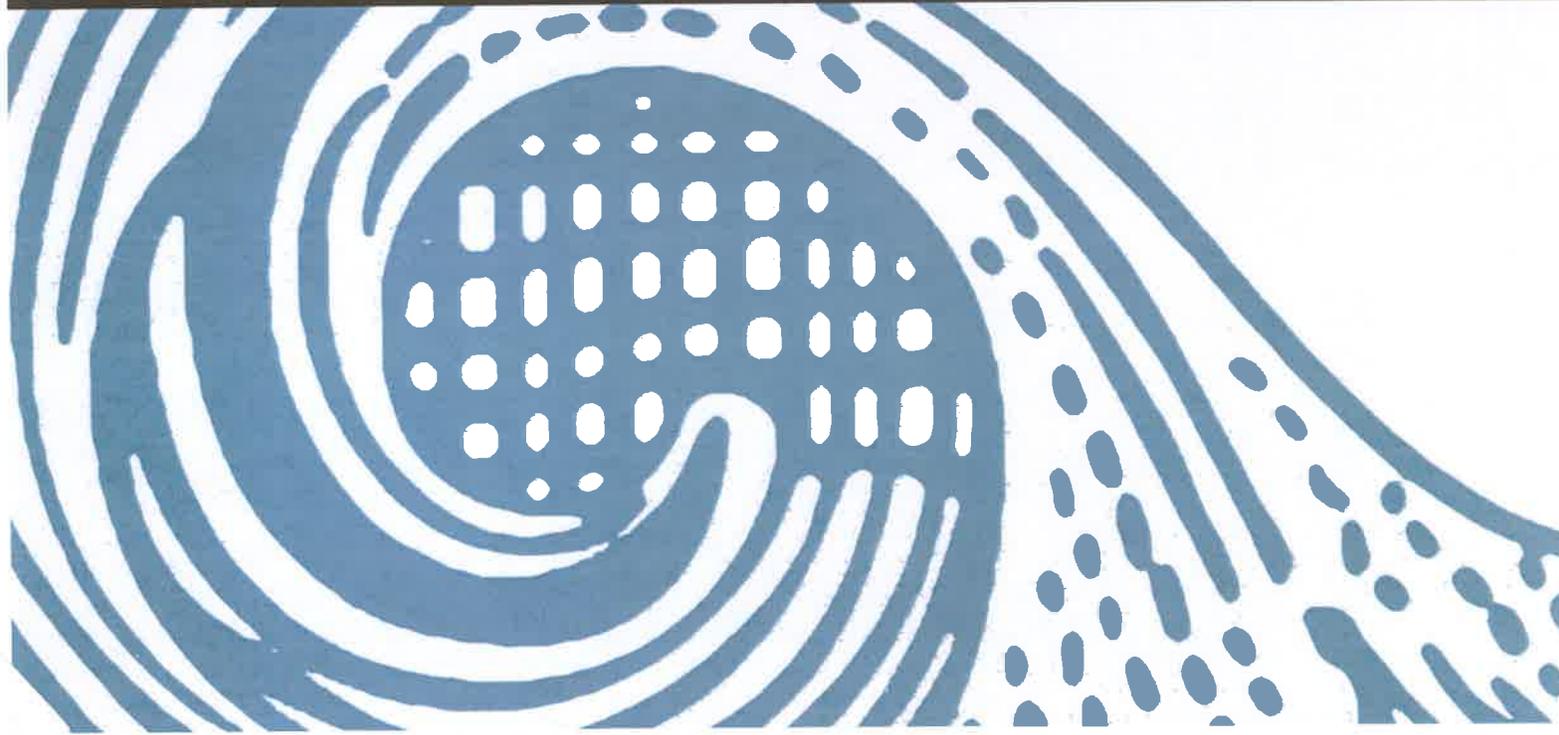


*Comprehensive
Annual
Financial
Report*

CITY OF KENNEDALE, TEXAS
YEAR ENDED SEPTEMBER 30, 2015





KENNEDALE
You're Here, Your Home
www.cityofkennedale.com

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF KENNEDALE, TEXAS

**YEAR ENDED
SEPTEMBER 30, 2015**

Prepared By: Department of Finance

CITY OF KENNEDALE, TEXAS

TABLE OF CONTENTS

SEPTEMBER 30, 2015

**Page
Number**

INTRODUCTORY SECTION

Letter of Transmittal	i – vi
GFOA Certificate of Achievement	vii
Organizational Chart	viii
Principal City Officials	ix

FINANCIAL SECTION

Independent Auditors' Report.....	1 – 3
Management's Discussion and Analysis	4 – 11
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	12
Statement of Activities.....	13 – 14
Fund Financial Statements	
Balance Sheet – Governmental Funds	15
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	17

CITY OF KENNEDALE, TEXAS
TABLE OF CONTENTS
(Continued)
SEPTEMBER 30, 2015

**Page
Number**

FINANCIAL SECTION (Continued)

Fund Financial Statements (Continued)

Statement of Net Position – Proprietary Fund	18
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund	19
Statement of Cash Flows – Proprietary Fund	20
Notes to Financial Statements.....	21 – 46

Required Supplementary Information

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund.....	43
Schedule of Changes in Net Pension Liability and Related Ratios	48
Schedule of Contributions.....	49
Notes to Required Supplementary Information	50

Combining Fund Statements and Schedules

Nonmajor Governmental Funds

Combining Balance Sheet.....	51 – 52
Combining Statement of Revenues, Expenditures and Changes in Fund Balance.....	53 – 54
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Debt Service Fund.....	55

CITY OF KENNEDALE, TEXAS
TABLE OF CONTENTS
(Continued)
SEPTEMBER 30, 2015

	<u>Table Number</u>	<u>Page Number</u>
STATISTICAL SECTION (Unaudited)		
Net Position By Component	1	56
Change In Net Position	2	57 – 58
Fund Balances Governmental Funds	3	59
Changes In Fund Balances Governmental Funds	4	60 - 61
Assessed Value and Estimated Actual Value of Taxable Property	5	62
Direct and Overlapping Property Tax Rates.....	6	63
Principal Property Taxpayers.....	7	64
Property Tax Levies And Collections.....	8	65
Ratios Of Outstanding Debt By Type.....	9	66
Ratios Of General Bonded Debt Outstanding.....	10	67
Direct And Overlapping Governmental Activities Debt	11	68
Legal Debt Margin Information.....	12	69
Pledged Revenue Coverage	13	70
Demographic And Economic Statistics	14	71
Principal Employers.....	15	72
Fulltime Equivalent City Government Employees By Function.....	16	73
Operating Indicators By Function.....	17	74
Capital Asset Statistics By Function/Program.....	18	75

THIS PAGE LEFT BLANK INTENTIONALLY

INTRODUCTORY SECTION

THIS PAGE LEFT BLANK INTENTIONALLY



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

February 1, 2016

Honorable Mayor and City Council,
Citizens of Kennedale:

The City of Kennedale (the “City”) Financial Management Policies requires that the City’s Finance Department prepare a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Accordingly, the Comprehensive Annual Financial Report for the City of Kennedale, Texas for the fiscal year ended September 30, 2015, 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 Pattillo, Brown and Hill LLP, Independent Certified Public Accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2015, 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 unqualified opinion that the City’s financial statements for the fiscal year ended September 30, 2015, are fairly presented in conformity with GAAP. The independent auditor’s report is presented as the first component of the financial section of this report.

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

PROFILE OF THE GOVERNMENT

The City of Kennedale was incorporated in 1947. The City of Kennedale is a first tier suburb of Fort Worth and is located adjacent to Arlington in south Tarrant County. The City currently occupies a land area of 6.2 square miles and serves a population of 7,992. The City is empowered to levy property tax on both real and business personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically, when deemed appropriate by the city council.

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

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

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

FACTORS AFFECTING FINANCIAL CONDITION

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

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

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

Kennedale has experienced steady population growth in the last decade. Beautiful Village Creek slowly winds through the City and provides a tranquil feeling throughout the community. Current and future subdivisions are designed on oversized lots, which result in spacious residential areas that compliment the coveted rural setting.

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

The Kennedale Economic Development Corporation (KEDC) was formed in 1996 to spearhead the economic growth of the City. The KEDC is funded by a voter approved, half cent sales tax, which is used to offer grants and other economic incentives to existing and new businesses. The KEDC is pursuing a four-pronged approach to economic development: land assembly and clearing for resell, manufacturing expansion, retail development and quality of life improvements. The redevelopment of the north entry into Kennedale (Oak Crest area) is in progress. A master plan has been adopted. Link Street to Kennedale Parkway was opened. The improved access has led to the development of a Popeye's and Burger King due to opened in early 2015. Other retail sites have been secured with development activity expected in 2016. The KEDC is also working with property owners in the area to develop their land.

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

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

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

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

Long-Term Financial Planning.

CURRENT YEAR PROJECTS

The City of Kennedale leveraged its resources by working with TxDOT and Tarrant County to enhance its transportation network. Sidewalks are being installed along Kennedale Parkway with completion by March 2016. The road projects are funded by the City purchasing road material, and the Tarrant County Precinct 2 road crews building the roadways. This approach allowed the city to construct a new section of Link Street so that it connects with Kennedale Parkway. Opening Link Street will enhance the opportunity for economic development at the north entry to Kennedale (Oak Crest area).

An important element of the City's strategic plan – *Imagine Kennedale 2015* was to close the racetracks and convert the property to residential use. The City began that process with an update of the Comprehensive Land Use Plan. The City created a Tax Increment Reinvestment Zone (TIRZ) to fund off-site infrastructure improvements, namely the extension of water and sewer service, reconstruction of New Hope Road, and the addition of hike and bike trails along Kennedale Branch. TIRZ participation agreements with Tarrant County, Tarrant College District, and the Tarrant County Health District were completed in 2013. The City has a development agreement is to convert the property following the 2016 racing season. A water and sewer study to plan for the extension of the utility services is complete.

Council, Board, and staff activities are guided by the City's strategic plan – *Imagine Kennedale 2015* – and the recently adopted Comprehensive Land Use Plan. These plans call for the creation of residential areas on the southwest portion of Kennedale. The TIRZ, noted earlier, will guide this effort. Redevelopment of Oak Crest will be a long-term effort, and it too is underway. Restoration of Village Creek as a park and water quality feature will consume staff time and resources for many years to come. Village Creek will require the assistance of the City of Arlington, the Corps of Engineers, the Trinity River Authority (TRA), the Tarrant Regional Water District, the University of Texas at Arlington (UTA), the Environmental Protection Agency (EPA), the Texas Commission on Environmental Quality (TCEQ), and the Texas Water Development Board (TWDB). A Section 205 Flood Control study by the US Army Corps of Engineers is underway with completion expected in October 2016. Water quality and sediment testing is being done through the UTA Engineering Department with guidance from TRA. This planning activity will be essential to the City's efforts to close a portion or all of the salvage yards located in the Village Creek floodplain.

The City completed an Asset Management Plan with assistance from UTA and the Public Sector Digest. The plan will be used to help guide future council policy discussions.

FUTURE PROJECTS

Beyond physical improvements in Kennedale, there will continue to be a focus on operational efficiencies and strategic planning. The city council adopted the Policy Governance model espoused by Dr. John Carver. The governance model is enhanced with the focus on staff development following the management philosophy of the Requisite Organization, the Competing Values Framework, and the Ethical Climate Dimensions model.

Transportation improvements for the year include the construction of Bloxom Park Road and the reconstruction of Caylebaite Street and True Gunn Street. The City will also pursue an access study of Kennedale Parkway through a corporative effort with TxDOT and NCTCOG. The study will be used to install a raised median in the Parkway rather than a continuous turn lane.

Efforts are underway to update the City's zoning ordinances. The draft of a unified development code will be completed in mid-2016. The City Council will initiate preliminary planning to update the City's strategic plan with a citizen opinion survey to be administered in the fall of 2016.

RELEVANT FINANCIAL POLICIES

The City continues to budget cautiously in regards to anticipated revenues due to the economy. The City was able to budget its revenue within a small variance and maintain responsibility in its expenditures resulting in a better than anticipated decrease in fund balance in the General Fund. However, this was still a decrease and the City will continue on with its current plans and has continued to monitor its budget responsibly.

AWARDS AND ACKNOWLEDGEMENTS

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Kennedale for its CAFR for the fiscal year ended September 30, 2014. This was the eleventh consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both GAAP and applicable legal requirements.

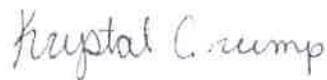
A Certificate of Achievement is valid for a period of one year only. We believe our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully Submitted,



Bob Hart
City Manager



Krystal Crump
Director of Finance & IT



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Kennedale
Texas**

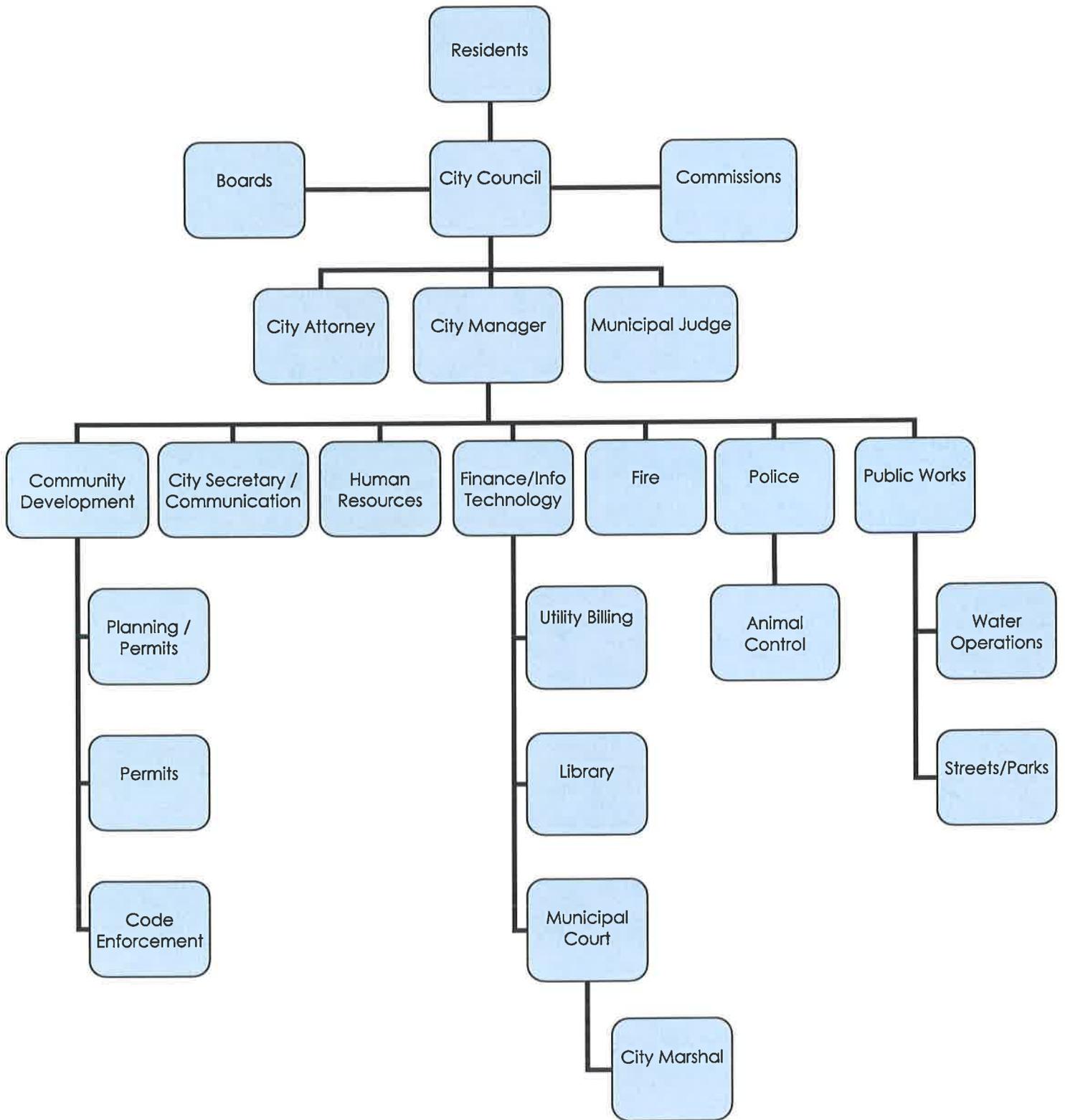
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO

