt service					
Principal	169,991	996,596	-	-	1,166,587
Interest and fiscal charges	-	423,409	-	-	423,409
	<u>7,304,134</u>	<u>1,420,005</u>	<u>15,703</u>	<u>13,536</u>	<u>8,753,378</u>
Total expenditures					
Excess (deficiency) of revenues over expenditures	<u>293,061</u>	<u>69,154</u>	<u>16,579</u>	<u>174,518</u>	<u>553,312</u>
Other financing sources (uses):					
Transfers in	184,217	83,000	10,000	-	277,217
Transfers out	(93,000)	-	(11,217)	(173,000)	(277,217)
	<u>91,217</u>	<u>83,000</u>	<u>(1,217)</u>	<u>(173,000)</u>	<u>-</u>
Total other financing sources (uses)					
<b>Net Change in Fund Balances</b>	384,278	152,154	15,362	1,518	553,312
<b>Fund Balances, Beginning of Year</b>	<u>2,471,169</u>	<u>41,981</u>	<u>(802,754)</u>	<u>722,647</u>	<u>2,433,043</u>
<b>Fund Balances, End of Year</b>	<u>\$ 2,855,447</u>	<u>\$ 194,135</u>	<u>\$ (787,392)</u>	<u>\$ 724,165</u>	<u>\$ 2,986,355</u>

**City of Kennedale, Texas**  
**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, 2018**

Net change in fund balances – total governmental funds \$ 553,312

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital outlay in the current period exceeded depreciation expense.

Capitalized capital outlay		77,295
Depreciation		(1,192,854)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(103,376)
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Current year principal payments of long-term liabilities are shown as expenditures in the fund financial statements, but shown as reductions in long-term liabilities in the government-wide financial statements as follows:

Payments on bonds	\$ 993,338		
Payments on capital leases	173,249		1,166,587

The issuance of long-term debt, such as bonds and capital leases, are shown as “Other Sources” and “Other Uses” in the governmental funds, but are shown on the statement of net assets with related costs amortized over the life of the bonds. Differences consist of the following:

Amortization of deferred loss on refunding bonds	(11,380)		
Amortization of bond premium	<u>8,380</u>		(3,000)

Current year pension expenditures are reported on the fiscal year basis on the governmental statement of revenues, expenditures and changes in fund balance and as actuarially determined in the government-wide statement of activities. These differences are reflected in net pension liability, deferred outflows of resources and deferred inflow of resources balances.			51,883
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Current year change in long-term liability for total OPEB liability do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.			(19,725)
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Current year change in long-term liability for compensated absences do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.			(11,560)
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Current year changes in accrued interest payable do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.			<u>23,186</u>
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Change in net position of governmental activities			<u><u>\$ 541,748</u></u>
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**City of Kennedale, Texas**  
**Statement of Net Position**  
**Proprietary Funds**  
**September 30, 2018**

<b>Assets</b>	<b>Water and Wastewater</b>	<b>Non-major Storm Water Drainage</b>	<b>Total Enterprise Funds</b>
<b>Current assets</b>			
Cash and cash equivalents	\$ 1,976,133	\$ 133,879	\$ 2,110,012
Receivables (net of allowance for uncollectibles)			
Accounts	442,504	140,412	582,916
Inventory	57,381	-	57,381
Restricted cash and cash equivalents			
Impact Fees	248,982	-	248,982
Customer deposits	274,043	-	274,043
<b>Total current assets</b>	<b>2,999,043</b>	<b>274,291</b>	<b>3,273,334</b>
<b>Non-current assets</b>			
Advances to other funds	320,601	-	320,601
Capital assets			
Land and improvements	437,171	148,258	585,429
Buildings	5,761,788	-	5,761,788
Water/Wastewater distribution	18,237,320	862,485	19,099,805
Equipment and furniture	1,018,752	-	1,018,752
Construction in progress	203,934	50,056	253,990
Accumulated depreciation	(9,912,447)	(28,831)	(9,941,278)
<b>Total non-current assets</b>	<b>16,067,119</b>	<b>1,031,968</b>	<b>17,099,087</b>
<b>Total assets</b>	<b>19,066,162</b>	<b>1,306,259</b>	<b>20,372,421</b>
<b>Deferred Outflows of Resources</b>			
Deferred outflow of resources - Pension	57,269	-	57,269
Deferred outflow of resources - OPEB	2,087	-	2,087
<b>Total deferred outflows of resources</b>	<b>59,356</b>	<b>-</b>	<b>59,356</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable	425,317	161,111	586,428
Accrued liabilities	20,922	-	20,922
Accrued interest	46,980	-	46,980
Deposits	274,043	-	274,043
Bonds payable	285,050	-	285,050
Capital leases payable	108,376	-	108,376
Compensated absences	16,271	-	16,271
<b>Total current liabilities</b>	<b>1,176,959</b>	<b>161,111</b>	<b>1,338,070</b>
<b>Non-current liabilities</b>			
Bonds payable	1,928,862	-	1,928,862
Capital leases payable	1,146,194	-	1,146,194
Compensated absences	65,086	-	65,086
Net pension liability	182,917	-	182,917
Total OPEB liability	21,186	-	21,186
<b>Total non-current liabilities</b>	<b>3,344,245</b>	<b>-</b>	<b>3,344,245</b>
<b>Total liabilities</b>	<b>4,521,204</b>	<b>161,111</b>	<b>4,682,315</b>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources - Pension	61,630	-	61,630
<b>Total deferred inflows of resources</b>	<b>61,630</b>	<b>-</b>	<b>61,630</b>
<b>Net Position</b>			
Net investment in capital assets	12,278,036	1,031,968	13,310,004
Restricted for			
Capital projects	274,043	-	274,043
Unrestricted	1,990,605	113,180	2,103,785
<b>Total net position</b>	<b>\$ 14,542,684</b>	<b>\$ 1,145,148</b>	<b>\$ 15,687,832</b>

**City of Kennedale, Texas**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended September 30, 2018**

	<b>Water and Wastewater</b>	<b>Non-major Storm Water Drainage</b>	<b>Total Proprietary Funds</b>
<b>Operating Revenues</b>			
Charges for services			
Water	\$ 2,736,976	\$ -	\$ 2,736,976
Wastewater	1,755,103	-	1,755,103
Storm water drainage	-	255,883	255,883
Other	84,416	-	84,416
	<u>4,576,495</u>	<u>255,883</u>	<u>4,832,378</u>
<b>Total operating revenues</b>			
	<u>4,576,495</u>	<u>255,883</u>	<u>4,832,378</u>
<b>Operating Expenses</b>			
Personnel services	662,679	-	662,679
General and administration	455,765	49,053	504,818
Maintenance and supplies	378,377	125,004	503,381
Cost of sales and service	1,902,335	-	1,902,335
Depreciation	795,912	14,488	810,400
	<u>4,195,068</u>	<u>188,545</u>	<u>4,383,613</u>
<b>Total operating expenses</b>			
	<u>4,195,068</u>	<u>188,545</u>	<u>4,383,613</u>
<b>Operating Income</b>	381,427	67,338	448,765
<b>Non-operating Revenues (Expenses)</b>			
Interest and investment revenue	17,198	393	17,591
Interest and fiscal charges	(175,326)	-	(175,326)
	<u>(158,128)</u>	<u>393</u>	<u>(157,735)</u>
<b>Total non-operating revenues (expenses)</b>			
	<u>(158,128)</u>	<u>393</u>	<u>(157,735)</u>
<b>Income Before Transfers and Capital Contributions</b>	<u>223,299</u>	<u>67,731</u>	<u>291,030</u>
<b>Transfers and Capital Contributions</b>			
Capital Contributions	325,676	-	325,676
	<u>325,676</u>	<u>-</u>	<u>325,676</u>
<b>Total transfers and capital contributions</b>			
	<u>325,676</u>	<u>-</u>	<u>325,676</u>
<b>Change in Net Position</b>	548,975	67,731	616,706
<b>Net Position, Beginning of Year, as Previously Reported</b>	14,009,918	1,077,417	15,087,335
<b>Change in Accounting Principle</b>	(16,209)	-	(16,209)
<b>Net Position, Beginning of Year, as Restated</b>	<u>13,993,709</u>	<u>1,077,417</u>	<u>15,071,126</u>
<b>Net Position, End of Year</b>	<u>\$ 14,542,684</u>	<u>\$ 1,145,148</u>	<u>\$ 15,687,832</u>

**City of Kennedale, Texas**  
**Statement of Cash Flows**  
**Propriety Funds**  
**For the Year Ended September 30, 2018**

	<b>Water and Wastewater</b>	<b>Non-major Storm Water Drainage</b>	<b>Total</b>
<b>Cash Flows From Operating Activities</b>			
Receipts from customers and users	\$ 4,809,268	\$ 260,848	\$ 5,070,116
Payments to employees	(1,104,535)	-	(1,104,535)
Payments to suppliers	(2,062,187)	(16,024)	(2,078,211)
Net cash provided by operating activities	<u>1,642,546</u>	<u>244,824</u>	<u>1,887,370</u>
<b>Cash Flows From Capital and Related Financing Activities</b>			
Acquisition and construction of capital assets	(385,672)	(138,468)	(524,140)
Principal payments on debt	(261,663)	-	(261,663)
Interest payments on debt	(184,283)	-	(184,283)
Payments on capital leases	(95,639)	-	(95,639)
Capital contributions - impact fees	325,676	-	325,676
Net cash used in capital and financing activities	<u>(601,581)</u>	<u>(138,468)</u>	<u>(740,049)</u>
<b>Cash Flows From Investing Activities</b>			
Interest on investments	17,198	393	17,591
Net cash provided by investing activities	<u>17,198</u>	<u>393</u>	<u>17,591</u>
<b>Increase in Cash and Cash Equivalents</b>	1,058,163	106,749	1,164,912
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>1,440,995</u>	<u>27,130</u>	<u>1,468,125</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 2,499,158</u>	<u>\$ 133,879</u>	<u>\$ 2,633,037</u>
<b>Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities</b>			
Operating income	\$ 381,427	\$ 67,338	\$ 448,765
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	795,912	14,488	810,400
Changes in assets and liabilities			
Accounts receivable	222,205	4,965	227,170
Inventories	100,000	-	100,000
Deferred outflows of resources	63,810	-	63,810
Accounts payable	114,965	158,033	272,998
Accrued expenses	14,128	-	14,128
Net pension liability	(113,299)	-	(113,299)
Compensated absences	18,621	-	18,621
Total OPEB Liability	4,361	-	4,361
Deferred inflows of resources	40,416	-	40,416
Net cash provided by operating activities	<u>\$ 1,642,546</u>	<u>\$ 244,824</u>	<u>\$ 1,887,370</u>

**City of Kennedale, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

**Note 1: Summary of Significant Accounting Policies**

The accounting and reporting policies of the City conform to accounting principles generally accepted in the United States of America for local governments. Generally accepted accounting principles (GAAP) for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant accounting and reporting policies:

***Reporting Entity***

City of Kennedale, Texas (City) was incorporated in 1947. The City operates as a home-rule City under a council-manager form of government and provides the following services as authorized by its charter: police, fire, planning, zoning and code enforcement, public works, streets, parks and recreation, public library, ambulance, water and sewer utilities and general administrative services. Sanitation collection services are provided through a private contractor.

The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and are appropriately presented as funds of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the City.

**Discretely Presented Component Unit:** The Kennedale Economic Development Corporation (KEDC). KEDC is a legally separate entity incorporated on December 2, 1996. The Corporation's purpose is to promote economic development within the City, including, but not limited to, construction, operation and administration, as permitted by Section 4B of the Act, as amended. The City Council appoints the governing board for this entity and is able to impose its will upon the Corporation.

A separately issued audited financial report is available for the Kennedale Economic Development Corporation. This report may be obtained by contacting the following office:

City of Kennedale, Texas  
Director of Finance  
405 Municipal Drive  
Kennedale, Texas 76060

# City of Kennedale, Texas

## Notes to Basic Financial Statements

### September 30, 2018

**Blended Component Unit:** On July 12, 2012, the City Council adopted an Ordinance designating an area Tax Increment Reinvestment Zone (TIRZ) #1 New Hope. The purpose for creation of the TIRZ was to finance and make certain public improvements, under the authority of the *Tax Increment Financing Act*. For reporting purposes, the TIRZ is a blended component unit. The Council appoints a majority of the TIRZ board members, and approves recommendations from the Board in regards to administration, management, and operation of the TIRZ. The TIRZ is reported as a governmental fund and a separate unaudited financial report is available from the City's finance department.

