

**City of Kennedale, Texas**  
Annual Comprehensive Financial Report  
For the Fiscal Year Ended  
September 30, 2021

Prepared by  
City of Kennedale, Texas  
Finance Department



**City of Kennedale, Texas**  
**Annual Comprehensive Financial Report**  
**Year Ended September 30, 2021**

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**Annual Comprehensive Financial Report**  
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405 MUNICIPAL DRIVE | KENNEDALE, TX 76060

Tuesday, April 26, 2022

To the Honorable Mayor and City Council and the Citizens of Kennedale:

The City of Kennedale's (the "City") Financial Management Policies require that the Finance Department prepare a complete set of financial statements that are 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 Annual Comprehensive Financial Report (ACFR) for the City of Kennedale, Texas, for the fiscal year ended September 30, 2021, 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, Independent Certified Public Accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2021, 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 an **unmodified opinion** that the City's financial statements for the fiscal year ended September 30, 2021, 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). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditor.

## **GOVERNMENTAL PROFILE**

Incorporated in 1947, the City of Kennedale is a first-tier suburb of Fort Worth and is located adjacent to Arlington and Mansfield in southeast Tarrant County. The City currently occupies a land area of 6.2 square miles and serves a population of 9,200. The City is empowered to levy property tax on both real and business personal properties located within its boundaries. It also is empowered by 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 Council comprised of a Mayor and five Councilmembers, each elected at large. The term of office is two years with the terms of the Mayor and Council Places 2 and 4 expiring in even-numbered years and the terms of Council Places 1, 3, and 5 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 Judge(s). 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 executive directors and heads of departments, and the performance of administrative 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, curbside recycling, streets, stormwater drainage, community development (planning, code enforcement, building inspection, and economic development), and general administrative services. The City contracts with the City of Arlington for the operation and maintenance of its water and wastewater utility system.

The financial reporting entity (the government) includes all funds of the primary government (*i.e., the City of Kennedale as legally defined*), as well as each 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 considered from the broader perspective of the environment within which the City operates.

**LOCAL ECONOMY.** After an election in July of 1947, the Town of Kennedale incorporated with a population of 300 people. By 1950, the population had increased to 500 and a petition to the State of Texas was approved which changed the Township into a recognized City. In more recent years, Kennedale is becoming one of Tarrant County's fastest growing cities.

Located at the nexus of Interstate 20 and State Highway 287, the City provides a highly accessible location for both major retail and professional office space. This transportation corridor provides quick and easy access to the Dallas/Fort Worth International Airport. Downtown Fort Worth is just fifteen minutes to the northwest; and downtown Dallas is less than thirty minutes to the east. The City's central location in the fourth largest metropolitan statistical area (MSA) in the nation means that Kennedale is just a short drive from major entertainment venues including Six Flags over Texas, Hurricane Harbor, Texas Motor Speedway, Globe Life Field (home of the MLB's Texas Rangers), AT&T Stadium (home of the NFL's Dallas Cowboys), and Fort Worth's cultural district and nationally ranked zoo.

Kennedale has experienced steady population growth in the last decade. Beautiful Village Creek slowly winds throughout the City, providing a feeling of tranquility in the community. Much of the City's land is undeveloped, allowing for incoming developments and offering residents a respite from the crowds and traffic congestion existing in much of the Dallas-Fort Worth Metroplex. As the economy continues to grow and expand across North Central 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 City's economic growth. 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 employs a four-pronged approach: (1) land acquisition, assembly, and clearing for resale, (2) manufacturing expansion, (3) retail retention and development, and (4) quality of life improvements. In accordance with the adopted master plan, the redevelopment of the Oak Crest area continues. Link Street to Kennedale Parkway was opened in 2015 and an extension was opened in October 2016. The improved access 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. The KEDC is also working with property owners in the area to develop their land.

The TownCenter shopping area is currently being renovated to accommodate new and expanded retail and service locations. This area currently houses an electric supply, Dickey's Barbecue, Subway, Bravo Eats, Emory Grace Salon, and a thriving antique mall.

Several new subdivisions and two apartment complexes have been approved in recent years and are nearing completion. Alta 287 features 270 apartments with four adjacent commercial pad sites; Hammack Creek offers 112 apartments; and Magnolia Hills, with 92 single-family homes is nearing sell-out, with a potential forthcoming second phase with 72 additional homes. Other smaller developments, including Oaks Court with 14 single-family homes, have also been built in recent years.

**ACCOUNTING SYSTEM AND BUDGETARY CONTROL.** The City's accounting records for general governmental operations are maintained on a modified accrual basis, with the revenues being recorded when available and measurable and expenditures being recorded when goods or services are received and when liabilities are incurred. Accounting records for the City's utilities are, instead, maintained on an 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 City departments are required to submit requests for appropriation to the City Manager no later than June of each year. These requests are used to develop a proposed budget for consideration by the Council no later than 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'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 via budget amendment. 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 may be funded with the City purchasing road material and Tarrant County Precinct 2 providing labor and equipment. The City has also partnered with the North Central Texas Council of Governments (NCTCOG) to construct sidewalks and crosswalks in the Crestdale neighborhood via the Safe

Routes to School (SRTS) program; and TxDOT for an off-system bridge replacement on New Hope Road. The extension of Little School Road to New Hope Road was recently included in a voter-approved Tarrant County Transportation bond package. This extension will not only increase connectivity and traffic movement but will also strengthen public safety response by providing an above-grade railroad crossing to allow access to the western portion of the City and portions of the extraterritorial jurisdiction (ETJ).

An important element of the City's strategic plan – *Imagine Kennedale 2015* – was to facilitate the closure of three racetracks in the southwestern portion of the City and to convert those properties primarily 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 County College District, and the Tarrant County Health District were completed in 2013. The City has not yet seen significant development in the TIRZ but continues cooperating with owners and prospective developers to convert those racetrack properties. A water and sewer study to plan for the extension of the utility services is complete. The site of the one track that is still in operation is identified in the Parks Master Plan as a future community park.

Actions and initiatives of the Council, Advisory Boards and Commissions, and the professional staff are guided by the City's Strategic Plan (*Imagine Kennedale 2015*), the Comprehensive Land Use Plan, and the Asset Management Plan. These plans and are expected to be updated during the next two fiscal years to reflect both progress towards established overarching goals as well as newly emerging community ideals. The TIRZ, as noted earlier, is expected to remain a primary focus along with the redevelopment of Oak Crest and the restoration of Village Creek including the potential for new park and trail facilities along the creek.

The preservation and restoration of Village Creek could require assistance from some or all of the following entities: the City of Arlington, the Army Corps of Engineers, the Trinity River Authority (TRA), the Tarrant Regional Water District (TRWD), 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 could prove essential to the City's efforts to continue encouraging the closure of salvage yards located within the Village Creek floodplain.

The partnership with Arlington Water Utilities (AWU) has expanded to include billing, customer service, and water purchase. Five of the six planned water connection points have been completed and approved by TCEQ. In the next fiscal year, the City of Kennedale is expected to begin receiving the majority of its water

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from AWU, reducing reliance on groundwater and water purchased from the City of Fort Worth.

**FUTURE PROJECTS.** Beyond community development, there will continue to be a focus on operational efficiencies and strategic planning. The Unified Development Code (UDC) was adopted in 2016 and continues to be reviewed and revised. The City is expected to be positively impacted by the TxDOT Southeast Connector, a redesign of the interchange between Interstate 20, Loop 820, and Highway 287. This project is expected to include a continuous access road along Interstate 20 to the west towards the Anglin exit, providing greater connectivity and accessibility to Kennedale Parkway (Business 287).

## **RELEVANT FINANCIAL POLICIES**

The City will continue controlling expenditures, auditing existing contracts, and exploring new revenue opportunities to strengthen the General Fund balance. Efforts have been put in place to restore net working capital in both the Water and Sewer Fund and the General Fund. The City confirmed a bond rating of AA- from Standard & Poor's (S&P) in the current year despite being placed on a negative outlook by S&P in 2019 – which was lifted during FY21.

## **AWARDS AND ACKNOWLEDGEMENTS**

**AWARDS.** To be awarded a Certificate of Achievement by the Government Finance Officers Association (GFOA), a governmental unit must publish an easily readable and efficiently organized ACFR. This report must satisfy both GAAP and applicable legal requirements for a government to receive this prestigious award. Staff believes the City's current ACFR will meet program requirements and will be submitted to GFOA for consideration.

**ACKNOWLEDGMENTS.** The preparation of this report would not be possible without the efficient and dedicated services of the Finance staff and our independent auditors. We would like to express our sincere appreciation to all 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,

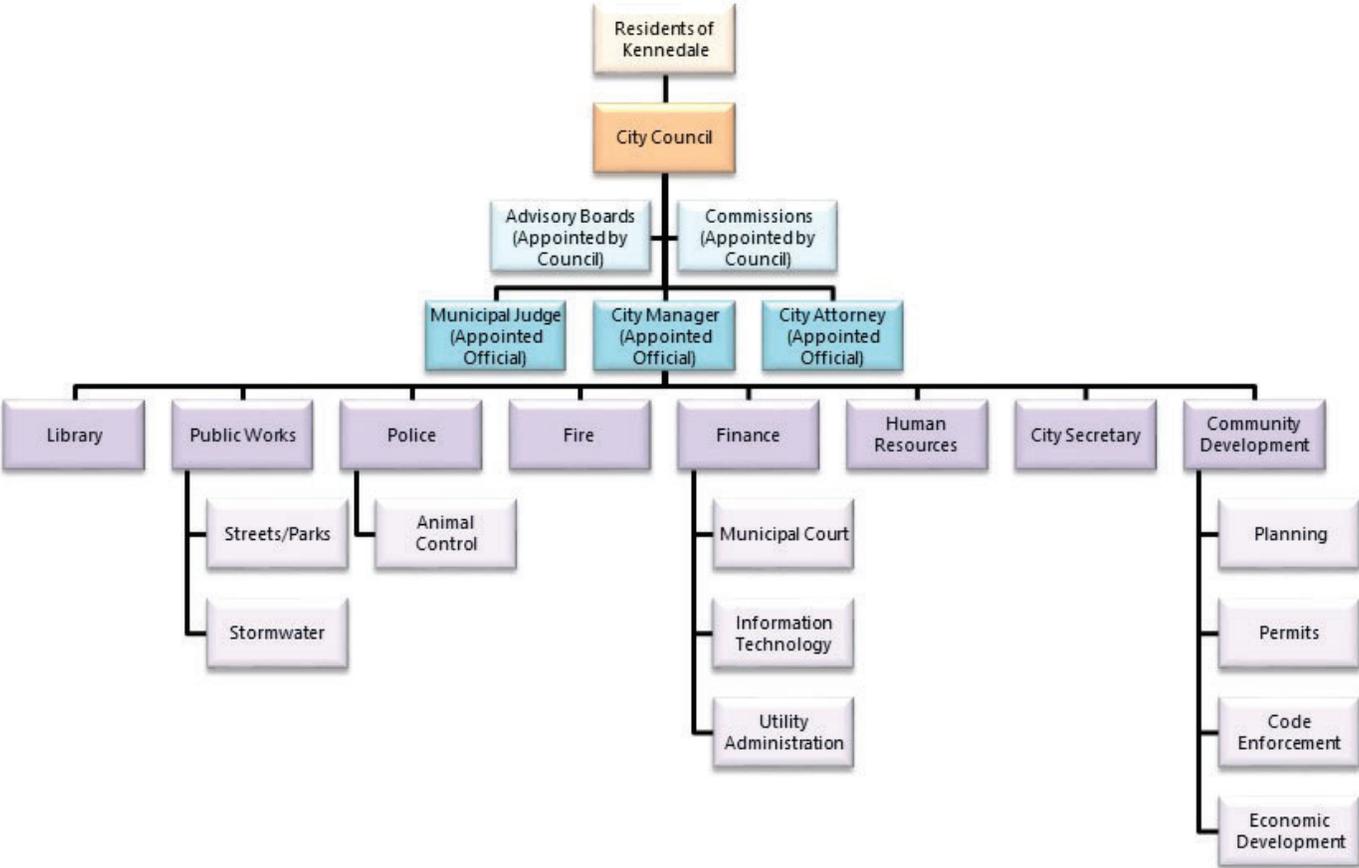
  
Leslie E. Galloway  
Interim City Manager

  
Debby Scott  
Interim Director of Finance

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# City of Kennedale, Texas

## Organizational Chart



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**City of Kennedale, Texas**  
**List of Principal Officers as of September 30, 2021**

**Elected Officials**

Mayor	Linda Rhodes
City Council, Place 1	Mayor Pro Tem Jan Joplin
City Council, Place 2	Gary Mitchell
City Council, Place 3	Julie Jacobson
City Council, Place 4	Austin Degenhart
City Council, Place 5	James Connor

**Appointed & Key Officials**

Interim City Manager	Leslie E. Galloway
City Secretary and Communications Coordinator	Leslie E. Galloway
City Attorney	Taylor, Olsen, Adkins, Sralla & Elam, LLP
Director of Finance and Information Technology	Lakeita Sutton
Director of Human Resources and Administrative Services	Caroline Green
Police Chief	Darrell Hull
Fire Chief	James Brown
Director of Public Works	VACANT
Director of Planning	VACANT

**Economic Development Corporation (EDC)  
Board of Directors**

Place 1	Councilmember Julie Jacobson
Place 2	Marcel Terry
Place 3	VACANT
Place 4	Darold Tippey
Place 5	VACANT
Place 6	KEDC President Mark Yeary
Place 7	VACANT

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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, 2021, 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 from 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, 2021, 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.

