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KENNEDALE CITY COUNCIL AGENDA

REGULAR MEETING | APRIL 19, 2022 AT 5:30 PM
CITY HALL COUNCIL CHAMBERS | 405 MUNICIPAL DRIVE, KENNEDALE, TX 76060

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I. CALL TO ORDER

To address the City Council regarding an agenda item, submit a 'Request to Speak' form before the meeting begins. Speakers are allotted three (3) minutes, must limit their comments to the subject indicated on the form, and should address the Council as a whole, rather than individual Councilmembers or staff.

II. WORK SESSION

A. WORK SESSION REPORTS

1. Presentation of the independent auditor's report (Annual Comprehensive Financial Report (ACFR)) for the fiscal year ended September 30, 2021
2. Presentation regarding the establishment of Interlocal Agreements (ILAs), Cooperative Purchasing Agreements, and/or similar with neighboring entities for the benefit of forthcoming public works projects
3. Discuss and consider offering staff direction regarding civilian compensation study

B. REQUESTS FOR CLARIFICATION OF ITEMS LISTED ON THE AGENDA

III. EXECUTIVE SESSION

The City Council reserves the right to meet in Executive Session at any time during this meeting pursuant to the below cited sections of the Texas Government Code:

A. ***PURSUANT TO §551.071*** *— Consultation with the City Attorney pertaining to any matter in which the duty of the City Attorney under the Texas Disciplinary Rules of Professional Conduct may conflict with the Open Meetings Act, including discussion of any item posted on the agenda, legal issues regarding the Open Meetings Act, and the following:*

1. City Manager
2. Hammack Creek (337 Kennedale Sublett Road)
3. Chapter 380 and Economic Development Corporation Agreement between the City of Kennedale, the Kennedale Economic Development Corporation (KEDC), and Karmali Holdings, Inc.
4. City Board Member Qualifications and Appointment Procedure

B. ***PURSUANT TO §551.074*** *— Deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; or to hear a complaint or charge against an officer or employee; and the following:*

1. City Manager
2. City Attorney

IV. RECONVENE INTO OPEN SESSION, AND TAKE ACTION NECESSARY PURSUANT TO EXECUTIVE SESSION, IF NEEDED

V. REGULAR SESSION

A. ROLL CALL

B. INVOCATION AND PLEDGES OF ALLEGIANCE TO THE U.S. AND TEXAS FLAGS

C. VISITOR AND CITIZEN FORUM

At this time, any person may address the Council about items not on the agenda. Rules and procedures for addressing the Council are included under "I. CALL TO ORDER". Neither formal action nor discussion may occur at this time. Those wishing, instead, to speak on an agenda item should indicate their desire to speak as the Council considers that item.

D. REPORTS AND ANNOUNCEMENTS

In addition to any items below, the Mayor and Council may give or receive reports regarding items of community interest, including, but not limited to, recognition of officials, citizens, staff, or departments; information regarding holiday schedules; and upcoming or attended events.

1. Updates from the City Council
2. Updates from the Mayor
   - Proclaiming April 2022 as Child Abuse Prevention Month and recognizing Alliance for Children for their dedication to protecting the children of Tarrant County
3. Updates from the Interim City Manager
4. Staffing updates from Human Resources Director
5. Financial Reports for the City
6. Schedule of Investment Activity for quarter ending March 31, 2022

E. CONSENT AGENDA

These matters have appeared on previous agendas, require little or no deliberation, or are considered routine or ministerial tasks. If discussion is desired, items may be removed for separate consideration.

1. Approval of the minutes from the March 15, 2022 regular meeting
2. Approval of the minutes from the March 29, 2022 special meeting
3. Acceptance of independent auditor's report (Annual Comprehensive Financial Report (ACFR)) for the fiscal year ended September 30, 2021
4. Approval of a one-year contract extension with BKD, LLP for the purpose of performing an annual audit for the City and the EDC

F. ITEMS FOR INDIVIDUAL CONSIDERATION

1. Consider approval of a TxDOT Advanced Funding Agreement (AFA) and related Resolution in conjunction with the Safe Routes to School (SRTS) program

2. Consider approval of an Ordinance, appointing a Municipal Judge, an Associate Judge, and an Alternative Associate Judge; and authorizing the Mayor to sign two-year contracts for each
3. Consider approval of a Master Interlocal Cooperative Purchasing Agreement with the City of Grand Prairie
4. Consider approval of an Interlocal Agreement (ILA) related to purchasing with the City of Grapevine
5. Consider authorizing an unbudgeted compensation adjustment to civilian (non-sworn) staff

G. PUBLIC HEARINGS

VI. ADJOURNMENT

CERTIFICATION

I DO HEREBY CERTIFY THAT THE APRIL 19, 2022 KENNEDALE CITY COUNCIL AGENDA WAS POSTED INSIDE THE MAIN ENTRANCE OF CITY HALL (405 MUNICIPAL DRIVE), IN A PLACE CONVENIENT AND READILY ACCESSIBLE TO THE GENERAL PUBLIC AT ALL TIMES; AND THAT SAID AGENDA WAS POSTED AT LEAST SEVENTY-TWO (72) HOURS PRECEDING THE SCHEDULED TIME OF SAID MEETING, IN ACCORDANCE WITH CHAPTER 551 OF THE TEXAS GOVERNMENT CODE.