#### ***Basis of Presentation***

##### ***Government-Wide Financial Statements***

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Certain indirect costs have been included as part of the program expenses reported for the various functional activities. Program revenue includes: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported instead as general revenue.

##### ***Fund Financial Statements***

Separate financial statements are provided for governmental funds and proprietary funds. Major individual Governmental Funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

##### ***Measurement Focus and Basis of Accounting***

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

# City of Kennedale, Texas

## Notes to Basic Financial Statements

### September 30, 2018

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, sales taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

**The General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**The Debt Service Fund** is used to account for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

**The TIRZ #1 (New Hope) Fund** is used to account for the construction of various capital improvements within the TIRZ that will be funded with the incremental property tax revenue within the TIRZ area.

The City reports the following major proprietary funds:

**The Water and Wastewater Fund** accounts for the activities necessary for the provision of water and wastewater services.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and wastewater function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenue reported for the various functions concerned.

Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's Enterprise Fund are charges to customers for sales and services. Operating expenses for the Enterprise Fund include cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

**City of Kennedale, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

***Deposits and Investments***

The City pools substantially all cash and investments except for separate cash and investment accounts, which are maintained in accordance with legal restrictions.

Investments in government pools are recorded at amortized cost or net asset value. All other investments are recorded at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

For purpose of presenting the proprietary fund cash flow statement, cash and cash equivalents include demand deposits and investments with a maturity date within three months of the date acquired by the City.

***Receivables and Payables***

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of inter-fund loans) or “advances to/from other funds” (i.e., the noncurrent portion of inter-fund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type in the government-wide financial statements as “internal balances.”

Property taxes attach as an enforceable lien on property as of October 1. Taxes are levied each October 1 and are due and payable on or before January 31 of the following year. All unpaid taxes become delinquent February 1 of the following year. The Tarrant County Tax Assessor/Collector bills and collects the City’s property taxes. Any uncollected property taxes as of September 30, which are not expected to be collected within 60 days, are recorded as taxes receivable and deferred inflows of resources.

As a City that operates under a home-rule charter, the City has a tax rate limitation of \$2.50 per \$100 assessed valuation. For the year ended September 30, 2018, the City had a tax rate of \$0.7775 per \$100 of which \$0.57875 was allocated for general government and \$0.19875 was allocated for payment of principal and interest on general long-term debt.

***Inventories and Prepaid Items***

All inventories are valued using the average cost method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

***Restricted Assets***

Certain cash and cash equivalent balances are restricted by various legal and contractual obligations. Customer deposits and impact fees are, by law, to be considered restricted assets. These activities are included in the Water and Wastewater Fund.

**City of Kennedale, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

**Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure (e.g. roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant and equipment are depreciated using the straight-line method over the following useful lives:

Plants and buildings	20 years
Machinery and equipment	4 – 10 years
Infrastructure (streets and drainage)	35 - 125 years
Other structures	50 years

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future reporting period(s) and so will not be recognized as an outflow of resources (expense/expenditure/reduction of liability) until then. The City has the following items that qualify for reporting in this category.

- Deferred charge on refunding – A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and recognized over the shorter of the life of the refunded or refunding debt.
- Pension & OPEB contributions/benefit payments after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Changes in actuarial assumptions related to the pension and OPEB plans – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period.

**City of Kennedale, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

In addition to liabilities, the statement of net position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future reporting period(s) and so will not be recognized as an inflow of resources (revenue) until then. The City has the following items that qualify for reporting in this category.

- Unavailable revenue – This amount represents uncollected property taxes, municipal court fees, and ambulance fees and notes receivables. This amount is deferred and recognized once payments are made in the follow fiscal year. This item is only presented in the Balance Sheet – Governmental Funds.
- Differences between expected and actual experience – Pensions – These amounts represent the differences with regard to economic and demographic factors. These differences are deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period.
- Net difference in projected and actual earnings – Pensions – This difference is deferred and amortized as a component of pension expense on a closed basis over a five year period beginning with the period in which the difference occurred.

***Compensated Absences***

Vacation is earned in varying amounts up to a maximum of 160 hours per year for 40-hour week personnel with six or more years of service. Vacation leave does not accumulate from one year to the next for amounts over 160 hours.

Each 40-hour per week employee accrues one-half working day (four hours) of sick leave for each full month of employment in the calendar year. Upon separation from employment, a permanent employee who has completed six months of employment is entitled to be paid the amount of salary for the employee's accumulated sick leave but not to exceed 60 hours for 40-hour per week employees.

All unused vested vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

***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 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 straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed during the period of issuance.

**City of Kennedale, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

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 sources 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.

***Pensions***

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/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.

***Other Postemployment Benefits Plans***

The City has a single-employer defined benefit other postemployment benefit (OPEB) plan (Plan). For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

***Net Position***

Net position represents the difference between assets, deferred inflows/outflows of resources and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

***Fund Balance***

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent.

**City of Kennedale, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

The classifications used in the governmental fund financial statements are as follows:

- **Non-spendable:** This classification includes amounts that cannot be spent because they are either: (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by board resolution of the city council, the City's highest level of decision making authority. These amounts cannot be used for any other purpose unless the city council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned:** This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. The city council has by resolution authorized the city manager and finance director to assign fund balance. The city council may also assign fund balance. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.
- **Unassigned:** This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

***Net Position Flow Assumption***

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

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***Fund Balance Flow Assumption***

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

***Estimates***

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and deferred outflows and inflows of resources, and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

***Deficit Fund Balance***

At year-end the TIRZ #1 New Hope Fund had a deficit fund balance of \$787,392. It is anticipated that this deficit fund balance will be funded with incremental property tax revenue within the TIRZ in subsequent years. The Library Building Fund also had a fund balance of \$1,199.

***New Pronouncements***

The City has adopted and implemented the following GASB statement which was effective for the fiscal year 2018:

*GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* - GASB 75 replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB 75 requires more extensive note disclosures and required supplementary information (RSI) about the OPEB liabilities. The City has implemented this Statement in fiscal year 2018 and, accordingly, has restated beginning net position within the government-wide financial statements as of October 1, 2017, of (\$110,623) related to Governmental Activities and (\$16,209) related to Business-Type Activities. Additionally, beginning net position as of October 1, 2017, for the Water and Wastewater Fund was restated by (\$16,209) as a result of adopting GASB 75.

**City of Kennedale, Texas**  
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**Note 2: Deposits and Investments**

The *Public Funds Investment Act* (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the City to adopt, implement and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities and (9) bid solicitation preferences for certificates of deposit. Statutes authorize the City to invest in: (1) obligations of the U. S. Treasury, certain U. S. Agencies and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers' acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts and (10) common trust funds. The *Public Funds Investment Act* also requires the City to have independent auditors perform test procedures related to investment practices as provided by the *Public Funds Investment Act*. The City is in substantial compliance with the requirements of the *Public Funds Investment Act* and with local policies.

In compliance with the *Public Funds Investment Act*, the City has adopted a deposit and investment policy. That policy does address the following risks:

- (A) **Custodial Credit Risk:** Deposits: In the case of deposits, this is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a fair value of not less than the principal amount of deposits. As of September 30, 2018, the City's deposit balance was collateralized with securities held by the pledging financial institution in the City's name or covered by FDIC insurance. The balances held at financial institutions at year-end were \$318,658 (with a book value of \$204,367).
- (B) **Credit Risk:** It is the City's policy to limit investments to investment types with an investment quality rating no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service or no lower than investment grade by at least one nationally recognized rating service with a weighted average maturity no greater than 90 days. The City's investments were rated AAA-m by Standard and Poor's Investors Services.
- (C) **Interest Rate Risk:** In accordance with the City's investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to 90 days or less, dependent on market conditions.
- (D) **Concentration of Credit Risk:** The government's investment policy states the maximum percentage allowed for each different investment instrument that can be used to make up the portfolio.

**City of Kennedale, Texas**  
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As of September 30, 2018, the City held the following investments:

	<b>Carrying Value</b>
<b>Primary Government</b>	
TexPool	\$ 5,238,516
TexStar	321,968
TexasTerm	30,925
Total primary government	5,591,409
<b>Component Unit</b>	
TexPool	219,483
TexStar	13,490
TexasTerm	1,296
Total component units	234,269
Total investments	\$ 5,825,678

During the fiscal year, the City managed the investments of the KEDC. The KEDC investments are categorized in the same manner as the City's.

The *Interlocal Cooperation Act*, Chapter 791 of the Texas Government Code and the *Public Funds Investment Act*, Chapter 2256 of the Texas Government Code, provide for the creation of public funds investment pools, such as Texas Short-term Reserve Fund (TexStar), Texas Local Government Investment Pool (TexPool), and TexasTerm, through which political subdivisions and other entities may invest public funds.

TexStar, TexPool, and TexasTERM have a redemption notice period of one day and may redeem daily. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

**City of Kennedale, Texas**  
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**Note 3: Disclosures About Fair Value of Assets**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

**Level 1** Quoted prices in active markets for identical assets or liabilities

**Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

**Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

All investments are measured using amortized cost or net asset value per share (or its equivalent). The carrying value amounts included above approximate amortized cost or net asset value for all related external investment pool balances.

**Note 4: Receivables**

Receivables as of year-end for the City's individual major funds and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Debt Service	Non-major Governmental	Water and Wastewater	Storm Water Drainage	Total
Receivables						
Taxes	\$ 420,565	\$ 50,759	\$ -	\$ -	\$ -	\$ 471,324
Accounts	81,814	-	169,351	611,943	34,417	897,525
Intergovernmental	-	-	-	-	111,193	111,193
Court fines	1,568,710	-	-	-	-	1,568,710
Ambulance	2,398,778	-	-	-	-	2,398,778
Gross receivables	4,469,867	50,759	169,351	611,943	145,610	5,447,530
Less: allowance for uncollectibles	(3,879,951)	(37,189)	-	(169,439)	(5,198)	(4,091,777)
Net total receivables	<u>\$ 589,916</u>	<u>\$ 13,570</u>	<u>\$ 169,351</u>	<u>\$ 442,504</u>	<u>\$ 140,412</u>	<u>\$ 1,355,753</u>

**City of Kennedale, Texas**  
**Notes to Basic Financial Statements**  
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**Note 5: Property Taxes**

Property taxes attach as an enforceable lien on property as of October 1. Taxes are levied on October 1 and are due and payable on or before January 31, of the following year. All unpaid taxes become delinquent February 1 of the following year. Tax collections for the year ended September 30, 2018, were 99% of the levy. Tarrant County bills and collects property taxes for the City. Any uncollected property taxes at September 30, that are collected within 60 days, are recognized as revenue and recorded as taxes receivable. Any uncollected property taxes at September 30, which are not expected to be collected within 60 days, are recorded as taxes receivable and deferred inflow of resources in governmental funds. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

The statutes of the state of Texas do not prescribe a legal debt limit, nor does the City's charter provide for a debt limit. However, provision of Article XI, Section 5 of the Texas Constitution applicable to cities with populations greater than 5,000 limits the ad-valorem tax rate to \$2.50 per \$100 assessed valuation. However, as a city operating under a Home Rule Charter, the City has a debt limit of \$1.50 per \$100 assessed valuation. For the year ended September 30, 2018, the City had a tax rate of \$.7775 per \$100.00 assessed valuation, of which \$.57875 was allocated for general government and \$.19875 was allocated for the payment of principal and interest on general obligation debt.

In Texas, county-wide central appraisal districts are required to assess all property within the appraisal district on the basis of 100% of its appraised value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every three years; however, the City may, at its own expense, require annual reviews of appraised values.

The City may challenge appraised values established by the appraisal district through various appeals and, if necessary, legal action. Under this legislation, the City continues to set tax rates on City property.

However, if the effective tax rate, excluding tax rates for bonds and other contractual obligations, adjusted for new improvements, exceeds the tax rate for the previous year by more than 8%, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than 8% above the tax rate of the previous year. This legislation provides that, if approved by the qualified voters in the City, both the appraisal and collection functions may be placed with the appraisal district. In addition, the City may obtain approval from its governing body to place these functions with the appraisal district.

**City of Kennedale, Texas**  
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**Note 6: Interfund Receivables, Payables and Transfers**

***Due To/Due From***

The composition of inter-fund balances as of September 30, 2018 is as follows:

	<b>Due to Other Funds</b>	<b>Due from Other Funds</b>
General Fund	\$ -	\$ 165,494
Capital Bond	156,636	-
TIRZ #1 New Hope	8,858	-
Total	<b>\$ 165,494</b>	<b>\$ 165,494</b>

These balances resulted primarily from the General Fund temporarily loaning cash to the Capital Bond Fund for expenditures that will be reimbursed by a granting agency and the other funds for various expenditures.