### ***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 of the General Fund, and 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 Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***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 and schedules 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  
Page 3

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 April 26, 2022, 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  
April 26, 2022

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# City of Kennedale, Texas

## Management's Discussion and Analysis (Unaudited)

### September 30, 2021

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, 2021. 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 and deferred inflows at the end of fiscal year 2021, resulting in \$6,074,235 of net position. Net position associated with governmental activities is approximately \$29 million, or 63 percent of the total net position of the City. Net position associated with business-type activities is approximately \$17 million, or 37 percent of the total net position of the City. The largest portion of net position consists of net investment in capital assets, which is approximately \$39 million.
- Unrestricted net position of the City is \$3.5 million. Unrestricted net position for governmental activities is in a deficit of \$.6 million. Unrestricted net position for business-type activities is approximately \$4.1 million or 24 percent of total net position for business-type activities.
- As of the close of fiscal year 2021, the City's Governmental Funds reported a combined ending fund balance of \$7,208,144, an increase of \$1,060,297 from the prior year.
- At the end of the current fiscal year, total fund balance for the General Fund was \$3,142,540. This represents approximately 32 percent of General Fund expenditures.

#### 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, 2021

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.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from the functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Governmental activities include most of the City's basic services such as fire, police, public works, culture, and recreation as well as general government activities. The business-type activities of the City include water and wastewater and storm water drainage.

**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 eleven 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, Disaster Recovery Fund, TIRZ #1 New Hope Fund, and Capital Bond Fund which are considered to be major funds. Data from the other seven 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, 2021**

**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, 2021, City assets and deferred outflows of resources exceeded its liabilities and deferred inflows resulting in \$46,074,235 of net position.

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

	2021			2020		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 9,105,608	\$ 4,974,878	\$ 14,080,486	\$ 6,901,210	\$ 3,887,916	\$ 10,789,126
Capital assets	31,820,654	15,184,904	47,005,558	32,555,757	15,868,721	48,424,478
Total assets	40,926,262	20,159,782	61,086,044	39,456,967	19,756,637	59,213,604
Deferred outflows of resources	781,145	99,362	880,507	574,030	68,572	642,602
Long-term liabilities	8,979,340	2,156,817	11,136,157	10,083,904	2,486,577	12,570,481
Other liabilities	3,188,969	846,178	4,035,147	2,373,524	850,036	3,223,560
Total liabilities	12,168,309	3,002,995	15,171,304	12,457,428	3,336,613	15,794,041
Deferred inflows of resources	656,758	64,254	721,012	670,014	82,096	752,110
Net position						
Net investment in capital assets	25,697,075	12,898,376	38,595,451	25,002,224	13,173,241	38,175,465
Restricted	3,770,054	218,327	3,988,381	3,447,408	-	3,447,408
Unrestricted	(584,789)	4,075,192	3,490,403	(1,546,077)	3,233,259	1,687,182
Total net position	<u>\$ 28,882,340</u>	<u>\$ 17,191,895</u>	<u>\$ 46,074,235</u>	<u>\$ 26,903,555</u>	<u>\$ 16,406,500</u>	<u>\$ 43,310,055</u>

By far, the largest portion of the City's net position (85 percent) 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, 2021**

An additional portion of the City's net position (8 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$3,490,403 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, 2021. Overall, the City had an increase in net position of \$2,764,180.

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

	2021			2020		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
<b>Revenues</b>						
Program Revenues						
Charges for services	\$ 2,769,363	\$ 4,615,697	\$ 7,385,060	\$ 1,557,701	\$ 4,482,591	\$ 6,040,292
Operating grant and contributions	482,486	-	482,486	344,278	-	344,278
Capital grant and contributions	-	302,297	302,297	-	10,099	10,099
General revenues						
Taxes and fees	9,588,009	-	9,588,009	8,716,775	-	8,716,775
Other	87,139	1,217	88,356	99,966	16,298	116,264
Total revenues	12,926,997	4,919,211	17,846,208	10,718,720	4,508,988	15,227,708
<b>Expenses</b>						
General government	1,852,414	-	1,852,414	2,105,441	-	2,105,441
Public safety	6,244,588	-	6,244,588	4,950,888	-	4,950,888
Public works	1,938,720	-	1,938,720	1,815,849	-	1,815,849
Culture and recreation	393,212	-	393,212	420,777	-	420,777
Interest and fiscal charges	331,754	-	331,754	265,057	-	265,057
Water and sewer	-	4,146,901	4,146,901	-	4,126,861	4,126,861
Storm water drainage	-	174,439	174,439	-	136,168	136,168
Total expenses	10,760,688	4,321,340	15,082,028	9,558,012	4,263,029	13,821,041
<b>Change in Net Position</b>	1,978,785	785,395	2,764,180	1,160,708	245,959	1,406,667
<b>Net Position, Beginning of Year</b>	26,903,555	16,406,500	43,310,055	25,742,847	16,160,541	41,903,388
<b>Net Position, Ending of Year</b>	\$ 28,882,340	\$ 17,191,895	\$ 46,074,235	\$ 26,903,555	\$ 16,406,500	\$ 43,310,055

**Governmental Activities:** Governmental activities increased the City's net position by \$1,978,785. Total revenue for the governmental activities increased from the previous year by \$2,618,500. General revenue had a net increase of \$858,407. 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 \$785,395. Total revenue for the business-type activities increased from the previous year by \$410,223 due to a capital contribution received in 2021.

**City of Kennedale, Texas**  
**Management's Discussion and Analysis (Unaudited)**  
**September 30, 2021**

**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 \$7,208,144, an increase of \$1,060,297 from the prior year. This amount includes fund balance restricted for Capital Projects of \$2,961,336, restricted for Debt Service of \$687,654, restricted for Parks of \$70,811, restricted for Municipal Court of \$47,704, and Public Safety of \$2,549. The net unassigned fund balance was \$2,419,291, an increase of \$388,716 from prior year.

In the General Fund, the final budget projected a \$1,171,134 decrease in fund balance this fiscal year; however, the actual increase was \$7,086. Total revenues were \$1,476,025 over budget and total expenditures were over budget by \$215,403. Revenues increased from the budget primarily due to increase in property and sales tax. Expenditures increased from the budget primarily due to over budget public safety.

**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 \$3,677,617 and the Storm Water Drainage Fund reported an unrestricted net position of \$397,575.

**Capital Assets:** The City's capital assets for its governmental and business-type activities as of September 30, 2021, amount to \$47,005,558 (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	
	2021	2020	2021	2020	2021	2020
Land	\$ 4,206,187	\$ 4,206,187	\$ 632,490	\$ 620,490	\$ 4,838,677	\$ 4,826,677
Buildings	5,447,111	5,151,356	5,761,788	5,761,788	11,208,899	10,913,144
Machinery and equipment	4,242,622	4,053,981	925,269	1,018,752	5,167,891	5,072,733
Construction in progress	1,015,890	544,754	586,482	583,539	1,602,372	1,128,293
Infrastructure/water distribution	39,511,897	39,411,897	19,400,847	19,224,629	58,912,744	58,636,526
Accumulated depreciation	<u>(22,603,053)</u>	<u>(20,100,843)</u>	<u>(12,121,972)</u>	<u>(10,719,980)</u>	<u>(34,725,025)</u>	<u>(30,820,823)</u>
Total	<u>\$ 31,820,654</u>	<u>\$ 33,267,332</u>	<u>\$ 15,184,904</u>	<u>\$ 16,489,218</u>	<u>\$ 47,005,558</u>	<u>\$ 49,756,550</u>

**Long-term Debt:** At the end of the current fiscal year, the City had total bonds outstanding of \$7,549,997 and \$1,805,000 of tax notes, all being tax supported. The City also has approximately \$1,243,453 of additional debt through capital leases.

**City of Kennedale, Texas**  
**Management’s Discussion and Analysis (Unaudited)**  
**September 30, 2021**

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

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
General obligation bonds	\$ 5,561,675	\$ 4,694,711	\$ 233,322	\$ 365,285	\$ 5,794,997	\$ 5,059,996
Certificates of obligation	625,000	2,450,000	1,130,000	1,295,000	1,755,000	3,745,000
Tax notes	1,805,000	2,275,000	-	-	1,805,000	2,275,000
Capital leases	320,247	451,985	923,206	1,035,195	1,243,453	1,487,180
Total	<u>\$ 8,311,922</u>	<u>\$ 9,871,696</u>	<u>\$ 2,286,528</u>	<u>\$ 2,695,480</u>	<u>\$ 10,598,450</u>	<u>\$ 12,567,176</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 tax rate of .764085 and budgeted to decrease overall city reserves by approximately \$899,430. The Council did not continue the next phase of public safety or civilian salary/step plans.

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, there is ongoing discussion to open a new Hilton branded hotel within city limits. The city continues to develop the town center with the desired outcome of full occupancy 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, 2021**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Kennedale Economic Development Corporation
<b>Assets</b>				
Cash and cash equivalents	\$ 8,621,481	\$ 3,246,920	\$ 11,868,401	\$ 1,197,045
Receivables (net of allowance)				
Accounts	272,704	675,948	948,652	92,329
Taxes	457,317	-	457,317	121,687
Prepaid items	74,707	157,443	232,150	10,000
Inventory	-	57,381	57,381	-
Internal balances	(320,601)	320,601	-	-
Restricted assets				
Cash and cash equivalents	-	516,585	516,585	-
Capital assets				
Land and construction in progress	5,222,077	1,218,972	6,441,049	845,292
Other capital assets, net of accumulated depreciation	26,598,577	13,965,932	40,564,509	3,254,707
Total assets	<u>40,926,262</u>	<u>20,159,782</u>	<u>61,086,044</u>	<u>5,521,060</u>
<b>Deferred Outflows of Resources</b>				
Deferred loss on refunding	79,664	-	79,664	-
Deferred outflows of resources – Pension	641,567	94,006	735,573	-
Deferred outflows of resources – OPEB	59,914	5,356	65,270	-
Total deferred outflows of resources	<u>781,145</u>	<u>99,362</u>	<u>880,507</u>	<u>-</u>
<b>Liabilities</b>				
Accounts payable and contracts payable	375,976	154,487	530,463	10,455
Accrued liabilities	268,740	35	268,775	33,188
Accrued interest	16,171	31,588	47,759	13,778
Due to other governments	6,659	-	6,659	-
Deposits	-	298,258	298,258	-
Unearned revenue	1,071,055	-	1,071,055	-
Bonds payable	945,413	244,588	1,190,001	123,220
Tax notes payable	275,000	-	275,000	-
Compensated absences	106,753	-	106,753	-
Capital leases	123,202	117,222	240,424	-
Noncurrent liabilities				
Bonds payable	5,241,262	1,118,734	6,359,996	664,885
Tax notes payable	1,530,000	-	1,530,000	-
Compensated absences	427,011	-	427,011	-
Capital leases	197,045	805,984	1,003,029	-
Total OPEB liability	231,723	33,953	265,676	-
Net pension liability	1,352,299	198,146	1,550,445	-
Total liabilities	<u>12,168,309</u>	<u>3,002,995</u>	<u>15,171,304</u>	<u>845,526</u>
<b>Deferred Inflows of Resources</b>				
Deferred gain on refunding	195,276	-	195,276	-
Deferred inflows of resources – Pension	438,517	64,254	502,771	-
Deferred inflows of resources – OPEB	22,965	-	22,965	-
Total deferred inflows of resources	<u>656,758</u>	<u>64,254</u>	<u>721,012</u>	<u>-</u>
<b>Net Position</b>				
Net investment in capital assets	25,697,075	12,898,376	38,595,451	3,311,894
Restricted for				
Capital projects	2,961,336	-	2,961,336	-
Debt service	687,654	-	687,654	-
Economic development	-	-	-	1,363,640
Impact fees	-	218,327	218,327	-
Municipal court	47,704	-	47,704	-
Parks	70,811	-	70,811	-
Other	2,549	-	2,549	-
Unrestricted (deficit)	(584,789)	4,075,192	3,490,403	-
Total net position	<u>\$ 28,882,340</u>	<u>\$ 17,191,895</u>	<u>\$ 46,074,235</u>	<u>\$ 4,675,534</u>

**City of Kennedale, Texas**  
**Statement of Activities**  
**For the Year Ended September 30, 2021**

	<b>Program Revenues</b>			
<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	
<b>Functions/Program</b>				
Primary government				
Governmental activities				
General government	\$ 1,852,414	\$ 1,330,239	\$ 482,486	\$ -
Public safety	6,244,588	1,026,582	-	-
Public works	1,938,720	268,906	-	-
Culture and recreation	393,212	143,636	-	-
Interest and fiscal charges	331,754	-	-	-
Total governmental activities	10,760,688	2,769,363	482,486	-
Business-type activities				
Water and wastewater	4,146,901	4,350,305	-	302,297
Storm water drainage	174,439	265,392	-	-
Total business-type activities	4,321,340	4,615,697	-	302,297
Total primary government	\$ 15,082,028	\$ 7,385,060	\$ 482,486	\$ 302,297
Component unit				
Kennedale Economic Development Corporation				
	\$ 753,822	\$ 251,500	\$ -	\$ -
Total component unit	\$ 753,822	\$ 251,500	\$ -	\$ -

**General Revenues and Transfers**

Taxes  
  Property taxes  
  Sales taxes  
  Franchise taxes  
  Interest on investments  
  Miscellaneous  
  Transfers