**CITY OF KENNEDALE, TEXAS
ANNUAL PROGRAM OF SERVICES**

CITY ORGANIZATIONAL CHART



"EXEMPLIFYING EXCELLENCE"

KENNEDALE CITY COUNCILMEMBER LISTING

ELECTED OFFICIALS

Mayor	Brian Johnson
Council Member Place 1	Charles Overstreet
Council Member Place 2	Liz Carrington
Council Member Place 3	Mike Walker
Council Member Place 4/Mayor Pro-Tem	Kelly Turner
Council Member Place 5	Frank Fernandez

APPOINTED & KEY OFFICIALS

City Manager	Bob Hart
City Secretary/Communications Coordinator	Leslie Galloway
City Attorney	Taylor, Olson Adkins, Sralla & Elam, LLP
Director of Finance & IT	Krystal Crump
Human Resources Director	Kelly Cooper
Police Chief	Tommy Williams
Fire Chief	Mike McMurray
Director Of Public Works	Larry Ledbetter
Director of Planning	Rachel Roberts

ECONOMIC DEVELOPMENT CORPORATION OFFICIALS

Director Place 1	Michael Johnson
Director Place 2	Pat Turner
Director Place 3	Ronald Whitley
Director Place 4 - President	Robert Mundy
Director Place 5	Adrienne Kay
Director Place 6	Jon Mark Yeary
Director Place 7	Rebecca Mowell

THIS PAGE LEFT BLANK INTENTIONALLY

FINANCIAL SECTION

THIS PAGE LEFT BLANK INTENTIONALLY



P A T T I L L O , B R O W N & H I L L , L . L . P .
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor,
City Council and City Manager
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 City of Kennedale, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Kennedale'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.

Auditors' 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 entity'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 entity'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 of Kennedale, as of September 30, 2015, 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.

Change in Accounting Principle

As discussed in Note I to the financial statements, in 2015 the City adopted new accounting guidance, Governmental Account Standards (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* and Governmental Account Standards (GASB) Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in net pension liability and related ratios, and the schedule of contributions on pages 4 through 11 and 47 through 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Kennedale's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial 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 nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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 have also issued our report dated February 1, 2016, on our consideration of the City of Kennedale'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Kennedale's internal control over financial reporting and compliance.

Pattillo, Borm & Hill, L.L.P.

Hillsboro, Texas
February 1, 2016

THIS PAGE LEFT BLANK INTENTIONALLY

**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

THIS PAGE LEFT BLANK INTENTIONALLY

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Kennedale, Texas, we offer readers of the City of Kennedale financial statements, this narrative overview, and analysis of the financial activities of the City of Kennedale for the fiscal year ended September 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflow of resources for the City of Kennedale exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$33,256,978. Of this amount, \$232,907 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City of Kennedale's net position increased by \$549,665. This increase is due to an increase in capital grants and contribution, property taxes and other taxes. These changes were offset by decreased charges for services and increased general government, public safety, public works and water and wastewater expenses.
- As of the close of the current fiscal year, the City of Kennedale's governmental funds reported combined ending fund balances of \$2,121,558, an increase of \$539,875 in comparison with the prior year. Approximately, 80.91% of this amount, \$1,716,655 is available for spending at the City's discretion (unassigned fund balance).
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$1,716,655 or 25.45% of total 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. City of Kennedale's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

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 a private-sector business.

The statement of net position presents information on all of the City of Kennedale's assets, liabilities and deferred inflows/outflows of resources, with the difference between them 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.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). Both the statement of net position and the statement of activities are prepared utilizing the full accrual basis of accounting.

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

- **Governmental activities** – Most of the City’s basic services are reported here, including administrative, police, fire, municipal court, community development, streets, parks, senior citizen center and library. Property taxes, sales taxes, franchise fees, license and permit fees finance most of these activities.
- **Business-type activities** – The City charges a fee to customers to cover all or most of the cost of certain services it provides. The City’s water and wastewater system and solid waste system are reported here.

The government-wide financial statements include not only the City of Kennedale itself (known as the primary government), but also a legally separate economic development corporation. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

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 10 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund and Capital Bond Fund, which are considered to be major funds. Data from the other 7 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor 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.

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.

The City of Kennedale maintains one individual Enterprise Fund to account for its water and wastewater, and solid waste. This fund is considered to be a major fund of the City.

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 nonmajor governmental funds are presented immediately following the notes to the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, over time net position may serve as a useful indicator of a government's financial position. In the case of the City of Kennedale, assets exceeded liabilities by \$33,256,978 at the close of the most recent fiscal year. By far the largest portion of the City's net position (\$32,614,617 or 98.07%) reflects its investment in capital assets (e.g. land, building, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF KENNEDALE'S NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	Activities	Activities	Activities	Activities	2015	2014
	2015	2014	2015	2014		
Current and other assets	\$ 3,133,137	\$ 2,275,619	\$ 977,711	\$ 2,175,513	\$ 4,110,848	\$ 4,451,132
Capital assets	33,185,015	33,514,346	15,617,955	15,192,718	48,802,970	48,707,064
Total assets	36,318,152	35,789,965	16,595,666	17,368,231	52,913,818	53,158,196
Total deferred outflows of resources	419,801	-	49,321	-	469,122	-
Long-term liabilities	13,675,173	12,946,912	4,727,840	4,854,793	18,403,013	17,801,705
Other liabilities	941,350	624,538	707,015	619,289	1,648,365	1,243,827
Total liabilities	14,616,523	13,571,450	5,434,855	5,474,082	20,051,378	19,045,532
Total deferred inflows of resources	66,743	-	7,841	-	74,584	-
Net Position:						
Net investment in capital assets	21,429,758	20,904,287	11,184,859	10,443,338	32,614,617	31,347,625
Restricted	409,454	380,622	-	-	409,454	380,622
Unrestricted	215,475	933,606	17,432	1,450,811	232,907	2,384,417
Total net position	\$ 22,054,687	\$ 22,218,515	\$ 11,202,291	\$ 11,894,149	\$ 33,256,978	\$ 34,112,664

An additional portion of the City of Kennedale's net position (\$409,454 or 1.23%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$232,907 or 0.7%) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City reported a positive balance in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

During the current fiscal year, the City's net position increased by \$549,665. This increase represents the degree to which increases in ongoing revenues have outstripped similar increases in ongoing expenses. This increase follows a prior year increase of \$715,022 due to increases in capital grants and contribution, property taxes and other taxes offset by increased general government, public safety and water and wastewater expenses.

CITY OF KENNEDALE'S CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 1,305,789	\$ 1,660,099	\$ 3,683,542	\$ 3,775,546	\$ 4,989,331	\$ 5,435,645
Operating grants and contributions	139,677	47,119	-	-	139,677	47,119
Capital grants and contributions	490,975	115,058	-	-	490,975	115,058
General revenues:						
Property taxes	4,274,752	4,143,977	-	-	4,274,752	4,143,977
Other taxes	2,402,228	1,965,297	-	-	2,402,228	1,965,297
Other revenues	691,659	509,676	281	218	691,940	509,894
Total revenues	<u>9,305,080</u>	<u>8,441,226</u>	<u>3,683,823</u>	<u>3,775,764</u>	<u>12,988,903</u>	<u>12,216,990</u>
Expenses:						
General government	1,348,921	1,242,021	-	-	1,348,921	1,242,021
Public safety	4,521,511	4,274,108	-	-	4,521,511	4,274,108
Public works	1,638,428	1,476,670	-	-	1,638,428	1,476,670
Culture and recreation	339,328	358,226	-	-	339,328	358,226
Interest on long-term debt	478,440	510,355	-	-	478,440	510,355
Water and wastewater	-	-	4,112,610	3,640,588	4,112,610	3,640,588
Total expenses	<u>8,326,628</u>	<u>7,861,380</u>	<u>4,112,610</u>	<u>3,640,588</u>	<u>12,439,238</u>	<u>11,501,968</u>
Change in net assets before transfers	978,452	579,846	(428,787)	135,176	549,665	715,022
Transfers	49,178	-	(49,178)	-	-	-
Change in Net Position	1,027,630	579,846	(477,965)	135,176	549,665	715,022
Net position beginning	22,218,515	21,943,037	11,894,149	11,566,276	34,112,664	33,509,313
Prior period adjustment	(1,191,458)	(304,368)	(213,893)	192,697	(1,405,351)	(111,671)
Net position, ending	<u>\$ 22,054,687</u>	<u>\$ 22,218,515</u>	<u>\$ 11,202,291</u>	<u>\$ 11,894,149</u>	<u>\$ 33,256,978</u>	<u>\$ 34,112,664</u>

Governmental activities. Governmental activities net position increased by \$1,027,630. The increase is more than the prior year increase of \$579,846 due primarily to an increase in capital grants and contributions, property taxes and other taxes. These changes were offset by decreased charges for services as well as increased general government, public safety, public works and water and wastewater expenses.

Business-type activities. Business-type activities net position decreased by \$477,965. Gross revenue of the Water and Sewer Fund was \$3,683,823 for the fiscal year, which is \$91,941 less than the 2013-2014 fiscal year gross revenue, \$3,775,764. This decrease is a result of a decrease in charges for services. Direct operating expenses, excluding depreciation, were \$3,229,698 for the fiscal year. Direct operating expenses are \$269,668 more than 2013-2014 fiscal year direct operating expenses, \$2,960,030, due to increased costs of administration.

FINANCIAL ANALYSIS OF THE GOVERNMENT'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 balances may serve as a useful measure of a government's net resources at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$2,121,588. \$15,786 of this total is nonspendable to indicate the amount cannot be spent and \$389,117 is restricted to indicate constraints placed on the use of the resources either externally imposed by creditors, by laws or regulations of other governments imposed or imposed by law through constitutional provisions or enabling legislation. The remaining balance of \$1,716,655 constitutes unassigned fund balance.

Of the \$2,121,558 ending fund balance, \$378,742 is accounted for in non-major governmental funds. The General Fund balance is \$1,732,441 at year end – an increase of \$506,546. This increase was created primarily by a combination of increased property taxes, sales taxes, intergovernmental and other revenue, as well as decreased public works expenditures. These are offset by increases in general government, public safety and capital outlay expenditures.

In the General Fund, the City budgeted for a decrease of fund balance in the amount of \$425,904. The fund balance in the General Fund increased by \$506,546, or 41.04% during the current fiscal year. Significant revenue and expenditure increases and decreases were in the following areas:

- Sales taxes
- Licenses and permits
- Intergovernmental revenues
- Charges for services
- Public safety
- Public works
- Capital outlay

The Debt Service Fund balance increased \$7,526 to \$10,375 at year end. This increase is primarily the result of increased property tax revenue. The Capital Bond Fund balance decreased \$37,123 to a year-end total of \$0. This decrease is caused by capital outlay expenditures related to projects including grant projects exceeding revenue and the remainder covered by matching funds from the General Fund.

Proprietary funds – The City of Kennedale’s proprietary funds provide the same type of information found in government-wide financial statements, but in more detail.

Year-end net position in the water and wastewater fund amounted to \$11,202,291. This includes a current year decrease of \$477,965. See the business-type activity discussion above for more information.

General Fund budgetary highlights. The actual expenditures for the year were \$6,745,291, which was \$346,989 under budget.

For FY 2014-2015, the actual revenues were \$7,362,971 as compared to the budgeted amount of \$6,794,476. Contributing to the variance was lower than anticipated fines and forfeitures (\$96,304 less than the budget), and charges for services (\$28,865 less than the budget). Also contributing to the variance was higher than anticipated revenues from sales tax revenue (\$258,685 higher than the budget), franchise fees (\$52,030 higher than the budget), intergovernmental revenue (\$92,882 higher than the budget) and other revenue (\$243,781 higher than the budget).

With revenues exceeding expectation and expenditures below appropriations, the fund balance in the General Fund increased by \$506,546, which was \$932,450 higher than the final budgeted decrease.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The investment in capital assets for its governmental and business type activities as of September 30, 2015, amounts to \$48,802,970 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, infrastructure, construction work in progress, and water and sewer systems. Approximately 68% of the capital assets are governmental and 32% are business type activities.

CITY OF KENNEDALE’S CAPITAL ASSETS AT YEAR-END

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Land	\$ 3,963,754	\$ 3,988,595	\$ 409,801	\$ 233,452	\$ 4,373,555	\$ 4,222,047
Buildings and improvements	4,994,902	4,968,901	5,253,412	5,253,412	10,248,314	10,222,313
Machinery and equipment	3,125,866	3,538,567	958,437	807,360	4,084,303	4,345,927
Infrastructure/water and wastewater distribution	35,465,422	35,036,791	15,844,746	13,682,836	51,310,168	48,719,627
Construction in progress	795,736	487,550	736,604	2,104,481	1,532,340	2,592,031
Less accumulated depreciation	(15,160,665)	(14,506,058)	(7,585,045)	(6,888,823)	(22,745,710)	(21,394,881)
Total capital assets, net	\$ 33,185,015	\$ 33,514,346	\$ 15,617,955	\$ 15,192,718	\$ 48,802,970	\$ 48,707,064

Major capital asset events during the current fiscal year included the following:

Governmental activities building improvements	\$ 26,001
Governmental activities construction in progress	717,817
Governmental activities completed infrastructure additions	428,631
Governmental activities equipment purchases	167,005
Business-type activities equipment purchases	151,077
Business-type activities completed improvements	2,161,910
Business-type activities construction in progress	532,902

Additional information on the capital assets can be found in Note 3 on pages 35-36 of this report.