***Advances To/Advances From***

	<b>Advances from Other Funds</b>	<b>Advances to Other Funds</b>
General	\$ -	\$ 176,235
Non-major governmental	-	297,060
Water and Wastewater	-	320,601
TIRZ #1 New Hope	793,896	-
Total	<b>\$ 793,896</b>	<b>\$ 793,896</b>

***Interfund Transfers***

Interfund activity for the year ended September 30, 2018, is as follows:

	<b>Transfers In</b>	<b>Transfers Out</b>
General Fund	\$ 184,217	\$ 93,000
Debt Service Fund	83,000	-
TIRZ #1 New Hope	10,000	11,217
Non-major governmental	-	173,000
Total	<b>\$ 277,217</b>	<b>\$ 277,217</b>

**City of Kennedale, Texas**  
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The transfers between the General Fund and the TIRZ #1 New Hope Fund and Non-major Governmental Fund were for an administrative charge and a payment in lieu of tax for the use of right of way in the amount of \$187,217. These transfers were in accordance with budgetary authorizations.

**Note 7: Capital Assets**

***Governmental Activities***

Capital assets of the Governmental Activities are as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases/ Transfers</b>	<b>Ending Balance</b>
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 4,206,187	\$ -	\$ -	\$ 4,206,187
Construction in progress	427,990	-	-	427,990
Total capital assets not being depreciated	<u>4,634,177</u>	<u>-</u>	<u>-</u>	<u>4,634,177</u>
Capital assets being depreciated				
Buildings	4,989,683	43,464	-	5,033,147
Infrastructure	39,367,732	44,165	-	39,411,897
Machinery and equipment	3,454,037	116,472	-	3,570,509
Total capital assets being depreciated	<u>47,811,452</u>	<u>204,101</u>	<u>-</u>	<u>48,015,553</u>
Less accumulated depreciation for:				
Buildings	2,628,257	165,650	-	2,793,907
Infrastructure	2,725,509	866,864	-	3,592,373
Machinery and equipment	12,227,940	160,340	-	12,388,280
Total accumulated depreciation	<u>17,581,706</u>	<u>1,192,854</u>	<u>-</u>	<u>18,774,560</u>
Total capital assets being depreciated, net	<u>30,229,746</u>	<u>(988,753)</u>	<u>-</u>	<u>29,240,993</u>
Governmental activities capital assets, net	<u>\$ 34,863,923</u>	<u>\$ (988,753)</u>	<u>\$ -</u>	<u>\$ 33,875,170</u>

**City of Kennedale, Texas**  
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Depreciation expense was charged as a direct expense to programs of the primary government as follows:

General government	\$	70,716
Public safety		162,686
Public works		896,775
Culture and recreation		<u>62,677</u>
 Total depreciation expense – governmental activities	 \$	 <u><u>1,192,854</u></u>

***Business-type Activities***

Capital assets of the Business-type Activities are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Business-type Activities</b>					
Capital assets not being depreciated					
Land	\$ 585,429	\$ -	\$ -	\$ -	\$ 585,429
Construction in progress	<u>122,131</u>	<u>225,860</u>	<u>-</u>	<u>(94,002)</u>	<u>253,989</u>
Total capital assets not being depreciated	<u>707,560</u>	<u>225,860</u>	<u>-</u>	<u>(94,002)</u>	<u>839,418</u>
Capital assets being depreciated					
Buildings	5,761,606	43,882	43,700	-	5,761,788
Machinery and equipment	1,018,752	-	-	-	1,018,752
Improvements (not buildings)	<u>18,751,406</u>	<u>254,398</u>	<u>-</u>	<u>94,002</u>	<u>19,099,806</u>
Total capital assets being depreciated	<u>25,531,764</u>	<u>298,280</u>	<u>43,700</u>	<u>94,002</u>	<u>25,880,346</u>
Less accumulated depreciation for:					
Buildings	2,532,398	120,730	(43,700)	-	2,609,428
Machinery and equipment	878,977	87,023	-	-	966,000
Improvements (not buildings)	<u>5,763,203</u>	<u>602,647</u>	<u>-</u>	<u>-</u>	<u>6,365,850</u>
Total accumulated depreciation	<u>9,174,578</u>	<u>810,400</u>	<u>(43,700)</u>	<u>-</u>	<u>9,941,278</u>
Total capital assets being depreciated, net	<u>16,357,186</u>	<u>(512,120)</u>	<u>-</u>	<u>94,002</u>	<u>15,939,068</u>
Business-type activities capital assets, net	<u>\$ 17,064,746</u>	<u>\$ (286,260)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,778,486</u>

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Depreciation expense was charged as a direct expense to programs of the primary government as follows:

Water and wastewater	\$	795,912
Storm water drainage		<u>14,488</u>
 Total depreciation expense – business-type activities		 <u><u>\$ 810,400</u></u>

***Discretely Presented Component Units***

Capital assets activity of the discretely presented component unit for the year was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Transfers</u>	<u>Ending Balance</u>
Capital assets, not being depreciated				
Land	\$ 1,107,147	\$ -	\$ 243,130	\$ 864,017
Totals capital assets not being depreciated	<u>1,107,147</u>	<u>-</u>	<u>243,130</u>	<u>864,017</u>
Capital assets, being depreciated				
Buildings	4,740,085	177,104	-	4,917,189
Improvements	1,017,693	60,762	-	1,078,455
Infrastructure	209,707	-	-	209,707
Totals capital assets being depreciated	<u>5,967,485</u>	<u>237,866</u>	<u>-</u>	<u>6,205,351</u>
Less accumulated depreciation for:				
Buildings	1,409,858	237,004	-	1,646,862
Improvements	329,570	50,885	-	380,455
Infrastructure	12,082	4,194	-	16,276
Total accumulated depreciation	<u>1,751,510</u>	<u>292,083</u>	<u>-</u>	<u>2,043,593</u>
Total capital assets, being depreciated, net	<u>4,215,975</u>	<u>(54,217)</u>	<u>-</u>	<u>4,161,758</u>
Capital assets, net	<u><u>\$ 5,323,122</u></u>	<u><u>\$ (54,217)</u></u>	<u><u>\$ 243,130</u></u>	<u><u>\$ 5,025,775</u></u>

**City of Kennedale, Texas**  
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**Note 8: Long-term Liabilities**

***Changes in Long-term Liabilities***

The following is a summary of changes in long-term liabilities:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Governmental Activities</b>					
General obligation bonds	\$ 4,804,424	\$ -	\$ 278,338	\$ 4,526,086	\$ 537,600
Certificates of obligation	5,125,000	-	715,000	4,410,000	380,000
Premiums on bonds	96,876	-	8,380	88,496	7,300
Capital leases	600,557	126,806	173,249	554,114	177,613
Compensated absences	383,607	21,530	9,970	395,167	79,033
Total governmental activities	<u>\$ 11,010,464</u>	<u>\$ 148,336</u>	<u>\$ 1,184,937</u>	<u>\$ 9,973,863</u>	<u>\$ 1,181,546</u>
<b>Business-type Activities</b>					
General obligation bonds	\$ 730,575	\$ -	\$ 116,663	\$ 613,912	\$ 126,225
Certificates of obligation	1,745,000	-	145,000	1,600,000	150,000
Capital leases	1,350,209	-	95,639	1,254,570	104,631
Compensated absences	62,736	24,856	6,235	81,357	16,271
Total business-type activities	<u>\$ 3,888,520</u>	<u>\$ 24,856</u>	<u>\$ 363,537</u>	<u>\$ 3,549,839</u>	<u>\$ 397,127</u>
<b>Discretely Presented Component Units</b>					
Revenue bonds	\$ 790,000	\$ -	\$ 60,000	\$ 730,000	\$ 60,000
Texas leverage fund loan	425,017	-	39,661	385,356	42,038
Total discretely presented component units	<u>\$ 1,215,017</u>	<u>\$ -</u>	<u>\$ 99,661</u>	<u>\$ 1,115,356</u>	<u>\$ 102,038</u>

***General Obligation Bonds and Certificates of Obligation***

The City issues general bonds and certificates of obligation to provide funds for the acquisition and construction of major capital facilities. These bonds have been issued for both governmental and business-type activities. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenue.

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General obligation bonds and certificates of obligation are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as 20-year serial bonds with equal amounts of principal maturing each year. Bonds currently outstanding are as follows:

	<b>Governmental Activities</b>	<b>Water and Sewer</b>	<b>Total Primary Government</b>
<b><u>General Obligation Bonds</u></b>			
\$4,365,000, 2007 General Obligation Refunding Bonds, due in annual installments through February 15, 2024, 3.97%	\$ 991,086	\$ 613,912	\$ 1,604,998
\$3,720,000, 2016 General Obligation Refunding Bonds, due in annual installments through February 15, 2028, 1.79%	<u>3,535,000</u>	<u>-</u>	<u>3,535,000</u>
	<u>\$ 4,526,086</u>	<u>\$ 613,912</u>	<u>\$ 5,139,998</u>
<b><u>Certificates of Obligation</u></b>			
\$2,900,000, 2007 Certificate of Obligation Bonds, due in annual installments through February 15, 2027, 4.10%	\$ -	\$ 1,600,000	\$ 1,600,000
\$2,735,000, 2007A Certificate of Obligation Bonds, due in annual installments through February 15, 2024, 4.00%	1,175,000	-	1,175,000
\$2,000,000, 2010 Certificate of Obligation Bonds, due in annual installments through February 15, 2030, 2.00%-5.00%	1,365,000	-	1,365,000
\$3,260,000, 2011 Certificate of Obligation Bonds, due in annual installments through February 15, 2031, 2.00% – 4.00%	<u>1,870,000</u>	<u>-</u>	<u>1,870,000</u>
	<u>\$ 4,410,000</u>	<u>\$ 1,600,000</u>	<u>\$ 6,010,000</u>

**City of Kennedale, Texas**  
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Annual debt service requirements to maturity for bonds are as follows:

Fiscal Year	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 917,600	\$ 273,507	\$ 1,191,107	\$ 276,225	\$ 84,468	\$ 360,693
2020	948,775	245,715	1,194,490	277,400	73,280	350,680
2021	963,037	216,521	1,179,558	296,963	61,595	358,557
2022	905,412	187,692	1,093,104	244,587	50,627	295,214
2023	936,587	158,000	1,094,587	253,413	40,518	293,930
2024-2028	3,459,675	427,791	3,887,466	865,325	67,707	933,032
2029-2031	805,000	53,300	858,300	-	-	-
Total	<u>\$ 8,936,086</u>	<u>\$ 1,562,526</u>	<u>\$ 10,498,612</u>	<u>\$ 2,213,912</u>	<u>\$ 378,195</u>	<u>\$ 2,592,107</u>

General obligation bonds are subject to the provisions of the Internal Revenue Code of 1986 related to arbitrage and interest income tax regulations under those provisions.

The various bond obligations contain certain financial limitations and restrictions. The ordinances authorizing the issuance of certificates of obligation bonds created an interest and sinking fund (general debt service fund). The ordinances require the City to ascertain a rate and amount of tax which will be sufficient to pay interest as it comes due and provide a reserve fund which is adequate to meet principal as it matures. The City is in compliance with all such significant financial restrictions.

The compensated absences attributable to the governmental activities will be liquidated primarily by the General Fund.

**Capital Leases**

The City has acquired certain capital assets for governmental and business-type activities through the use of lease purchase agreements. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Machinery and Equipment	\$ 458,671	\$ -	\$ 458,671
Buildings and Improvements	221,887	-	221,887
Infrastructure	-	1,721,658	1,721,658
Less: Accumulated amortization	<u>(360,405)</u>	<u>(667,166)</u>	<u>(1,027,571)</u>
Total	<u>\$ 320,153</u>	<u>\$ 1,054,492</u>	<u>\$ 1,374,645</u>

**City of Kennedale, Texas**  
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The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2018, were as follows:

<b>Capital Leases</b>		
<b>Fiscal Year</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
2019	\$ 210,599	\$ 152,813
2020	190,879	152,813
2021	93,949	152,813
2022	49,516	152,813
2023	28,089	152,813
2024-2028	-	769,164
Total minimum lease payments	573,032	1,533,229
Less: amount of representing interest	18,918	278,659
Present value of minimum lease payments	\$ 554,114	\$ 1,254,570

**Note 9: Employee Retirement System**

***Plan Description***

The City participates as one of over 880 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 (TMRS Act) as an agency 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 Sections 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tMrs.org](http://www.tMrs.org).

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

A summary of plan provisions for the City are as follows:

Deposit rate	7%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility	20 years to any age, 5 years at age 60 and above
Updated service credit	100% Repeating
Annuity increase (to retirees)	70% of CPI Repeating

**City of Kennedale, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

**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 over of seven payments 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.