Total general revenues and transfers

**Change in Net Position**

**Net Position, Beginning of Year**

**Net Position, End of Year**

<b>Net (Expense) Revenue and Changes in Net Position</b>			
<b>Primary Government</b>			<b>Component Unit Economic Development Corporation</b>
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	
\$ (39,689)	\$ -	\$ (39,689)	\$ -
(5,218,006)	-	(5,218,006)	-
(1,669,814)	-	(1,669,814)	-
(249,576)	-	(249,576)	-
(331,754)	-	(331,754)	-
<u>(7,508,839)</u>	<u>-</u>	<u>(7,508,839)</u>	<u>-</u>
-	505,701	505,701	-
-	90,953	90,953	-
-	596,654	596,654	-
<u>\$ (7,508,839)</u>	<u>\$ 596,654</u>	<u>\$ (6,912,185)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (502,322)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (502,322)</u>
\$ 6,820,007	\$ -	\$ 6,820,007	\$ -
1,958,164	-	1,958,164	687,092
809,838	-	809,838	-
3,490	1,217	4,707	426
83,649	-	83,649	37,799
(187,524)	187,524	-	-
<u>9,487,624</u>	<u>188,741</u>	<u>9,676,365</u>	<u>725,317</u>
<u>1,978,785</u>	<u>785,395</u>	<u>2,764,180</u>	<u>222,995</u>
26,903,555	16,406,500	43,310,055	4,452,539
<u>\$ 28,882,340</u>	<u>\$ 17,191,895</u>	<u>\$ 46,074,235</u>	<u>\$ 4,675,534</u>

**City of Kennedale, Texas**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2021**

	General Fund	Debt Service	TIRZ #1 New Hope	Capital Bond	Disaster Recovery	Non-major Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Cash and cash equivalents	\$ 2,932,585	\$ 685,351	\$ 497,697	\$ 2,303,955	\$ 1,071,055	\$ 1,130,838	\$ 8,621,481
Receivables (net of allowance for uncollectibles)							
Accounts	235,518	-	-	23,070	-	14,116	272,704
Taxes	439,514	17,803	-	-	-	-	457,317
Due from other funds	332,871	-	-	-	-	297,060	629,931
Prepaid items	74,707	-	-	-	-	-	74,707
<b>Total assets</b>	<b>\$ 4,015,195</b>	<b>\$ 703,154</b>	<b>\$ 497,697</b>	<b>\$ 2,327,025</b>	<b>\$ 1,071,055</b>	<b>\$ 1,442,014</b>	<b>\$ 10,056,140</b>
<b>Liabilities</b>							
Accounts payable	\$ 373,210	\$ -	\$ -	\$ -	\$ -	\$ 2,766	\$ 375,976
Accrued liabilities	268,740	-	-	-	-	-	268,740
Due to other funds	64,512	-	408,783	156,636	-	-	629,931
Due to other governments	6,659	-	-	-	-	-	6,659
Advance from other funds	-	-	320,601	-	-	-	320,601
Unearned revenue	-	-	-	-	1,071,055	-	1,071,055
<b>Total liabilities</b>	<b>713,121</b>	<b>-</b>	<b>729,384</b>	<b>156,636</b>	<b>1,071,055</b>	<b>2,766</b>	<b>2,672,962</b>
<b>Deferred Inflows of Resources</b>	<b>159,534</b>	<b>15,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>175,034</b>
<b>Fund Balances</b>							
Nonspendable							
Prepaid items	74,707	-	-	-	-	-	74,707
Restricted for							
Capital projects	-	-	-	2,170,389	-	790,947	2,961,336
Debt service	-	687,654	-	-	-	-	687,654
Municipal court	47,704	-	-	-	-	-	47,704
Parks	70,811	-	-	-	-	-	70,811
Public safety	-	-	-	-	-	2,549	2,549
Assigned							
Capital and special projects	296,074	-	-	-	-	-	296,074
Parks	-	-	-	-	-	648,018	648,018
Unassigned (deficits)	2,653,244	-	(231,687)	-	-	(2,266)	2,419,291
<b>Total fund balances (deficits)</b>	<b>3,142,540</b>	<b>687,654</b>	<b>(231,687)</b>	<b>2,170,389</b>	<b>-</b>	<b>1,439,248</b>	<b>7,208,144</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 4,015,195</b>	<b>\$ 703,154</b>	<b>\$ 497,697</b>	<b>\$ 2,327,025</b>	<b>\$ -</b>	<b>\$ 1,442,014</b>	<b>\$ 10,056,140</b>

**City of Kennedale, Texas**  
**Reconciliation of the Balance Sheet of**  
**Governmental Funds to the Statement of Net Position**  
**September 30, 2021**

Total fund balances – governmental funds		\$ 7,208,144
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.		31,820,654
Interest payable on long-term debt in the City's governmental activities is not payable from current resources and therefore is not reported in the governmental funds balance sheet.		(16,168)
Revenues earned but not available within 60 days of the year-end are not recognized as revenue on the fund financial statements.		175,034
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 gain on refunding	\$ (195,276)	
Deferred loss on refunding	79,664	
Deferred outflows of resources – Pension	641,567	
Deferred outflows of resources – OPEB	59,914	
Deferred inflows of resources – Pension	(438,517)	
Deferred inflows of resources – OPEB	<u>(22,965)</u>	124,387
Long-term liabilities, including bonds payable, notes payable, compensated absences, net pension liability, OPEB liability, and capital lease obligation are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet.		
Bonds payable	(6,186,675)	
Tax notes payable	(1,805,000)	
Capital lease obligation	(320,248)	
Compensated absences	(533,766)	
Net pension liability	(1,352,299)	
Total OPEB liability	<u>(231,723)</u>	<u>(10,429,711)</u>
Total net position of governmental activities		<u>\$ 28,882,340</u>

**City of Kennedale, Texas**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended September 30, 2021**

	General Fund	Debt Service	TIRZ #1 New Hope	Capital Bond	Disaster Recovery	Non-major Governmental Funds	Total Governmental Funds
<b>Revenues</b>							
Property taxes	\$ 4,967,143	\$ 1,633,296	\$ 178,254	\$ -	\$ -	\$ -	\$ 6,778,693
General sales tax	1,958,164	-	-	-	-	-	1,958,164
Franchise fees	809,838	-	-	-	-	-	809,838
Licenses and permits	737,436	-	-	-	-	909,416	1,646,852
Public safety fees	337,044	-	-	-	-	-	337,044
Intergovernmental	722,352	138,208	-	-	76,472	-	937,032
Charges for services	96,520	-	-	-	-	148,933	245,453
Fines and forfeitures	85,792	-	-	-	-	126	85,918
Investment earnings	1,579	363	150	1,047	92	259	3,490
Miscellaneous	82,388	-	-	-	-	1,260	83,648
Total revenues	<u>9,798,256</u>	<u>1,771,867</u>	<u>178,404</u>	<u>1,047</u>	<u>76,564</u>	<u>1,059,994</u>	<u>12,886,132</u>
<b>Expenditures</b>							
Current							
General government	1,796,995	-	-	-	76,564	-	1,873,559
Public safety	6,069,279	-	-	-	-	1,772	6,071,051
Public works	1,005,271	-	-	-	-	-	1,005,271
Culture and recreation	348,914	-	-	-	-	-	348,914
Capital outlay	424,297	-	-	41,107	-	51,042	516,446
Debt service							
Principal	131,738	1,422,736	-	-	-	-	1,554,474
Interest and fiscal charges	14,676	248,620	-	-	-	-	263,296
Total expenditures	<u>9,791,170</u>	<u>1,671,356</u>	<u>-</u>	<u>41,107</u>	<u>76,564</u>	<u>52,814</u>	<u>11,633,011</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,086</u>	<u>100,511</u>	<u>178,404</u>	<u>(40,060)</u>	<u>-</u>	<u>1,007,180</u>	<u>1,253,121</u>
Other financing sources (uses):							
Issuance of debt	-	1,540,000	-	-	-	-	1,540,000
Payment to escrow agent	-	(1,545,300)	-	-	-	-	(1,545,300)
Transfers in	82,402	103,158	10,000	-	-	-	195,560
Transfers out	(82,402)	-	-	-	-	(300,682)	(383,084)
Total other financing sources (uses)	<u>-</u>	<u>97,858</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>(300,682)</u>	<u>(192,824)</u>
<b>Net Change in Fund Balances</b>	<u>7,086</u>	<u>198,369</u>	<u>188,404</u>	<u>(40,060)</u>	<u>-</u>	<u>706,498</u>	<u>1,060,297</u>
<b>Fund Balances (Deficits), Beginning of Year</b>	<u>3,135,454</u>	<u>489,285</u>	<u>(420,091)</u>	<u>2,210,449</u>	<u>-</u>	<u>732,750</u>	<u>6,147,847</u>
<b>Fund Balances (Deficits), End of Year</b>	<u>\$ 3,142,540</u>	<u>\$ 687,654</u>	<u>\$ (231,687)</u>	<u>\$ 2,170,389</u>	<u>\$ -</u>	<u>\$ 1,439,248</u>	<u>\$ 7,208,144</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, 2021**

Net change in fund balances – total governmental funds \$ 1,060,297

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.

Capital outlay	516,446
Depreciation	(1,251,549)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 41,314

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	\$ 952,736	
Payments on tax notes	470,000	
Payments on capital leases	131,738	1,554,474

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

Proceeds from bond issuance	(1,540,000)	
Payments to escrow agent	1,545,300	
Amortization of deferred loss on refunding bonds	(11,381)	
Amortization of deferred gain on refunding bonds	<u>22,872</u>	16,791

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 total OPEB liability, deferred outflows of resources, and deferred inflow of resources balances. 45,499

Current year OPEB 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. (29,683)

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. 15,447

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. 9,749

Change in net position of governmental activities \$ 1,978,785

**City of Kennedale, Texas**  
**Statement of Net Position**  
**Proprietary Funds**  
**September 30, 2021**

	<b>Water and Wastewater</b>	<b>Non-major Storm Water Drainage</b>	<b>Total Proprietary Funds</b>
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 2,869,380	\$ 377,540	\$ 3,246,920
Receivables (net of allowance for uncollectibles)			
Accounts	651,460	24,488	675,948
Inventory	57,381	-	57,381
Prepaid expenses	157,443	-	157,443
Restricted cash and cash equivalents			
Impact fees	218,327	-	218,327
Customer deposits	298,258	-	298,258
	<u>4,252,249</u>	<u>402,028</u>	<u>4,654,277</u>
Total current assets			
Non-current assets			
Advances to other funds	320,601	-	320,601
Capital assets			
Land and improvements	472,232	160,258	632,490
Buildings	5,761,788	-	5,761,788
Water/Wastewater distribution	18,440,184	960,663	19,400,847
Equipment and furniture	925,269	-	925,269
Construction in progress	548,426	38,056	586,482
Accumulated depreciation	(12,054,714)	(67,258)	(12,121,972)
	<u>14,413,786</u>	<u>1,091,719</u>	<u>15,505,505</u>
Total non-current assets			
Total assets			
	<u>18,666,035</u>	<u>1,493,747</u>	<u>20,159,782</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources – Pension	94,006	-	94,006
Deferred outflows of resources – OPEB	5,356	-	5,356
	<u>99,362</u>	<u>-</u>	<u>99,362</u>
Total deferred outflows of resources			
<b>Liabilities</b>			
Current liabilities			
Accounts payable	150,034	4,453	154,487
Accrued liabilities	35	-	35
Accrued interest	31,588	-	31,588
Deposits	298,258	-	298,258
Bonds payable	244,588	-	244,588
Capital leases payable	117,222	-	117,222
Compensated absences	-	-	-
	<u>841,725</u>	<u>4,453</u>	<u>846,178</u>
Total current liabilities			
Non-current liabilities			
Bonds payable	1,118,734	-	1,118,734
Capital leases payable	805,984	-	805,984
Compensated absences	-	-	-
Net pension liability	198,146	-	198,146
Total OPEB liability	33,953	-	33,953
	<u>2,156,817</u>	<u>-</u>	<u>2,156,817</u>
Total non-current liabilities			
Total liabilities			
	<u>2,998,542</u>	<u>4,453</u>	<u>3,002,995</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources – Pension	64,254	-	64,254
Total deferred outflows of resources	64,254	-	64,254
<b>Net Position</b>			
Net investment in capital assets	11,806,657	1,091,719	12,898,376
Restricted for			
Impact fees	218,327	-	218,327
Unrestricted	3,677,617	397,575	4,075,192
	<u>\$ 15,702,601</u>	<u>\$ 1,489,294</u>	<u>\$ 17,191,895</u>
Total net position			

**City of Kennedale, Texas**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended September 30, 2021**

	<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	\$ 2,638,072	\$ -	\$ 2,638,072
Wastewater	1,668,267	-	1,668,267
Storm water drainage	-	265,392	265,392
Other	43,966	-	43,966
	<u>4,350,305</u>	<u>265,392</u>	<u>4,615,697</u>
<b>Operating Expenses</b>			
Personnel services	8,051	-	8,051
General and administration	380,366	155,033	535,399
Maintenance and supplies	11,121	-	11,121
Cost of sales and service	2,949,798	192	2,949,990
Depreciation	700,066	19,214	719,280
	<u>4,049,402</u>	<u>174,439</u>	<u>4,223,841</u>
	300,903	90,953	391,856
<b>Operating Income</b>			
<b>Non-operating Revenues (Expenses)</b>			
Interest and investment revenue	1,066	151	1,217
Interest and fiscal charges	(97,499)	-	(97,499)
	<u>(96,433)</u>	<u>151</u>	<u>(96,282)</u>
	204,470	91,104	295,574
<b>Income Before Transfers and Capital Contributions</b>			
Transfers in	187,524	-	187,524
Capital contributions	302,297	-	302,297
	<u>489,821</u>	<u>-</u>	<u>489,821</u>
	694,291	91,104	785,395
<b>Change in Net Position</b>			
<b>Net Position, Beginning of Year</b>	<u>15,008,310</u>	<u>1,398,190</u>	<u>16,406,500</u>
<b>Net Position, End of Year</b>	<u>\$ 15,702,601</u>	<u>\$ 1,489,294</u>	<u>\$ 17,191,895</u>