Long-term debt. At year-end, the City had total bonded debt and capital lease payable obligations of \$16,108,942. Of this amount, \$14,469,999 represents bonded debt backed by the full faith and credit of the City. The City’s capitalized lease obligation of \$1,638,943 pertains to the purchase of a fire truck, street equipment, utility vehicles and equipment and new water lines and meters.

**OUTSTANDING DEBT AT YEAR-END
BONDS, CAPITAL LEASE AND LOAN PAYABLE**

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Certificates of obligation bonds	\$ 11,504,487	\$ 12,308,125	\$ 2,965,512	\$ 3,191,875	\$ 14,469,999	\$ 15,500,000
Capital leases	99,701	140,436	1,539,242	1,629,163	1,638,943	1,769,599
Total	\$ 11,604,188	\$ 12,448,561	\$ 4,504,754	\$ 4,821,038	\$ 16,108,942	\$ 17,269,599

The City’s certificates of obligation bonds continue to carry Baa1 from Moody’s Investor Services.

Additional information on the long-term debt can be found in Note 3 on pages 37-40 of this report.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

The City Council approved a tax rate of \$0.767500 per \$100 assessed valuation for the new fiscal year. The budget was conservatively prepared in anticipation of a continued economic downturn. The fund balance for the General Fund is expected to decrease slightly in fiscal year 2015-2016.

During the current year, the General Fund fund balance increased by \$498,255, to \$1,732,441. This increase was more than the anticipated decrease of \$425,904 that was budgeted for fiscal year 2014-2015.

The Budget approach is based on six components:

1. Improve transparency for residents.

Financial data and other pertinent documents have been added to the website. The city will maintain its gold level rating for transparency from the Texas State Comptroller’s Office. The gold level standards are evolving such that software upgrades may be necessary in the near future.

2. Governance.

The City Council and staff will continue to focus on governance policies, and the involvement of Advisory Boards. Two City Council members attended the policy governance workshop during the year and three will attend during the upcoming year. The City Council interviewed advisory board applicants against each Board’s responsibilities and charge. The advisory board’s discussions and exploration of issues are much improved. Board direction and feedback will continue in the future.

3. Encourage economic development.

The City and the Kennedale Economic Development Corporation (KEDC) are working together on the redevelopment of the Oak Crest area. This development will improve north entry to the community and will be complimentary of the planned development of Village Creek Park. The County constructed Link Street in order to open the area for access and development. The KEDC assembled and sold two lots for fast food restaurants: a Popeye's and the Burger King. The KEDC is assembling land for a potential hotel development in the Oak Crest Area. Phase I of the Kennedale TownCenter is complete. Phase II will be constructed in mid-2016. Village Creek Park is moving into the initial phase with a Section 205 Flood Control Study by the US Army Corps of Engineers (authorized in the FY 15 federal budget). A final report is expected in October 2016.

4. Residential development.

The city is working with developers for the establishment of four subdivisions. These include The Vineyard (117 homes), Swiney Estates (35 homes), Hilltop (32 homes) and Falcon Crest (8 homes). The Vineyard and Falcon Crest are under construction. The City created a Tax Increment Reinvestment Zone (TIRZ) with support from Tarrant County, Tarrant County College District, and the Tarrant County Health District. The TIRZ will provide for an orderly closing of the race tracks and conversion of the property to residential development by late 2017. A 144 unit tax credit senior housing project is planned with construction anticipated to begin in mid-2016.

5. Planning.

The City is updating the development and zoning codes and regulations into a unified development code to guide the physical development of the City consistent with the recently adopted Comprehensive Land Use Plan. This 18 month process is expected to be completed during the year.

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**

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF KENNEDALE, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Economic Development Corporation
ASSETS				
Cash and investments	\$ 2,218,279	\$ 340,284	\$ 2,558,563	\$ 249,720
Receivables (net of allowances for uncollectibles)				
Taxes	321,814	-	321,814	70,758
Accounts	577,258	547,834	1,125,092	7,963
Inventories	-	89,593	89,593	-
Other assets	15,786	-	15,786	-
Prepaid items	-	-	-	1,027
Capital assets:				
Land	3,963,754	409,801	4,373,555	1,457,391
Buildings and improvements	4,994,902	5,253,412	10,248,314	5,882,511
Machinery and equipment	3,125,866	958,437	4,084,303	-
Infrastructure/water and wastewater distribution	35,465,422	15,844,746	51,310,168	-
Construction in progress	795,736	736,604	1,532,340	-
Less: accumulated depreciation	<u>(15,160,665)</u>	<u>(7,585,045)</u>	<u>(22,745,710)</u>	<u>(1,168,430)</u>
Total capital assets	<u>33,185,015</u>	<u>15,617,955</u>	<u>48,802,970</u>	<u>6,171,472</u>
Total assets	<u>36,318,152</u>	<u>16,595,666</u>	<u>52,913,818</u>	<u>6,500,940</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to TMRS	<u>419,801</u>	<u>49,321</u>	<u>469,122</u>	<u>-</u>
Total deferred outflows of resources	<u>419,801</u>	<u>49,321</u>	<u>469,122</u>	<u>-</u>
LIABILITIES				
Accounts payable	479,715	381,722	861,437	704
Accrued liabilities	256,477	27,190	283,667	-
Accrued interest payable	84,122	64,371	148,493	25,693
Unearned revenue	121,036	-	121,036	-
Customer deposits	-	233,732	233,732	14,899
Noncurrent liabilities:				
Due within one year	974,212	339,266	1,313,478	88,372
Due in more than one year	<u>12,700,961</u>	<u>4,388,574</u>	<u>17,089,535</u>	<u>1,310,217</u>
Total liabilities	<u>14,616,523</u>	<u>5,434,855</u>	<u>20,051,378</u>	<u>1,439,885</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to TMRS	<u>66,743</u>	<u>7,841</u>	<u>74,584</u>	<u>-</u>
Total deferred inflows of resources	<u>66,743</u>	<u>7,841</u>	<u>74,584</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	21,429,758	11,184,859	32,614,617	4,772,883
Restricted for:				
Debt service	30,712	-	30,712	-
Capital improvements	373,456	-	373,456	-
Economic development	-	-	-	288,172
Other purposes	5,286	-	5,286	-
Unrestricted	<u>215,475</u>	<u>17,432</u>	<u>232,907</u>	<u>-</u>
Total net position	<u>\$ 22,054,687</u>	<u>\$ 11,202,291</u>	<u>\$ 33,256,978</u>	<u>\$ 5,061,055</u>

The notes to the financial statements are an integral part of this statement.

CITY OF KENNEDALE, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ 1,348,921	\$ 720,308	\$ -	\$ -
Public safety	4,521,511	500,044	139,548	-
Public works	1,638,428	84,250	-	490,975
Culture and recreation	339,328	1,187	129	-
Interest on long-term debt	478,440	-	-	-
Total governmental activities	<u>8,326,628</u>	<u>1,305,789</u>	<u>139,677</u>	<u>490,975</u>
Business-type activities:				
Water/Wastewater	<u>4,112,610</u>	<u>3,683,542</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>4,112,610</u>	<u>3,683,542</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 12,439,238</u>	<u>\$ 4,989,331</u>	<u>\$ 139,677</u>	<u>\$ 490,975</u>
Component Unit:				
Kennedale Economic Development Corporation	<u>\$ 803,546</u>	<u>\$ 116,845</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:

Taxes:

Property - general purposes

Property - debt service

Sales

Franchise

Investment earnings

Miscellaneous

Transfers

Total general revenues

Change in net position

Net position, beginning

Prior period adjustment

Net position, ending

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and
Changes in Net Position

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Economic Development Corporation
\$(628,613)	\$ -	\$(628,613)	\$ -
(3,881,919)	-	(3,881,919)	-
(1,063,203)	-	(1,063,203)	-
(338,012)	-	(338,012)	-
(478,440)	-	(478,440)	-
(6,390,187)	-	(6,390,187)	-
-	(429,068)	(429,068)	-
-	(429,068)	(429,068)	-
<u>\$(6,390,187)</u>	<u>\$(429,068)</u>	<u>\$(6,819,255)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$(686,701)</u>
\$ 3,158,951	\$ -	\$ 3,158,951	\$ -
1,115,801	-	1,115,801	-
1,491,342	-	1,491,342	496,083
910,886	-	910,886	-
887	281	1,168	112
690,772	-	690,772	57,855
49,178	(49,178)	-	-
<u>7,417,817</u>	<u>(48,897)</u>	<u>7,368,920</u>	<u>554,050</u>
1,027,630	(477,965)	549,665	(132,651)
22,218,515	11,894,149	34,112,664	5,220,834
<u>(1,191,458)</u>	<u>(213,893)</u>	<u>(1,405,351)</u>	<u>(27,128)</u>
<u>\$ 22,054,687</u>	<u>\$ 11,202,291</u>	<u>\$ 33,256,978</u>	<u>\$ 5,061,055</u>

CITY OF KENNEDALE, TEXAS

**BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Bond Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and investments	\$ 1,653,219	\$ 14,375	\$ 157,680	\$ 393,005	\$ 2,218,279
Receivables (net of allowance for uncollectibles)					
Taxes	298,516	23,298	-	-	321,814
Accounts	164,307	-	406,735	6,216	577,258
Due from other funds	371,820	-	-	-	371,820
Prepaid items	15,786	-	-	-	15,786
Total assets	<u>\$ 2,503,648</u>	<u>\$ 37,673</u>	<u>\$ 564,415</u>	<u>\$ 399,221</u>	<u>\$ 3,504,957</u>
LIABILITIES					
Accounts payable	\$ 360,903	\$ -	\$ 98,333	\$ 20,479	479,715
Accrued liabilities	256,477	-	-	-	256,477
Due to other funds	-	-	371,820	-	371,820
Unearned revenue	19,813	6,961	94,262	-	121,036
Total liabilities	<u>637,193</u>	<u>6,961</u>	<u>564,415</u>	<u>20,479</u>	<u>1,229,048</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	59,184	20,337	-	-	79,521
Unavailable revenue - ambulance	74,830	-	-	-	74,830
Total deferred inflows of resources	<u>134,014</u>	<u>20,337</u>	<u>-</u>	<u>-</u>	<u>154,351</u>
FUND BALANCES					
Nonspendable:					
Prepaid items	15,786	-	-	-	15,786
Restricted for:					
Debt service	-	10,375	-	-	10,375
Public safety	-	-	-	5,286	5,286
Capital projects	-	-	-	373,456	373,456
Unassigned	1,716,655	-	-	-	1,716,655
Total fund balances	<u>1,732,441</u>	<u>10,375</u>	<u>-</u>	<u>378,742</u>	<u>2,121,558</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,503,648</u>	<u>\$ 37,673</u>	<u>\$ 564,415</u>	<u>\$ 399,221</u>	

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 33,185,015

Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds. 154,351

Long-term liabilities (net pension liability, bonds payable, and etc.) are not due and payable in the current period and therefore have not been included in the fund financial statements. Also, the premium on the issuance of bonds and deferred resources related to the net pension liability are not reported in the funds. (13,406,237)

Net position of governmental activities \$ 22,054,687

The notes to the financial statements are an integral part of this statement.

CITY OF KENNEDALE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	General	Debt Service	Capital Bond Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes:					
Property	\$ 3,174,142	\$ 1,120,298	\$ -	\$ -	\$ 4,294,440
Sales	1,491,342	-	-	-	1,491,342
Franchise fees	910,886	-	-	-	910,886
Licenses and permits	261,761	-	-	84,250	346,011
Fines and forfeitures	227,295	-	-	1,187	228,482
Public safety fees	247,907	-	-	-	247,907
Intergovernmental	137,882	-	490,975	1,812	630,669
Charges for services	459,651	-	-	-	459,651
Investment earnings	722	23	8	134	887
Contributions	-	-	-	2,153	2,153
Other	451,383	153,519	24,841	83,700	713,443
Total revenues	<u>7,362,971</u>	<u>1,273,840</u>	<u>515,824</u>	<u>173,236</u>	<u>9,325,871</u>
EXPENDITURES					
Current:					
General government	1,228,989	-	-	-	1,228,989
Public safety	4,240,832	-	-	6,675	4,247,507
Public works	803,885	-	-	47,048	850,933
Culture and recreation	268,377	-	-	4,587	272,964
Capital outlay	203,208	-	693,259	-	896,467
Debt service:					
Principal	-	844,371	-	-	844,371
Interest and fiscal charges	-	493,943	-	-	493,943
Total expenditures	<u>6,745,291</u>	<u>1,338,314</u>	<u>693,259</u>	<u>58,310</u>	<u>8,835,174</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>617,680</u>	<u>(64,474)</u>	<u>(177,435)</u>	<u>114,926</u>	<u>490,697</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	72,000	140,312	45,919	258,231
Transfers out	(111,134)	-	-	(97,919)	(209,053)
Total other financing sources and (uses)	<u>(111,134)</u>	<u>72,000</u>	<u>140,312</u>	<u>(52,000)</u>	<u>49,178</u>
NET CHANGE IN FUND BALANCES	506,546	7,526	(37,123)	62,926	539,875
FUND BALANCES, BEGINNING	<u>1,234,186</u>	<u>2,849</u>	<u>37,123</u>	<u>315,816</u>	<u>1,589,974</u>
PRIOR PERIOD ADJUSTMENT	<u>(8,291)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,291)</u>
FUND BALANCES, ENDING	<u>\$ 1,732,441</u>	<u>\$ 10,375</u>	<u>\$ -</u>	<u>\$ 378,742</u>	<u>\$ 2,121,558</u>

The notes to the financial statements are an integral part of this statement.

CITY OF KENNEDALE, TEXAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2015

Amounts reported for governmental activities in the Statement of Activities (pages 13 - 14) are different because:

Net change in fund balances - total governmental funds (page 16)	\$ 539,875
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	(329,331)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	4,050
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	(42,085)
Certain pension expenditures are not expended in the government-wide financial statements and recorded as deferred resource outflows. This item relates to contributions made after the measurement date. Additionally, a portion of the City's unrecognized deferred resource inflows/outflows related to the pension liability were amortized.	10,748
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	<u>844,373</u>
Change in net position of governmental activities (pages 13 -14)	<u>\$ 1,027,630</u>

The notes to the financial statements are an integral part of this statement.