Leslie E. Galloway

LESLIE E. GALLOWAY, CITY SECRETARY

In compliance with the Americans with Disabilities Act (ADA), the City of Kennedale will provide for reasonable accommodations for persons attending meetings. This facility is wheelchair accessible and accessible parking spaces are available. Requests for sign interpreter services must be made forty-eight (48) hours prior to the meeting by calling 817-985-2104 or (TTY) 1-800-735-2989.

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STAFF REPORT
TO THE HONORABLE MAYOR AND CITY COUNCIL

MEETING DATE: APRIL 19, 2022

AGENDA ITEM NUMBER: WORK SESSION ITEM II.A.1.

SUBJECT
Presentation of the independent auditor's report (Annual Comprehensive Financial Report (ACFR)) for the fiscal year ended September 30, 2021

ORIGINATED BY
Debby Scott, Interim Finance Director

SUMMARY
Traditionally, the audit has been called the Comprehensive Annual Financial Report (CAFR). However, in January of 2021, GASB began formal efforts to change the name to Annual Comprehensive Financial Report (ACFR) to eliminate the similarity to an offensive slur directed at Black South Africans. Though the order of these first two words has been changed, no changes were made to the provisions or requirements of the document.

The Annual Comprehensive Financial Report (ACFR) included in Council's packet is watermarked as a "DRAFT" only because it has not yet been presented to and accepted by the Council. Acceptance of the FY21 ACFR appears on this agenda as a Consent Item. The "Statement on Auditing Standards (SAS)" letter is also attached.

At this time, Danny Martinez of BKD will present the ACFR for the period covering October 1, 2020 – September 30, 2021. He and City staff will be available to answer any questions from the Council.

The City's financial statements have been audited by BKD, Independent Certified Public Accountants (CPAs). 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, 2021, are free of material misstatements.

The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation.

We are proud to report that the independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an **unmodified opinion** that the City's financial statements for the fiscal year ended September 30, 2021, are fairly presented in conformity with GAAP (Generally Accepted Accounting Principles). The independent auditor's report is presented as the first component of the financial section of the ACFR.

GENERAL NOTES REGARDING THE AUDIT

- The City's Finance Department and the independent auditor have agreed on the "DRAFT" ACFR being presented. The ACFR remains in "DRAFT" format until the Council has formally accepted the report and a final version will be available on the City's Website following acceptance.
- The term **'Governmental Funds'** encompasses all Non-Water/Sewer Funds.
- The term **'Non-Major Governmental Funds'** includes LEOSE (Law Enforcement Officers Standards and Education), Park Dedication, Capital Projects, Roadway Impact Fees, Library Building, and Capital Bond Funds.

- The term **‘General Fund’** refers to all other funds (*not* just our budgetary General Fund) and includes Streets, Capital Replacements, etc.
- **‘Water and Wastewater’** includes restricted water and sewer impact fees; however, the Stormwater Fund is reported separately.
- The EDC is not included in this audit, as they undergo a separate audit, which will be presented at the next Regular Meeting of the EDC Board
- Page 12 of the ACFR provides the best overview of the current assets of the major governmental funds.
- Page 14 of the ACFR provides the best overview of the operations of the major governmental funds.
- Page 16 and 17 of the ACFR provide the best overview of the Water and Sewer Fund.
- Page 33 and 34 of the ACFR provide the best overview of the City’s capital assets.
- Page 36 of the ACFR provides the best overview of the outstanding debts of the City.

BUDGETARY HIGHLIGHTS GENERAL FUND

FY 2020-2021 FUND BALANCE			
	FY21 AMENDED BUDGET	**AUDITED**	**DIFFERENCE**
General Fund	$ 197,592	$ 2,509,003	$ 2,311,411

The ultimate goal for the City’s General Fund is to have a “budgeted” fund balance (based upon GFOA’s recommendation of a conservative financial plan that *purposely* underestimates revenues and overestimates expenditure) that is at least 25% of total annual budgeted operating expenses. Only then can the health of the fund be viewed as having officially recovered from the action of lowering the tax rate by five cents in FY19. The efforts made to improve the General Fund balance while also maintaining current program levels could not have been achieved without sound financial decisions made by the City Council and staff.

Staff is proud to report that concerted efforts to minimize budgeted expenditures while also achieving revenues that exceed projections have allowed the City to restore its audited fund balance to the levels outlined in the Fund Balance policy adopted by the Council. As the Council is aware, the original adopted FY21 budget projected a drawdown of $309,441 resulting in an EOY General Fund balance of 8.3 percent. The budget was amended in April of 2021, updating the projection to 2.3 percent. The result of the FY21 audit concluded an EOY fund balance of $2,509,003 which represents a **29.8% fund balance**. The increase in the fund balance resulted from many factors including, but certainly not limited to, the following:

- Sales Tax receipts were $377,532 over the original budget.
- Property tax receipts were $158,986 over the original budget.
- Conservative revenue and expenditure projections underestimated revenues and overestimated expenditures as recommended by the GFOA.
- Higher than projected revenue has resulted in relation to several developments including Magnolia Hills, Hammack Creek, and Alta 287. As no sizable developments have yet been approved in the current fiscal year, these higher revenues are not expected during the current nor in the next fiscal year.