Beginning in 2006, the City granted an annually repeating (automatic) basis monetary credit referred to as an updated service credit (USC) which is a theoretical amount which takes into account salary increases or plan improvements. If at any time during their career an employee earns a USC, this amount remains in their account earning interest at 5% until retirement. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer match plus employer-financed monetary credits, such as USC, with interest were used to purchase an annuity. Additionally, initiated in 2006, the City provided on an annually repeating (automatic) basis cost of living adjustments (COLA) for retirees equal to a percentage of the change in the consumer price index (CPI).

At the December 31, 2017, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	36
Inactive employees entitled to but not yet receiving benefits	106
Active employees	72
	214

**Contributions**

The contribution rates for employees in TMRS are either 5%, 6% or 7% of employee gross earnings and the City matching percentages are with 100%, 150% or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contributions 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 14.22% and 14.31% in calendar years 2017 and 2018, respectively. The City’s contributions to TMRS for the year ended September 30, 2018, were \$566,892, and were equal to the required contributions.

**City of Kennedale, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

***Net Pension Liability***

The City's Net Pension Liability (NPL) was measured as of December 31, 2017, 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, 2017, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.50%
Investment rate of return	6.75%

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 Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2017, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. 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.

**City of Kennedale, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return</b>
Domestic Equity	17.50%	4.55%
International Equity	17.50%	6.35%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	3.90%
Real Return	10.00%	3.80%
Real Estate	10.00%	4.50%
Absolute Return	10.00%	3.75%
Private Equity	5.00%	7.50%
<b>Total</b>	<b>100.00%</b>	

***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 contributions will be made at the rates specified in the 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 the Net Pension Liability***

	<b>Total Pension Liability (a)</b>	<b>Fiduciary Net Position (b)</b>	<b>Net Pension Liability(a) - (b)</b>
<b>Balances as of October 1, 2017</b>	\$ 14,486,487	\$ 12,168,673	\$ 2,317,814
Changes for the year			
Service cost	697,041	-	697,041
Interest on total pension liability	989,009	-	989,009
Effect of difference in expected and actual experience	(52,740)	-	(52,740)
Effect of assumptions changes or inputs	-	-	-
Benefit payments	(366,034)	(366,034)	-
Administrative expenses	-	(8,740)	8,740
Member contributions	-	565,061	(565,061)
Net investment income	-	1,687,364	(1,687,364)
Employer contributions	-	276,603	(276,603)
Other	-	(443)	443
<b>Net changes</b>	<b>1,267,276</b>	<b>2,153,811</b>	<b>(886,535)</b>
<b>Balances as of September 30, 2018</b>	<b>\$ 15,753,763</b>	<b>\$ 14,322,484</b>	<b>\$ 1,431,279</b>

**City of Kennedale, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

The net pension liability attributable to the governmental activities will be liquidated primarily by the General Fund.

***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 (5.75%)	Current Single Rate Assumption (6.75%)	1% Increase (7.75%)
City's net pension liability	\$ 4,281,230	\$ 1,431,279	\$ (812,029)

***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](http://www.tmr.com).

***Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

For the year ended September 30, 2018, the primary government recognized pension expense of \$507,172. At September 30, 2018, the primary government reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 100,954
Change in actuarial assumptions	15,410	-
Net difference between projected and actual investment earnings	-	381,286
Contributions subsequent to the measurement date	432,699	-
	\$ 448,109	\$ 482,240

**City of Kennedale, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

Reported as deferred outflows, \$432,699 of resources related to pension 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, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

Year Ending September 30		
2019	\$	(62,593)
2020		(52,255)
2021		(178,786)
2022		(173,195)
	\$	(466,829)

**Note 10: Other Postemployment Benefits**

***Supplemental Death Benefit Fund***

The City also participates in the single-employer defined benefit OPEB plan providing group-term life which is operated by the Texas Municipal Retirement System (TMRS) and is known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an “other postemployment benefit,” or OPEB.

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees’ entire careers. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

**City of Kennedale, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

The following employees were covered by the benefit terms at December 31, 2017, (measurement date):

Inactive employees or beneficiaries currently receiving benefits	21
Inactive employees entitled to but not yet receiving benefits	15
Active employees	72
 Total employees	 108

***Total OPEB Liability***

The City's total OPEB liability of \$165,774 (\$144,588 governmental activities and \$21,186 business-type activities) was measured as of December 31, 2017, and was determined by an actuarial valuation as of that date.

***Actuarial Assumptions***

The City's total OPEB liability in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	December 31, 2017
Discount Rate	3.31% as of December 31, 2017 (3.78% as of December 31, 2016)
Inflation	2.50%
Salary Increases	3.50% to 10.50%, including inflation
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates – service retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality rates – disabled retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

***Discount Rate***

The TMRS SDBF is treated as unfunded OPEB plan because the SDBF trust covers both actives and retirees and the assets are not segregated for these groups. Under GASBS No. 75 (paragraph 155), the discount rate for an unfunded OPEB plan should be based on 20-year tax-exempt AA or higher Municipal Bonds. Therefore, a discount rate of 3.31% based on the 20-Year Municipal GO AA Index published by bondbuyer.com is used as of the measurement date of December 31, 2017. At transition, GASB No. 75 also requires that the Total OPEB Liability (TOL) as of the prior fiscal year end be estimated based on the 20-Year Bond GO Index.

**City of Kennedale, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

***Changes in Total OPEB Liability***

	<b>Total OPEB Liability</b>
Balances as of October 1, 2017	\$ 131,652
Changes for the year	
Service cost	16,201
Interest on total OPEB liability	5,260
Effect of assumption changes (discount rate change)	13,846
Benefit payments, age adjusted premiums, net of retiree contributions	(1,185)
 Balances as of September 30, 2018	 \$ 165,774

The total OPEB liability attributable to the governmental activities will be liquidated primarily by the General Fund.

***Sensitivity of the Total OPEB Liability to Changes in the Discount Rate***

The total OPEB liability of the City has been calculated using a discount rate of 3.31%. The following presents the total OPEB liability using a discount rate 1% higher and 1% lower than the current discount rate.

	<b>1% Decrease 2.31%</b>	<b>Current Discount Rate 3.31%</b>	<b>1% Increase 4.31%</b>
<b>Total OPEB Liability</b>	\$ 201,588	\$ 165,774	\$ 138,353

**City of Kennedale, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

For the year ended September 30, 2018, the City recognized OPEB expense of \$23,816. At September 30, 2018, the City reported deferred outflows of resources related to OPEB from the following sources:

	<b>Outflows of Resources</b>
Changes of assumptions	\$ 11,491
Benefit payments subsequent to the measurement date	4,836
	\$ 16,327

Benefit payments subsequent to the measurement date and before fiscal year-end will be recognized as a reduction of the total OPEB liability in the year ending September 30, 2019.

Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>September 30</b>	<b>Amortization of Deferred Outflows of Resources</b>
2019	\$ 2,355
2020	2,355
2021	2,355
2022	2,355
2023	2,071
	\$ 11,491

**City of Kennedale, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

**Note 11: Commitments and Contingencies**

***Risk Management***

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's risk management program encompasses obtaining property and liability insurance through Texas Municipal League (TML), an Intergovernmental Risk-Pool. The City has not had any significant reduction in insurance coverage and the amounts of insurance settlements have not exceeded insurance coverage for any of the last three years. The participation of the City in TML is limited to payment of premiums. During the year ended September 30, 2018, the City paid premiums to TML for provisions of various liability, property and casualty insurance. The City has various deductible amounts ranging from \$500 to \$5,000 on various policies. At year-end, the City did not have any significant claims.

The City also provides workers' compensation insurance on its employees through TML. Workers' compensation is subject to change when audited by TML. At year-end, September 30, 2018, the City believed the amounts paid on workers' compensation would not change significantly from the amounts recorded.

***Contingent Liabilities***

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City is periodically the defendant in lawsuits arising principally in the normal course of operations. In the opinion of management, the outcome of these lawsuits will not have a material adverse effect on the accompanying financial statements and, accordingly, no provision for losses has been recorded.

**City of Kennedale, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

***EDC - Commitment***

The EDC has committed to pay the City debt service payments for the Certificates of Obligation, Series 2010 when the payments become due. The following commitment by the EDC is anticipated to be funded with future EDC sales tax revenue.

<u>Year Ending September 30</u>	
2019	\$ 154,825
2020	151,900
2021	153,300
2022	154,500
2023	154,500
2024-2028	763,750
2029-2030	<u>306,500</u>
Totals	<u><u>\$ 1,839,275</u></u>

**Note 12: Tax Abatements**

The City enters into economic development agreements designed to promote development and redevelopment within the City, stimulate commercial activity, generate additional sales tax and enhance the property tax base and economic vitality of the City. This program refunds property and sales tax as authorized under Chapter 380 of the Texas Local Government Code.

The City has entered into various agreements that reduce property and sales taxes. Agreements for property and sales tax provide rebates of 100% for property taxes and 60% for sales tax ranging from 1 to 7 years. Each agreement requires the developer to expand its business within the City. For fiscal year 2018, the City rebated property taxes of \$9,622 and sales taxes of \$17,132.

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## **Required Supplementary Information**

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**City of Kennedale, Texas**  
**Required Supplementary Information**  
**Schedule of Changes in the City's Net Pension Liability and Related Ratios**  
**Texas Municipal Retirement System (Unaudited)**

	Measurement Year 2014	Measurement Year 2015	Measurement Year 2016	Measurement Year 2017
<b>Total Pension Liability</b>				
Service cost	\$ 589,507.00	\$ 648,581	\$ 675,284	\$ 697,041
Interest (on the Total Pension Liability)	794,485	865,430	912,020	989,009
Differences between expected and actual experience	(102,280)	(168,052)	(109,980)	(52,740)
Changes in assumptions	-	113,774	-	-
Benefit payments, including refunds of employee contributions	<u>(274,797)</u>	<u>(320,705)</u>	<u>(329,210)</u>	<u>(366,034)</u>
Net change in total pension liability	1,006,915	1,139,028	1,148,114	1,267,276
Total pension liability – Beginning	<u>11,192,430</u>	<u>12,199,345</u>	<u>13,338,373</u>	<u>14,486,487</u>
Total pension liability – Ending (a)	<u>\$ 12,199,345</u>	<u>\$ 13,338,373</u>	<u>\$ 14,486,487</u>	<u>\$ 15,753,763</u>
<b>Plan Fiduciary Net Position</b>				
Contributions – employer	\$ 397,779	\$ 525,561	\$ 540,075	\$ 565,061
Contributions – employee	239,832	254,774	265,860	276,603
Net investment income	548,705	15,487	740,899	1,687,364
Benefit payments, including refunds of employee contributions	(274,797)	(320,705)	(329,210)	(366,034)
Administrative expense	(5,727)	(9,432)	(8,365)	(8,740)
Other	<u>(471)</u>	<u>(466)</u>	<u>(451)</u>	<u>(443)</u>
Net change in plan fiduciary net position	905,321	465,219	1,208,808	2,153,811
Plan fiduciary net position – Beginning	<u>9,589,325</u>	<u>10,494,646</u>	<u>10,959,865</u>	<u>12,168,673</u>
Plan fiduciary net position – Ending (b)	<u>\$ 10,494,646</u>	<u>\$ 10,959,865</u>	<u>\$ 12,168,673</u>	<u>\$ 14,322,484</u>
City's net pension liability – Ending (a) – (b)	<u>\$ 1,704,699</u>	<u>\$ 2,378,508</u>	<u>\$ 2,317,814</u>	<u>\$ 1,431,279</u>
Plan fiduciary net position as a percentage of the total pension liability	86.03%	82.17%	84.00%	90.91%
Covered payroll	\$ 3,426,174	\$ 3,639,622	\$ 3,797,997	\$ 3,951,478
City's net pension liability as a percentage of covered payroll	49.76%	65.35%	61.03%	36.22%

**Note:** The information in this schedule has been determined as of the measurement date (December 31) of the City's net pension liability and is intended to show information for ten years. However, until a full ten-year trend is compiled in accordance with the provision of GASB No. 68, only periods for which such information is available are presented.