CITY OF KENNEDALE, TEXAS

STATEMENT OF NET POSITION

PROPRIETARY FUND

SEPTEMBER 30, 2015

	Business-type Activities- Enterprise Fund Water and Wastewater
ASSETS	
Current assets:	
Cash and investments	\$ 340,284
Accounts receivable - net of allowances for uncollectibles	547,834
Inventories	<u>89,593</u>
Total current assets	<u>977,711</u>
Noncurrent assets:	
Capital assets:	
Land	409,801
Buildings and improvements	5,253,412
Equipment	958,437
Water and wastewater distribution	15,844,746
Construction in progress	736,604
Less: accumulated depreciation	<u>(7,585,045)</u>
Total noncurrent assets	<u>15,617,955</u>
Total assets	<u>16,595,666</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to TMRS	<u>49,321</u>
Total deferred outflows of resources	<u>49,321</u>
LIABILITIES	
Current liabilities:	
Accounts payable	381,722
Accrued liabilities	27,190
Accrued interest	64,371
Customer deposits	233,732
Compensated absences	8,773
Capital leases payable	93,393
Bonds payable	<u>237,100</u>
Total current liabilities	<u>1,046,281</u>
Long-term liabilities:	
Compensated absences	35,091
Net pension liability	179,222
Capital leases payable	1,445,849
Bonds payable	<u>2,728,412</u>
Total long-term liabilities	<u>4,388,574</u>
Total liabilities	<u>5,434,855</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to TMRS	<u>7,841</u>
Total deferred inflows of resources	<u>7,841</u>
NET POSITION	
Net investment in capital assets	11,184,859
Unrestricted	<u>17,432</u>
Total net position	<u>\$ 11,202,291</u>

The notes to the financial statements are an integral part of this statement.

CITY OF KENNEDALE, TEXAS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

PROPRIETARY FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Business-type Activities- Enterprise Fund Water and Wastewater
OPERATING REVENUES	
Water sales	\$ 1,878,194
Wastewater charges	1,207,318
Tap and collection fees	306,707
Other service charges	250,435
Miscellaneous income	<u>40,888</u>
Total operating revenues	<u>3,683,542</u>
OPERATING EXPENSES	
Cost of sales and services	1,676,877
Administration	1,552,821
Depreciation	<u>696,222</u>
Total operating expenses	<u>3,925,920</u>
OPERATING INCOME	(242,378)
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	281
Interest and fiscal charges on debt	<u>(186,690)</u>
Total nonoperating revenues (expenses)	<u>(186,409)</u>
Income before transfers	(428,787)
Transfers in	197,312
Transfers out	<u>(246,490)</u>
CHANGE IN NET POSITION	(477,965)
TOTAL NET POSITION, BEGINNING	11,894,149
PRIOR PERIOD ADJUSTMENT	<u>(213,893)</u>
TOTAL NET POSITION, ENDING	<u>\$ 11,202,291</u>

The notes to the financial statements are an integral part of this statement.

CITY OF KENNEDALE, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>Business-type Activities- Enterprise Fund Water and Wastewater</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 3,669,660
Cash payments to employees for services	(1,557,859)
Cash payments to suppliers for goods and services	(1,625,353)
Cash provided by operating activities	<u>486,448</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	197,312
Transfers to other funds	(246,490)
Cash used for noncapital financing activities	<u>(49,178)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal repayments on debt	(316,284)
Interest and fiscal charges on debt	(187,815)
(Acquisition) disposal of capital assets	(1,175,730)
Cash used for capital and related financing activities	<u>(1,679,829)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	<u>281</u>
Cash provided by investing activities	<u>281</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(1,242,278)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>1,582,562</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 340,284</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$(242,378)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	696,222
Change in assets and liabilities:	
Decrease (increase) in accounts receivable	(51,746)
Decrease (increase) in inventories	(13,348)
Decrease (increase) in deferred outflows related to TMRS	(19,784)
Increase (decrease) in accounts payable	64,872
Increase (decrease) in accrued liabilities	6,733
Increase (decrease) in customer deposits	17,246
Increase (decrease) in compensated absences	10,109
Increase (decrease) in deferred inflows related to TMRS	7,841
Increase (decrease) in net pension liability	<u>10,681</u>
Total adjustments	<u>728,826</u>
Net cash provided by operating activities	<u>\$ 486,448</u>

The accompanying notes are an integral part of this statement.

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF KENNEDALE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

City of Kennedale, Texas (the “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 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:

A. Reporting Entity

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 Town’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 Town.

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. KEDC is presented as a governmental fund type.

A separately issued 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

B. Government-wide and Fund 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 interfund 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*.

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.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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.

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

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* 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 nonoperating revenue and expenses.

D. Assets, Liabilities and Net Position or Equity

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 maturing within one year of date of purchase are stated at cost or amortized cost; all other investments are stated at fair value, which is based on quoted market prices. Investment income is recorded in the funds in which the investments are recorded.

The City invests in The Texas Local Government Investment Pool (TexPool). The Texas Local Government Investment Pool (TexPool) is a public funds investment pool created pursuant to the Interlocal Cooperation Act of the State of Texas.

The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure. Finally, TexPool is rated AAAM by Standard & Poor's. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as the Office of the Comptroller of Public Accounts for review. TexPool operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than fair value to report Net Position to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares.

The City also invests in Texas Short-term Asset Reserve Program (TexSTAR). TexSTAR is organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. These two acts provide for the creation of public funds investment pools and authorize eligible governmental entities to invest their public funds and funds under their control through the investment pools. TexSTAR is currently rated AAAM by Standard & Poor's and has an investment objective of achieving and maintaining a stable net asset value of \$1.00 per share.

The City also invests in TexasTERM. TexasTERM is a local government investment portfolio established to allow counties, municipalities, school districts, municipal authorities and other governmental entities in Texas to pool their funds for investment under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, the PTIA and other cooperative statutes and under the statutes governing investment of funds by those local governments. TexasTERM is rated AAAM by Standard and Poor's. TexasTERM seeks to maintain a constant net asset value of \$1.00 per share.

For purpose of presenting the proprietary fund cash flow statement, cash and cash equivalents includes 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 interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund 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 activities are reported 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 revenue.

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, 2015, the City had a tax rate of \$0.7475 per \$100 of which \$0.551216 was allocated for general government and \$0.196284 was allocated for payment of principal and interest on general long-term debt.

Inventories and Prepaid Items

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

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

Restricted Assets

Certain proceeds of the Enterprise Fund bonds and certain resources set aside for their repayment are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

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 estimated fair market value at the date of donation.

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:

<u>Assets</u>	<u>Years</u>
Plants and buildings	20
Machinery and equipment	4 - 10
Infrastructure (streets and drainage)	35 - 125
Other structures	50

Compensated Absences

Vacation is earned in varying amounts up to a maximum of 160 hours per year for 40-hour week personnel with 6 or more years of service. Vacation leave does not accumulate from one year to the next for amounts over 160 hours.

40-hour per week personnel accrues one-half working day (4 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. 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, pension related deferred outflows and inflows of resources, and pension expense, City specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's Total Pension Liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions.

Net Position

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

Fund Balance

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

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. Nonspendable 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 council may also assign fund balance. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.
- **Unassigned:** This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

Net Position Flow Assumption

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

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.

Deferred Outflows/Inflows of Resources

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

- Pension contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five year period.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statements element, deferred inflows or resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, this item is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and ambulance. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City also has one type of item that qualifies for reporting in this category in the government-wide financial statements. The difference in expected and actual pension experience is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

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 and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

Prior Period Adjustments

During the current year, it was determined that the City received property tax revenue of \$48,284 in advance that should have been deferred and recognized in the current year. Additionally, it was discovered that compensated absences of \$39,993 had been recorded in the General Fund for certain street employees.

The City also noted that an engineering expense in the amount of \$54,271 had been capitalized in previous years but no project concluded so the item was removed from capital assets. Finally, the City noted a \$20,617 overstatement to water and wastewater accounts receivable and allowance for doubtful accounts in the prior year.

The GASB has issued Statement No. 68, "*Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27*," which became effective for fiscal year 2015. This statement changes the focus of pension accounting for employers from whether they are responsibly funding their plan over time to a point-in-time liability that is reflected in the employer's financial statements for any actuarially unfunded portion of pension benefits earned to date.

The implementation of Statement No. 68 resulted restatement of beginning net position for the elimination of the previously reported net pension obligation, the recording of the beginning net pension liability and the beginning deferred outflow for contributions made after the measurement date. Prospectively applying these changes results in the adjustments below along with other prior period adjustments mentioned above.

	Fund Level			
	Government-wide Statement of Activities		Statement of Revenues, Expenses and Changes in Net Position-Proprietary Funds	Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds
	Governmental Activities	Business-type Activities	Water and Wastewater Fund	General Fund
Net position at September 30, 2014, as previously reported	\$ 22,218,515	\$ 11,894,149	\$ 11,894,149	\$ 1,234,186
Deferral of property tax advance	(48,284)	-	-	(48,284)
Removal of compensated absences	39,993	-	-	39,993
Removal of capital assets	-	(54,271)	(54,271)	-
Adjustments to accounts receivable	-	(20,617)	(20,617)	-
Recording of net pension liability as of September 30, 2014	(1,434,564)	(168,541)	(168,541)	-
Deferral for pension contributions made after the measurement date	251,397	29,536	29,536	-
Net position at September 30, 2014, as restated	<u>\$ 21,027,057</u>	<u>\$ 11,680,256</u>	<u>\$ 11,680,256</u>	<u>\$ 1,225,895</u>

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of Net Position. One element of that reconciliation explains, “Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$13,406,237 difference are as follows:

Certificates of obligation bonds	\$(11,504,487)
Premiums on issuance of debt (to be amortized over life of debt)	(151,069)
Capitalized lease obligations	(99,701)
Accrued interest payable	(84,122)
Net pension liability	(1,525,477)
Deferred resources related to pensions	353,058
Compensated absences	<u>(394,439)</u>
 Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	 <u>\$(13,406,237)</u>

Explanation of Certain Differences Between the Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenue, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental fund* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, “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.” The details of this \$329,331 difference are as follows:

Capital outlay (includes \$33,357 not classified as capital expenditures on the fund statements)	\$ 929,824
Sale or disposal of capital assets	\$(24,841)
Depreciation expense	<u>(1,234,314)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$(329,331)</u>

Another element of that reconciliation states, “The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this \$844,373 difference are as follows:

Principal repayments:	
General obligation debt	\$ 803,638
Capital lease	<u>40,735</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 844,373</u>

Another element of that reconciliation states, “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$42,085 difference are as follows:

Compensated absences	\$(57,586)
Accrued interest	5,072
Amortization of premium	<u>10,429</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$(42,085)</u>

3. DETAILED NOTES ON ALL FUNDS

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 Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the 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, 2015, \$1,387,086 of the City's \$1,637,086 deposit balance was collateralized with securities held by the pledging financial institution. The remaining balance, \$250,000, was covered by FDIC insurance.
- 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 AAAM by Standard and Poor's Investors Services.
- c. **Interest Rate Risk:** In accordance with the City's investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to 90 days or less, dependent on market conditions.
- d. **Concentration of Credit Risk:** The government's investment policy states the maximum percentage allowed for each different investment instrument that can be used to make up the portfolio.

At September 30, 2015, the primary government's investments consisted of:

	Fair Value
TexStar	\$ 327,028
Texas Term	31,379
State Treasurer's Investment Pool (TexPool)	<u>744,979</u>
	<u>\$ 1,103,386</u>

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 and consist of the following:

	Fair Value
State Treasurer's Investment Pool (TexPool)	<u>\$ 249,720</u>
	<u>\$ 249,720</u>

The City utilizes the following local government investment pools for its short-term liquidity investments needs: Texas Short-term Asset Reserve Program (TexStar), Texas Local Government Investment Pool (TexPool) and Texas Term. The local government investment pools operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. These pools utilize amortized cost rather than market value to report net position to compute share prices. Accordingly, the fair value is the same as the value of shares.

The State Comptroller of Public Accounts exercises oversight responsibilities over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an Advisory Board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure.

JP Morgan Fleming Asset Management, Inc. and First Southwest Asset Management, Inc. serve as co-administrators under an agreement with the TexStar board of directors to provide investment and participant services for this pool. JP Morgan Chase Bank or its subsidiary, JP Morgan Investor Services Co. provides the custodial, transfer agency, fund accounting, and depository services for this pool.

The Texas Term program has an Advisory Board made up of representatives of several participating local governments. PFM Asset Management, LLC provides administrative and investment services to the Advisory Board. U. S. Bank provides the custodial, transfer agency, fund accounting, and depository services for this pool.