**City of Kennedale, Texas**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended September 30, 2021**

	<b>Water and Wastewater</b>	<b>Non-major Storm Water Drainage</b>	<b>Total Proprietary Funds</b>
<b>Cash Flows From Operating Activities</b>			
Receipts from customers and users	\$ 4,883,799	\$ 247,311	\$ 5,131,110
Payments to employees	(406,374)	-	(406,374)
Payments to suppliers	<u>(2,849,420)</u>	<u>(210,215)</u>	<u>(3,059,635)</u>
Net cash provided by operating activities	<u>1,628,005</u>	<u>37,096</u>	<u>1,665,101</u>
<b>Cash Flows From Noncapital and Related Financing Activities</b>			
Transfers in	<u>187,524</u>	<u>-</u>	<u>187,524</u>
Net cash provided by (used in) noncapital and related financing activities	<u>187,524</u>	<u>-</u>	<u>187,524</u>
<b>Cash Flows From Capital and Related Financing Activities</b>			
Acquisition and construction of capital assets	(35,463)	-	(35,463)
Principal payments on debt	(297,158)	-	(297,158)
Interest payments on debt	(102,629)	-	(102,629)
Payments on capital leases	(111,794)	-	(111,794)
Capital contributions - impact fees	<u>302,297</u>	<u>-</u>	<u>302,297</u>
Net cash used in capital and related financing activities	<u>(244,747)</u>	<u>-</u>	<u>(244,747)</u>
<b>Cash Flows From Investing Activities</b>			
Interest on investments	<u>1,066</u>	<u>151</u>	<u>1,217</u>
Net cash provided by investing activities	<u>1,066</u>	<u>151</u>	<u>1,217</u>
<b>Increase in Cash and Cash Equivalents</b>	1,571,848	37,247	1,609,095
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>1,814,117</u>	<u>340,293</u>	<u>2,154,410</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 3,385,965</u>	<u>\$ 377,540</u>	<u>\$ 3,763,505</u>
<b>Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities</b>			
Operating income	\$ 300,903	\$ 90,953	\$ 391,856
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	700,066	19,214	719,280
Changes in assets, liabilities, and deferred inflows and outflows			
Accounts receivable	530,323	(18,081)	512,242
Prepaid expenses	9,891	-	9,891
Deferred outflows of resources	(30,790)	-	(30,790)
Accounts payable	102,203	(54,990)	47,213
Accrued liabilities	2,576	-	2,576
Net pension liability	26,420	-	26,420
Compensated absences	(2,496)	-	(2,496)
Total OPEB Liability	6,751	-	6,751
Deferred inflows of resources	<u>(17,842)</u>	<u>-</u>	<u>(17,842)</u>
Net cash provided by operating activities	<u>\$ 1,628,005</u>	<u>\$ 37,096</u>	<u>\$ 1,665,101</u>

**City of Kennedale, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2021**

**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, 2021

**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 regard 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, 2021

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

**Disaster Recovery** – to account for proceeds received to assist the City in recovering after disasters or emergency hardship

The City reports the following major proprietary fund:

**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.

**City of Kennedale, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2021**

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.

***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.

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, 2021, the City had a tax rate of \$0.774085 per \$100 of which \$0.582686 was allocated for general government and \$0.191399 was allocated for payment of principal and interest on general long-term debt.

**City of Kennedale, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2021**

***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.

***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:

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 loss 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.

**City of Kennedale, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2021**

- Pension & OPEB contributions/benefit payments subsequent to the measurement date – These contributions are deferred and recognized in the following fiscal year.
- Changes in actuarial assumptions related to the pension plan – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period.
- Differences between expected and actual experience – Pension and OPEB plans – 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.

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 following fiscal year. This item is only presented in the Balance Sheet – Governmental Funds.
- Deferred gain on refunding – A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and recognized over the shorter of the life of the refunded or refunding debt.
- Differences between expected and actual experience – Pension and OPEB plans – 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 – Pension – 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.
- Changes in actuarial assumptions related to OPEB plan – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period.

***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.

**City of Kennedale, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2021**

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.

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' 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.

# City of Kennedale, Texas

## Notes to Basic Financial Statements

### September 30, 2021

#### **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. 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.

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

- **Nonspendable:** 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.

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- **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.

***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/expenditures 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 \$231,687. 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 deficit fund balance of \$2,266. It is anticipated this deficit fund balance will be funded by future charges.

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***Excess of Expenditures over Appropriations***

For the year ended September 30, 2021, the General Fund expenditures exceeded appropriations by \$215,403, mainly due to capital outlay. Encumbrance accounting is employed in governmental funds, but all operating encumbrances are liquidated at year-end. Only encumbrance for capital project contracts roll forward to the next fiscal year to increase the following year capital budgets.

**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, 2021, 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 \$1,935,143 (with a book value of \$1,700,835).
- (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.

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- (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.

As of September 30, 2021, the City held the following investments:

	<b>Carrying Value</b>
<b>Primary Government</b>	
TexPool	\$ 10,393,098
TexStar	311,592
Total primary government	10,704,690
<b>Component Unit</b>	
TexPool	1,162,201
TexStar	34,844
Total component units	1,197,045
Total investments	\$ 11,901,735

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) and Texas Local Government Investment Pool (TexPool), through which political subdivisions and other entities may invest public funds.

TexStar, and TexPool 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.

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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

**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:

	<u>General</u>	<u>Debt Service</u>	<u>Capital Bond</u>	<u>Non-major Governmental</u>	<u>Water and Wastewater</u>	<u>Storm Water Drainage</u>	<u>Total</u>
Receivables							
Taxes	\$ 588,477	\$ 56,068	\$ -	\$ -	\$ -	\$ -	\$ 644,545
Accounts	85,788	-	23,070	14,116	1,341,116	29,693	1,493,783
Intergovernmental	-	-	-	-	-	18,750	18,750
Court fines	1,185,719	-	-	-	-	-	1,185,719
Ambulance	2,917,432	-	-	-	-	-	2,917,432
Gross receivables	4,777,416	56,068	23,070	14,116	1,341,116	48,443	6,260,229
Less: allowance for uncollectibles	(4,102,384)	(38,265)	-	-	(689,656)	(23,955)	(4,854,260)
Net total receivables	<u>\$ 675,032</u>	<u>\$ 17,803</u>	<u>\$ 23,070</u>	<u>\$ 14,116</u>	<u>\$ 651,460</u>	<u>\$ 24,488</u>	<u>\$ 1,405,969</u>

**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, 2021, were 99 percent 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.

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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, 2021, the City had a tax rate of \$0.0774085 per \$100 assessed valuation, of which \$0.0582686 was allocated for general government and \$0.0191399 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 percent 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 eight percent, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than eight percent 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.

**Note 6: Interfund Receivables, Payables and Transfers**

***Due To/Due From***

The composition of inter-fund balances as of September 30, 2021, is as follows:

	<b>Due to Other Funds</b>	<b>Due from Other Funds</b>
General	\$ 64,512	\$ 332,871
Capital Bond	156,636	-
Roadway Impact	-	297,060
TIRZ #1 New Hope	408,783	-
Total	\$ 629,931	\$ 629,931

These interfund transactions were a result of providing funding for certain capital projects with the City.

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***Advances To/Advances From***

	<b>Advances from Other Funds</b>	<b>Advances to Other Funds</b>
Water and Wastewater	\$ -	\$ 320,601
TIRZ #1 New Hope	320,601	-
Total	\$ 320,601	\$ 320,601

These balances resulted primarily from the Water & Sewer Fund temporarily loaning cash to the TIRZ #1 New Hope Fund for expenditures that will be reimbursed through tax collections.

***Interfund Transfers***

Interfund activity for the year ended September 30, 2021, is as follows:

	<b>Transfers In</b>	<b>Transfers Out</b>
General	\$ 82,402	\$ 82,402
Debt Service	103,158	-
TIRZ #1 New Hope	10,000	-
Water and Wastewater	187,524	
Non-major governmental	-	300,682
Total	\$ 383,084	\$ 383,084

Transfers out of the Non-major governmental funds to the General and Debt Service fund were for debt payments. These transfers were in accordance with budgetary authorizations.

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**Note 7: Capital Assets**

**Governmental Activities**

Capital assets of the Governmental Activities are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Transfers</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 4,206,187	\$ -	\$ -	\$ 4,206,187
Construction in progress	991,972	123,918	100,000	1,015,890
Total capital assets not being depreciated	<u>5,198,159</u>	<u>123,918</u>	<u>100,000</u>	<u>5,222,077</u>
Capital assets being depreciated				
Buildings	5,195,573	251,538	-	5,447,111
Infrastructure	39,411,897	100,000	-	39,511,897
Machinery and equipment	4,122,617	140,990	20,985	4,242,622
Total capital assets being depreciated	<u>48,730,087</u>	<u>492,528</u>	<u>20,985</u>	<u>49,201,630</u>
Less accumulated depreciation for:				
Buildings	3,097,979	156,974	-	3,254,953
Infrastructure	14,879,270	894,233	-	15,773,503
Machinery and equipment	3,395,240	200,342	20,985	3,574,597
Total accumulated depreciation	<u>21,372,489</u>	<u>1,251,549</u>	<u>20,985</u>	<u>22,603,053</u>
Total capital assets being depreciated, net	<u>27,357,598</u>	<u>(759,021)</u>	<u>-</u>	<u>26,598,577</u>
Governmental activities capital assets, net	<u>\$ 32,555,757</u>	<u>\$ (635,103)</u>	<u>\$ 100,000</u>	<u>\$ 31,820,654</u>

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

General government	\$	100,265
Public safety		173,537
Public works		933,449
Culture and recreation		<u>44,298</u>
 Total depreciation expense – governmental activities	 \$	 <u><u>1,251,549</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>Ending Balance</u>
<b>Business-type Activities</b>				
Capital assets not being depreciated				
Land	\$ 632,490	\$ -	\$ -	\$ 632,490
Construction in progress	<u>575,992</u>	<u>10,490</u>	<u>-</u>	<u>586,482</u>
Total capital assets not being depreciated	<u>1,208,482</u>	<u>10,490</u>	<u>-</u>	<u>1,218,972</u>
Capital assets being depreciated				
Buildings	5,761,788	-	-	5,761,788
Machinery and equipment	925,269	-	-	925,269
Improvements (not buildings)	<u>19,375,872</u>	<u>24,975</u>	<u>-</u>	<u>19,400,847</u>
Total capital assets being depreciated	<u>26,062,929</u>	<u>24,975</u>	<u>-</u>	<u>26,087,904</u>
Less accumulated depreciation for:				
Buildings	2,890,508	120,521	-	3,011,029
Machinery and equipment	942,939	15,966	-	958,905
Improvements (not buildings)	<u>7,569,245</u>	<u>582,793</u>	<u>-</u>	<u>8,152,038</u>
Total accumulated depreciation	<u>11,402,692</u>	<u>719,280</u>	<u>-</u>	<u>12,121,972</u>
Total capital assets being depreciated, net	<u>14,660,237</u>	<u>(694,305)</u>	<u>-</u>	<u>13,965,932</u>
Business-type activities capital assets, net	<u><u>\$ 15,868,719</u></u>	<u><u>\$ (683,815)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 15,184,904</u></u>

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

Water and wastewater	\$	700,066
Storm water drainage		19,214
Total depreciation expense – business-type activities	\$	719,280

***Discretely Presented Component Unit***

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

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases/ Transfers</b>	<b>Ending Balance</b>
Capital assets, not being depreciated				
Land	\$ 864,017	\$ -	\$ 18,725	\$ 845,292
Totals capital assets not being depreciated	864,017	-	18,725	845,292
Capital assets, being depreciated				
Buildings	4,917,189	-	-	4,917,189
Improvements	1,084,193	-	-	1,084,193
Infrastructure	209,707	-	-	209,707
Totals capital assets being depreciated	6,211,089	-	-	6,211,089
Less accumulated depreciation for:				
Buildings	2,138,580	245,859	-	2,384,439
Improvements	488,875	54,210	-	543,085
Infrastructure	24,664	4,194	-	28,858
Total accumulated depreciation	2,652,119	304,263	-	2,956,382
Total capital assets, being depreciated, net	3,558,970	(304,263)	-	3,254,707
Capital assets, net	\$ 4,422,987	\$ (304,263)	\$ 18,725	\$ 4,099,999

**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	\$ 4,694,711	\$ 1,540,000	\$ 673,036	\$ 5,561,675	\$ 745,413
Certificates of obligation	2,450,000	-	1,825,000	625,000	200,000
Tax notes	2,275,000	-	470,000	1,805,000	275,000
Capital leases	451,985	-	131,738	320,247	123,202
Premiums on bonds	33,322	-	33,322	-	-
Compensated absences	549,215	172,797	188,248	533,764	106,753
Total governmental activities	<u>\$ 10,454,233</u>	<u>\$ 1,712,797</u>	<u>\$ 3,321,344</u>	<u>\$ 8,845,686</u>	<u>\$ 1,450,368</u>
<b>Business-type Activities</b>					
General obligation bonds	\$ 365,285	\$ -	\$ 131,963	\$ 233,322	\$ 74,588
Certificates of obligation	1,295,000	-	165,000	1,130,000	170,000
Capital leases	1,035,000	-	111,794	923,206	117,222
Compensated absences	2,496	-	2,496	-	-
Total business-type activities	<u>\$ 2,697,781</u>	<u>\$ -</u>	<u>\$ 411,253</u>	<u>\$ 2,286,528</u>	<u>\$ 361,810</u>
<b>Discretely Presented Component Unit</b>					
Revenue bonds	\$ 605,000	\$ -	\$ 70,000	\$ 535,000	\$ 75,000
Texas leverage fund loan	299,785	-	46,680	253,105	48,220
Total	<u>\$ 904,785</u>	<u>\$ -</u>	<u>\$ 116,680</u>	<u>\$ 788,105</u>	<u>\$ 123,220</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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On December 15, 2020, the City issued General Obligation Refunding Bond, Series 2020A of \$1,540,000 with an interest rate of 1.22 percent and serial maturities from 2022 through 2031. The bond was issued to refund currently outstanding Series 2011 Certificates of the City. The refunding was undertaken to achieve debt service savings and the remaining proceeds from the sale of the bonds will be used for the discharge and final payment of the outstanding Series 2011 certificates of the City. As a result of the refunding transaction, the City achieved a cash flow savings of \$188,553 and an economic gain of \$123,022.