**City of Kennedale, Texas**  
**Required Supplementary Information**  
**Schedule of Contributions**  
**Texas Municipal Retirement System (Unaudited)**

	<b>Fiscal Year 2014</b>	<b>Fiscal Year 2015</b>	<b>Fiscal Year 2016</b>	<b>Fiscal Year 2017</b>	<b>Fiscal Year 2018</b>
Actuarially determined contribution	\$ 391,136	\$ 483,133	\$ 555,231	\$ 560,038	\$ 566,892
Contributions in relation to the actuarially determined contribution	<u>391,136</u>	<u>483,133</u>	<u>555,231</u>	<u>560,038</u>	<u>566,892</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Covered payroll	\$ 3,396,046	\$ 3,575,054	\$ 3,932,717	\$ 3,919,319	\$ 4,058,043
Contributions as a percentage of covered payroll	12%	13.51%	14.12%	14.29%	13.97%

**Notes to Schedule:**

**Valuation Date:** Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	27 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 10.50%, including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

**Other Information:**

Notes Removed statutory max

**City of Kennedale, Texas**  
**Required Supplementary Information**  
**Schedule of Changes in the City's Total OPEB Liability and Related Ratios**  
**(Supplemental Death Benefit Fund)**

	<b>Measurement Year 2017</b>
<b>Total OPEB Liability</b>	
Service Cost	\$ 16,201
Interest Cost	5,260
Changes of Assumptions	13,846
Benefit Payments	(1,185)
Net Change in Total OPEB Liability	34,122
 Total OPEB Liability (Beginning)	 131,652
Total OPEB Liability (Ending)	\$ 165,774
 Covered-Employee Payroll	 \$ 3,951,478
Total OPEB Liability as a Percentage of Covered-Employee Payroll	4.20%

The discount rate was decreased from 3.78% to 3.31%.

**Note:** The information in this schedule has been determined as of the measurement date (December 31) of the City's total OPEB liability and is intended to show information for 10 years. However, until a full ten-year trend is compiled in accordance with the provision of GASB No. 75, only periods for which such information is available are presented.

**City of Kennedale, Texas**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget to Actual**  
**General Fund**  
**For the Year Ended September 30, 2018**

	<u>Budgeted Amounts</u>		<b>Actual GAAP Basis</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes				
Property	\$ 3,817,514	\$ 3,817,514	\$ 3,882,162	\$ 64,648
Sales	1,217,375	1,217,375	1,459,743	242,368
Franchise fees	721,244	721,244	777,768	56,524
Licenses and permits	172,865	172,865	335,340	162,475
Fines and forfeitures	238,152	238,152	188,140	(50,012)
Public safety fees	-	-	184,260	184,260
Intergovernmental	706,414	706,414	558,692	(147,722)
Charges for service	203,950	203,950	81,142	(122,808)
Investment earnings	7,181	7,181	41,307	34,126
Other	63,120	63,120	88,641	25,521
Total revenues	<u>7,147,815</u>	<u>7,147,815</u>	<u>7,597,195</u>	<u>449,380</u>
<b>Expenditures</b>				
Current				
General government	1,602,648	1,602,648	1,473,009	129,639
Public safety	4,441,562	4,441,562	4,390,751	50,811
Public works	840,943	840,943	718,519	122,424
Culture and recreation	409,470	409,470	360,777	48,693
Capital outlay	230,046	230,046	191,087	38,959
Debt service				
Principal	-	-	169,991	(169,991)
Interest and other	-	-	-	-
Total expenditures	<u>7,524,669</u>	<u>7,524,669</u>	<u>7,304,134</u>	<u>220,535</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(376,854)</u>	<u>(376,854)</u>	<u>293,061</u>	<u>669,915</u>
Other financing sources (uses)				
Transfers in	194,413	194,413	184,217	(10,196)
Transfers out	(99,396)	(99,396)	(93,000)	6,396
Total other financing sources (uses)	<u>95,017</u>	<u>95,017</u>	<u>91,217</u>	<u>(3,800)</u>
<b>Net Change in Fund Balances</b>	(281,837)	(281,837)	384,278	666,115
<b>Fund Balance, Beginning of Year</b>	<u>2,471,169</u>	<u>2,471,169</u>	<u>2,471,169</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ 2,189,332</u>	<u>\$ 2,189,332</u>	<u>\$ 2,855,447</u>	<u>\$ 666,115</u>

**City of Kennedale, Texas**  
**Notes to Required Supplementary Information (Unaudited)**  
**Budgetary**  
**September 30, 2018**

***Budgets and Budgetary Accounting***

The City follows these procedures annually in establishing the budgetary data reflected in the budgetary comparison schedules:

1. Prior to the beginning of each fiscal year, the City Manager submits to the City Council a proposed budget for the fiscal year beginning on the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at which all interested persons' comments concerning the budget are heard.
3. The budget is legally enacted by the City Council through passage of an ordinance prior to the beginning of the fiscal year.
4. The City Manager has the authority to transfer appropriation balances from one expenditure account to another such as from salaries to maintenance within a single fund as well as transfer appropriations between departments. The City Council, however, must approve any transfer of unencumbered appropriation balances or portions thereof from one fund to another as well as any increases in fund appropriations. At the end of the fiscal year, all appropriations lapse.
5. Annual budgets are only adopted for the General and Debt Service Funds. These budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. The budgetary data presented has been amended from the original budget by the City Council. All significant supplemental appropriations were offset either by increased revenue or decreased expenditures in other accounts. Expenditures did not exceed appropriations in the General Fund or the Debt Service Fund.

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**Combining and Individual Fund  
Statements and Schedules**

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**City of Kennedale, Texas**  
**Non-major Governmental Funds**  
**September 30, 2018**

***Special Revenue Funds***

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

**LEOSE** – to account for grant revenue that is legally restricted to expenditures for LEOSE program.

***Capital Projects Funds***

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of general major capital facilities. Financing is provided primarily by the sale of general obligation bonds and developer contributions.

**Park Dedication** – to account for the acquisition, improvement and maintenance of park areas funded by neighborhood park land dedication fees.

**Capital Projects** – to account for various constructions within the city from funds contributed by third parties.

**Roadway Impact Fee** – to account for the assessments to developers on projects identified in the roadway impact fee study that was adopted by the City Council on May 9, 2002.

**Library Building** – to account for the construction of a new library from funds contributed by third parties.

**Capital Bond** – to account for the acquisition and construction of various capital improvements and is funded by general obligation bonds.

**City of Kennedale, Texas**  
**Combining Balance Sheet**  
**Non-major Governmental Funds**  
**September 30, 2018**

	<u>Special Revenue Fund</u>	<u>Capital Projects Funds</u>	
	<u>LEOSE</u>	<u>Park Dedication</u>	<u>Capital Projects</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 1,747	\$ 158,092	\$ -
Receivables (net of allowance for uncollectibles)	-	-	12,707
Advances to other funds	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 1,747</u>	<u>\$ 158,092</u>	<u>\$ 12,707</u>
<b>Liabilities</b>			
Accounts payable	\$ -	\$ -	\$ 1,309
Due from other funds	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>-</u>	<u>-</u>	<u>1,309</u>
<b>Fund Balances</b>			
Restricted for			
Capital Projects	-	-	11,398
Other	1,747	-	-
Assigned			
Parks	-	158,092	-
Unassigned	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances	<u>1,747</u>	<u>158,092</u>	<u>11,398</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,747</u>	<u>\$ 158,092</u>	<u>\$ 12,707</u>

**Capital Projects Funds**

<b>Roadway Impact Fee</b>	<b>Library Building</b>	<b>Capital Bond</b>	<b>Total Non-major Governmental Funds</b>
\$ 257,067	\$ -	\$ -	\$ 416,906
-	8	156,636	169,351
<u>297,060</u>	<u>-</u>	<u>-</u>	<u>297,060</u>
<u>\$ 554,127</u>	<u>\$ 8</u>	<u>\$ 156,636</u>	<u>\$ 883,317</u>
\$ -	\$ 1,207	\$ -	\$ 2,516
-	-	156,636	156,636
<u>-</u>	<u>1,207</u>	<u>156,636</u>	<u>159,152</u>
554,127	-	-	565,525
-	-	-	1,747
-	-	-	158,092
<u>-</u>	<u>(1,199)</u>	<u>-</u>	<u>(1,199)</u>
<u>554,127</u>	<u>(1,199)</u>	<u>-</u>	<u>724,165</u>
<u>\$ 554,127</u>	<u>\$ 8</u>	<u>\$ 156,636</u>	<u>\$ 883,317</u>

**City of Kennedale, Texas**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-major Governmental Funds**  
**For the Year Ended September 30, 2018**

	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	
	<u>LEOSE</u>	<u>Park Dedication</u>	<u>Capital Projects</u>
<b>Revenues</b>			
Intergovernmental	\$ 1,590	\$ -	\$ -
Licenses and permits	-	-	-
Fines and forfeitures	-	-	-
Investment earnings	2	2,666	668
Miscellaneous	-	1,200	50,565
	<u>1,592</u>	<u>3,866</u>	<u>51,233</u>
Total revenues			
<b>Expenditures</b>			
Current			
Culture and recreation	-	-	-
Capital outlay	-	720	-
	<u>-</u>	<u>720</u>	<u>-</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	<u>1,592</u>	<u>3,146</u>	<u>51,233</u>
<b>Other Financing Uses</b>			
Transfers out	-	(80,000)	(83,000)
	<u>-</u>	<u>(80,000)</u>	<u>(83,000)</u>
Total other financing uses			
<b>Net Change in Fund Balances</b>	1,592	(76,854)	(31,767)
<b>Fund Balances, Beginning of Year</b>	<u>155</u>	<u>234,946</u>	<u>43,165</u>
<b>Fund Balances (Deficit), End of Year</b>	<u>\$ 1,747</u>	<u>\$ 158,092</u>	<u>\$ 11,398</u>

**Capital Projects Fund**

<b>Roadway Impact Fee</b>	<b>Library Building</b>	<b>Capital Bond</b>	<b>Total Non-major Governmental Funds</b>
\$ -	\$ -	\$ -	\$ 1,590
126,951	-	-	126,951
-	1,175	-	1,175
1,759	50	-	5,145
-	1,428	-	53,193
<u>128,710</u>	<u>2,653</u>	<u>-</u>	<u>188,054</u>
-	12,816	-	12,816
-	-	-	720
-	12,816	-	13,536
<u>128,710</u>	<u>(10,163)</u>	<u>-</u>	<u>174,518</u>
<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>(173,000)</u>
<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>(173,000)</u>
118,710	(10,163)	-	1,518
<u>435,417</u>	<u>8,964</u>	<u>-</u>	<u>722,647</u>
<u>\$ 554,127</u>	<u>\$ (1,199)</u>	<u>\$ -</u>	<u>\$ 724,165</u>

**City of Kennedale, Texas**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual**  
**Debt Service Fund**  
**For the Year Ended September 30, 2018**

	<u>Budgeted Amounts</u>		<b>Actual GAAP Basis</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes - property	\$ 1,309,946	\$ 1,309,946	\$ 1,329,037	\$ 19,091
Intergovernmental	-	-	152,588	152,588
Investment earnings	400	400	7,534	7,134
Total revenues	<u>1,310,346</u>	<u>1,310,346</u>	<u>1,489,159</u>	<u>178,813</u>
<b>Expenditures</b>				
Debt service				
Principal	1,155,923	1,155,923	996,596	159,327
Interest and other	507,961	507,961	423,409	84,552
Total expenditures	<u>1,663,884</u>	<u>1,663,884</u>	<u>1,420,005</u>	<u>243,879</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(353,538)</u>	<u>(353,538)</u>	<u>69,154</u>	<u>422,692</u>
Other financing sources (uses)				
Transfers in	355,588	355,588	83,000	(272,588)
Total other financing sources (uses)	<u>355,588</u>	<u>355,588</u>	<u>83,000</u>	<u>(272,588)</u>
<b>Net Change in Fund Balances</b>	2,050	2,050	152,154	150,104
<b>Fund Balance, Beginning of Year</b>	<u>41,981</u>	<u>41,981</u>	<u>41,981</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ 44,031</u>	<u>\$ 44,031</u>	<u>\$ 194,135</u>	<u>\$ 150,104</u>

## **Statistical Section**

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## Statistical Section

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

### Contents Tables

<i>Financial Trends</i>	A – D
These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	
<i>Revenue Capacity</i>	E – H
These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax.	
<i>Debt Capacity</i>	I – L
These schedules present information to help the reader assess the affordability of the government’s current level of outstanding debt and the government’s ability to issue additional debt in the future.	
<i>Economic and Demographic Indicators</i>	M – N
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.	
<i>Operating Information</i>	O – Q
These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the services the government provides and the activities it performs.	