Receivables

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

	<u>General</u>	<u>Debt Service</u>	<u>Capital Bond Fund</u>	<u>Water and Wastewater</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Receivables:						
Taxes	\$ 424,323	\$ 50,377	\$ -	\$ -	\$ -	\$ 474,700
Accounts	<u>2,134,616</u>	<u>-</u>	<u>406,735</u>	<u>762,605</u>	<u>6,216</u>	<u>3,310,172</u>
Gross receivables	2,558,939	50,377	406,735	762,605	6,216	3,784,872
Less: allowance for uncollectibles	<u>(2,096,116)</u>	<u>(27,079)</u>	<u>-</u>	<u>(214,771)</u>	<u>-</u>	<u>(2,337,966)</u>
Net total receivables	<u>\$ 462,823</u>	<u>\$ 23,298</u>	<u>\$ 406,735</u>	<u>\$ 547,834</u>	<u>\$ 6,216</u>	<u>\$ 1,446,906</u>

Deferred Inflows of Resources

Governmental funds report *deferred inflows of resources - unavailable* in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of *deferred inflows of resources* reported in the governmental funds were as follows:

	<u>Unavailable</u>
General fund:	
Delinquent property taxes receivable	\$ 59,184
Ambulance charges	<u>74,830</u>
	134,014
Debt service fund:	
Delinquent property taxes receivable	<u>20,337</u>
Governmental Funds	<u>\$ 154,351</u>

Capital Assets

Capital asset activity for the year ended September 30, 2015, was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Government activities:				
Capital assets, not being depreciated:				
Land	\$ 3,988,595	\$ -	\$ 24,841	3,963,754
Construction work in progress	487,550	717,817	409,631	795,736
Total capital assets not being depreciated	<u>4,476,145</u>	<u>717,817</u>	<u>434,472</u>	<u>4,759,490</u>
Capital assets, being depreciated:				
Buildings	4,968,901	26,001	-	4,994,902
Machinery and equipment	3,538,567	167,006	579,707	3,125,866
Infrastructure	35,036,791	428,631	-	35,465,422
Total capital assets being depreciated	<u>43,544,259</u>	<u>621,638</u>	<u>579,707</u>	<u>43,586,190</u>
Less accumulated depreciation:				
Buildings	2,135,463	166,172	-	2,301,635
Machinery and equipment	2,759,553	254,812	579,707	2,434,658
Infrastructure	9,611,042	813,330	-	10,424,372
Total accumulated depreciation	<u>14,506,058</u>	<u>1,234,314</u>	<u>579,707</u>	<u>15,160,665</u>
Total capital assets, being depreciated, net	<u>29,038,201</u>	<u>(612,676)</u>	<u>-</u>	<u>28,425,525</u>
Governmental activities capital assets, net	<u>\$ 33,514,346</u>	<u>\$ 105,141</u>	<u>\$ 434,472</u>	<u>\$ 33,185,015</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 233,452	\$ 176,349	\$ -	\$ 409,801
Construction work in progress	2,104,481	532,903	1,900,780	736,604
Total capital assets not being depreciated	<u>2,337,933</u>	<u>709,252</u>	<u>1,900,780</u>	<u>1,146,405</u>
Capital assets, being depreciated:				
Buildings	5,253,412	-	-	5,253,412
Machinery and equipment	807,360	151,077	-	958,437
Improvements other than buildings	13,682,836	2,161,910	-	15,844,746
Total capital assets being depreciated	<u>19,743,608</u>	<u>2,312,987</u>	<u>-</u>	<u>22,056,595</u>
Less accumulated depreciation:				
Buildings	2,190,149	108,590	-	2,298,739
Machinery and equipment	659,591	73,962	-	733,553
Improvements other than buildings	4,039,083	513,670	-	4,552,753
Total accumulated depreciation	<u>6,888,823</u>	<u>696,222</u>	<u>-</u>	<u>7,585,045</u>
Total capital assets, being depreciated, net	<u>12,854,785</u>	<u>1,616,765</u>	<u>-</u>	<u>14,471,550</u>
Business-type activities capital assets, net	<u>\$ 15,192,718</u>	<u>\$ 2,326,017</u>	<u>\$ 1,900,780</u>	<u>\$ 15,617,955</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 75,390
Public safety	241,025
Public works	853,432
Culture and recreation	<u>64,467</u>
Total depreciation expense - governmental activities	<u>\$ 1,234,314</u>
Business-type activities:	
Water and wastewater	<u>\$ 696,222</u>
Total depreciation expense - business-type activities	<u>\$ 696,222</u>

Discretely presented component units

A summary of discretely presented component units' capital assets for the year ended September 30, 2015, follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 1,340,853	\$ 116,538	\$ -	\$ 1,457,391
Construction in progress	<u>171,641</u>	<u>-</u>	<u>171,641</u>	<u>-</u>
Totals, capital assets, not being depreciated	<u>1,512,494</u>	<u>116,538</u>	<u>171,641</u>	<u>1,457,391</u>
Capital assets, being depreciated:				
Buildings	4,680,139	-	-	4,680,139
Improvements	1,017,693	-	-	1,017,693
Infrastructure	<u>-</u>	<u>184,679</u>	<u>-</u>	<u>184,679</u>
Totals, capital assets being depreciated	<u>5,697,832</u>	<u>184,679</u>	<u>-</u>	<u>5,882,511</u>
Less accumulated depreciation for:				
Buildings	702,929	234,007	-	936,936
Improvements	176,916	50,884	-	227,800
Infrastructure	<u>-</u>	<u>3,694</u>	<u>-</u>	<u>3,694</u>
Total accumulated depreciation	<u>879,845</u>	<u>288,585</u>	<u>-</u>	<u>1,168,430</u>
Total capital assets, being depreciated, net	<u>4,817,987</u>	<u>(103,906)</u>	<u>-</u>	<u>4,714,081</u>
Capital assets, net	<u>\$ 6,330,481</u>	<u>\$ 12,632</u>	<u>\$ 171,641</u>	<u>\$ 6,171,472</u>

Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2015 is as follows:

Interfund receivables/payables:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Capital Bond Fund	\$ 371,820
Total		<u>\$ 371,820</u>

The amount payable to the General Fund is to cover expenditures in the Capital Projects Fund.

Interfund transfers:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Debt Service	General Fund	\$ 20,000
Capital Bond Fund	General Fund	91,134
Debt Service	Nonmajor	52,000
Capital Bond Fund	Water and Wastewater	49,178
Nonmajor	Nonmajor	45,919
Water and Wastewater	Water and Wastewater	197,312
Total		<u>\$ 455,543</u>

The transfers were used to move unrestricted revenues collected in various funds to finance various programs that the government must account for in other funds in accordance with budgetary authorizations.

Capital Leases

The City has acquired certain fixed 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:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Machinery and Equipment	\$ 108,492	\$ 218,489	\$ 326,981
Buildings and Improvements	221,887	-	221,887
Infrastructure	-	1,650,000	1,650,000
Less: Accumulated depreciation	<u>(171,058)</u>	<u>(361,031)</u>	<u>(532,089)</u>
Total	<u>\$ 159,321</u>	<u>\$ 1,507,458</u>	<u>\$ 1,666,779</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2015, were as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2016	\$ 46,146	\$ 152,813
2017	20,414	152,813
2018	20,414	152,813
2019	20,414	152,813
2020	-	152,813
2021-2025	-	764,063
2026-2030	-	458,438
Total minimum lease payments	107,388	1,986,566
Less: amount representing interest	<u>7,687</u>	<u>447,324</u>
Present value of minimum lease payments	<u>\$ 99,701</u>	<u>\$ 1,539,242</u>

Long-term Debt

General Obligation Bonds

The City issues general obligation 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. The original amount of general obligation bonds and certificates of obligation issued in prior years was \$20,550,000.

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>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	3.65 - 4.65	\$ 9,970,000
Governmental activities - refunding	3.97	1,534,487
Business-type activities	4.10	2,015,000
Business-type activities - refunding	3.97	<u>950,512</u>
		<u>\$ 14,469,999</u>

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

Year Ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2016	\$ 852,900	\$ 456,146	\$ 237,100	\$ 115,559
2017	912,162	424,375	252,838	105,659
2018	943,338	390,117	261,662	95,261
2019	867,600	355,804	272,400	84,468
2020	903,775	322,242	281,225	73,280
2021 - 2025	4,299,712	1,061,605	1,250,287	203,432
2026 - 2030	2,545,000	294,530	410,000	17,015
2031 - 2035	180,000	3,600	-	-
Total	<u>\$ 11,504,487</u>	<u>\$ 3,308,419</u>	<u>\$ 2,965,512</u>	<u>\$ 694,674</u>

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

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

Changes in Long-term Liabilities

Long-term liability activity for the year ended September 30, 2015, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Government activities					
General obligation bonds	\$ 1,698,125	\$ -	\$ 163,638	\$ 1,534,487	\$ 172,900
Certificates of obligation	10,610,000	-	640,000	9,970,000	680,000
Premium on bonds	161,498	-	10,429	151,069	-
Capital leases	140,436	-	40,735	99,701	42,424
Compensated absences	336,853	202,841	145,255	394,439	78,888
Net pension liability	1,434,564	90,913	-	1,525,477	-
Governmental activity					
Long-term liabilities	<u>\$ 14,381,476</u>	<u>\$ 293,754</u>	<u>\$ 1,000,057</u>	<u>\$ 13,675,173</u>	<u>\$ 974,212</u>
Business-type activities					
General obligation bonds	\$ 1,051,875	\$ -	\$ 101,363	\$ 950,512	\$ 107,100
Certificates of obligation	2,140,000	-	125,000	2,015,000	130,000
Capital leases	1,629,163	-	89,921	1,539,242	93,393
Compensated absences	33,755	26,294	16,185	43,864	8,773
Net pension liability	168,541	10,681	-	179,222	-
Business-type activity					
Long-term liabilities	<u>\$ 5,023,334</u>	<u>\$ 36,975</u>	<u>\$ 332,469</u>	<u>\$ 4,727,840</u>	<u>\$ 339,266</u>

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

Discretely Presented Long-Term Debt

Long-term liability activity for the year ended September 30, 2015, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Revenue bonds	945,000	-	50,000	895,000	50,000
Texas leverage fund loan	540,737	-	37,148	503,589	38,372
Long-term liabilities	<u>1,485,737</u>	<u>-</u>	<u>87,148</u>	<u>1,398,589</u>	<u>88,372</u>

Other Information

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, 2015, 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, 2015, the City believed the amounts paid on workers’ compensation would not change significantly from the amounts recorded.

Contingent Liabilities

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

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

Defined Benefit Pension Policies

Plan Description

The City participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agency multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Sections 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tMrs.org.

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

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in over of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

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

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

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

The City does not participate in Social Security.

Employees covered by benefit terms

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	25
Inactive employees entitled to but not yet receiving benefits	90
Active employees	<u>68</u>
	<u>183</u>

Contributions

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

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 11.61% and 14.44% in calendar years 2014 and 2015, respectively. The City's contributions to TMRS for the year ended September 30, 2015, were \$483,133, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2014, 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, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	7.0%, net of pension plan investment expense, including inflation

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

Actuarial assumptions used in the December 31, 2014 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering the 2009 through 2011, and the dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses 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 return for each major assets class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.80%
International Equity	17.5%	6.05%
Core Fixed Income	30.0%	1.50%
Non-Core Fixed Income	10.0%	3.50%
Real Return	5.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	5.0%	4.25%
Private Equity	5.0%	8.50%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension
	(a)	(b)	(a) - (b)
Balance at 12/31/2013	\$ 11,192,430	\$ 9,589,325	\$ 1,603,105
Changes for the year:			
Service cost	589,507	-	589,507
Interest	794,485	-	794,485
Difference between expected and actual experience	(102,280)	-	(102,280)
Contributions - employer	-	397,779	(397,779)
Contributions - employee	-	239,832	(239,832)
Net investment income	-	548,705	(548,705)
Benefit payments, including refunds of employee contributions	(274,797)	(274,797)	-
Administrative expense	-	(5,727)	5,727
Other changes	-	(471)	471
Net changes	<u>1,006,915</u>	<u>905,321</u>	<u>101,594</u>
Balance at 12/31/2014	<u>\$ 12,199,345</u>	<u>\$ 10,494,646</u>	<u>\$ 1,704,699</u>

The following presents the net pension liability of the City, calculated using the discount rate of 7.0%, 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 (6.0%) of 1-percentage-higher (8.0%) than the current rate:

	1% Decrease in Discount Rate (6.0%)	Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
City's net pension liability	\$ 3,997,055	\$ 1,704,699	\$(94,961)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. The report may be obtained on the Internet at www.tmr.org.

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

For the year ended September 30, 2015, the City recognized pension expense of \$471,122.

At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 74,584
Difference between projected and actual investment earnings	98,038	-
Contributions subsequent to the measurement date	<u>371,083</u>	<u>-</u>
Total	<u>\$ 469,121</u>	<u>\$ 74,584</u>

\$371,083 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2015. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expenses as follows:

Year Ending December 31,	
2015	\$(3,186)
2016	(3,186)
2017	5,318
2018	24,508
2019	-
Thereafter	-

Subsequent Event

Pursuant to TMRS policy of conducting experience studies every four years, the TMRS Board at their July 31, 2015 meeting determined that they would be changing certain actuarial assumptions including reducing the long term expected rate of return from the current 7% to 6.75% and changing the inflation assumption from 3% to 2.5%. Reduction of expected investment return and related discount rate will increase projected pension liabilities. Reducing the inflation assumption reduces liabilities as future annuity levels and future cost of living adjustments are not projected to be a large as originally projected. While the actual impact on the City's valuation for December 31, 2015 is not known the City does expect some downward pressure on its funded status and upward pressure on its 2017 actuarially determined contribution (ADC) due to this change. Accordingly, the city has included in its approved fiscal year 2016 budget to continue to fund pension contributions above the required ADC which will help smooth impacts of any increases in the required ADC for fiscal year 2017.

Other Postemployment Benefits

Supplemental Death Benefits Fund

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) 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.

Contributions

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.

Schedule of Contribution Rates			
(RETIREE-only portion of the rate)			
Plan/ Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2012	0.02%	0.02%	100%
2013	0.02%	0.02%	100%
2014	0.02%	0.02%	100%

**REQUIRED SUPPLEMENTARY
INFORMATION**

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF KENNEDALE, TEXAS

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES

FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property	\$ 3,182,216	\$ 3,182,216	\$ 3,174,142	\$(8,074)
Sales	1,119,172	1,232,657	1,491,342	258,685
Franchise fees	858,856	858,856	910,886	52,030
Licenses and permits	217,540	217,540	261,761	44,221
Fines and forfeitures	323,599	323,599	227,295	(96,304)
Public safety fees	238,190	238,190	247,907	9,717
Intergovernmental	45,000	45,000	137,882	92,882
Charges for service	488,516	488,516	459,651	(28,865)
Investment earnings	300	300	722	422
Other	207,602	207,602	451,383	243,781
Total revenues	<u>6,680,991</u>	<u>6,794,476</u>	<u>7,362,971</u>	<u>568,495</u>
EXPENDITURES				
Current:				
General government	1,240,504	1,305,804	1,228,989	76,815
Public safety	4,349,131	4,349,131	4,240,832	108,299
Public works	886,776	886,776	803,885	82,891
Culture and recreation	283,199	283,199	268,377	14,822
Capital outlay	267,370	267,370	203,208	64,162
Total expenditures	<u>7,026,980</u>	<u>7,092,280</u>	<u>6,745,291</u>	<u>346,989</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(345,989)</u>	<u>(297,804)</u>	<u>617,680</u>	<u>915,484</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	18,900	18,900	-	(18,900)
Transfers out	<u>(98,815)</u>	<u>(147,000)</u>	<u>(111,134)</u>	<u>35,866</u>
Total other financing sources (uses)	<u>(79,915)</u>	<u>(128,100)</u>	<u>(111,134)</u>	<u>16,966</u>
NET CHANGE IN FUND BALANCE	<u>(425,904)</u>	<u>(425,904)</u>	<u>506,546</u>	<u>932,450</u>
FUND BALANCE, BEGINNING	1,234,186	1,234,186	1,234,186	-
PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>-</u>	<u>(8,291)</u>	<u>(8,291)</u>
FUND BALANCE, ENDING	<u>\$ 808,282</u>	<u>\$ 808,282</u>	<u>\$ 1,732,441</u>	<u>\$ 924,159</u>

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS**

FOR THE YEAR ENDED SEPTEMBER 30, 2015

Plan Year	<u>2014</u>
A. Total pension liability	
Service Cost	\$ 589,507
Interest (on the Total Pension Liability)	794,485
Change of benefit terms	-
Difference between expected and actual experience	(102,280)
Change of assumptions	-
Benefit payments, including refunds of employee contributions	(274,797)
Net change in total pension liability	1,006,915
Total pension liability - beginning	<u>11,192,430</u>
Total pension liability - ending (a)	<u>\$ 12,199,345</u>
B. Plan fiduciary net position	
Contributions - employer	\$ 397,779
Contributions - employee	239,832
Net investment income	548,705
Benefit payments, including refunds of employee contributions	(274,797)
Administrative expenses	(5,727)
Other	<u>(471)</u>
Net change in plan fiduciary net position	905,321
Plan fiduciary net position - beginning	<u>9,589,325</u>
Plan fiduciary net position - ending (b)	<u>\$ 10,494,646</u>
C. Net pension liability - ending (a) - (b)	<u>\$ 1,704,699</u>
D. Plan fiduciary net position as a percentage of total pension liability	86.03%
E. Covered employee payroll	\$ 3,426,174
F. Net position liability as a percentage of covered employee payroll	49.76%

CITY OF KENNEDALE, TEXAS
SCHUEDLE OF CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Fiscal Year	<u>2014</u>
Actuarial determined contribution	\$ 397,779
Contributions in relation to the actuarially determined contribution	<u>397,779</u>
Contribution deficiency (excess)	-
Covered employee payroll	3,426,174
Contributions as a percentage of covered employee payroll	11.61%

NOTES TO SCHEDULE OF CONTRIBUTIONS

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	29 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	3.00%
Salary Increases	3.50% to 12.00% including inflation
Investment Rate of Return	7.00%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005-
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis of with BB.