Again, GFOA recommends a conservative financial plan that should *purposely* underestimate revenues and overestimate expenditures. The recommendation further states that financial planning should include proposals where actual results will likely (but are in no way guaranteed to) exceed projections. The City’s long-term financial plan remains focused on the development of balanced annual budgets (where expenditures do not exceed revenue). However, in years when a balanced budget proves impossible or impractical, there are once again reserves in place to assist the organization in its constant efforts to fall within the established fund reserve policy of 18 to 25 percent.

From the adopted "Fund Balance Policy": "Minimum Unassigned Fund Balance.
It is the goal of the City to achieve and maintain an unassigned fund balance in the general fund and all operating funds equal to eighteen percent (18%) with a goal of twenty-five percent (25%) of budgeted expenditures for unanticipated expenditures, unforeseen revenue fluctuations, or other adverse circumstances."

BUDGETARY HIGHLIGHTS OF OTHER FUNDS

FY 2020-2021 FUND BALANCE

	FY21 AMENDED BUDGET	AUDITED	DIFFERENCE
Debt Service	$ 678,948	$ 687,654	$ 8,706
Stormwater	$ (394,330)	$ (60,734)	$ 333,596
Water & Sewer	$ 2,017,057	$ 3,677,617	$ 1,660,560
Streets	$ 155,646	$ 217,101	$ 61,455

RESPONSE TO MANAGEMENT LETTER

The FY21 audit did produce one finding related to the "Accuracy and Collectability of Utility Receivables" (see below).

Accuracy and Collectability of Utility Receivables

Criteria or Specific Requirement
Management is responsible for the timely preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).

Condition
The City did not have support that agreed to their utility accounts receivable balances for water, sewer, garbage, and stormwater.

Effect
An adjusting entry was proposed and recorded based on audit procedures that increased the allowance for doubtful accounts and bad debt expenses related to utility receivables by approximately $399,000.

Cause
The City converted its utility billing to a new provider during the year and only converted active accounts instead of the entire accounts receivable balances. The City also had no procedures in place to attempt to collect those accounts deemed to be inactive.

Recommendation
We recommend the City evaluate its active and inactive utility receivables and update policies and procedures and controls to ensure that supporting documentation is maintained and reconciled.

Views of Responsible Officials:
We agree with the finding.

RECOMMENDATION

Acceptance of the ACFR appears on the Consent Agenda. Staff recommends acceptance by the Council of the FY21 ACFR via approval of the Consent Agenda. However, no action is necessary for this presentation item.

ATTACHMENTS

1.	City of Kennedale ACFR Draft for Presentation	City of Kennedale ACFR Draft for Presentation.pdf

City of Kennedale, Texas

Annual Comprehensive Financial Report

For the Fiscal Year Ended
September 30, 2021

Prepared by
City of Kennedale, Texas
Finance Department

City of Kennedale, Texas

Annual Comprehensive Financial Report
Year Ended September 30, 2021

Contents

Introductory Section

Financial Section

Basic Financial Statements

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

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Texas
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Tuesday, April 12, 2022

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

The City of Kennedale's (the "City") Financial Management Policies require that the Finance Department prepare a complete set of financial statements that are presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Accordingly, the Annual Comprehensive Financial Report (ACFR) for the City of Kennedale, Texas, for the fiscal year ended September 30, 2021, is hereby issued.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making representations, the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable – rather that absolute – assurance that the financial statements will be free from material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by BKD, Independent Certified Public Accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2021, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an **unmodified opinion** that the City's financial statements for the fiscal year ended September 30, 2021, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

GOVERNMENTAL PROFILE

Incorporated in 1947, the City of Kennedale is a first-tier suburb of Fort Worth and is located adjacent to Arlington and Mansfield in southeast Tarrant County. The City currently occupies a land area of 6.2 square miles and serves a population of 9,200. The City is empowered to levy property tax on both real and business personal properties located within its boundaries. It also is empowered by statute to extend its corporate limits by annexation, which occurs periodically, when deemed appropriate by the City Council.

The City operates under a Council-Manager form of government with a Council comprised of a Mayor and five Councilmembers, each elected at large. The term of office is two years with the terms of the Mayor and Council Places 2 and 4 expiring in even-numbered years and the terms of Council Places 1, 3, and 5 expiring in odd-numbered years. The City Council is responsible for enacting ordinances, resolutions, and regulations governing the City as well as appointing the members of various statutory and advisory boards, the City Manager, City Secretary, City Attorney, and Municipal Judge(s). The City Manager is the chief administrative officer of the government and is responsible for the enforcement of laws and ordinances, the appointment and supervision of executive directors and heads of departments, and the performance of administrative functions within the municipal organization.