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

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**City of Kennedale, Texas**  
**Table A – Net Position by Component**  
**Accrual Basis of Accounting**  
**Last Ten Fiscal Years (Unaudited)**

	Fiscal Year				
	2009	2010	2011	2012	2013
<b>Governmental Activities</b>					
Net investment in capital assets	\$ 12,781,452	\$ 11,814,703	\$ 16,014,362	\$ 20,730,909	\$ 21,100,450
Restricted	12,623	38,754	1,936,156	288,215	227,181
Unrestricted	<u>3,842,214</u>	<u>4,168,387</u>	<u>1,023,286</u>	<u>782,589</u>	<u>615,406</u>
Total governmental activities net asset	<u>\$ 16,636,289</u>	<u>\$ 16,021,844</u>	<u>\$ 18,973,804</u>	<u>\$ 21,801,713</u>	<u>\$ 21,943,037</u>
<b>Business-type Activities</b>					
Net investment in capital assets	\$ 8,245,479	\$ 9,643,354	\$ 10,134,416	\$ 10,304,477	\$ 10,217,885
Restricted	-	-	-	-	-
Unrestricted	<u>3,396,673</u>	<u>1,858,510</u>	<u>1,668,685</u>	<u>1,524,225</u>	<u>1,348,391</u>
Total business-type activities net asset	<u>\$ 11,642,152</u>	<u>\$ 11,501,864</u>	<u>\$ 11,803,101</u>	<u>\$ 11,828,702</u>	<u>\$ 11,566,276</u>
<b>Primary Government</b>					
Net investment in capital assets	\$ 21,026,931	\$ 21,458,057	\$ 26,148,778	\$ 31,035,386	\$ 31,318,335
Restricted	12,623	38,754	1,936,156	288,215	227,181
Unrestricted	<u>7,238,887</u>	<u>6,026,897</u>	<u>2,691,971</u>	<u>2,306,814</u>	<u>1,963,797</u>
Total primary governmental net assets	<u>\$ 28,278,441</u>	<u>\$ 27,523,708</u>	<u>\$ 30,776,905</u>	<u>\$ 33,630,415</u>	<u>\$ 33,509,313</u>



**City of Kennedale, Texas**  
**Table B – Change in Net Position**  
**Accrual Basis of Accounting**  
**Last Ten Fiscal Years (Unaudited)**

	Fiscal Year				
	2009	2010	2011	2012	2013
<b>Expenses</b>					
Governmental activities					
General government	\$ 1,281,430	\$ 1,687,785	\$ 1,346,455	\$ 1,400,946	\$ 1,338,046
Public safety	3,915,078	4,135,114	4,149,812	4,334,370	4,216,559
Public works	1,279,797	956,657	1,386,156	1,209,842	1,338,143
Community development and recreation	324,858	346,896	335,884	344,900	358,251
Economic development	-	2,006,635	-	-	-
Interest and fiscal charges	438,799	490,601	536,449	578,936	558,639
Total governmental activities expenses	<u>7,239,962</u>	<u>9,623,688</u>	<u>7,754,756</u>	<u>7,868,994</u>	<u>7,809,638</u>
Business-type activities					
Water, wastewater and storm water drainage	<u>2,722,295</u>	<u>3,002,002</u>	<u>3,334,413</u>	<u>3,240,582</u>	<u>3,401,162</u>
Total business-type activities expenses	<u>2,722,295</u>	<u>3,002,002</u>	<u>3,334,413</u>	<u>3,240,582</u>	<u>3,401,162</u>
Total primary government expenses	<u><u>\$ 9,962,257</u></u>	<u><u>\$ 12,625,690</u></u>	<u><u>\$ 11,089,169</u></u>	<u><u>\$ 11,109,576</u></u>	<u><u>\$ 11,210,800</u></u>
<b>Program Revenues</b>					
Governmental activities					
Charges for services					
General government	\$ 476,934	\$ 487,416	\$ 514,732	\$ 668,345	\$ 554,664
Public safety	485,605	435,195	460,983	459,955	556,655
Public works	26,018	25,174	44,910	58,007	52,299
Community development and recreation	2,180	1,674	2,023	1,554	34,591
Operating grants and contributions	74,554	67,924	64,217	83,005	135,520
Capital grants and contributions	1,215	1,424,036	2,793,402	2,872,517	453,020
Total governmental activities program revenues	<u><u>\$ 1,066,506</u></u>	<u><u>\$ 2,441,419</u></u>	<u><u>\$ 3,880,267</u></u>	<u><u>\$ 4,143,383</u></u>	<u><u>\$ 1,786,749</u></u>

**City of Kennedale, Texas**  
**Table B – Change in Net Position (Continued)**  
**Accrual Basis of Accounting**  
**Last Ten Fiscal Years (Unaudited)**

	Fiscal Year				
	2014	2015	2016	2017	2018
<b>Expenses</b>					
Governmental activities					
General government	\$ 1,242,021	\$ 1,348,921	\$ 1,340,991	\$ 1,460,659	\$ 1,526,536
Public safety	4,274,108	4,521,511	4,658,016	4,494,080	4,680,243
Public works	1,476,670	1,638,428	1,838,124	1,743,770	1,615,294
Community development and recreation	358,226	339,328	370,519	397,477	436,270
Economic development	-	-	-	-	-
Interest and fiscal charges	510,355	478,440	521,675	348,741	403,223
Total governmental activities expenses	<u>7,861,380</u>	<u>8,326,628</u>	<u>8,729,325</u>	<u>8,444,727</u>	<u>8,661,566</u>
Business-type activities					
Water, wastewater and storm water drainage	3,640,588	4,112,610	3,506,506	3,271,916	4,558,939
Total business-type activities expenses	<u>3,640,588</u>	<u>4,112,610</u>	<u>3,506,506</u>	<u>3,271,916</u>	<u>4,558,939</u>
Total primary government expenses	<u>\$ 11,501,968</u>	<u>\$ 12,439,238</u>	<u>\$ 12,235,831</u>	<u>\$ 11,716,643</u>	<u>\$ 13,220,505</u>
<b>Program Revenues</b>					
Governmental activities					
Charges for services					
General government	\$ 975,684	\$ 720,308	\$ 540,893	\$ 457,595	\$ 709,603
Public safety	567,835	500,044	515,906	353,139	547,621
Public works	115,110	84,250	150,936	92,502	143,445
Community development and recreation	1,470	1,187	164,817	49,410	76,621
Operating grants and contributions	47,119	139,677	126,520	145,560	152,588
Capital grants and contributions	115,058	490,975	2,595,371	154,819	-
Total governmental activities program revenues	<u>\$ 1,822,276</u>	<u>\$ 1,936,441</u>	<u>\$ 4,094,443</u>	<u>\$ 1,253,025</u>	<u>\$ 1,629,878</u>

**City of Kennedale, Texas**  
**Table B – Change in Net Position (Continued)**  
**Accrual Basis of Accounting**  
**Last Ten Fiscal Years (Unaudited)**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Business-type activities						
Charges for services						
Water, wastewater and storm water drainage	\$ 2,833,378	\$ 2,856,494	\$ 3,633,725	\$ 3,264,892	\$ 3,138,201	\$ 3,775,546
Capital grants and contributions	-	-	-	-	-	-
Total business-type activities program revenues	<u>2,833,378</u>	<u>2,856,494</u>	<u>3,633,725</u>	<u>3,264,892</u>	<u>3,138,201</u>	<u>3,775,546</u>
Total primary government program revenues	<u>\$ 3,899,884</u>	<u>\$ 5,297,913</u>	<u>\$ 7,513,992</u>	<u>\$ 7,408,275</u>	<u>\$ 4,924,950</u>	<u>\$ 5,597,822</u>
<b>Net (Expenses) Revenues</b>						
Governmental activities	\$ (6,173,456)	\$ (7,182,269)	\$ (3,874,489)	\$ (3,725,611)	\$ (6,022,889)	\$ (6,039,104)
Business-type activities	<u>111,083</u>	<u>(145,508)</u>	<u>299,312</u>	<u>24,310</u>	<u>(262,961)</u>	<u>134,958</u>
Total primary government net expenses	<u>\$ (6,062,373)</u>	<u>\$ (7,327,777)</u>	<u>\$ (3,575,177)</u>	<u>\$ (3,701,301)</u>	<u>\$ (6,285,850)</u>	<u>\$ (5,904,146)</u>
<b>General Revenues and Other Changes in Net Assets</b>						
Governmental activities						
Taxes						
Property	\$ 3,555,215	\$ 3,945,627	\$ 3,811,589	\$ 4,010,855	\$ 3,951,116	\$ 4,143,977
Franchise	799,291	755,273	808,918	856,096	817,733	871,351
Sales	1,065,845	1,488,953	1,222,642	1,298,044	1,008,875	1,093,946
Investment earnings	86,660	14,263	6,401	2,885	724	389
Miscellaneous	815,390	363,708	976,899	385,640	426,068	509,287
Transfers	<u>55,772</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>6,378,173</u>	<u>6,567,824</u>	<u>6,826,449</u>	<u>6,553,520</u>	<u>6,204,516</u>	<u>6,618,950</u>
Business-type activities						
Investment earnings	30,642	5,220	1,925	1,291	535	218
Transfers	<u>(55,772)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>(25,130)</u>	<u>5,220</u>	<u>1,925</u>	<u>1,291</u>	<u>535</u>	<u>218</u>
Total primary government	<u>6,353,043</u>	<u>6,573,044</u>	<u>6,828,374</u>	<u>6,554,811</u>	<u>6,205,051</u>	<u>6,619,168</u>
<b>Change in Net Position</b>						
Governmental activities	204,717	(614,445)	2,951,960	2,827,909	181,627	579,846
Business-type activities	<u>85,953</u>	<u>(140,288)</u>	<u>301,237</u>	<u>25,601</u>	<u>(262,426)</u>	<u>135,176</u>
Total primary government	<u>\$ 290,670</u>	<u>\$ (754,733)</u>	<u>\$ 3,253,197</u>	<u>\$ 2,853,510</u>	<u>\$ (80,799)</u>	<u>\$ 715,022</u>

**City of Kennedale, Texas**  
**Table B – Change in Net Position (Continued)**  
**Accrual Basis of Accounting**  
**Last Ten Fiscal Years (Unaudited)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Business-type activities				
Charges for services				
Water, wastewater and storm water drainage	\$ 3,683,542	\$ 4,782,055	\$ 5,086,486	\$ 4,832,378
Capital grants and contributions	-	1,479,937	374,296	325,676
Total business-type activities program revenues	<u>3,683,542</u>	<u>6,261,992</u>	<u>5,460,782</u>	<u>5,158,054</u>
Total primary government program revenues	<u>\$ 5,619,983</u>	<u>\$ 10,356,435</u>	<u>\$ 6,713,807</u>	<u>\$ 6,787,932</u>
<b>Net (Expenses) Revenues</b>				
Governmental activities	\$ (6,390,187)	\$ (4,634,882)	\$ (7,191,702)	\$ (7,031,688)
Business-type activities	<u>(429,068)</u>	<u>2,755,486</u>	<u>2,188,866</u>	<u>599,115</u>
Total primary government net expenses	<u>\$ (6,819,255)</u>	<u>\$ (1,879,396)</u>	<u>\$ (5,002,836)</u>	<u>\$ (6,432,573)</u>
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental activities				
Taxes				
Property	\$ 4,274,752	\$ 4,521,765	\$ 4,703,870	\$ 5,140,105
Franchise	910,886	545,140	537,454	777,768
Sales	1,491,342	1,253,391	1,208,557	1,459,743
Investment earnings	887	3,986	13,272	53,986
Miscellaneous	690,772	308,179	143,633	141,834
Transfers	<u>49,178</u>	<u>953,377</u>	<u>748,617</u>	<u>-</u>
Total governmental activities	<u>7,417,817</u>	<u>7,585,838</u>	<u>7,355,403</u>	<u>7,573,436</u>
Business-type activities				
Investment earnings	281	521	3,919	17,591
Transfers	<u>(49,178)</u>	<u>(953,377)</u>	<u>(748,617)</u>	<u>-</u>
Total business-type activities	<u>(48,897)</u>	<u>(952,856)</u>	<u>(744,698)</u>	<u>17,591</u>
Total primary government	<u>7,368,920</u>	<u>6,632,982</u>	<u>6,610,705</u>	<u>7,591,027</u>
<b>Change in Net Position</b>				
Governmental activities	1,027,630	2,950,956	163,701	541,748
Business-type activities	<u>(477,965)</u>	<u>1,802,630</u>	<u>1,444,168</u>	<u>616,706</u>
Total primary government	<u>\$ 549,665</u>	<u>\$ 4,753,586</u>	<u>\$ 1,607,869</u>	<u>\$ 1,158,454</u>

**City of Kennedale, Texas**  
**Table C – Fund Balances of Governmental Funds**  
**Modified Accrual Basis of Accounting**  
**Last Ten Fiscal Years (Unaudited)**