Other Information There were no benefit changes during the year.

CITY OF KENNEDALE, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2015

(Unaudited)

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

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

**COMBINING FUND
STATEMENTS AND SCHEDULES**

THIS PAGE LEFT BLANK INTENTIONALLY

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds are used to account for specific revenue that is legally restricted to expenditures for particular purposes.

Police Seizure – to account for the receipt and expenditures of revenues derived from crime seizures that are for police purposes.

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

TIF #1 (New Hope) Fund – to account for the construction of New Hope Road from funds contributed by the City, School District and County.

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
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	Special Revenue Funds		
	Police Seizure	LEOSE Fund	TIF #1 (New Hope) Fund
ASSETS			
Cash and investments	\$ 5,286	\$ -	\$ 20,479
Receivables (net of allowance for uncollectibles):			
Other	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 5,286</u>	<u>\$ -</u>	<u>\$ 20,479</u>
LIABILITIES			
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,479</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>20,479</u>
FUND BALANCES			
Restricted for:			
Public safety	5,286	-	-
Capital projects	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>5,286</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 5,286</u>	<u>\$ -</u>	<u>\$ 20,479</u>

Capital Projects Funds

<u>Park Dedication</u>	<u>Capital Projects</u>	<u>Roadway Impact Fee</u>	<u>Library Building</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 31,285	\$ 25,125	\$ 300,683	\$ 10,147	\$ 393,005
<u>-</u>	<u>6,216</u>	<u>-</u>	<u>-</u>	<u>6,216</u>
<u>\$ 31,285</u>	<u>\$ 31,341</u>	<u>\$ 300,683</u>	<u>\$ 10,147</u>	<u>\$ 399,221</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 20,479</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,479</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,286</u>
<u>31,285</u>	<u>31,341</u>	<u>300,683</u>	<u>10,147</u>	<u>373,456</u>
<u>31,285</u>	<u>31,341</u>	<u>300,683</u>	<u>10,147</u>	<u>378,742</u>
<u>\$ 31,285</u>	<u>\$ 31,341</u>	<u>\$ 300,683</u>	<u>\$ 10,147</u>	<u>\$ 399,221</u>

CITY OF KENNEDALE, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**

FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Special Revenue Funds		
	Police Seizure	LEOSE Fund	TIF #1 (New Hope) Fund
REVENUES			
Intergovernmental	\$ -	\$ 1,795	\$ 17
Fines and forfeitures	-	-	-
Licenses and permits	-	-	-
Investment earnings	2	-	-
Contributions	-	-	-
Other	-	-	-
Total revenues	2	1,795	17
EXPENDITURES			
Current:			
Public safety	4,872	1,803	-
Public works	-	-	47,048
Culture recreation	-	-	-
Total expenditures	4,872	1,803	47,048
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,870)	(8)	(47,031)
OTHER FINANCING SOURCES(USES)			
Transfers out	-	-	-
Transfers in	-	-	45,919
Total other financing sources(uses)	-	-	45,919
NET CHANGE IN FUND BALANCES	(4,870)	(8)	(1,112)
FUND BALANCES, BEGINNING	10,156	8	1,112
FUND BALANCES, ENDING	\$ 5,286	\$ -	\$ -

Capital Projects Funds				Total Nonmajor Governmental Funds
Park Dedication	Capital Projects	Roadway Impact Fee	Library Building	
\$ -	\$ -	\$ -	\$ -	\$ 1,812
-	-	-	1,187	1,187
-	-	84,250	-	84,250
11	16	102	3	134
-	-	-	2,153	2,153
<u>375</u>	<u>83,325</u>	<u>-</u>	<u>-</u>	<u>83,700</u>
<u>386</u>	<u>83,341</u>	<u>84,352</u>	<u>3,343</u>	<u>173,236</u>
-	-	-	-	6,675
-	-	-	-	47,048
<u>3,171</u>	<u>-</u>	<u>-</u>	<u>1,416</u>	<u>4,587</u>
<u>3,171</u>	<u>-</u>	<u>-</u>	<u>1,416</u>	<u>58,310</u>
(2,785)	83,341	84,352	1,927	114,926
-	(52,000)	(45,919)	-	(97,919)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,919</u>
<u>-</u>	<u>(52,000)</u>	<u>(45,919)</u>	<u>-</u>	<u>(52,000)</u>
(2,785)	31,341	38,433	1,927	62,926
<u>34,070</u>	<u>-</u>	<u>262,250</u>	<u>8,220</u>	<u>315,816</u>
<u>\$ 31,285</u>	<u>\$ 31,341</u>	<u>\$ 300,683</u>	<u>\$ 10,147</u>	<u>\$ 378,742</u>

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF KENNEDALE, TEXAS

DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES

FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Taxes - property	\$ 1,129,639	\$ 1,129,639	\$ 1,120,298	\$(9,341)
Investment earnings	24	24	23	(1)
Other	<u>153,519</u>	<u>153,519</u>	<u>153,519</u>	<u>-</u>
Total revenues	<u>1,283,182</u>	<u>1,283,182</u>	<u>1,273,840</u>	<u>(9,342)</u>
EXPENDITURES				
Debt service:				
Principal	844,372	844,372	844,371	1
Interest and fiscal charges	<u>498,735</u>	<u>498,735</u>	<u>493,943</u>	<u>4,792</u>
Total debt service	<u>1,343,107</u>	<u>1,343,107</u>	<u>1,338,314</u>	<u>4,793</u>
Total expenditures	<u>1,343,107</u>	<u>1,343,107</u>	<u>1,338,314</u>	<u>4,793</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(59,925)</u>	<u>(59,925)</u>	<u>(64,474)</u>	<u>(4,549)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>76,001</u>	<u>76,001</u>	<u>72,000</u>	<u>(4,001)</u>
Total other financing sources (uses)	<u>76,001</u>	<u>76,001</u>	<u>72,000</u>	<u>(4,001)</u>
NET CHANGE IN FUND BALANCE	16,076	16,076	7,526	(8,550)
FUND BALANCE, BEGINNING	<u>2,849</u>	<u>2,849</u>	<u>2,849</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 18,925</u>	<u>\$ 18,925</u>	<u>\$ 10,375</u>	<u>\$(8,550)</u>

THIS PAGE LEFT BLANK INTENTIONALLY

STATISTICAL SECTION

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF KENNEDALE, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2015
STATISTICAL SECTION INDEX
(Unaudited)

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
Financial Trends These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	1-4
Revenue Capacity These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax.	5-8
Debt Capacity 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.	9-13
Economic and Demographic Indicators These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.	14-15
Operating Information 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.	16-18

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

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF KENNEDALE, TEXAS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities:										
Net investment in capital assets	\$ 12,250,813	\$ 12,344,055	\$ 12,612,099	\$ 12,781,452	\$ 11,814,703	\$ 16,014,362	\$ 20,730,909	\$ 21,100,450	\$ 20,904,287	\$ 21,429,758
Restricted	259,631	78,464	48,766	12,623	38,754	1,936,156	288,215	227,181	380,622	409,454
Unrestricted	3,995,504	3,921,649	3,766,881	3,842,214	4,168,387	1,023,286	782,589	615,406	933,606	215,475
Total governmental activities net position	\$ 16,505,948	\$ 16,344,168	\$ 16,427,746	\$ 16,636,289	\$ 16,021,844	\$ 18,973,804	\$ 21,801,713	\$ 21,943,037	\$ 22,218,515	\$ 22,054,687
Business-type activities:										
Net investment in capital assets	\$ 8,553,929	\$ 6,903,231	\$ 7,664,665	\$ 8,245,479	\$ 9,643,354	\$ 10,134,416	\$ 10,304,477	\$ 10,217,885	\$ 10,443,338	\$ 11,184,859
Restricted	924,985	924,985	-	-	-	-	-	-	-	-
Unrestricted	1,515,805	3,563,454	3,885,235	3,396,673	1,858,510	1,668,685	1,524,225	1,348,391	1,450,811	17,432
Total business-type activities net position	\$ 10,994,719	\$ 11,391,670	\$ 11,549,900	\$ 11,642,152	\$ 11,501,864	\$ 11,803,101	\$ 11,828,702	\$ 11,566,276	\$ 11,894,149	\$ 11,202,291
Primary government:										
Net investment in capital assets	\$ 20,804,742	\$ 19,247,286	\$ 20,276,764	\$ 21,026,931	\$ 21,458,057	\$ 26,148,778	\$ 31,035,386	\$ 31,318,335	\$ 31,347,625	\$ 32,614,617
Restricted	1,184,616	1,003,449	48,766	12,623	38,754	1,936,156	288,215	227,181	380,622	409,454
Unrestricted	5,511,309	7,485,103	7,652,116	7,238,887	6,026,897	2,691,971	2,306,814	1,963,797	2,384,417	232,907
Total primary government net position	\$ 27,500,667	\$ 27,735,838	\$ 27,977,646	\$ 28,278,441	\$ 27,523,708	\$ 30,776,905	\$ 33,630,415	\$ 33,509,313	\$ 34,112,664	\$ 33,256,978

CITY OF KENNEDALE, TEXAS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
EXPENSES										
Governmental activities:										
General government	\$ 1,069,043	\$ 1,051,485	\$ 1,614,745	\$ 1,281,430	\$ 1,687,785	\$ 1,346,455	\$ 1,400,946	\$ 1,338,046	\$ 1,242,021	\$ 1,348,921
Public Safety	3,807,180	3,895,186	3,843,086	3,915,078	4,135,114	4,149,812	4,334,370	4,216,559	4,274,108	4,521,511
Public works	1,030,851	1,227,223	1,162,378	1,279,797	956,657	1,386,156	1,209,842	1,338,143	1,476,670	1,638,428
Culture and recreation	254,602	251,217	273,145	324,858	346,896	335,884	344,900	358,251	358,226	339,328
Economic development	-	-	-	-	2,006,635	-	-	-	-	-
Interest on long-term debt	191,755	184,457	297,360	438,799	490,601	536,449	578,936	558,639	510,355	478,440
Total governmental activities expenses	6,353,431	6,609,568	7,190,714	7,239,962	9,623,688	7,754,756	7,868,994	7,809,638	7,861,380	8,326,628
Business-type activities:										
Water and wastewater	2,628,222	2,377,911	2,542,766	2,722,295	3,002,002	3,334,413	3,240,582	3,401,162	3,640,588	4,112,610
Total business-type activities expenses	2,628,222	2,377,911	2,542,766	2,722,295	3,002,002	3,334,413	3,240,582	3,401,162	3,640,588	4,112,610
Total primary government program expenses	\$ 8,981,653	\$ 8,987,479	\$ 9,733,480	\$ 9,962,257	\$ 12,625,690	\$ 11,089,169	\$ 11,109,576	\$ 11,210,800	\$ 11,501,968	\$ 12,439,238
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
General government	\$ 958,694	\$ 489,421	\$ 578,314	\$ 476,934	\$ 487,416	\$ 514,732	\$ 668,345	\$ 554,664	\$ 975,684	\$ 720,308
Public safety	717,527	648,597	607,201	485,605	435,195	460,983	459,955	556,655	567,835	500,044
Public works	175,655	57,840	37,377	26,018	25,174	44,910	58,007	52,299	115,110	84,250
Culture and recreation	115,403	66,291	2,424	2,180	1,674	2,023	1,554	34,591	1,470	1,187
Operating grants and contributions	99,692	191,039	143,139	74,554	67,924	64,217	83,005	135,520	47,119	139,677
Capital grants and contributions	1,397,176	-	402,146	1,215	1,424,036	2,793,402	2,872,517	453,020	115,058	490,975
Total governmental activities program revenues	3,464,147	1,453,188	1,770,601	1,066,506	2,441,419	3,880,267	4,143,383	1,786,749	1,822,276	1,936,441
Business-type activities:										
Charges for services:										
Water/Wastewater	3,209,086	2,552,255	2,585,218	2,833,378	2,856,494	3,633,725	3,264,892	3,138,201	3,775,546	3,683,542
Capital grants and contributions	843,221	-	-	-	2,856,494	3,633,725	3,264,892	3,138,201	3,775,546	3,683,542
Total business-type activities program revenues	4,052,307	2,552,255	2,585,218	2,833,378	2,856,494	3,633,725	3,264,892	3,138,201	3,775,546	3,683,542
Total primary government program revenues	\$ 7,516,454	\$ 4,005,443	\$ 4,355,819	\$ 3,899,884	\$ 5,297,913	\$ 7,513,992	\$ 7,408,275	\$ 4,924,950	\$ 5,597,822	\$ 5,619,983
NET (EXPENSE) REVENUES										
Governmental activities	\$(2,889,284)	\$(5,156,380)	\$(5,420,113)	\$(6,173,456)	\$(7,182,269)	\$(3,874,489)	\$(3,725,611)	\$(6,022,889)	\$(6,039,104)	\$(6,390,187)
Business-type activities	1,424,085	174,344	42,452	111,083	(145,508)	299,312	24,310	(262,961)	134,958	(429,068)
Total primary government net expense	\$(1,465,199)	\$(4,982,036)	\$(5,377,661)	\$(6,062,373)	\$(7,327,777)	\$(3,575,177)	\$(3,701,301)	\$(6,285,850)	\$(5,904,146)	\$(6,819,255)

(continued)