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:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>
<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%	\$ 376,675	\$ 233,322	\$ 609,997
\$1,260,000, 2020 General Obligation Refunding Bonds, due in annual installments through February 15, 2030, 1.93%	1,145,000	-	1,145,000
\$3,720,000, 2016 General Obligation Refunding Bonds, due in annual installments through February 15, 2028, 1.79%	2,500,000	-	2,500,000
\$1,540,000, 2020A General Obligation Refunding Bonds, due in annual installments through February 15, 2031, 1.22%	<u>1,540,000</u>	<u>-</u>	<u>1,540,000</u>
	<u>\$ 5,561,675</u>	<u>\$ 233,322</u>	<u>\$ 5,794,997</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%	\$ -	\$ 1,130,000	\$ 1,130,000
\$2,735,000, 2007A Certificate of Obligation Bonds, due in annual installments through February 15, 2024, 4.00%	<u>625,000</u>	<u>-</u>	<u>625,000</u>
	<u>\$ 625,000</u>	<u>\$ 1,130,000</u>	<u>\$ 1,755,000</u>

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Tax notes are issued to provide funding for capital purchases and other improvements. These notes pledge the full faith and credit of the government and are payable with ad valorem revenue. Tax notes outstanding are as follows:

<u><b>Tax Notes</b></u>	<b>Governmental Activities</b>	<b>Total Primary Government</b>
\$2,000,000, 2019 Tax Notes due in annual installments through February 1, 2026, 1.90%	<u>\$ 1,805,000</u>	<u>\$ 1,805,000</u>
	<u>\$ 1,805,000</u>	<u>\$ 1,805,000</u>

Annual debt service requirements to maturity for bonds are as follows:

<b>Fiscal Year</b>	<b>Governmental Activities</b>			<b>Business-type Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ 1,220,413	\$ 79,943	\$ 1,300,356	\$ 244,588	\$ 27,797	\$ 272,385
2023	1,336,588	65,676	1,402,264	253,409	22,831	276,240
2024	1,374,675	50,139	1,424,814	265,325	13,894	279,219
2025	1,035,000	34,177	1,069,177	190,000	8,405	198,405
2026	1,060,000	25,042	1,085,042	200,000	4,305	204,305
2027-2031	1,965,000	36,251	2,001,251	210,000	-	210,000
Total	\$ 7,991,676	\$ 291,228	\$ 9,332,694	\$ 1,363,322	\$ 77,232	\$ 1,440,554

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.

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Annual debt service requirements to maturity for tax notes are as follows:

<b>Fiscal Year</b>	<b>Governmental Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ 275,000	\$ 14,535	\$ 289,535
2023	370,000	11,020	381,020
2024	380,000	7,410	387,410
2025	385,000	3,753	388,753
2026	<u>395,000</u>	<u>-</u>	<u>395,000</u>
Total	<u>\$ 1,805,000</u>	<u>\$ 36,718</u>	<u>\$ 1,841,718</u>

**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:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets</b>			
Machinery and equipment	\$ 833,949	\$ -	\$ 833,949
Buildings and improvements	221,887	-	221,887
Infrastructure	-	1,721,658	1,721,658
Less: Accumulated amortization	<u>(467,667)</u>	<u>(1,162,166)</u>	<u>(1,629,833)</u>
Total	<u>\$ 588,169</u>	<u>\$ 559,492</u>	<u>\$ 1,147,661</u>

**City of Kennedale, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2021**

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2021, were as follows:

<b>Capital Leases</b>		
Fiscal Year	Governmental Activities	Business-Type Activities
2022	\$ 137,879	\$ 152,813
2023	114,952	152,813
2024	86,019	152,813
2025	7,168	152,813
2026	-	152,813
2027-2028	-	305,625
	346,018	1,069,690
Total minimum lease payments	346,018	1,069,690
Less: amount of representing interest	25,771	146,484
	320,247	923,206
Present value of minimum lease payments	\$ 320,247	\$ 923,206

**Note 9: Employee Benefit Plans**

***Plan Description***

The City participates as one of over 895 plans in the defined benefit cash balance pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is statewide public retirement plan 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 agent multiple- employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of the System with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available annual comprehensive financial report (ACFR) 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	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, 2021**

**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 Member’s contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. The retiring Member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75 percent 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 five percent 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, 2020, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	52
Inactive employees entitled to but not yet receiving benefits	113
Active employees	72
	237

**Contributions**

The contribution rates for employees in TMRS are either 5 percent, 6 percent or 7 percent of employee gross earnings and the City matching percentages are 100 percent, 150 percent or 200 percent, 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 City’s contribution rate is based on the liabilities created from the benefit plan options select by the City and any changes in benefits or actual experience over time.

**City of Kennedale, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2021**

Employees for the City were required to contribute seven percent of their annual gross earnings during the fiscal year. The contribution rates for the City were 14.10 percent and 13.64 percent in calendar years 2020 and 2021, respectively. The City’s contributions to TMRS for the year ended September 30, 2021, were \$686,761, and were equal to the required contributions.

***Net Pension Liability***

The City’s Net Pension Liability (NPL) was measured as of December 31, 2020, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

***Actuarial Assumptions***

The Total Pension Liability in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.75% per year
Investment rate of return	6.75% net of pension plan investment expense, including inflation
Remaining amortization period	24 years
Asset valuation method	10 year smoothed market; 12% soft corridor
Retirement age	Experience-based table of rates that are specific to the City's plan benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully general basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Salary increases were based on a service-related table. Mortality rates for active members, retirees and beneficiaries were based on the gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the mortality tables for healthy retirees is used with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5 percent and 3 percent minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

**City of Kennedale, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2021**

Actuarial assumptions used in the December 31, 2019 valuation was based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2014 through December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019, actuarial valuation.

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

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return</b>
Domestic Equity	30.00%	5.30%
Core Fixed Income	10.00%	1.25%
Non-Core Fixed Income	20.00%	4.14%
Real Return	10.00%	3.85%
Real Estate	10.00%	4.00%
Absolute Return	10.00%	3.48%
Private Equity	10.00%	7.75%
Total	<u>100.00%</u>	

***Discount Rate***

The discount rate used to measure the total pension liability was 6.75 percent. 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.

**City of Kennedale, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2021**

*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, 2020</b>	\$ 18,117,510	\$ 16,773,796	\$ 1,343,714
Changes for the year			
Service cost	769,790	-	769,790
Interest on total pension liability	1,231,286	-	1,231,286
Effect of difference in expected and actual experience	369,096	-	369,096
Benefit payments	(522,263)	(522,263)	-
Administrative expenses	-	(8,239)	8,239
Member contributions	-	305,299	(305,299)
Net investment income	-	1,274,858	(1,274,858)
Employer contributions	-	591,844	(591,844)
Other	-	(321)	321
	<u>1,847,909</u>	<u>1,641,178</u>	<u>206,731</u>
<b>Balances as of September 30, 2021</b>	<u>\$ 19,965,419</u>	<u>\$ 18,414,974</u>	<u>\$ 1,550,445</u>

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 percent, 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 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	<b>1% Decrease (5.75%)</b>	<b>Current Single Rate Assumption (6.75%)</b>	<b>1% Increase (7.75%)</b>
City's net pension liability	\$ 5,034,534	\$ 1,550,445	\$ (1,209,235)

*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).

**City of Kennedale, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2021**

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

For the year ended September 30, 2021, the primary government recognized pension expense of \$438,347. At September 30, 2021, the primary government reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 233,399	\$ 26,928
Change in actuarial assumptions	4,573	-
Net difference between projected and actual investment earnings	-	475,843
Contributions subsequent to the measurement date	497,601	-
	\$ 735,573	\$ 502,771

Reported as deferred outflows of resources, \$497,601 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, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending September 30</b>	<b>Amortization of Net Deferred Outflows (Inflows) of Resources</b>
2022	\$ (58,149)
2023	99,405
2024	(277,529)
2025	(28,527)
	\$ (264,800)

***Deferred Compensation Plan***

The City offers all of its employees a defined contribution, deferred compensation plan created in accordance with Internal Revenue Code Section 457(b). The Plan offered to employees is administered by ICMA Trust. All assets and income are held in trust for the exclusive benefit of participants and their beneficiaries; therefore, it is not reported in the financial statements.

**City of Kennedale, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2021**

The plan, available to all full-time City employees, permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Benefit provisions are contained in the plan document and were established and can be amended by the action of City Council. The City does not contribute to any of the plans.

**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 Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75).

The following employees were covered by the benefit terms at December 31, 2020, (measurement date):

Inactive employees or beneficiaries currently receiving benefits	27
Inactive employees entitled to but not yet receiving benefits	14
Active employees	72
 Total employees	 113

***Total OPEB Liability***

The City's total OPEB liability of \$265,676 was measured as of December 31, 2020, and was determined by an actuarial valuation as of that date.

**City of Kennedale, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2021**

***Actuarial Assumptions***

The City’s total OPEB liability in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	<b>December 31, 2020</b>
Discount Rate	2.00% as of December 31, 2020 (2.75% as of December 31, 2019)
Inflation	2.50%
Salary Increases	3.50% to 11.50%, 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	2019 Municipal Retiree of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates – disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In additions, a 3.5% and 3% minimum mortality rates will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by scale UMP to account for future mortality improvements subject to the 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 GASB 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 2.00 percent based on the 20-Year Municipal GO AA Index published by bondbuyer.com is used as of the measurement date of December 31, 2020.

***Changes in Total OPEB Liability***

	<b>Total OPEB Liability</b>
Balances as of October 1, 2020	\$ 212,849
Changes for the year	
Service cost	19,626
Interest on total OPEB liability	6,105
Difference between expected and actual experience	(7,744)
Effect of assumption changes (discount rate change)	36,148
Benefit payments, age adjusted premiums, net of retiree contributions	(1,308)
Balances as of September 30, 2021	\$ 265,676

**City of Kennedale, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2021**

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 2.00 percent. The following presents the total OPEB liability using a discount rate one percent higher and one percent lower than the current discount rate.

	<b>1% Decrease 1.00%</b>	<b>Current Discount Rate 2.00%</b>	<b>1% Increase 3.00%</b>
<b>Total OPEB Liability</b>	\$ 327,230	\$ 265,676	\$ 219,009

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

For the year ended September 30, 2021, the City recognized OPEB expense of \$34,032. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of actuarial assumptions	\$ -	\$ 16,782
Differences between expected and actual experience	58,597	6,183
Benefit payments subsequent to the measurement date	6,673	-
	\$ 65,270	\$ 22,965

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, 2022.

**City of Kennedale, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2021**

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

<b>Year Ending September 30</b>	<b>Amortization of Net Deferred Outflows (Inflows) of Resources</b>
2022	\$ 8,301
2023	8,017
2024	6,472
2025	9,533
2026	3,309
	\$ 35,632

**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, 2021, 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, 2021, the City believed the amounts paid on workers' compensation would not change significantly from the amounts recorded.

**City of Kennedale, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2021**

***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.

**Note 12: Subsequent Events**

***Changes in Financing***

Early in fiscal year 2022, the City issued \$5,735,000 of the City of Kennedale, Texas (a political subdivision of the State of Texas located in Tarrant County, Texas), Combination Tax and Revenue Certificates of Obligation, Series 2021, for the purpose of paying contractual obligations related to acquiring, constructing, and equipping, street, sidewalk, and related drainage improvement, acquiring public safety equipment, and pay all or a portion of the legal, fiscal and engineering fees in connection with the projects and costs of issuance. The bonds mature over a 20-year period have interest rates ranging from 1.50 percent to 4.00 percent.