The City of Kennedale provides a full range of services including police, fire, emergency medical service, municipal court, library, parks, water distribution, wastewater collection, solid waste collection, curbside recycling, streets, stormwater drainage, community development (planning, code enforcement, building inspection, and economic development), and general administrative services. The City contracts with the City of Arlington for the operation and maintenance of its water and wastewater utility system.

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

FACTORS AFFECTING FINANCIAL CONDITION

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

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

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

Kennedale has experienced steady population growth in the last decade. Beautiful Village Creek slowly winds throughout the City, providing a feeling of tranquility in the community. Much of the City's land is undeveloped, allowing for incoming developments and offering residents a respite from the crowds and traffic congestion existing in much of the Dallas-Fort Worth Metroplex. As the economy continues to grow and expand across North Central Texas, Kennedale will be an attractive choice for businesses and families alike.

The Kennedale Economic Development Corporation (KEDC) was formed in 1996 to spearhead the City's economic growth. The KEDC is funded by a voter-approved half-cent sales tax, which is used to offer grants and other economic incentives to existing and new businesses. The KEDC employs a four-pronged approach: (1) land acquisition, assembly, and clearing for resale, (2) manufacturing expansion, (3) retail retention and development, and (4) quality of life improvements. In accordance with the adopted master plan, the redevelopment of the Oak Crest area continues. Link Street to Kennedale Parkway was opened in 2015 and an extension was opened in October 2016. The improved access led to the development of a Popeye's and Burger King which opened in 2015. McDonald's opened in the Oak Crest area in October 2016. A hotel site is in the process of development. The KEDC is also working with property owners in the area to develop their land.

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

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

ACCOUNTING SYSTEM AND BUDGETARY CONTROL. The City's accounting records for general governmental operations are maintained on a modified accrual basis, with the revenues being recorded when available and measurable and expenditures being recorded when goods or services are received and when liabilities are incurred. Accounting records for the City's utilities are, instead, maintained on an accrual basis. In developing and maintaining the City's accounting system, consideration is given to the adequacy of the internal control structure. Internal accounting controls are designed to provide reasonable – but not absolute – assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability of assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. We believe that the City's internal controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

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

LONG-TERM FINANCIAL PLANNING

CURRENT YEAR PROJECTS. The City of Kennedale leverages its resources by working with TxDOT and Tarrant County to enhance its transportation network. Road projects may be funded with the City purchasing road material and Tarrant County Precinct 2 providing labor and equipment. The City has also partnered with the North Central Texas Council of Governments (NCTCOG) to construct sidewalks and crosswalks in the Crestdale neighborhood via the Safe

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

An important element of the City's strategic plan – *Imagine Kennedale 2015* – was to facilitate the closure of three racetracks in the southwestern portion of the City and to convert those properties primarily to residential use. The City began that process with an update of the Comprehensive Land Use Plan. The City created a Tax Increment Reinvestment Zone (TIRZ) to fund off-site infrastructure improvements, namely the extension of water and sewer service, reconstruction of New Hope Road, and the addition of hike and bike trails along Kennedale Branch. TIRZ participation agreements with Tarrant County, Tarrant County College District, and the Tarrant County Health District were completed in 2013. The City has not yet seen significant development in the TIRZ but continues cooperating with owners and prospective developers to convert those racetrack properties. A water and sewer study to plan for the extension of the utility services is complete. The site of the one track that is still in operation is identified in the Parks Master Plan as a future community park.

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

The preservation and restoration of Village Creek could require assistance from some or all of the following entities: the City of Arlington, the Army Corps of Engineers, the Trinity River Authority (TRA), the Tarrant Regional Water District (TRWD), the University of Texas at Arlington (UTA), the Environmental Protection Agency (EPA), the Texas Commission on Environmental Quality (TCEQ), and the Texas Water Development Board (TWDB). Flood control and water quality planning activity could prove essential to the City's efforts to continue encouraging the closure of salvage yards located within the Village Creek floodplain.

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

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

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

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

RELEVANT FINANCIAL POLICIES

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

AWARDS AND ACKNOWLEDGEMENTS

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

ACKNOWLEDGMENTS. The preparation of this report would not be possible without the efficient and dedicated services of the Finance staff and our independent auditors. We would like to express our sincere appreciation to all who have made possible the publication of this report. We would also like to thank the Mayor and the members of the City Council for their support in planning and conducting the financial operations of the City.