	Fiscal Year (Pre-GASB 54 2009-2010) (GASB 54 implemented in fiscal year 2011)									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Fund</b>										
Unreserved	\$ 1,572,628	\$ 1,508,586	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nonspendable	-	-	31,348	5,751	46,486	40,633	15,786	240,850	206,755	86,778
Restricted	-	-	-	-	-	-	-	-	-	106,347
Assigned	-	-	-	-	-	-	-	367,218	-	915,608
Unassigned	-	-	1,332,648	1,108,068	937,508	1,193,553	1,716,655	1,972,229	2,264,414	1,746,714
Total general fund	<u>\$ 1,572,628</u>	<u>\$ 1,508,586</u>	<u>\$ 1,363,996</u>	<u>\$ 1,113,819</u>	<u>\$ 983,994</u>	<u>\$ 1,234,186</u>	<u>\$ 1,732,441</u>	<u>\$ 2,580,297</u>	<u>\$ 2,471,169</u>	<u>\$ 2,855,447</u>
<b>All Other Governmental Funds</b>										
Reserved	\$ 12,623	\$ 38,754	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in										
Special revenue funds	5,409	6,995	-	-	-	-	-	-	-	-
Capital projects funds	7,171,604	2,863,606	-	-	-	-	-	-	-	-
Nonspendable	-	-	800	800	-	-	-	-	-	-
Restricted for										
Debt service funds	-	-	50,965	90,920	23,829	2,849	10,375	11,861	-	194,135
Public safety	-	-	10,948	10,056	3	10,164	5,286	-	155	-
Economic development	-	-	-	-	-	1,112	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	1,747
Capital projects funds	-	-	1,874,243	187,239	185,514	341,663	373,456	400,170	425,432	565,525
Assigned										
Parks	-	-	-	-	-	-	-	-	-	158,092
Unassigned	-	-	-	-	-	-	-	-	-	(788,591)
Total all other governmental funds	<u>\$ 7,189,636</u>	<u>\$ 2,909,355</u>	<u>\$ 1,936,956</u>	<u>\$ 289,015</u>	<u>\$ 209,346</u>	<u>\$ 355,788</u>	<u>\$ 389,117</u>	<u>\$ 412,031</u>	<u>\$ 425,587</u>	<u>\$ 130,908</u>

Source: Comprehensive Annual Financial Report

Notes: The City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* in fiscal year 2011.

# City of Kennedale, Texas

## Table D – Changes in Fund Balances of Governmental Funds Modified Accrual Basis of Accounting Last Ten Fiscal Years (Unaudited)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues</b>										
Taxes	\$ 5,559,101	\$ 6,175,282	\$ 5,862,988	\$ 6,136,869	\$ 5,799,322	\$ 6,086,574	\$ 6,696,668	\$ 6,330,577	\$ 6,399,207	\$ 6,703,224
Licenses, fees and permits	183,454	191,016	209,047	311,921	261,451	477,447	346,011	727,163	465,917	462,291
Franchise fees										777,768
Fines and penalties	276,347	234,065	259,073	246,438	298,964	274,413	228,482	232,660	196,564	189,315
Public safety fees	209,253	200,904	201,483	210,676	257,998	243,002	247,907	237,104	264,317	184,260
Charges for services	321,683	323,474	353,045	418,826	379,796	614,145	459,651	73,840	76,682	81,142
Intergovernmental	74,554	1,487,099	2,278,514	2,955,522	588,540	48,231	630,669	787,432	339,415	712,870
Investment earnings	86,660	14,263	6,401	2,885	724	389	887	3,986	13,272	53,986
Contributions	1,215	4,861	579,105	-	-	2,314	2,153	1,527	4,399	-
Miscellaneous	815,390	363,708	976,899	385,640	426,068	620,919	713,443	306,652	184,530	141,834
<b>Total revenues</b>	<b>7,527,657</b>	<b>8,994,672</b>	<b>10,726,555</b>	<b>10,668,777</b>	<b>8,012,863</b>	<b>8,367,434</b>	<b>9,325,871</b>	<b>8,700,941</b>	<b>7,944,303</b>	<b>9,306,690</b>
<b>Expenditures</b>										
<b>Current</b>										
General government	\$1,347,642	\$1,777,568	\$1,263,666	\$1,276,738	\$1,238,641	\$1,126,632	\$1,228,989	\$1,247,881	\$1,321,110	\$ 1,473,009
Public Safety	3,899,043	3,952,316	3,992,135	4,149,870	3,964,561	4,052,316	4,247,507	4,346,827	4,271,460	4,390,751
Public works	874,612	613,759	974,083	840,656	684,840	1,051,794	850,933	681,748	728,228	718,519
Culture and recreation	227,835	241,508	260,193	257,103	270,204	272,102	272,964	301,411	322,353	373,593
Economic development	-	2,006,635	-	-	-	-	-	-	-	-
Capital outlay	2,311,107	5,958,166	7,527,192	4,826,076	664,329	100,478	896,467	1,339,271	972,098	207,510
Debt service										
Principal	453,480	488,495	660,969	751,913	806,600	841,178	844,371	895,356	1,122,944	1,205,033
Interest and fiscal charges	434,390	452,946	494,039	589,539	552,879	526,300	493,943	536,710	349,041	384,963
Bond issuance costs	-	87,409	114,480	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>9,548,109</b>	<b>15,578,802</b>	<b>15,286,757</b>	<b>12,691,895</b>	<b>8,182,054</b>	<b>7,970,800</b>	<b>8,835,174</b>	<b>9,349,204</b>	<b>9,087,234</b>	<b>8,753,378</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(2,020,452)</b>	<b>(6,584,130)</b>	<b>(4,560,202)</b>	<b>(2,023,118)</b>	<b>(169,191)</b>	<b>396,634</b>	<b>490,697</b>	<b>(648,263)</b>	<b>(1,142,931)</b>	<b>553,312</b>

# City of Kennedale, Texas

**Table D – Changes in Fund Balances of Governmental Funds (Continued)**  
**Modified Accrual Basis of Accounting**  
**Last Ten Fiscal Years (Unaudited)**

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Other Financing Sources (Uses)</b>										
Debt issuance	\$ -	\$ 2,000,000	\$ 3,260,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Issuance of capital lease	-	154,388	119,597	125,000	-	-	-	4,087,218	331,865	-
Cost to issue debt	-	-	-	-	-	-	-	-	-	-
Premium on debt issuance	-	85,419	63,616	-	-	-	-	-	-	-
Refunding bonds/lease issued	-	-	-	-	-	-	-	(3,646,951)	-	-
Transfers in	397,667	158,850	949,476	92,038	295,373	161,832	258,832	1,036,598	1,006,384	277,217
Transfers out	(341,895)	(158,850)	(949,476)	(92,038)	(295,373)	(161,832)	(258,832)	(83,221)	(257,767)	(277,217)
<b>Total other financing sources (uses)</b>	<u>55,772</u>	<u>2,239,807</u>	<u>3,443,213</u>	<u>125,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,393,644</u>	<u>1,080,482</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>\$ (1,964,680)</u>	<u>\$ (4,344,323)</u>	<u>\$ (1,116,989)</u>	<u>\$ (1,898,118)</u>	<u>\$ (169,191)</u>	<u>\$ 396,634</u>	<u>\$ 490,697</u>	<u>\$ 745,381</u>	<u>\$ (62,449)</u>	<u>\$ 553,312</u>
Debt service as a percentage of noncapital expenditures	12.3%	10.7%	16.4%	17.1%	18.1%	17.4%	16.9%	17.9%	18.1%	18.6%

Source: Comprehensive Annual Financial Report

**City of Kennedale, Texas**  
**Table E – Assessed Value and Estimated**  
**Actual Value of Taxable Property**  
**Last Ten Fiscal Years (Unaudited)**

<b>Fiscal Year</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Industrial Property</b>	<b>Less Tax Exempt Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value</b>	<b>Assessed Value as a Percentage of Actual Value</b>
2009	\$ 350,723,577	\$ 149,299,553	\$ 63,260,388	\$ 65,266,179	\$ 498,017,339	\$ 0.72250	\$ 498,017,339	100.00%
2010	393,021,180	155,428,659	73,850,746	80,779,880	541,520,705	\$ 0.72250	541,520,705	100.00%
2011	381,137,736	151,493,926	52,806,301	63,490,789	521,947,174	\$ 0.72250	521,947,174	100.00%
2012	367,644,619	130,187,379	54,138,047	63,654,327	488,315,718	\$ 0.72250	488,315,718	100.00%
2013	363,808,684	121,802,411	60,407,246	70,604,766	475,413,575	\$ 0.72250	475,413,575	100.00%
2014	369,809,150	122,562,814	62,617,391	74,529,874	480,459,481	\$ 0.74750	480,459,481	100.00%
2015	418,964,219	135,862,868	43,604,299	69,044,161	529,387,225	\$ 0.74750	529,387,225	100.00%
2016	423,074,019	133,607,106	42,937,171	50,198,154	549,420,142	\$ 0.76750	549,420,142	100.00%
2017	434,127,908	137,328,197	21,506,171	25,203,051	567,759,225	\$ 0.76750	567,759,225	100.00%
2018	479,936,919	147,896,807	35,746,004	33,925,413	629,654,317	\$ 0.77750	629,654,317	100.00%

**Source:** Tarrant Appraisal District Totals Report (September).

**City of Kennedale, Texas**  
**Table F – Direct and Overlapping**  
**Property Tax Rates**  
**Last Ten Fiscal Years (Unaudited)**

<b>Fiscal Year</b>	<b>City Direct Rates</b>			<b>Overlapping Rates</b>			
	<b>City Rate</b>	<b>General Obligation Debt Service</b>	<b>Total Direct</b>	<b>Kennedale Independent School District</b>	<b>Tarrant County</b>	<b>Tarrant County College District</b>	<b>Tarrant County Hospital District</b>
2009	0.569197	0.153303	0.72250	1.488610	0.264000	0.137960	0.227897
2010	0.572729	0.149771	0.72250	1.488610	0.264000	0.137670	0.227897
2011	0.571103	0.151397	0.72250	1.544821	0.264000	0.137640	0.227897
2012	0.516013	0.206487	0.72250	1.512068	0.264000	0.148970	0.227897
2013	0.549582	0.172918	0.72250	1.512068	0.264000	0.148970	0.227897
2014	0.560454	0.187046	0.74750	1.492068	0.264000	0.149500	0.227897
2015	0.551216	0.196284	0.74750	1.514717	0.264000	0.149500	0.227897
2016	0.575204	0.192296	0.76750	1.486724	0.264000	0.149500	0.227897
2017	0.581711	0.185789	0.76750	1.486724	0.254000	0.144730	0.227897
2018	0.578750	0.198750	0.77750	1.480000	0.244000	0.140060	0.224429

**Source:** Tarrant Appraisals District ( 2017 Tax Rates).

**Note:** Overlapping rates are those of local and country governments that apply to property owners within the City of Kennedale, Texas

**City of Kennedale, Texas**  
**Table G – Principal Taxpayers**  
**Current Year and Nine Years Ago (Unaudited)**

Taxpayer	2018		2009	
	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value <sup>a</sup>	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value <sup>a</sup>
Tealcove Drive LLC	\$ 9,062,288	1.39%	\$ -	-
Oncor Electric Delivery Co LLC	8,960,720	1.37%	7,088,495	1.42%
Hawk Steel Industries Inc	8,019,184	1.23%	6,354,026	1.28%
SCC 287 LLC	6,968,346	1.07%	-	-
FWT Inc	6,027,780	0.92%	6,877,702	1.38%
TJ Composites Inc	4,054,626	0.62%	-	-
DFW Midstream Services LLC	3,567,710	0.55%	-	-
Hexpol Compounding LLC	3,339,390	0.51%	-	-
Harrison Jet Guns II LP	2,990,733	0.46%	5,252,080	1.05%
Atmos Energy/Mid TEX Division	2,760,400	0.42%	-	-
XTO Energy Inc	-	-	3,162,810	0.64%
Southwestern Bell	-	-	5,916,335	1.19%
Excel Polymers LLC	-	-	6,175,761	1.24%
Rebar Services & Supply Co.	-	-	3,334,486	0.67%
Bloxom, DE Sr. Fnd Rp Hold LLC	-	-	3,482,589	0.70%
Goss International Americas Inc	-	-	8,016,371	1.61%
	<u>\$ 55,751,177</u>	<u>8.85%</u>	<u>\$ 55,660,655</u>	<u>11.18%</u>