## **Required Supplementary Information**

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

	Measurement Year						
	2014	2015	2016	2017	2018	2019	2020
<b>Total Pension Liability</b>							
Service cost	\$ 589,507.00	\$ 648,581	\$ 675,284	\$ 697,041	\$ 712,721	\$ 734,380	\$ 769,790
Interest (on the Total Pension Liability)	794,485	865,430	912,020	989,009	1,071,891	1,144,812	1,231,286
Differences between expected and actual experience	(102,280)	(168,052)	(109,980)	(52,740)	(205,171)	(90,293)	369,096
Changes in assumptions	-	113,774	-	-	-	15,333	-
Benefit payments, including refunds of employee contributions	(274,797)	(320,705)	(329,210)	(366,034)	(460,511)	(559,415)	(522,263)
Net change in total pension liability	1,006,915	1,139,028	1,148,114	1,267,276	1,118,930	1,244,817	1,847,909
Total pension liability – Beginning	11,192,430	12,199,345	13,338,373	14,486,487	15,753,763	16,872,693	18,117,510
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>	<u>\$ 16,872,693</u>	<u>\$ 18,117,510</u>	<u>\$ 19,965,419</u>
<b>Plan Fiduciary Net Position</b>							
Contributions – employer	\$ 397,779	\$ 525,561	\$ 540,075	\$ 565,061	\$ 558,900	\$ 580,085	\$ 591,844
Contributions – employee	239,832	254,774	265,860	276,603	279,969	295,491	305,299
Net investment income	548,705	15,487	740,899	1,687,364	(429,406)	2,207,757	1,274,858
Benefit payments, including refunds of employee contributions	(274,797)	(320,705)	(329,210)	(366,034)	(460,511)	(559,415)	(522,263)
Administrative expense	(5,727)	(9,432)	(8,365)	(8,740)	(8,292)	(12,459)	(8,239)
Other	(471)	(466)	(451)	(443)	(432)	(375)	(321)
Net change in plan fiduciary net position	905,321	465,219	1,208,808	2,153,811	(59,772)	2,511,084	1,641,178
Plan fiduciary net position – Beginning	9,589,325	10,494,646	10,959,865	12,168,673	14,322,484	14,262,712	16,773,796
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>	<u>\$ 14,262,712</u>	<u>\$ 16,773,796</u>	<u>\$ 18,414,974</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>	<u>\$ 2,609,981</u>	<u>\$ 1,343,714</u>	<u>\$ 1,550,445</u>
Plan fiduciary net position as a percentage of the total pension liability	86.03%	82.17%	84.00%	90.91%	84.53%	92.58%	92.23%
Covered payroll	\$ 3,426,174	\$ 3,639,622	\$ 3,797,997	\$ 3,951,478	\$ 3,999,556	\$ 4,177,363	\$ 4,361,416
City's net pension liability as a percentage of covered payroll	49.76%	65.35%	61.03%	36.22%	65.26%	32.17%	35.55%

**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, *Accounting and Financial Reporting for Pensions—An Amendment of GASB Statement No. 27* only periods for which such information is available are presented.

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

	Fiscal Year							
	2014	2015	2016	2017	2018	2019	2020	2021
Actuarially determined contribution	\$ 391,136	\$ 483,133	\$ 555,231	\$ 560,038	\$ 566,892	\$ 586,411	\$ 640,350	\$ 686,761
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>	<u>586,411</u>	<u>640,350</u>	<u>686,761</u>
Contribution deficiency (excess)	<u>\$ -</u>							
Covered payroll	\$ 3,396,046	\$ 3,575,054	\$ 3,932,717	\$ 3,919,319	\$ 4,058,043	\$ 4,232,531	\$ 4,636,444	\$ 4,885,183
Contributions as a percentage of covered payroll	12%	13.51%	14.12%	14.29%	13.97%	13.85%	13.81%	14.06%

**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	24 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50%, 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 2019 valuation pursuant to an experience study of the period 2014-2018
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table use for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

**Other Information:**

Notes: There were no benefit changes during the year

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

	Measurement Year		
	2018	2019	2020
<b>Total OPEB Liability</b>			
Service Cost	\$ 17,998	\$ 14,203	\$ 19,626
Interest Cost	5,765	6,271	6,105
Difference Between Expected and Actual Experience of the Total OPEB Liability	(13,157)	(6,021)	(7,744)
Changes of Assumptions	(12,621)	37,090	36,148
Benefit Payments	(1,200)	(1,253)	(1,308)
Net Change in Total OPEB Liability	(3,215)	50,290	52,827
Total OPEB Liability (Beginning)	165,774	162,559	212,849
Total OPEB Liability (Ending)	<u>\$ 162,559</u>	<u>\$ 212,849</u>	<u>\$ 265,676</u>
Covered-Employee Payroll	\$ 3,999,556	\$ 4,177,363	\$ 4,361,416
Total OPEB Liability as a Percentage of Covered-Employee Payroll	4.06%	5.10%	6.09%

**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 75, only periods for which such information is available are presented.

The discount rate was decreased from 2.75 percent to 2.00 percent.

**City of Kennedale, Texas**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget to Actual (Unaudited)**  
**General Fund**  
**For the Year Ended September 30, 2021**

	<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	\$ 4,808,157	\$ 4,808,157	\$ 4,967,143	\$ 158,986
Sales	1,580,632	1,580,632	1,958,164	377,532
Franchise fees	846,977	846,977	809,838	(37,139)
Licenses and permits	282,485	282,485	737,436	454,951
Fines and forfeitures	63,718	63,718	85,792	22,074
Public safety fees		-	337,044	337,044
Intergovernmental	647,243	647,243	722,352	75,109
Charges for service	32,095	32,095	96,520	64,425
Investment earnings	12,000	12,000	1,579	(10,421)
Other	48,924	48,924	82,388	33,464
	<u>8,322,231</u>	<u>8,322,231</u>	<u>9,798,256</u>	<u>1,476,025</u>
Total revenues				
<b>Expenditures</b>				
Current				
General government	2,342,096	2,342,096	1,796,995	545,101
Public safety	5,689,753	5,689,753	6,069,279	(379,526)
Public works	1,063,215	1,063,215	1,005,271	57,944
Culture and recreation	382,301	382,301	348,914	33,387
Capital outlay	-	-	424,297	(424,297)
Debt service				
Principal	98,402	98,402	131,738	(33,336)
	<u>9,575,767</u>	<u>9,575,767</u>	<u>9,791,170</u>	<u>(215,403)</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	<u>(1,253,536)</u>	<u>(1,253,536)</u>	<u>7,086</u>	<u>1,260,622</u>
Other financing sources (uses)				
Transfers in	82,402	82,402	82,402	-
Transfers out	-	-	(82,402)	(82,402)
	<u>82,402</u>	<u>82,402</u>	<u>-</u>	<u>(82,402)</u>
Total other financing sources (uses)				
<b>Net Change in Fund Balances</b>	(1,171,134)	(1,171,134)	7,086	1,178,220
<b>Fund Balance, Beginning of Year</b>	<u>3,135,454</u>	<u>3,135,454</u>	<u>3,135,454</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ 1,964,320</u>	<u>\$ 1,964,320</u>	<u>\$ 3,142,540</u>	<u>\$ 1,178,220</u>

**City of Kennedale, Texas**  
**Notes to Budgetary Information (Unaudited)**  
**September 30, 2021**

***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.

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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, 2021**

***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.

**Police Seizure** – to account for funds forfeited from and by federal, state and/or city civil and/or criminal courts, resulting from seizures of assets of narcotics violators

***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.

**City of Kennedale, Texas**  
**Combining Balance Sheet**  
**Non-major Governmental Funds**  
**September 30, 2021**

<b>Assets</b>	<b>Special Revenue Funds</b>	
	<b>LEOSE</b>	<b>Police Seizure</b>
Cash and cash equivalents	\$ 1,886	\$ 663
Receivables (net of allowance for uncollectibles)	-	-
Due to other Funds	-	-
Total assets	\$ 1,886	\$ 663
<b>Liabilities</b>		
Accounts payable	-	-
Total liabilities	-	-
<b>Fund Balances (Deficit)</b>		
Restricted for		
Capital projects	-	-
Public safety	1,886	663
Assigned		
Parks	-	-
Unassigned (deficit)	-	-
Total fund balances (deficit)	1,886	663
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,886	\$ 663

**Capital Projects Funds**

<b>Park Dedication</b>	<b>Capital Projects</b>	<b>Roadway Impact Fee</b>	<b>Library Building</b>	<b>Total Non-major Governmental Funds</b>
\$ 648,518	\$ 132,972	\$ 346,799	\$ -	\$ 1,130,838
-	14,116	-	-	14,116
-	-	297,060	-	297,060
<u>\$ 648,518</u>	<u>\$ 147,088</u>	<u>\$ 643,859</u>	<u>\$ -</u>	<u>\$ 1,442,014</u>
500	-	-	2,266	2,766
500	-	-	2,266	2,766
-	147,088	643,859	-	790,947
-	-	-	-	2,549
648,018	-	-	-	648,018
-	-	-	(2,266)	(2,266)
<u>648,018</u>	<u>147,088</u>	<u>643,859</u>	<u>(2,266)</u>	<u>1,439,248</u>
<u>\$ 648,518</u>	<u>\$ 147,088</u>	<u>\$ 643,859</u>	<u>\$ -</u>	<u>\$ 1,442,014</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, 2021**

<b>Revenues</b>	<b>Special Revenue Funds</b>	
	<b>LEOSE</b>	<b>Police Seizure</b>
Charges for services	\$ -	\$ -
Licenses and permits	-	-
Fines and forfeitures	-	-
Investment earnings	1	-
Miscellaneous	-	-
	-	-
Total revenues	1	-
 <b>Expenditures</b>		
Current		
Public safety	1,772	-
Capital outlay	-	-
	-	-
Total expenditures	1,772	-
Excess (deficiency) of revenues over (under) expenditures	(1,771)	-
 <b>Other Financing Uses</b>		
Transfers out	-	-
	-	-
Total other financing uses	-	-
<b>Net Change in Fund Balances</b>	(1,771)	-
<b>Fund Balances (Deficit), Beginning of Year</b>	3,657	663
<b>Fund Balances (Deficit), End of Year</b>	\$ 1,886	\$ 663

<b>Capital Projects Fund</b>				<b>Total Non-major Governmental Funds</b>
<b>Park Dedication</b>	<b>Capital Projects</b>	<b>Roadway Impact Fee</b>	<b>Library Building</b>	
\$ -	\$ 148,933	\$ -	\$ -	\$ 148,933
546,000	-	363,416	-	909,416
-	-	-	126	126
88	55	115	-	259
1,100	-	-	160	1,260
<u>547,188</u>	<u>148,988</u>	<u>363,531</u>	<u>286</u>	<u>1,059,994</u>
-	-	-	-	1,772
781	-	50,261	-	51,042
<u>781</u>	<u>-</u>	<u>50,261</u>	<u>-</u>	<u>52,814</u>
<u>546,407</u>	<u>148,988</u>	<u>313,270</u>	<u>286</u>	<u>1,007,180</u>
-	(103,157)	(197,525)	-	(300,682)
-	(103,157)	(197,525)	-	(300,682)
546,407	45,831	115,745	286	706,498
101,611	101,257	528,114	(2,552)	732,750
<u>\$ 648,018</u>	<u>\$ 147,088</u>	<u>\$ 643,859</u>	<u>\$ (2,266)</u>	<u>\$ 1,439,248</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, 2021**

	<b>Budgeted Amounts</b>		<b>Actual GAAP Basis</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Taxes – property	\$ 1,535,658	\$ 1,535,658	\$ 1,633,296	\$ 97,638
Intergovernmental	-	-	138,208	138,208
Investment earnings	6,000	6,000	363	(5,637)
Total revenues	<u>1,541,658</u>	<u>1,541,658</u>	<u>1,771,867</u>	<u>230,209</u>
<b>Expenditures</b>				
Debt service				
Principal	1,538,873	1,538,873	1,422,736	116,137
Interest and other	-	-	248,620	(248,620)
Total expenditures	<u>1,538,873</u>	<u>1,538,873</u>	<u>1,671,356</u>	<u>(132,483)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,785</u>	<u>2,785</u>	<u>100,511</u>	<u>97,726</u>
<b>Other financing sources (uses)</b>				
Lease and notes proceeds	-	-	1,540,000	(1,540,000)
Payment to escrow	-	-	(1,545,300)	1,545,300
Transfers in	103,157	103,157	103,158	1
Total other financing sources (uses)	<u>103,157</u>	<u>103,157</u>	<u>97,858</u>	<u>5,301</u>
<b>Net Change in Fund Balances</b>	105,942	105,942	198,369	103,027
<b>Fund Balance, Beginning of Year</b>	<u>573,006</u>	<u>573,006</u>	<u>489,285</u>	<u>(83,721)</u>
<b>Fund Balance, End of Year</b>	<u>\$ 678,948</u>	<u>\$ 678,948</u>	<u>\$ 687,654</u>	<u>\$ 8,706</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 – G
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
<i>Debt Capacity</i>	H – J
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>	K – L
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>	M – O
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.