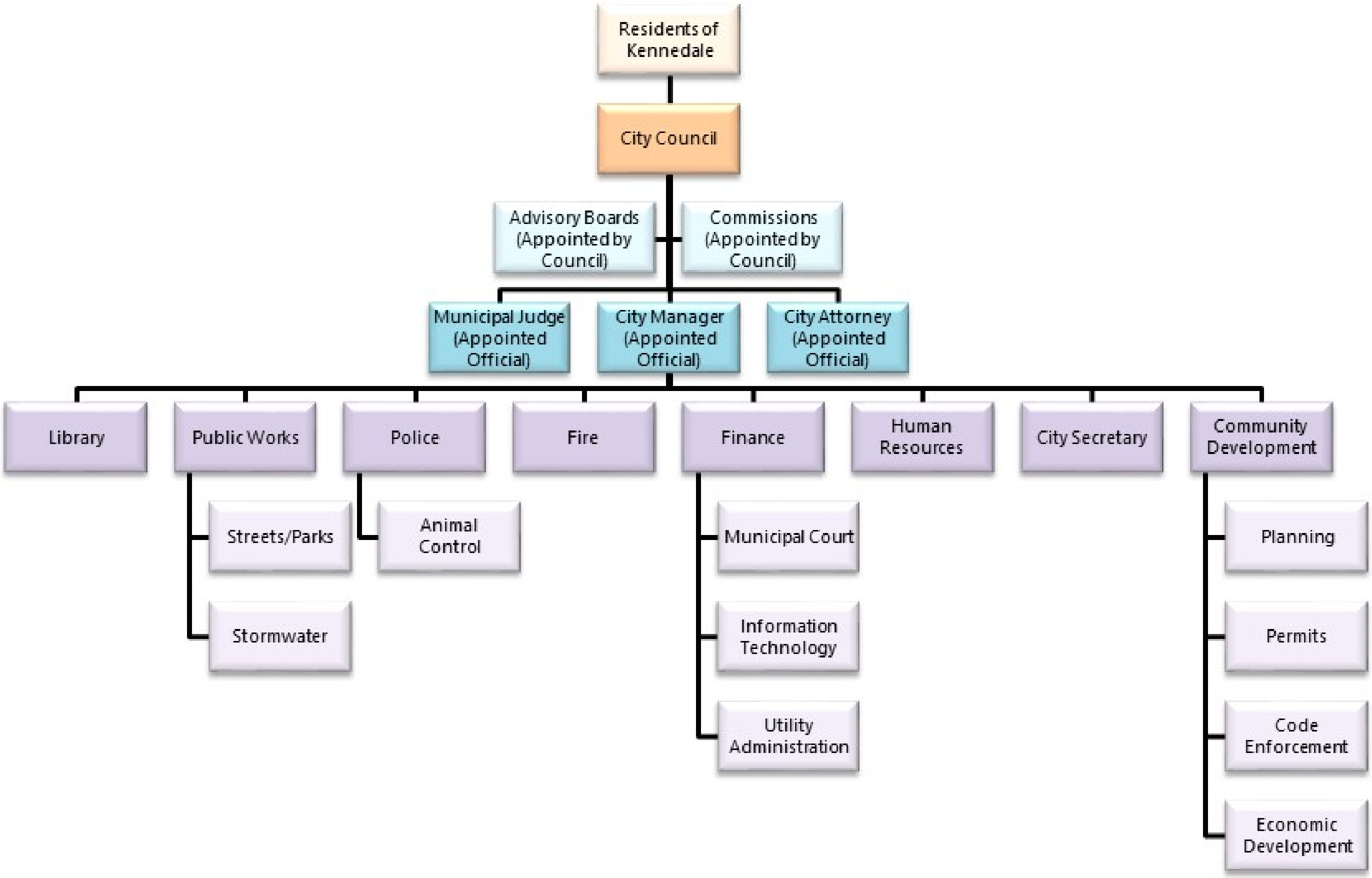
Respectfully Submitted,

Leslie E. Galloway
Leslie E. Galloway
Interim City Manager

Debby Scott
Debby Scott
Interim Director of Finance

City of Kennedale, Texas

Organizational Chart



City of Kennedale, Texas

List of Principal Officers as of September 30, 2021

Elected Officials

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

Appointed & Key Officials

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

Economic Development Corporation (Edc) Board of Directors

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

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Kennedale, Texas (City) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated April __, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Dallas, Texas
April __, 2022

City of Kennedale, Texas

Management's Discussion and Analysis (Unaudited)

September 30, 2021

The Management's Discussion and Analysis (MD&A) section presents a narrative overview and analysis of the financial activities of the City of Kennedale, Texas (City) for the fiscal year ended September 30, 2021. We encourage readers to consider the information presented here in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

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

Overview of the Financial Statements

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

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

The statement of net position presents information on all of the City of Kennedale's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Kennedale is improving or deteriorating.

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

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

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. City of Kennedale, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Kennedale can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

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

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

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

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of September 30, 2021, City assets and deferred outflows of resources exceeded its liabilities and deferred inflows resulting in $46,074,235 of net position.

Statement of Net Position for Governmental and Business-type Activities

	2021			2020		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and other assets	$ 9,105,608	$ 4,974,878	$ 14,080,486	$ 6,901,210	$ 3,887,916	$ 10,789,126
Capital assets	31,820,654	15,184,904	47,005,558	32,555,757	15,868,721	48,424,478
Total assets	40,926,262	20,159,782	61,086,044	39,456,967	19,756,637	59,213,604
Deferred outflows of resources	781,145	99,362	880,507	574,030	68,572	642,602
Long-term liabilities	8,979,340	2,156,817	11,136,157	10,083,904	2,486,577	12,570,481
Other liabilities	3,188,966	846,178	4,035,144	2,373,524	850,036	3,223,560
Total liabilities	12,168,306	3,002,995	15,171,301	12,457,428	3,336,613	15,794,041
Deferred inflows of resources	656,758	64,254	721,012	670,014	82,096	752,110
Net position						
Net investment in capital assets	25,697,075	12,898,376	38,595,451	25,002,224	13,173,241	38,175,465
Restricted	3,770,054	218,327	3,988,381	3,447,408	-	3,447,408
Unrestricted	(584,789)	4,075,192	3,490,403	(1,546,077)	3,233,259	1,687,182
Total net position	$ 28,882,340	$ 17,191,895	$ 46,074,235	$ 26,903,555	$ 16,406,500	$ 43,310,055