CITY OF KENNEDALE, TEXAS

CHANGES IN NET POSITION
(Continued)
LAST TEN FISCAL YEARS

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities:										
Taxes										
Property	2,638,356	2,891,614	3,194,210	3,555,215	3,945,627	3,811,589	4,010,855	3,951,116	4,143,977	4,274,752
Franchise	511,818	693,093	704,743	799,291	755,273	808,918	856,096	817,733	871,351	910,886
Sales	1,069,028	973,244	993,288	1,065,875	1,488,953	1,222,642	1,298,044	1,008,875	1,093,946	1,491,342
Investment earnings	239,006	242,876	190,424	86,660	14,263	6,401	2,885	724	389	887
Miscellaneous	173,600	193,773	401,026	815,390	363,708	976,899	383,640	426,068	509,287	690,772
Transfers	-	-	20,000	55,772	-	-	-	-	-	49,178
Total governmental activities	4,631,808	4,994,600	5,503,691	6,378,203	6,567,824	6,826,449	6,553,520	6,204,516	6,618,950	7,417,817
Business-type activities:										
Investment earnings	86,434	214,352	135,778	30,642	5,220	1,925	1,291	535	218	281
Miscellaneous	6,978	8,255	-	-	-	-	-	-	-	-
Transfers	-	-	(20,000)	(55,772)	-	-	-	-	-	(49,178)
Total business-type activities	93,412	222,607	115,778	(25,130)	5,220	1,925	1,291	535	218	(48,897)
Total primary government	4,725,220	5,217,207	5,619,469	6,353,073	6,573,044	6,828,374	6,554,811	6,205,051	6,619,168	7,368,920
CHANGE IN NET POSITION										
Governmental activities	1,742,524	(161,780)	83,578	204,747	(614,445)	2,951,960	2,827,909	181,627	579,846	1,027,630
Business-type activities	1,517,497	396,951	158,230	85,953	(140,288)	301,237	23,601	(262,426)	135,176	(477,965)
Total primary government	\$ 3,260,021	\$ 235,171	\$ 241,808	\$ 290,700	\$ (754,733)	\$ 3,253,197	\$ 2,853,510	\$ (80,799)	\$ 715,022	\$ 549,665

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF KENNEDALE, TEXAS

FUND BALANCES
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	2,206,719	2,162,064	1,433,468	1,572,628	1,508,586	31,348	5,751	46,486	40,633	15,786
Nonspendable	-	-	-	-	-	1,332,648	1,108,068	937,508	1,193,553	1,716,655
Unassigned	-	-	-	-	-	-	-	-	-	-
Total general fund	\$ 2,206,719	\$ 2,162,064	\$ 1,433,468	\$ 1,572,628	\$ 1,508,586	\$ 1,363,996	\$ 1,113,819	\$ 983,994	\$ 1,234,186	\$ 1,732,441
All other governmental funds										
Reserved	\$ 61,105	\$ 78,464	\$ 48,766	\$ 12,623	\$ 38,754	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	1,613,553	9,076	11,525	5,409	6,995	-	-	-	-	-
Capital projects funds	199,587	1,701,253	9,233,185	7,171,604	2,863,606	-	-	-	-	-
Nonspendable	-	-	-	-	-	800	800	-	-	-
Restricted for:										
Debt service funds	-	-	-	-	-	50,965	90,920	23,829	2,849	10,375
Public safety	-	-	-	-	-	10,948	10,056	3	10,164	5,286
Economic development	-	-	-	-	-	-	-	-	1,112	-
Capital projects funds	-	-	-	-	-	1,874,243	187,239	185,514	341,663	373,456
Total all other governmental funds	\$ 1,874,245	\$ 1,788,793	\$ 9,293,476	\$ 7,189,636	\$ 2,909,355	\$ 1,936,956	\$ 289,015	\$ 209,346	\$ 355,788	\$ 389,117

Source: The City implemented GASB Statement No. 54 in fiscal year 2011.

CITY OF KENNEDALE, TEXAS

CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
REVENUES										
Taxes	\$ 4,211,922	\$ 4,501,130	\$ 4,937,787	\$ 5,559,101	\$ 6,175,282	\$ 5,862,988	\$ 6,136,869	\$ 5,799,322	\$ 6,086,574	\$ 6,696,668
Licenses, fees and permits	863,073	533,138	328,638	183,454	191,016	209,047	311,921	261,451	477,447	346,011
Fines and penalties	338,261	409,850	348,630	276,347	234,065	259,073	246,438	298,964	274,413	228,482
Public safety fees	217,560	237,691	257,942	209,253	200,904	201,483	210,676	257,998	243,002	247,907
Charges for services	389,187	81,470	292,252	321,683	323,474	353,045	418,826	379,796	614,145	459,651
Intergovernmental	255,888	141,039	43,139	74,554	1,487,099	2,278,514	2,955,522	588,540	48,231	630,669
Investment earnings	239,006	242,876	190,424	86,660	14,263	6,401	2,885	724	389	887
Contributions	-	-	-	1,215	4,861	579,105	-	-	2,314	2,153
Other revenues	179,586	243,773	901,026	815,390	363,708	976,899	385,640	426,068	620,919	713,443
Total revenues	6,694,483	6,390,967	7,299,838	7,527,657	8,994,672	10,726,555	10,668,777	8,012,863	8,367,434	9,325,871
EXPENDITURES										
General government	1,008,572	1,030,068	1,594,288	1,347,642	1,777,568	1,263,666	1,276,738	1,238,641	1,126,632	1,228,989
Public Safety	566,520	593,442	530,189	435,273	440,498	513,351	553,941	552,481	560,845	578,798
Police	1,700,514	1,645,191	1,769,777	1,794,737	1,843,836	1,809,077	1,963,838	1,808,186	1,941,598	2,040,161
Fire	1,417,683	1,583,739	1,578,759	1,669,033	1,667,982	1,669,707	1,632,091	1,603,894	1,549,873	1,628,548
Other public works	764,483	793,397	685,053	874,612	613,759	974,083	840,656	684,840	1,051,794	850,933
Parks and recreation	38,657	39,086	37,147	39,689	40,935	49,279	47,298	50,964	49,387	53,741
Library	203,345	147,622	167,809	188,146	200,573	210,914	209,805	219,240	222,715	219,223
Economic development	-	-	-	-	2,006,635	-	-	-	-	-
Capital outlay	708,868	717,577	623,084	2,311,107	5,958,166	7,527,192	4,826,076	664,329	100,478	896,467
Debt service	-	-	-	-	-	-	-	-	-	-
Principal	152,685	171,139	450,944	453,480	488,495	660,969	751,913	806,600	841,178	844,371
Interest and fiscal charges	199,551	175,078	248,077	434,390	452,946	494,039	589,539	552,879	526,300	493,943
Bond issuance costs	-	-	156,195	-	87,409	114,480	-	-	-	-
Total expenditures	6,760,878	6,896,339	7,841,322	9,548,109	15,578,802	15,286,757	12,691,895	8,182,054	7,970,800	8,835,174

(continued)

CITY OF KENNEDALE, TEXAS

CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
(Continued)
LAST TEN FISCAL YEARS

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (66,395)	\$ (505,372)	\$ (541,484)	\$ (2,020,452)	\$ (6,584,130)	\$ (4,560,202)	\$ (2,023,118)	\$ (169,191)	\$ 396,634	\$ 490,697
OTHER FINANCING SOURCES (USES)										
Debt issuance	-	2,995,388	7,235,000	-	2,000,000	3,260,000	-	-	-	-
Issuance of capital lease	-	-	-	-	154,388	119,597	125,000	-	-	-
Cost to issue debt	-	-	62,571	-	-	-	-	-	-	-
Premium on debt issuance	-	-	-	-	85,419	63,616	-	-	-	-
Refunding bonds/lease issued	109,666	89,877	-	-	-	-	-	-	-	-
Paymt to refinance lease	-	(2,710,000)	-	-	-	-	-	-	-	-
Transfers in	73,714	57,545	599,646	397,667	158,850	949,476	92,038	295,373	161,832	258,231
Transfers out	(73,714)	(57,545)	(579,646)	(341,895)	(158,850)	(949,476)	(92,038)	(295,373)	(161,832)	(209,053)
Total other financing sources (uses)	109,666	375,265	7,317,571	55,772	2,239,807	3,443,213	125,000	-	-	49,178
NET CHANGE IN FUND BALANCES	\$ 43,271	\$ (130,107)	\$ 6,776,087	\$ (1,964,680)	\$ (4,344,323)	\$ (1,116,989)	\$ (1,898,118)	\$ (169,191)	\$ 396,634	\$ 539,875
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	5.8%	5.6%	12.1%	12.9%	10.1%	15.3%	17.7%	18.1%	18.3%	16.9%

CITY OF KENNEDALE, TEXAS

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value
2006	245,139,446	77,256,198	85,856,921	24,184,114	\$ 384,068,451	\$ 0.722500	355,857,239
2007	270,260,979	100,479,893	63,873,173	24,256,548	\$ 410,357,497	\$ 0.722500	387,653,132
2008	312,684,160	134,767,896	63,410,764	67,863,127	\$ 442,999,693	\$ 0.722500	435,040,102
2009	350,723,577	149,299,553	63,260,388	65,266,179	\$ 498,017,339	\$ 0.722500	465,458,096
2010	393,021,180	155,428,659	73,950,746	80,779,880	\$ 541,620,705	\$ 0.722500	510,872,435
2011	381,137,736	151,493,926	52,806,301	63,490,789	\$ 521,947,174	\$ 0.722500	515,013,256
2012	367,644,619	130,187,379	54,138,047	63,654,327	\$ 488,315,718	\$ 0.722500	546,171,493
2013	363,808,684	121,802,411	60,407,246	70,604,766	\$ 475,413,575	\$ 0.722500	539,484,058
2014	369,809,150	122,562,814	62,617,391	74,529,874	\$ 480,459,481	\$ 0.747500	531,917,562
2015	397,852,963	124,012,479	45,641,853	69,044,161	\$ 498,463,134	\$ 0.747500	566,137,723

Source: Tarrant Appraisal District Totals Report (September).

CITY OF KENNEDALE, TEXAS
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS

Fiscal Year	City Direct Rates				Overlapping Rates			
	City Rate	General Obligation Debt Service	Property Tax Relief	Total Direct Rate	Kennedale School District	Tarrant County	Tarrant County College District	Tarrant County Hospital District
2006	\$ 0.624805	\$ 0.097695	\$ -	\$ 0.722500	\$ 1.804252	\$ 0.272500	\$ 0.139380	\$ 0.235397
2007	\$ 0.628186	\$ 0.094314	\$ -	\$ 0.722500	\$ 1.720362	\$ 0.271500	\$ 0.139380	\$ 0.235397
2008	\$ 0.572665	\$ 0.149835	\$ -	\$ 0.722500	\$ 1.358610	\$ 0.266500	\$ 0.139380	\$ 0.230397
2009	\$ 0.569197	\$ 0.153303	\$ -	\$ 0.722500	\$ 1.488610	\$ 0.264000	\$ 0.137960	\$ 0.227897
2010	\$ 0.572729	\$ 0.149771	\$ -	\$ 0.722500	\$ 1.488610	\$ 0.264000	\$ 0.137670	\$ 0.227897
2011	\$ 0.571103	\$ 0.151397	\$ -	\$ 0.722500	\$ 1.544821	\$ 0.264000	\$ 0.137640	\$ 0.227897
2012	\$ 0.516013	\$ 0.206487	\$ -	\$ 0.722500	\$ 1.512068	\$ 0.264000	\$ 0.148970	\$ 0.227897
2013	\$ 0.549582	\$ 0.172918	\$ -	\$ 0.722500	\$ 1.512068	\$ 0.264000	\$ 0.148970	\$ 0.227897
2014	\$ 0.560454	\$ 0.187046	\$ -	\$ 0.747500	\$ 1.492068	\$ 0.264000	\$ 0.149500	\$ 0.227897
2015	\$ 0.551216	\$ 0.196284	\$ -	\$ 0.747500	\$ 1.514717	\$ 0.264000	\$ 0.149500	\$ 0.227897

Source: Tarrant Appraisal District (2014 Tax Rates).

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

CITY OF KENNEDALE, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2015		2006	
	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
Chesapeake Operating	\$ 17,483,590	3.51%	\$ -	- %
FWT Inc	5,455,103	1.09%	8,574,937	2.23%
Goss International Americas Inc	-	- %	9,542,036	2.48%
Hawk Steel Industrial Inc	8,433,251	1.69%	3,629,352	0.94%
Oncor Electric Delivery Co LLC	7,208,222	1.45%	-	- %
Trinidad Drilling LP	6,700,000	1.34%	-	- %
Kennedale Holdings LLC	6,594,425	1.32%	-	- %
Hexpol Compounding LLC	4,487,850	0.90%	-	- %
Newark E&P Operating LLC	5,917,480	1.19%	-	- %
Harrison Jet Guns II LP	-	- %	4,562,291	1.19%
XTO Energy Inc	4,878,560	0.98%	-	- %
DFW Midstream Services LLC	4,195,400	0.84%	-	- %
Southwestern Bell	-	- %	6,580,931	1.71%
TXU Electric	-	- %	6,275,395	1.63%
Redi Mix Inc.	-	- %	2,629,732	0.68%
Bloxom, DE Sr. Fnd Rp Hold LLC	-	- %	2,246,382	0.58%
Excel Polymers LLC	-	- %	7,329,408	1.91%
Rebar Services & Supply Co.	-	- %	3,300,528	0.86%
Total	\$ 71,353,881	14.31%	\$ 54,670,992	14.23%
Total City Taxable Assessed Value	\$ 498,463,134		\$ 384,068,451	

Source: Tarrant Appraisal District (October 1, 2014 Top Taxpayers & October 1, 2005 Top Taxpayers).

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

<u>Fiscal Year Ended</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected With the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2006	2,571,069	2,530,550	98.42%	20,260	2,550,809	99%
2007	2,825,644	2,748,063	97.25%	56,046	2,804,109	99%
2008	3,170,554	3,103,077	97.87%	67,450	3,170,527	100%
2009	3,645,994	3,362,931	92.24%	213,578	3,576,509	98%
2010	3,885,545	3,809,167	98.03%	78,849	3,888,016	100%
2011	3,749,561	3,695,515	98.56%	64,478	3,759,993	100%
2012	3,964,881	3,890,850	98.13%	52,738	3,943,588	99%
2013	3,937,340	3,880,817	98.56%	55,843	3,936,661	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%

Source: Tarrant County Tax Office, Summary Part C (As Of September 30, 2015).