**Source:** City of Kennedale, Budget Document, Tarrant County Tax Office and Municipal Advisory Council of Texas.

**Note:** <sup>a</sup> Taxpayers are assessed on January 1st of each fiscal year.

**City of Kennedale, Texas**  
**Table H – Ad-Valorem Tax Levies and Collections**  
**Last Ten Fiscal Years (Unaudited)**

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	\$ 3,645,994	\$ 3,362,931	92.24%	\$ 213,578	\$ 3,576,509	98%
2010	3,885,545	3,809,167	98.03%	78,849	3,888,016	100%
2011	3,749,561	3,695,515	98.56%	64,478	3,759,993	100%
2012	3,964,881	3,890,850	98.13%	52,738	3,943,588	99%
2013	3,937,340	3,880,817	98.56%	55,843	3,936,660	100%
2014	4,083,024	4,015,994	98.36%	20,978	4,036,972	99%
2015	4,231,865	4,174,320	98.64%	97,496	4,271,816	101%
2016	4,501,716	4,464,778	99.18%	26,688	4,491,466	100%
2017	4,644,955	4,589,538	98.81%	34,760	4,624,298	100%
2018	5,086,080	5,045,734	99.21%	-	5,045,734	99%

**Source:** Tarrant County Tax Office, Summary Part C (As Of September 30, 2018).

**City of Kennedale, Texas**  
**Table I – Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years (Unaudited)**

Fiscal Year	Governmental Activities				Business-type Activities			Total Primary Government	Percentage of Personal Income	Per Capita	Population
	Revenue Bonds	General Obligation/Certificates of Obligation	Capital Leases Obligations	Term Loan	General Obligation/Certificates of Obligation	Capital Leases					
2009	\$ 185,000	\$ 9,982,213	\$ 226,461	\$ 125,247	\$ 4,217,788	\$ 107,087	\$ 14,843,796	0.33%	2,199	6,750	
2010	140,000	11,576,363	323,204	-	4,028,638	73,068	16,141,273	0.30%	2,370	6,812	
2011	95,000	14,396,250	249,888	-	3,828,750	37,399	18,607,287	0.26%	2,691	6,914	
2012	50,000	13,930,405	298,290	-	3,621,950	-	17,900,645	0.27%	2,534	7,063	
2013	-	13,240,601	221,065	-	3,411,325	1,721,658	18,594,649	0.40%	2,562	7,257	
2014	-	12,469,623	140,436	-	3,191,875	1,629,163	17,431,097	0.42%	2,357	7,394	
2015	-	11,655,557	99,701	-	2,965,512	1,539,241	16,260,011	0.45%	2,035	7,992	
2016	-	11,001,843	424,473	-	2,728,413	1,445,849	15,600,578	0.47%	1,943	8,031	
2017	-	10,026,300	600,557	-	2,475,575	1,350,209	14,452,641	0.50%	1,738	8,315	
2018	-	9,024,582	554,114	-	2,213,912	1,254,570	13,047,178	0.56%	1,565	8,338	

Source: Notes to the financial statements and Table N

**City of Kennedale, Texas**  
**Table J – Ratios of General Bonded Debt**  
**Outstanding *per Capita***  
**Last Ten Fiscal Years (Unaudited)**

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds/ Certificates of Obligation	Revenue Bonds	Total		
2009	\$ 9,982,213	\$ 185,000	\$ 10,167,213	2.04%	\$ 1,506
2010	\$ 11,576,363	\$ 140,000	\$ 11,716,363	2.16%	\$ 1,720
2011	\$ 14,396,250	\$ 95,000	\$ 14,491,250	2.78%	\$ 2,096
2012	\$ 13,930,405	\$ 50,000	\$ 13,980,405	2.86%	\$ 1,979
2013	\$ 13,240,601	\$ -	\$ 13,240,601	2.79%	\$ 1,825
2014	\$ 12,469,623	\$ -	\$ 12,469,623	2.60%	\$ 1,686
2015	\$ 11,655,557	\$ -	\$ 11,655,557	2.20%	\$ 1,458
2016	\$ 11,001,843	\$ -	\$ 11,001,843	2.00%	\$ 1,370
2017	\$ 10,026,300	\$ -	\$ 10,026,300	1.77%	\$ 1,206
2018	\$ 9,024,582	\$ -	\$ 9,024,582	1.43%	\$ 1,082

Source: Table E, I and N

# City of Kennedale, Texas

## Table K – Direct and Overlapping Governmental Activities Debt Last Ten Fiscal Years (Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Arlington ISD	\$ 824,135,769	0.03%	\$ 247,241
Fort Worth ISD	966,280,000	0.09%	869,652
Kennedale ISD	33,330,025	40.07%	13,355,341
Mansfield ISD	750,175,000	0.18%	1,350,315
Tarrant County	294,500,000	0.40%	1,178,000
Tarrant County Hospital District	19,300,000	0.40%	77,200
	<u>2,887,720,794</u>		<u>17,077,749</u>
<b>City of Kennedale (Direct Debt)</b>	<u>9,024,582</u>	<u>100.00%</u>	<u>9,024,582</u>
<b>Total Direct and Overlapping Debt</b>	<u>\$ 2,896,745,376</u>		<u>\$ 26,102,331</u>

**Source:** Texas Municipal Reports per the Municipal Advisory Council of Texas, Other Entity Annual Financials and Tables

**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 the City of Kennedale. 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.

The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the overlapping government's taxable assessed value that is within the City of Kennedale's boundaries and dividing it by the overlapping government's total taxable assessed value.

**City of Kennedale, Texas**  
**Table L – Legal Debt Margin Information**  
**Last Ten Fiscal Years (Unaudited)**

The city charter of the City of Kennedale (section 6.05), Texas does not provide for a debt limit. The debt portion of the overall tax rate may rise as high as necessary to retire debt for the coming year without triggering the threat of rollback. Under the provision of Texas State law, the maximum tax rate is limited to \$2.50 per \$100 assessed valuation. The tax rate for fiscal year 2018 was established at \$0.7775 per \$100 assessed valuation based on 100% of net taxable value.

**City of Kennedale, Texas**  
**Table M – Demographic and Economic Statistics**  
**Last Ten Calendar Years (Unaudited)**

Year	Estimated Population	Median Household Income	Per Capita Median Household Income	Unemployment Rate
2009	6,750	\$ 49,091	\$ 24,323	6.7%
2010	6,812	49,091	24,323	8.5%
2011	6,914	49,091	24,323	7.7%
2012	7,063	49,091	24,323	6.3%
2013	7,257	73,909	31,163	6.9%
2014	7,394	73,909	31,163	5.7%
2015	7,992	73,909	31,163	4.3%
2016	8,031	73,909	31,163	4.1%
2017	8,315	71,875	31,904	5.3%
2018	8,338	72,461	31,335	4.5%

**Sources:** Population: City of Kennedale Planning Department. Based on 2010 Census date with annual updates from City Staff.

**Note:** Personal Income & Per Capita Personal Income & Unemployment Rate: United States Census Bureau, 2017 American Community Survey, Texas Workforce Commission

**City of Kennedale, Texas**  
**Table N – Principal Employers**  
**Current and Five Years Ago (Unaudited)**

Employer	2018		2013	
	Employees	Percentage of Total City Employment	Employees	Percentage of Total City Employment
Fort Worth Tower	505	32.88%	480	26.49%
Kennedale Independent School District	408	26.56%	411	22.68%
Speed Fab Crete	183	11.91%	128	7.06%
ARK Contracting Services	52	3.39%	115	6.35%
Harrison Jet Guns	38	2.47%	92	5.08%
Hawk Steel	69	4.49%	92	5.08%
Mike Conkle's Custom Cabinets	48	3.13%	85	4.69%
City of Kennedale	71	4.62%	78	4.30%
Excel Polymers	14	0.91%	76	4.19%
Goss International	-	-	64	3.53%
Texas Tile	38	2.47%	55	3.04%
US Galvanizing LP	12	0.78%	34	1.88%
Stovall Electric	18	1.17%	30	1.66%
Redi-Mix LP	13	0.85%	22	1.21%
H&O Die Supply	9	0.59%	19	1.05%
RE Watson & Associates	41	2.67%	17	0.94%
Global Servo Hydraulics	11	0.72%	9	0.50%
Wear Master	6	0.39%	5	0.28%
	1,536	100.00%	1,812	100.00%

Source: Economic Development Department

## City of Kennedale, Texas

**Table O – Full-Time Equivalent City Government Employees by Function/Program  
Last Ten Fiscal Years (Unaudited)**

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government										
Management services	3.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Finance	2.5	2.5	2.5	2.5	2.5	2.5	2.5	3.0	2.5	2.5
Planning	2.5	2.5	2.5	2.5	2.5	3.0	3.0	3.0	3.0	3.0
Building	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Municipal court	2.0	2.0	2.0	2.0	2.0	2.0	3.0	2.0	2.0	2.0
Police										
Officers	19.0	19.0	19.0	19.0	19.0	16.0	19.0	20.0	20.0	21.0
Civilians	7.5	7.5	7.5	7.5	7.5	7.5	2.5	2.5	2.1	2.5
Fire										
Firefighters and officers	17.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0
Civilians	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Other public works										
Streets & Parks	6.0	6.0	6.0	6.0	6.0	8.0	8.0	8.0	8.0	8.0
Economic development	1.0	-	-	-	-	-	-	-	-	-
Library	3.0	3.5	3.5	3.5	3.5	3.5	3.5	3.5	4.0	4.0
Water/Wastewater	11.0	10.5	14.5	14.5	12.5	11.5	11.5	11.5	11.5	11.5
<b>Total</b>	<u>76.5</u>	<u>75.5</u>	<u>79.5</u>	<u>79.5</u>	<u>77.5</u>	<u>76.0</u>	<u>75.00</u>	<u>75.5</u>	<u>75.1</u>	<u>76.5</u>

Sources: FY2017-18 Adopted Budget.

**City of Kennedale, Texas**  
**Table P – Operating Indicators by Function/Program**  
**Last Ten Fiscal Years (Unaudited)**

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Government</b>										
Building permits issued	102	152	255	535	389	504	406	504	292	593
Building inspections conducted	81	92	204	474	363	477	355	1,185	1,752	1,165
<b>Police</b>										
Physical arrests	284	265	270	246	244	260	203	203	374	109
Parking violations	1,487	1,361	1,389	359	2,117	2,045	1,675	24	6	7
Traffic violations	4,736	3,645	4,850	6,248	7,609	4,287	3,778	2,828	4,296	1,692
<b>Fire</b>										
Emergency responses	1,088	1,156	1,108	1,028	1,039	909	1,131	867	1,166	693
Fires extinguished	250	319	315	183	217	135	199	200	200	58
Inspections	74	45	32	193	185	173	198	178	218	66
<b>Library</b>										
Volumes in collection	18,140	16,971	18,053	17,986	17,943	15,299	14,752	16,292	16,831	16,322
Total volumes borrowed	310,405	17,279	16,508	16,317	17,429	17,257	16,162	20,288	21,579	18,007
<b>Water and Wastewater</b>										
New connections	14	21	25	54	36	87	73	39	59	65
Average daily consumption	869,925	1,030,864	1,147,339	1,060,488	1,000,704	968,841	892,014	898,918	980,413	909,919
Peak daily consumption	1,784,042	1,913,000	2,550,400	2,939,100	2,355,100	2,135,272	2,471,500	2,021,800	1,884,040	2,449,850

**City of Kennedale, Texas**  
**Table Q – Capital Asset Statistics by Function/Program**  
**Last Ten Fiscal Years (Unaudited)**

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Zone offices	1	1	1	1	1	1	1	1	1	1
Patrol units	15	17	13	13	13	14	17	17	8	8
<b>Fire</b>										
Stations	1	1	1	1	1	1	1	1	1	1
<b>Other public works</b>										
Streets (miles)	-	-	-	-	-	-	42	42	46	46
Streetlights	-	-	-	-	-	-	332	332	346	346
<b>Parks and recreation</b>										
Acreage	28	28	28	28	28	28	28	28	27	27
Playgrounds	4	4	4	4	4	4	4	4	4	4
Baseball/softball diamonds	3	3	3	3	3	3	3	3	3	3
Community centers	1	1	1	1	1	1	1	1	1	1
<b>Water and Wastewater</b>										
Water mains (miles)	-	-	-	-	-	-	48	48	49	49
Fire hydrants (thousands)	5	5	5	5	5	5	5	5	5	5
Storage (thousands of gallons)	3,350	3,350	3,350	3,350	3,350	3,350	3,350	3,350	3,350	3,350
Elevated	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250
Ground	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100
Sanitary sewers (miles)	-	-	-	-	-	-	48	48	50	50
Storm sewers (miles)	-	-	-	-	-	-	4	4	4	4