By far, the largest portion of the City's net position (85 percent) reflects its investment in capital assets (*e.g.*, land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (8 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of $3,490,403 is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

Analysis of City's Operations: The following table provides a summary of the City's operations for the year ended September 30, 2021. Overall, the City had an increase in net position of $2,764,180.

Revenues and Expenses for Governmental and Business-type Activities

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

Governmental Activities: Governmental activities increased the City's net position by $1,978,785. Total revenue for the governmental activities increased from the previous year by $2,618,500. General revenue had a net increase of $858,407. Property tax collections increased as a result of real property appraisals and new business and property additions which continues to grow the local economy. Program Revenues increased as a result of an increase in developmental services fees from new businesses.

Business-type Activities: Net position from business-type activities increased by $785,395. Total revenue for the business-type activities increased from the previous year by $410,223.

Financial Analysis of the City's Funds

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

As of the end of the current fiscal year, the City's Governmental Funds reported a combined ending fund balance of $7,208,144, an increase of $1,060,297 from the prior year. This amount includes fund balance restricted for Capital Projects of $2,961,336, restricted for Debt Service of $687,654, restricted for Parks of $70,811, restricted for Municipal Court of $47,704, and Public Safety of $2,549. The net unassigned fund balance was $2,419,291, an increase of $388,716 from prior year.

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

Proprietary Funds: The City's proprietary funds provide the same type of information found in the government-wide financial statements. Unrestricted net position of the Water and Wastewater Fund at the end of the fiscal year amounted to $3,677,617 and the Storm Water Drainage Fund reported an unrestricted net position of $397,575.

Capital Assets: The City's capital assets for its governmental and business-type activities as of September 30, 2021, amount to $47,005,558 (net of accumulated depreciation). This net investment in capital assets includes land, buildings, park facilities, roads, bridges, and water and sewer lines.

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

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

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

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

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
General obligation bonds	$ 5,561,675	$ 4,694,711	$ 233,322	$ 365,285	$ 5,794,997	$ 5,059,996
Certificates of obligation	625,000	2,450,000	1,130,000	1,295,000	1,755,000	3,745,000
Tax notes	1,805,000	2,275,000	-	-	1,805,000	2,275,000
Capital leases	320,247	451,985	923,206	1,035,195	1,243,453	1,487,180
Total	$ 8,311,922	$ 9,871,696	$ 2,286,528	$ 2,695,480	$ 10,598,450	$ 12,567,176

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

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

The City Council passed the tax rate of .764085 and budgeted to decrease overall city reserves by approximately $899,430. The Council did not continue the next phase of public safety or civilian salary/step plans.

The City is currently exploring long term solutions for the water and sewer fund. Cash funded capital projects were largely put on hold for the coming year, as the City examines debt opportunities.

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

Requests for Information

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

Basic Financial Statements

City of Kennedale, Texas

Statement of Net Position

September 30, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Kennedale Economic Development Corporation
Assets				
Cash and cash equivalents	$ 8,621,481	$ 3,246,920	$ 11,868,401	$ 1,197,045
Receivables (net of allowance)				
Accounts	272,704	675,948	948,652	92,329
Taxes	457,317	-	457,317	121,687
Prepaid items	74,707	157,443	232,150	10,000
Inventory	-	57,381	57,381	-
Internal balances	(320,601)	320,601	-	-
Restricted assets				
Cash and cash equivalents	-	516,585	516,585	-
Capital assets				
Land and construction in progress	5,222,077	1,218,972	6,441,049	845,292
Other capital assets, net of accumulated depreciation	26,598,577	13,965,932	40,564,509	3,254,707
Total assets	40,926,262	20,159,782	61,086,044	5,521,060
Deferred Outflows of Resources				
Deferred charge on refunding	79,664	-	79,664	-
Deferred outflows of resources – Pension	641,567	94,006	735,573	-
Deferred outflows of resources – OPEB	59,914	5,356	65,270	-
Total deferred outflows of resources	781,145	99,362	880,507	-
Liabilities				
Accounts payable and contracts payable	375,976	154,487	530,463	10,455
Accrued liabilities	268,740	35	268,775	33,188
Accrued interest	16,168	31,588	47,756	13,778
Due to other governments	6,659	-	6,659	-
Deposits	-	298,258	298,258	-
Unearned revenue	1,071,055	-	1,071,055	-
Bonds payable	945,413	244,588	1,190,001	123,220
Tax notes payable	275,000	-	275,000	-
Compensated absences	106,753	-	106,753	-
Capital leases	123,202	117,222	240,424	-
Noncurrent liabilities				
Bonds payable	5,241,262	1,118,734	6,359,996	664,885
Tax notes payable	1,530,000	-	1,530,000	
Compensated absences	427,011	-	427,011	-
Capital leases	197,045	805,984	1,003,029	-
Total OPEB liability	231,723	33,953	265,676	-
Net pension liability	1,352,299	198,146	1,550,445	-
Total liabilities	12,168,306	3,002,995	15,171,301	845,526
Deferred Inflows of Resources				
Deferred gain on refunding	195,276	-	195,276	-
Deferred inflows of resources – Pension	438,517	64,254	502,771	-
Deferred inflows of resources – OPEB	22,965	-	22,965	-
Total deferred inflows of resources	656,758	64,254	721,012	-
Net Position				
Net investment in capital assets	25,697,075	12,898,376	38,595,451	3,311,894
Restricted for				
Capital projects	2,961,336	-	2,961,336	-
Debt service	687,654	-	687,654	-
Economic development	-	-	-	1,363,640
Impact fees	-	218,327	218,327	-
Municipal court	47,704	-	47,704	-
Parks	70,811	-	70,811	-
Other	2,549	-	2,549	-
Unrestricted (deficit)	(584,789)	4,075,192	3,490,403	-
Total net position	$ 28,882,340	$ 17,191,895	$ 46,074,235	$ 4,675,534