CITY OF KENNEDALE, TEXAS
 RATIOS OF OUTSTANDING DEBT BY TYPE
 LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities			Business-Type Activities					Total Primary Government	Percentage of Personal Income	Per Capita	
	General Obligation Bonds	Revenue Bonds	Certificates of Obligation	Capital Leases	Water Revenue Bonds	General Obligation Bonds	Term Loan	Certificates of Obligation				Capital Leases
2006	-	-	3,605,000	388,419	-	-	462,145	1,695,000	208,086	6,358,650	0.77%	1,033.9
2007	2,695,388	265,000	790,000	342,704	-	1,669,613	354,855	2,900,000	177,613	9,195,173	0.53%	1,495.2
2008	2,571,888	225,000	7,770,000	276,534	-	1,593,113	242,849	2,805,000	139,533	15,623,917	0.31%	2,422.3
2009	2,442,213	185,000	7,540,000	226,461	-	1,512,788	125,247	2,705,000	107,087	14,843,796	0.33%	2,199.1
2010	2,306,363	140,000	9,270,000	323,204	-	1,428,638	-	2,600,000	73,068	16,141,273	0.30%	2,369.5
2011	2,161,250	95,000	12,235,000	249,888	-	1,338,750	-	2,490,000	37,399	18,607,287	0.26%	2,691.2
2012	2,013,050	50,000	11,917,355	298,290	-	1,246,950	-	2,375,000	-	17,900,645	0.27%	2,534.4
2013	1,868,675	-	11,371,926	221,065	-	1,151,325	-	2,260,000	1,721,658	18,594,649	0.26%	2,562.3
2014	1,698,125	-	10,771,498	140,436	-	1,051,875	-	2,140,000	1,629,163	17,431,097	0.28%	2,357.5
2015	1,534,487	-	10,121,069	99,701	-	950,512	-	2,015,000	1,539,241	16,260,010	0.30%	2,034.5

Source: Notes to the financial statements and Table 14.

Notes: The City issued \$455,000 in certificates of obligation bonds in 1996 that was split between Governmental Activities 38% and Business Activities 62%.

The City issued over \$5 million of new certificates of obligation bonds in 1998. And it was split between Governmental Activities 61.75% and Business Activities 38.25%. However, the first few years of the bond balance did not require any principal payments. The first principal payment due 2002.

The City issued \$790,000 in new certificates of obligation bonds in 2005. The first principal payment due 2008.

The Water/Sewer Fund borrowed \$857,189 from the Texas Department of Transportation in State Infrastructure Bank Loan for improvements of Bus. 287 Hwy.

The City entered into a capital lease for \$339,000 for equipment - split between Governmental Activities 67.65% and Business Activities 32.35%. The City also has capital lease on Fire Truck that was issued in 2003 for \$380,543 - 10 year amortization.

The City issued \$2,735,000 in new certificates of obligation bonds in 2007. First principal payment due 2008.

The City issued \$4,500,000 in new certificates of obligation bonds in 2008. First principal payment due 2009.

The City issued \$2,000,000 in new certificates of obligation bonds in 2010. First principal payment due 2011.

The City issued \$3,260,000 in new certificates of obligation bonds in 2011. First principal payment due 2012.

The City entered into a capital lease for \$125,000 for police radios in 2012. First principal payment due 2013.

The City entered into a capital lease for \$1,539,536 for Global Water Automatic Meter Reader (AMR) equipment in 2012. First principal payment due 2013.

The City amended its 2012 capital lease by adding an additional \$182,122 for Global AMR equipment in 2013. Updated total \$1,721,658. First principal payment due 2013.

CITY OF KENNEDALE, TEXAS
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year	General Bonded Debt Outstanding			Total	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Certificates of Obligation	Revenue Bonds			
2006	3,605,000	-	-	3,605,000	0.94%	\$ 586.2
2007	790,000	2,695,388	265,000	3,750,388	0.91%	\$ 609.8
2008	7,770,000	2,571,888	225,000	10,566,888	2.39%	\$ 1,638.3
2009	7,540,000	2,442,213	185,000	10,167,213	2.04%	\$ 1,506.3
2010	9,270,000	2,306,363	140,000	11,716,363	2.16%	\$ 1,732.4
2011	12,235,000	2,161,250	95,000	14,491,250	2.78%	\$ 2,142.7
2012	11,917,355	2,013,050	50,000	13,980,405	2.86%	\$ 1,979.4
2013	11,371,926	1,868,675	-	13,240,601	2.79%	\$ 1,818.8
2014	10,771,498	1,698,125	-	12,469,623	2.60%	\$ 1,682.7
2015	10,121,069	1,534,487	-	11,655,556	2.34%	\$ 1,454.9

Source: Table 5, 9 and 14.

CITY OF KENNEDALE, TEXAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF SEPTEMBER, 2015

Government Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Direct Debt (Table 9)			
City of Kennedale, Texas	\$ 11,755,257	100.000%	\$ 11,755,257
Subtotal, Direct Debt	\$ 11,755,257		
Overlapping Debt			
Arlington ISD	759,612,485	0.040%	303,845
Fort Worth ISD	782,490,000	0.110%	860,739
Kennedale ISD	41,169,449	41.300%	17,002,982
Mansfield ISD	788,320,000	0.250%	1,970,800
Tarrant County	333,795,000	0.420%	1,401,939
Tarrant County Hospital District	23,440,000	0.420%	98,448
Subtotal, Overlapping Debt	\$ 2,728,826,934		\$ 21,638,753
Total, Direct and Overlapping Debt			\$ 33,394,010
Ratio, Direct and Overlapping Debt to Taxable Assessed Valuation (Table 5)			<u>5.90%</u>

Source: Texas Municipal Reports per the Municipal Advisory Council of Texas, Other Entity Annual Financials and Table 9.

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

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

CITY OF KENNEDALE, TEXAS
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

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 2015 was established at \$0.747500 per \$100 assessed valuation based on 100% of net taxable value.

CITY OF KENNEDALE, TEXAS
 PLEDGED REVENUE COVERAGE
 LAST TEN FISCAL YEARS

Fiscal Year	Obligation Bonds				Special Assessment Bonds				Sales Tax Increment Bonds			
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Coverage	Special Assessment Collections	Debt Service Principal	Debt Service Interest	Coverage	Sales Tax Increment	Debt Service Principal	Debt Service Interest	Coverage
2006	2,740,987	2,059,626	\$ 681,361	\$ 2.07	\$ -	221,845	107,957	\$ -	\$ -	\$ -	\$ -	\$ -
2007	2,560,510	1,803,788	756,722	2.00	-	179,594	199,707	-	-	-	-	-
2008	2,585,218	1,935,911	649,307	1.83	-	180,325	174,607	-	-	-	-	-
2009	2,833,378	2,090,622	742,756	2.08	-	189,150	167,140	-	-	-	-	-
2010	2,856,494	2,378,783	477,711	1.33	-	199,888	159,278	-	-	-	-	-
2011	3,633,725	2,704,590	929,135	2.60	-	206,800	151,059	-	-	-	-	-
2012	3,264,892	2,604,618	660,274	1.87	-	210,625	142,623	-	-	-	-	-
2013	3,138,201	2,726,206	411,995	1.17	-	219,450	133,933	-	-	-	-	-
2014	3,775,546	2,960,030	815,516	2.32	-	226,363	124,925	-	-	-	-	-
2015	3,683,542	3,229,698	453,844	1.29	-	237,100	115,559	-	-	-	-	-

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation, or amortization expenses.

TABLE 14

CITY OF KENNEDALE, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2006	6,150	49,091	53,901	5.1%
2007	6,150	49,091	53,901	5.1%
2008	6,450	49,091	53,901	5.1%
2009	6,750	49,091	53,901	6.7%
2010	6,812	49,091	53,901	8.5%
2011	6,914	49,091	53,901	7.7%
2012	7,063	49,091	53,901	6.3%
2013	7,257	49,091	53,901	6.9%
2014	7,394	49,091	53,901	5.7%
2015	7,992	49,091	53,901	4.3%

Source:

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

Personal Income & Per Capita Personal Income: United States Census Bureau, 2010 Census.

Unemployment Rate: United States Department of Labor, Bureau of Labor Statistics (BLS). Adjusted yearly average based on the Local Area Unemployment Statistics (LAUS) Program.

TABLE 15

CITY OF KENNEDALE, TEXAS
PRINCIPAL EMPLOYERS
CURRENT AND FOUR YEARS AGO

Employer	2015		2011	
	Employees	Percentage of Total City Employment	Employees	Percentage of Total City Employment
Fort Worth Tower	505	32.60%	289	20.76%
Kennedale Independent School District	408	26.34%	405	29.09%
Speed Fab Crete	164	10.59%	118	8.48%
ARK Contracting Services	52	3.36%	115	8.26%
Harrison Jet Guns	35	2.26%	80	5.75%
Hawk Steel	69	4.45%	-	- %
Mike Conkle's Custom Cabinets	48	3.10%	52	3.74%
City of Kennedale	71	4.58%	86	6.18%
Excel Polymers	14	0.90%	78	5.60%
Goss International	42	2.71%	27	1.94%
Texas Tile	38	2.45%	-	- %
US Galvanizing LP	12	0.77%	27	1.94%
Stovall Electric	18	1.16%	30	2.16%
Redi-Mix LP	13	0.84%	18	1.29%
H&O Die Supply	9	0.58%	17	1.22%
RE Watson & Associates	34	2.19%	15	1.08%
Global Servo Hydraulics	11	0.71%	9	0.65%
Wear Master	6	0.39%	5	0.36%
Grover Corporation	-	- %	21	1.51%
Total	<u>1,549</u>	<u>100.00%</u>	<u>1,392</u>	<u>100.00%</u>

Source: Economic Development Department.

Note: City of Kennedale total represents an employee count, to include regular, part-time and seasonal.

CITY OF KENNEDALE, TEXAS
**FULLTIME EQUIVALENT CITY GOVERNMENT EMPLOYEES
 BY FUNCTION/PROGRAM**
 LAST TEN FISCAL YEARS

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government										
Management services	3.5	3.0	3.0	3.0	4.0	4.0	4.0	4.0	4.0	4.0
Finance	3.0	3.0	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Planning	4.0	3.5	2.0	2.5	2.5	2.5	2.5	2.5	3.0	3.0
Building	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Municipal court	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Police										
Officers	22.0	23.0	20.0	19.0	19.0	19.0	19.0	19.0	16.0	19.0
Civilians	6.0	6.5	6.5	7.5	7.5	7.5	7.5	7.5	7.5	2.5
Fire										
Firefighters and officers	16.0	20.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	14.0
Civilians	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Refuse Collection	N/A									
Other public works										
Engineering	N/A									
Streets & Parks	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Economic Development	0.5	1.0	1.0	-	-	-	-	-	-	-
Library	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Water/Wastewater	8.0	9.0	9.5	11.0	10.5	14.5	14.5	12.5	13.5	13.5
Transit	N/A									
Total	<u>76.0</u>	<u>82.0</u>	<u>74.5</u>	<u>75.5</u>	<u>76.0</u>	<u>80.0</u>	<u>80.0</u>	<u>78.0</u>	<u>76.5</u>	<u>71.5</u>

Source: FY2014-15 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
 OPERATING INDICATORS BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government										
Building permits issued	525	371	225	102	152	255	535	389	504	406
Building inspections conducted	1,985	1,069	438	81	92	204	474	363	477	355
Police										
Physical arrests	392	372	331	284	265	270	246	244	260	203
Parking violations	72	100	2,790	1,487	1,361	1,389	359	2,117	2,045	1,675
Traffic violations	5,853	4,081	5,019	4,736	3,645	4,850	6,248	7,609	4,287	3,778
Fire										
Emergency responses	1,089	1,213	1,260	1,088	1,156	1,108	1,028	1,039	909	1,131
Fires extinguished	267	230	271	250	319	315	183	217	135	199
Inspections	176	182	45	74	45	32	193	185	173	198
Refuse collection										
Refuse collected (tons per day)	N/A									
Recyclables collected (tons per day)	N/A									
Other public works										
Street resurfacing (miles)	-	-	-	-	-	-	-	-	-	-
Potholes repaired	-	-	-	-	-	-	-	-	-	-
Parks and recreation										
Athletic field permits issued	-	-	-	-	-	-	-	-	-	-
Community center admissions	-	-	-	-	-	-	-	-	-	-
Library										
Volumes in collection	17,306	20,247	19,847	18,140	16,971	18,053	17,986	17,943	15,299	-
Total volumes borrowed	16,942	23,762	29,704	310,405	17,279	16,508	16,317	17,429	17,257	16,162
Water										
New connections	108	55	26	14	21	25	54	36	87	73
Water main breaks	-	-	-	-	-	-	-	-	-	-
Average daily consumption (thousands of gallons)	905,007	770,582	896,246	869,925	1,030,864	1,147,339	1,060,488	1,000,704	968,841	892,014
Peak daily consumption (thousands of gallons)	1,741,000	1,720,200	1,828,940	1,784,042	1,913,000	2,550,400	2,939,100	2,355,100	2,135,272	2,471,500
Wastewater										
Average daily sewage treatment (thousands of gallons)	N/A									
Transit										
Total route miles	N/A									
Passengers	N/A									

Note: The City has and is working with outside consultants to accomplish this goal. Currently, we intend to approach performance measurement via the "Balanced Scorecard" system. Therefore, we do not have or track figures to provide in this type of format.

TABLE 18

CITY OF KENNEDALE, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police										
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	11	11	14	15	17	13	13	13	14	17
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Refuse collection										
Collection trucks	N/A									
Other public works										
Streets (miles)	-	-	-	-	-	-	-	-	-	42
Highways (miles)	-	-	-	-	-	-	-	-	-	-
Streetlights	-	-	-	-	-	-	-	-	-	332
Traffic signals	N/A									
Parks and recreation										
Acres	23	28	28	28	28	28	28	28	28	28
Playgrounds	2	4	4	4	4	4	4	4	4	4
Baseball/softball diamonds	3	3	3	3	3	3	3	3	3	3
Soccer/football fields	N/A									
Community centers	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	-	-	-	-	-	-	-	-	-	48
Fire hydrants	5	5	5	5	5	5	5	5	5	5
Storage capacity (total) (thousands of gallons)	3,350	3,350	3,350	3,350	3,350	3,350	3,350	3,350	3,350	3,350
Elevated	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250
Ground	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100
Wastewater										
Sanitary sewers (miles)	-	-	-	-	-	-	-	-	-	48
Storm sewers (miles)	-	-	-	-	-	-	-	-	-	4
Treatment capacity (thousands of gallons)	N/A									
Transit										
Minibuses	N/A									

Note: The City has and is working with outside consultants to accomplish this goal. Currently, we intend to approach performance measurement via the "Balanced Scorecard" system. Therefore, we do not have or track figures to provide in this type of format.

THIS PAGE LEFT BLANK INTENTIONALLY