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

	Fiscal Year				
	2017	2018	2019	2020	2021
<b>Governmental Activities</b>					
Net investment in capital assets	\$ 24,362,252	\$ 24,410,280	\$ 27,195,004	\$ 25,002,224	\$ 25,697,075
Restricted	481,742	867,754	998,047	3,447,408	3,770,054
Unrestricted (deficit)	457,818	454,903	(2,450,204)	(1,546,077)	(722,995)
Total governmental activities net position	<u>\$ 25,301,812</u>	<u>\$ 25,732,937</u>	<u>\$ 25,742,847</u>	<u>\$ 26,903,555</u>	<u>\$ 28,744,134</u>
<b>Business-type Activities</b>					
Net investment in capital assets	\$ 13,238,962	\$ 13,310,004	\$ 13,397,767	\$ 13,173,241	\$ 12,898,376
Restricted	204,223	274,043	92,694	-	218,327
Unrestricted	1,644,150	2,103,785	2,670,080	3,233,259	4,075,192
Total business-type activities net position	<u>\$ 15,087,335</u>	<u>\$ 15,687,832</u>	<u>\$ 16,160,541</u>	<u>\$ 16,406,500</u>	<u>\$ 17,191,895</u>
<b>Primary Government</b>					
Net investment in capital assets	\$ 37,601,214	\$ 37,720,284	\$ 40,592,771	\$ 38,175,465	\$ 38,595,451
Restricted	685,965	1,141,797	1,090,741	3,447,408	3,988,381
Unrestricted	2,101,968	2,558,688	219,876	1,687,182	3,352,197
Total primary governmental net position	<u>\$ 40,389,147</u>	<u>\$ 41,420,769</u>	<u>\$ 41,903,388</u>	<u>\$ 43,310,055</u>	<u>\$ 45,936,029</u>

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

	Fiscal Year				
	2012	2013	2014	2015	2016
<b>Expenses</b>					
Governmental activities					
General government	\$ 1,400,946	\$ 1,338,046	\$ 1,242,021	\$ 1,348,921	\$ 1,340,991
Public safety	4,334,370	4,216,559	4,274,108	4,521,511	4,658,016
Public works	1,209,842	1,338,143	1,476,670	1,638,428	1,838,124
Culture and recreation	344,900	358,251	358,226	339,328	370,519
Interest and fiscal charges	578,936	558,639	510,355	478,440	521,675
Total governmental activities expenses	<u>7,868,994</u>	<u>7,809,638</u>	<u>7,861,380</u>	<u>8,326,628</u>	<u>8,729,325</u>
Business-type activities					
Water, wastewater, and storm water drainage	3,240,582	3,401,162	3,640,588	4,112,610	3,506,506
Total business-type activities expenses	<u>3,240,582</u>	<u>3,401,162</u>	<u>3,640,588</u>	<u>4,112,610</u>	<u>3,506,506</u>
Total primary government expenses	<u>\$ 11,109,576</u>	<u>\$ 11,210,800</u>	<u>\$ 11,501,968</u>	<u>\$ 12,439,238</u>	<u>\$ 12,235,831</u>
<b>Program Revenues</b>					
Governmental activities					
Charges for services					
General government	\$ 668,345	\$ 554,664	\$ 975,684	\$ 720,308	\$ 540,893
Public safety	459,955	556,655	567,835	500,044	515,906
Public works	58,007	52,299	115,110	84,250	150,936
Culture and recreation	1,554	34,591	1,470	1,187	164,817
Operating grants and contributions	83,005	135,520	47,119	139,677	126,520
Capital grants and contributions	2,872,517	453,020	115,058	490,975	2,595,371
Total governmental activities program revenues	<u>\$ 4,143,383</u>	<u>\$ 1,786,749</u>	<u>\$ 1,822,276</u>	<u>\$ 1,936,441</u>	<u>\$ 4,094,443</u>

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

	Fiscal Year				
	2017	2018	2019	2020	2021
<b>Expenses</b>					
Governmental activities					
General government	\$ 1,460,659	\$ 1,526,536	\$ 1,979,235	\$ 2,105,441	\$ 1,852,414
Public safety	4,494,080	4,680,243	5,213,493	4,950,888	6,244,588
Public works	1,743,770	1,615,294	1,737,211	1,815,849	1,938,720
Culture and recreation	397,477	436,270	372,805	420,777	393,212
Interest and fiscal charges	348,741	403,223	349,118	265,057	331,754
Total governmental activities expenses	<u>8,444,727</u>	<u>8,661,566</u>	<u>9,651,862</u>	<u>9,558,012</u>	<u>10,760,688</u>
Business-type activities					
Water, wastewater, and storm water drainage	3,271,916	4,558,939	4,089,637	4,263,029	4,321,340
Total business-type activities expenses	<u>3,271,916</u>	<u>4,558,939</u>	<u>4,089,637</u>	<u>4,263,029</u>	<u>4,321,340</u>
Total primary government expenses	<u>\$ 11,716,643</u>	<u>\$ 13,220,505</u>	<u>\$ 13,741,499</u>	<u>\$ 13,821,041</u>	<u>\$ 15,082,028</u>
<b>Program Revenues</b>					
Governmental activities					
Charges for services					
General government	\$ 457,595	\$ 709,603	\$ 630,969	\$ 748,228	\$ 1,330,239
Public safety	353,139	547,621	486,937	577,428	1,026,555
Public works	92,502	143,445	127,549	151,253	268,906
Culture and recreation	49,410	76,621	68,131	80,792	143,636
Operating grants and contributions	145,560	152,588	154,825	344,278	482,486
Capital grants and contributions	154,819	-	-	-	-
Total governmental activities program revenues	<u>\$ 1,253,025</u>	<u>\$ 1,629,878</u>	<u>\$ 1,468,411</u>	<u>\$ 1,901,979</u>	<u>\$ 3,251,822</u>

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

	Fiscal Year				
	2012	2013	2014	2015	2016
<b>Business-type Activities</b>					
Charges for services					
Water, wastewater, and storm water drainage	\$ 3,264,892	\$ 3,138,201	\$ 3,775,546	\$ 3,683,542	\$ 4,782,055
Capital grants and contributions	-	-	-	-	1,479,937
Total business-type activities program revenues	<u>3,264,892</u>	<u>3,138,201</u>	<u>3,775,546</u>	<u>3,683,542</u>	<u>6,261,992</u>
Total primary government program revenues	<u>\$ 7,408,275</u>	<u>\$ 4,924,950</u>	<u>\$ 5,597,822</u>	<u>\$ 5,619,983</u>	<u>\$ 10,356,435</u>
<b>Net (Expenses) Revenues</b>					
Governmental activities	\$ (3,725,611)	\$ (6,022,889)	\$ (6,039,104)	\$ (6,390,187)	\$ (4,634,882)
Business-type activities	<u>24,310</u>	<u>(262,961)</u>	<u>134,958</u>	<u>(429,068)</u>	<u>2,755,486</u>
Total primary government net expenses	<u>\$ (3,701,301)</u>	<u>\$ (6,285,850)</u>	<u>\$ (5,904,146)</u>	<u>\$ (6,819,255)</u>	<u>\$ (1,879,396)</u>
<b>General Revenues and Other Changes in Net Position</b>					
Governmental activities					
Taxes					
Property	\$ 4,010,855	\$ 3,951,116	\$ 4,143,977	\$ 4,274,752	\$ 4,521,765
Franchise	856,096	817,733	871,351	910,886	545,140
Sales	1,298,044	1,008,875	1,093,946	1,491,342	1,253,391
Investment earnings	2,885	724	389	887	3,986
Miscellaneous	385,640	426,068	509,287	690,772	308,179
Transfers	-	-	-	49,178	953,377
Total governmental activities	<u>6,553,520</u>	<u>6,204,516</u>	<u>6,618,950</u>	<u>7,417,817</u>	<u>7,585,838</u>
Business-type activities					
Investment earnings	1,291	535	218	281	521
Transfers	-	-	-	(49,178)	(953,377)
Total business-type activities	<u>1,291</u>	<u>535</u>	<u>218</u>	<u>(48,897)</u>	<u>(952,856)</u>
Total primary government	<u>6,554,811</u>	<u>6,205,051</u>	<u>6,619,168</u>	<u>7,368,920</u>	<u>6,632,982</u>
<b>Change in Net Position</b>					
Governmental activities	2,827,909	181,627	579,846	1,027,630	2,950,956
Business-type activities	<u>25,601</u>	<u>(262,426)</u>	<u>135,176</u>	<u>(477,965)</u>	<u>1,802,630</u>
Total primary government	<u>\$ 2,853,510</u>	<u>\$ (80,799)</u>	<u>\$ 715,022</u>	<u>\$ 549,665</u>	<u>\$ 4,753,586</u>

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

	Fiscal Year				
	2017	2018	2019	2020	2021
<b>Business-type Activities</b>					
Charges for services					
Water, wastewater, and storm water drainage	\$ 5,086,486	\$ 4,832,378	\$ 4,467,770	\$ 4,482,591	\$ 4,350,305
Capital grants and contributions	374,296	325,676	51,247	10,099	265,392
Total business-type activities program revenues	<u>5,460,782</u>	<u>5,158,054</u>	<u>4,519,017</u>	<u>4,492,690</u>	<u>4,615,697</u>
Total primary government program revenues	<u>\$ 6,713,807</u>	<u>\$ 6,787,932</u>	<u>\$ 5,987,428</u>	<u>\$ 6,394,669</u>	<u>\$ 7,867,519</u>
<b>Net (Expenses) Revenues</b>					
Governmental activities	\$ (7,191,702)	\$ (7,031,688)	\$ (8,183,451)	\$ (7,656,033)	\$ (7,647,047)
Business-type activities	<u>2,188,866</u>	<u>599,115</u>	<u>429,380</u>	<u>229,661</u>	<u>596,654</u>
Total primary government net expenses	<u>\$ (5,002,836)</u>	<u>\$ (6,432,573)</u>	<u>\$ (7,754,071)</u>	<u>\$ (7,426,372)</u>	<u>\$ (7,050,393)</u>
<b>General Revenues and Other Changes in Net Position</b>					
Governmental activities					
Taxes					
Property	\$ 4,703,870	\$ 5,140,105	\$ 5,321,225	\$ 6,144,664	\$ 6,820,007
Franchise	537,454	777,768	1,774,698	1,765,996	1,958,164
Sales	1,208,557	1,459,743	764,887	806,115	809,838
Investment earnings	13,272	53,986	112,609	59,584	3,490
Miscellaneous	143,633	141,834	219,942	40,382	83,651
Transfers	748,617	-	-	-	(187,524)
Total governmental activities	<u>7,355,403</u>	<u>7,573,436</u>	<u>8,193,361</u>	<u>8,816,741</u>	<u>9,487,626</u>
Business-type activities					
Investment earnings	3,919	17,591	43,329	16,298	1,217
Transfers	<u>(748,617)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>187,524</u>
Total business-type activities	<u>(744,698)</u>	<u>17,591</u>	<u>43,329</u>	<u>16,298</u>	<u>188,741</u>
Total primary government	<u>6,610,705</u>	<u>7,591,027</u>	<u>8,236,690</u>	<u>8,833,039</u>	<u>9,676,367</u>
<b>Change in Net Position</b>					
Governmental activities	163,701	541,748	9,910	1,160,708	1,978,785
Business-type activities	<u>1,444,168</u>	<u>616,706</u>	<u>472,709</u>	<u>245,959</u>	<u>785,395</u>
Total primary government	<u>\$ 1,607,869</u>	<u>\$ 1,158,454</u>	<u>\$ 482,619</u>	<u>\$ 1,406,667</u>	<u>\$ 2,764,180</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)									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>General Fund</b>										
Nonspendable	\$ 5,751	\$ 46,486	\$ 40,633	\$ 15,786	\$ 240,850	\$ 206,755	\$ 86,778	\$ 54,346	\$ 66,280	\$ 74,707
Restricted	-	-	-	-	-	-	106,347	106,347	113,983	118,515
Assigned	-	-	-	-	367,218	-	915,608	915,608	501,973	296,074
Unassigned	1,108,068	937,508	1,193,553	1,716,655	1,972,229	2,264,414	1,746,714	1,597,593	2,453,218	2,653,244
Total general fund	\$ 1,113,819	\$ 983,994	\$ 1,234,186	\$ 1,732,441	\$ 2,580,297	\$ 2,471,169	\$ 2,855,447	\$ 2,673,894	\$ 3,135,454	\$ 3,142,540
<b>All Other Governmental Funds</b>										
Nonspendable	\$ 800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted for										
Debt service funds	90,920	23,829	2,849	10,375	11,861	-	194,135	315,015	489,285	687,654
Public safety	10,056	3	10,164	5,286	-	155	-	1,895	4,320	2,549
Economic development	-	-	1,112	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	1,747	-	-	-
Capital projects funds	187,239	185,514	341,663	373,456	400,170	425,432	565,525	3,164,782	2,839,820	2,961,336
Assigned	-	-	-	-	-	-	-	-	-	-
Parks	-	-	-	-	-	-	158,092	84,108	101,611	648,018
Unassigned	-	-	-	-	-	-	(788,591)	(594,328)	(422,643)	(233,953)
Total all other governmental funds	\$ 289,015	\$ 209,346	\$ 355,788	\$ 389,117	\$ 412,031	\$ 425,587	\$ 130,908	\$ 2,971,472	\$ 3,012,393	\$ 4,065,604

Source: Annual Comprehensive 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)

	Fiscal Year				
	2012	2013	2014	2015	2016
<b>Revenues</b>					
Taxes	\$ 6,136,869	\$ 5,799,322	\$ 6,086,574	\$ 6,696,668	\$ 6,330,577
Licenses, fees, and permits	311,921	261,451	477,447	346,011	727,163
Franchise fees	-	-	-	-	-
Fines and penalties	246,438	298,964	274,413	228,482	232,660
Public safety fees	210,676	257,998	243,002	247,907	237,104
Charges for services	418,826	379,796	614,145	459,651	73,840
Intergovernmental	2,955,522	588,540	48,231	630,669	787,432
Investment earnings	2,885	724	389	887	3,986
Contributions	-	-	2,314	2,153	1,527
Miscellaneous	385,640	426,068	620,919	713,443	306,652
<b>Total revenues</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>Expenditures</b>					
<b>Current</b>					
General government	1,276,738	1,238,641	1,126,632	1,228,989	1,247,881
Public safety	4,149,870	3,964,561	4,052,316	4,247,507	4,346,827
Public works	840,656	684,840	1,051,794	850,933	681,748
Culture and recreation	257,103	270,204	272,102	272,964	301,411
Economic development	-	-	-	-	-
Capital outlay	4,826,076	664,329	100,478	896,467	1,339,271
Debt service					
Principal	751,913	806,600	841,178	844,371	895,356
Interest and fiscal charges	589,539	552,879	526,300	493,943	536,710
Bond issuance costs	-	-	-	-	-
<b>Total expenditures</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>
Excess (deficiency) of revenues over (under) expenditures	(2,023,118)	(169,191)	396,634	490,697	(648,263)
<b>Other Financing Sources (Uses)</b>					
Debt issuance	-	-	-	-	-
Issuance of capital lease	125,000	-	-	-	4,087,218
Cost to issue debt	-	-	-	-	-
Premium on debt issuance	-	-	-	-	-
Payment to escrow agent	-	-	-	(1,214,150)	-
Refunding bonds/lease issued	-	-	-	-	(3,646,951)
Transfers in	92,038	295,373	161,832	258,832	1,036,598
Transfers out	(92,038)	(295,373)	(161,832)	(258,832)	(83,221)
<b>Total other financing sources (uses)</b>	<b>125,000</b>	<b>-</b>	<b>-</b>	<b>(1,214,150)</b>	<b>1,393,644</b>
<b>Net Change in Fund Balances</b>	<b>\$ (1,898,118)</b>	<b>\$ (169,191)</b>	<b>\$ 396,634</b>	<b>\$ (723,453)</b>	<b>\$ 745,381</b>
Debt service as a percentage of noncapital expenditures	17.1%	18.1%	17.4%	16.9%	17.9%