City of Kennedale, Texas

Statement of Activities

For the Year Ended September 30, 2021

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

General Revenues and Transfers

Taxes

Property taxes

Sales taxes

Franchise taxes

Interest on investments

Miscellaneous

Transfers

Total general revenues and transfers

Change in Net Position

Net Position, Beginning of Year

Net Position, End of Year

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

City of Kennedale, Texas

Balance Sheet

Governmental Funds

September 30, 2021

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

City of Kennedale, Texas

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

September 30, 2021

Total fund balances – governmental funds		$ 7,208,144
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets (net of accumulated depreciation) used in governmental activities are not current financial resources and therefore are not reported in the funds.		31,820,654
Interest payable on long-term debt in the City's governmental activities is not payable from current resources and therefore is not reported in the governmental funds balance sheet.		(16,168)
Revenues earned but not available within 60 days of the year-end are not recognized as revenue on the fund financial statements.		175,034
Deferred outflows of resources and deferred inflows of resources represent flows of resources which relate to future periods and, therefore, are not reported in the fund financial statements. Deferred outflows of resources and deferred inflows of resources at year-end consist of:		
Deferred charges on refunding	$ 79,664	
Deferred outflows of resources – Pension	641,567	
Deferred outflows of resources – OPEB	59,914	
Deferred inflows of resources – Pension	(438,517)	
Deferred inflows of resources – OPEB	(22,965)	319,663
Long-term liabilities, including bonds payable, notes payable, compensated absences, net pension liability, OPEB liability, and capital lease obligation are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet.		
Bonds payable	(6,186,675)	
Tax notes payable	(1,805,000)	
Deferred gain on refunding	(195,276)	
Capital lease obligation	(320,248)	
Compensated absences	(533,766)	
Net pension liability	(1,352,299)	
Total OPEB liability	(231,723)	(10,624,987)
Total net position of governmental activities		$ 28,882,340

City of Kennedale, Texas

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended September 30, 2021

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

City of Kennedale, Texas

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Year Ended September 30, 2021

Net change in fund balances – total governmental funds		$ 1,060,297
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay		516,446
Depreciation		(1,251,549)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		41,314
Current year principal payments of long-term liabilities are shown as expenditures in the fund financial statements, but shown as reductions in long-term liabilities in the government-wide financial statements as follows:		
Payments on bonds	$ 863,038	
Payments on tax notes	470,000	
Payments on capital leases	131,738	1,464,776
The issuance of long-term debt, such as bonds and capital leases, and payments to escrow agents, are shown as “Other Sources” and “Other Uses” in the governmental funds, but are shown on the statement of net position with related costs amortized over the life of the bonds. Differences consist of the following:		
Proceeds from bond issuance	(1,540,000)	
Payments to escrow agent	1,545,300	
Amortization of deferred loss on refunding bonds	(11,381)	
Amortization of deferred gain on refunding bonds	22,872	16,791
Current year pension expenditures are reported on the fiscal year basis on the governmental statement of revenues, expenditures and changes in fund balance and as actuarially determined in the government-wide statement of activities. These differences are reflected in total OPEB liability, deferred outflows of resources, and deferred inflow of resources balances.		135,197
Current year OPEB expenditures are reported on the fiscal year basis on the governmental statement of revenues, expenditures and changes in fund balance and as actuarially determined in the government-wide statement of activities. These differences are reflected in net pension liability, deferred outflows of resources and deferred inflow of resources balances.		(29,683)
Current year change in long-term liability for compensated absences do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.		15,447
Current year changes in accrued interest payable do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.		9,749
Change in net position of governmental activities		$ 1,978,785