Source: Comprehensive Annual Financial Report

# 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				
	2017	2018	2019	2020	2021
<b>Revenues</b>					
Taxes	\$ 6,399,207	\$ 6,703,224	\$ 7,169,500	\$ 7,896,341	\$ 8,736,857
Licenses, fees, and permits	465,917	462,291	182,210	244,188	1,646,852
Franchise fees	-	777,768	764,887	806,115	809,838
Fines and forfeitures	196,564	189,315	144,181	90,778	85,918
Public safety fees	264,317	184,260	194,930	193,734	337,044
Charges for services	76,682	81,142	82,754	308,599	245,453
Intergovernmental	339,415	712,870	864,336	1,064,680	937,032
Investment earnings	13,272	53,986	112,609	59,584	3,490
Contributions	4,399	-	-	-	-
Miscellaneous	184,530	141,834	219,942	40,382	83,648
<b>Total revenues</b>	<b>7,944,303</b>	<b>9,306,690</b>	<b>9,735,349</b>	<b>10,704,401</b>	<b>12,886,132</b>
<b>Expenditures</b>					
<b>Current</b>					
General government	1,321,110	1,473,009	1,611,757	1,982,013	1,873,559
Public safety	4,271,460	4,390,751	4,966,865	4,709,552	6,071,051
Public works	728,228	718,519	788,130	878,155	1,005,271
Culture and recreation	322,353	373,593	328,507	376,479	348,914
Economic development	-	-	-	-	-
Capital outlay	972,098	207,510	725,256	595,069	516,446
Debt service					
Principal	1,122,944	1,205,033	1,428,543	1,435,439	1,554,474
Interest and fiscal charges	349,041	384,963	296,008	276,866	263,296
Bond issuance costs	-	-	-	-	-
<b>Total expenditures</b>	<b>9,087,234</b>	<b>8,753,378</b>	<b>10,145,066</b>	<b>10,253,573</b>	<b>11,633,011</b>
Excess (deficiency) of revenues over (under) expenditures	(1,142,931)	553,312	(409,717)	450,828	1,253,121
<b>Other Financing Sources (Uses)</b>					
Debt issuance	-	-	2,760,000	-	-
Issuance of capital lease	331,865	-	375,378	-	-
Cost to issue debt	-	-	(66,550)	-	-
Premium on debt issuance	-	-	-	-	-
Payment to escrow agent	-	-	-	(1,214,150)	(1,545,300)
Refunding bonds/lease issued	-	-	-	1,265,803	1,540,000
Transfers in	1,006,384	277,217	230,437	251,926	195,560
Transfers out	(257,767)	(277,217)	(230,437)	(251,926)	(383,084)
<b>Total other financing sources (uses)</b>	<b>1,080,482</b>	<b>-</b>	<b>3,068,828</b>	<b>51,653</b>	<b>(192,824)</b>
<b>Net Change in Fund Balances</b>	<b>\$ (62,449)</b>	<b>\$ 553,312</b>	<b>\$ 2,659,111</b>	<b>\$ 502,481</b>	<b>\$ 1,060,297</b>
Debt service as a percentage of noncapital expenditures	18.1%	18.6%	18.3%	17.7%	16.4%

Source: Annual Comprehensive 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>
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%
2019	\$ 517,326,245	\$ 155,373,286	\$ 29,734,655	\$ 11,730,455	\$ 690,703,731	\$ 0.72571	\$ 690,703,731	100.00%
2020	\$ 584,136,210	\$ 111,486,922	\$ 23,929,984	\$ 57,395,099	\$ 690,703,731	\$ 0.73497	\$ 690,703,731	100.00%
2021	\$ 610,463,688	\$ 114,757,038	\$ 25,308,936	\$ 55,313,812	\$ 695,215,850	\$ 0.77409	\$ 695,215,850	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)**

Fiscal Year	City Direct Rates			Overlapping Rates			
	City Rate	General Obligation Debt Service	Total Direct	Kennedale Independent School District	Tarrant County	Tarrant County College District	Tarrant County Hospital District
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
2019	0.535219	0.190495	0.72571	1.451694	0.234000	0.136070	0.224429
2020	0.544429	0.190541	0.72571	1.350000	0.234000	0.130170	0.224429
2021	0.582686	0.191399	0.73497	1.336400	0.234000	0.130170	0.224429

**Source:** Tarrant Appraisals District ( 2020 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 – 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
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%
2019	\$ 5,219,526	\$ 5,169,354	99.04%	-	\$ 5,169,354	99%
2020	\$ 5,949,183	\$ 5,798,463	97.47%	-	\$ 5,798,463	97%
2021	\$ 6,521,122	\$ 6,063,561	97.47%	-	\$ 6,063,561	93%

**Source:** Tarrant County Tax Office, Summary Part C (As Of September 30, 2020).

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

Fiscal Year	Governmental Activities				Business-type Activities							Per Capita	Population
	Revenue Bonds	General Obligation/Certificates of Obligation	Capital Leases Obligations	Tax Notes	Term Loan	General Obligation/Certificates of Obligation	Capital Leases	Total Primary Government	Percentage of Personal Income				
2012	\$ 50,000	\$ 13,930,405	\$ 298,290	\$ -	\$ -	\$ 3,621,950	\$ -	\$ 17,900,645	0.27%	2,534	6,914		
2013	\$ -	\$ 13,240,601	\$ 221,065	\$ -	\$ -	\$ 3,411,325	\$ 1,721,658	\$ 18,594,649	0.40%	2,562	7,063		
2014	\$ -	\$ 12,469,623	\$ 140,436	\$ -	\$ -	\$ 3,191,875	\$ 1,629,163	\$ 17,431,097	0.42%	2,357	7,257		
2015	\$ -	\$ 11,655,557	\$ 99,701	\$ -	\$ -	\$ 2,965,512	\$ 1,539,241	\$ 16,260,011	0.45%	2,035	7,394		
2016	\$ -	\$ 11,001,843	\$ 424,473	\$ -	\$ -	\$ 2,728,413	\$ 1,445,849	\$ 15,600,578	0.47%	1,943	7,992		
2017	\$ -	\$ 10,026,300	\$ 600,557	\$ -	\$ -	\$ 2,475,575	\$ 1,350,209	\$ 14,452,641	0.50%	1,738	8,031		
2018	\$ -	\$ 9,024,582	\$ 554,114	\$ -	\$ -	\$ 2,213,912	\$ 1,254,570	\$ 13,047,178	0.56%	1,565	8,315		
2019	\$ -	\$ 8,099,682	\$ 722,846	\$ 2,575,000	\$ -	\$ 1,941,512	\$ 1,149,939	\$ 14,488,979	0.52%	1,696	8,543		
2020	\$ -	\$ 7,178,035	\$ 451,985	\$ 2,275,000	\$ -	\$ 1,660,288	\$ 1,035,195	\$ 12,600,503	0.64%	1,526	8,255		
2021	\$ -	\$ 6,186,673	\$ 320,247	\$ 1,805,000	\$ -	\$ 1,363,322	\$ 923,206	\$ 10,598,448	0.75%	1,244	8,517		

Source: Notes to the financial statements and Table N

**City of Kennedale, Texas**  
**Table I – 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		
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
2019	\$ 8,099,682	\$ -	\$ 8,099,682	1.17%	\$ 948
2020	\$ 7,178,035	\$ -	\$ 7,178,035	1.04%	\$ 870
2021	\$ 6,186,673	\$ -	\$ 6,186,673	0.89%	\$ 726

Source: Table E, I, and N

**City of Kennedale, Texas**  
**Table J – 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 2020 was established at \$0.734970 per \$100 assessed valuation based on 100 percent of net taxable value.

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

<b>Year</b>	<b>Estimated Population</b>	<b>Median Household Income</b>	<b>Per Capita Median Household Income</b>	<b>Unemployment Rate</b>
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%
2019	8,543	\$ 75,000	\$ 32,435	3.5%
2020	8,255	\$ 80,565	\$ 35,350	3.3%
2021	8,517	\$ 79,575	\$ 36,588	6.9%

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

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

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

Employer	2021		2015	
	Employees	Percentage of Total City Employment	Employees	Percentage of Total City Employment
Kennedale Independent School District	412	27.82%	411	22.68%
Speed Fab Crete	75	5.06%	128	7.06%
Hawk Steel	73	4.93%	92	5.08%
Excel Polymers	63	4.25%	76	4.19%
ARK Contracting Services	62	4.19%	115	6.35%
RE Watson & Associates	62	4.19%	17	0.94%
Harrison Jet Guns	61	4.12%	92	5.08%
City of Kennedale	59	3.98%	78	4.30%
Mike Conkle's Custom Cabinets	39	2.63%	85	4.69%
US Galvanizing LP	38	2.57%	34	1.88%
H&O Die Supply	20	1.35%	19	1.05%
QT South LLC	20	1.35%	0	0.00%
Redi-Mix LP	18	1.22%	22	1.21%
Texas Tile	17	1.15%	55	3.04%
Stovall Electric	11	0.74%	30	1.66%
Global Servo Hydraulics	6	0.41%	9	0.50%
Wear Master	4	0.27%	5	0.28%
Fort Worth Tower	331	22.35%	480	26.49%
Old Castle Infrastructure	110	7.43%	64	3.53%
	1,481	100.00%	1,812	100.00%

Source: Economic Development Department

# City of Kennedale, Texas

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

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government										
Management services	4.0	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	3.0	2.5	2.5	3.0	3.0	3.7
Planning	2.5	2.5	3.0	3.0	3.0	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	3.0	2.0	2.0	2.0	1.5	1.0	1.0
Police										
Officers	19.0	19.0	16.0	19.0	20.0	20.0	21.0	21.0	21.0	21.0
Civilians	7.5	7.5	7.5	2.5	2.5	2.1	2.5	2.5	2.5	2.7
Fire										
Firefighters and officers	16.0	16.0	16.0	16.0	16.0	16.0	16.0	20.0	17.0	19.0
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	8.0	8.0	8.0	8.0	8.0	8.0	11.0	10.8
Economic development	-	-	-	-	-	-	-	-	-	-
Library	3.5	3.5	3.5	3.5	3.5	4.0	4.0	4.0	4.0	4.0
Water/Wastewater	14.5	12.5	11.5	11.5	11.5	11.5	11.5	11.5	-	-
<b>Total</b>	<b>79.5</b>	<b>77.5</b>	<b>76.0</b>	<b>75.00</b>	<b>75.5</b>	<b>75.1</b>	<b>76.5</b>	<b>80.5</b>	<b>68.5</b>	<b>71.1</b>

Sources: FY2020-21 Adopted Budget.

Note: A fulltime employee is scheduled to work 2080 hours per year (including vacation and sick leave). Fulltime equivalent employment is calculated by dividing total labor hours by 2080. These figures also include regular, part-time and seasonal employees.

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

<b>Function/Program</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>General Government</b>										
Building permits issued	535	389	504	406	504	292	593	41	40	664
Building inspections conducted	474	363	477	355	1,185	1,752	1,165	399	114	1,232
<b>Police</b>										
Physical arrests	246	244	260	203	203	374	109	111	163	154
Parking violations	359	2,117	2,045	1,675	24	6	7	8	6	16
Traffic violations	6,248	7,609	4,287	3,778	2,828	4,296	1,692	1,725	2,249	1,263
<b>Fire</b>										
Emergency responses	1,028	1,039	909	1,131	867	1,166	693	706	740	1,508
Fires extinguished	183	217	135	199	200	200	58	155	29	80
Inspections	193	185	173	198	178	218	66	87	56	45
<b>Library</b>										
Volumes in collection	17,986	17,943	15,299	14,752	16,292	16,831	16,322	16,322	16,671	14,896
Total volumes borrowed	16,317	17,429	17,257	16,162	20,288	21,579	18,007	18,007	17,863	16,291
<b>Water and Wastewater</b>										
New connections	54	36	87	73	39	59	65	81	111	79
Average daily consumption	1,060,488	1,000,704	968,841	892,014	898,918	980,413	909,919	1,003,523	772,156	921,301
Peak daily consumption	2,939,100	2,355,100	2,135,272	2,471,500	2,021,800	1,884,040	2,449,850	2,015,488	-	-

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

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<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	13	13	14	17	17	8	8	8	8	9
<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	46	46	49
Streetlights	-	-	-	332	332	346	346	346	346	376
<b>Parks and recreation</b>										
Acreage	28	28	28	28	28	27	27	27	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	49	67	68
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	3,325	3,300
Elevated	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,145	1,250
Ground	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,180	2,150
Sanitary sewers (miles)	-	-	-	48	48	50	50	50	47	48
Storm sewers (miles)	-	-	-	4	4	4	4	4	5	6

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