City of Kennedale, Texas

Statement of Net Position

Proprietary Funds

September 30, 2021

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

City of Kennedale, Texas

Statement of Revenues, Expenses, and Changes in Net Position

Proprietary Funds

For the Year Ended September 30, 2021

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

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

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

City of Kennedale, Texas

Notes to Basic Financial Statements

September 30, 2021

Note 1: Summary of Significant Accounting Policies

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

Reporting Entity

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

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

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

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

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

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

Basis of Presentation

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

Measurement Focus and Basis of Accounting

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

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

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

The City reports the following major governmental funds:

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

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

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

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

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

The City reports the following major proprietary fund:

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

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

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

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

Deposits and Investments

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

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

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

Receivables and Payables

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

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

As a City that operates under a home-rule charter, the City has a tax rate limitation of $2.50 per $100 assessed valuation. For the year ended September 30, 2021, the City had a tax rate of $0.774085 per $100 of which $0.582686 was allocated for general government and $0.191399 was allocated for payment of principal and interest on general long-term debt.

Inventories and Prepaid Items

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

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

Restricted Assets

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

Capital Assets

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

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

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

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

Deferred Outflows/Inflows of Resources

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

- Deferred charge on refunding – A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and recognized over the shorter of the life of the refunded or refunding debt.

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

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

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

Compensated Absences

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

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

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

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed during the period of issuance.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions

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

Other Postemployment Benefits Plans

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

Net Position

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

Fund Balance

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

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

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either: (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by board resolution of the city council, the City's highest level of decision making authority. These amounts cannot be used for any other purpose unless the city council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

- **Assigned:** This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. The city council has by resolution authorized the city manager and finance director to assign fund balance. The city council may also assign fund balance. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.

- **Unassigned:** This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

Net Position Flow Assumption

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

Fund Balance Flow Assumption

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

Estimates

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

Deficit Fund Balance

At year-end the TIRZ #1 New Hope Fund had a deficit fund balance of $231,687. It is anticipated that this deficit fund balance will be funded with incremental property tax revenue within the TIRZ in subsequent years. The Library Building Fund also had a deficit fund balance of $2,266.

Note 2: Deposits and Investments

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

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

(A) ***Custodial Credit Risk:*** Deposits: In the case of deposits, this is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a fair value of not less than the principal amount of deposits. As of September 30, 2021, the City's deposit balance was collateralized with securities held by the pledging financial institution in the City's name or covered by FDIC insurance. The balances held at financial institutions at year-end were $1,935,143 (with a book value of $1,700,835).

(B) ***Credit Risk:*** It is the City's policy to limit investments to investment types with an investment quality rating no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service or no lower than investment grade by at least one nationally recognized rating service with a weighted average maturity no greater than 90 days. The City's investments were rated AAA-m by Standard and Poor's Investors Services.

(C) ***Interest Rate Risk:*** In accordance with the City's investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to 90 days or less, dependent on market conditions.

(D) ***Concentration of Credit Risk:*** The government's investment policy states the maximum percentage allowed for each different investment instrument that can be used to make up the portfolio.

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

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

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

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

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

Note 3: Disclosures About Fair Value of Assets

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

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

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

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

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

Note 4: Receivables

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

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

Note 5: Property Taxes

Property taxes attach as an enforceable lien on property as of October 1. Taxes are levied on October 1 and are due and payable on or before January 31, of the following year. All unpaid taxes become delinquent February 1 of the following year. Tax collections for the year ended September 30, 2021, were 99 percent of the levy. Tarrant County bills and collects property taxes for the City. Any uncollected property taxes at September 30, that are collected within 60 days, are recognized as revenue and recorded as taxes receivable. Any uncollected property taxes at September 30, which are not expected to be collected within 60 days, are recorded as taxes receivable and deferred inflow of resources in governmental funds. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable, and their validity seems certain.

The statutes of the state of Texas do not prescribe a legal debt limit, nor does the City's charter provide for a debt limit. However, provision of Article XI, Section 5 of the Texas Constitution applicable to cities with populations greater than 5,000 limits the ad-valorem tax rate to $2.50 per $100 assessed valuation. However, as a city operating under a Home Rule Charter, the City has a debt limit of $1.50 per $100 assessed valuation. For the year ended September 30, 2021, the City had a tax rate of $.0774085 per $100.00 assessed valuation, of which $.0582686 was allocated for general government and $.0191399 was allocated for the payment of principal and interest on general obligation debt.

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

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

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

Note 6: Interfund Receivables, Payables and Transfers

Due To/Due From

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

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

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

Advances To/Advances From

	Advances from Other Funds	Advances to Other Funds
Water and Wastewater	$ -	$ 320,601
TIRZ #1 New Hope	320,601	-
Total	$ 320,601	$ 320,601

Interfund Transfers

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

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

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

Note 7: Capital Assets

Governmental Activities

Capital assets of the Governmental Activities are as follows:

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

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

General government	$ 100,265
Public safety	173,537
Public works	933,449
Culture and recreation	44,298
Total depreciation expense – governmental activities	$ 1,251,549

Business-type Activities

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

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital assets not being depreciated				
Land	$ 632,490	$ -	$ -	$ 632,490
Construction in progress	575,992	10,490	-	586,482
Total capital assets not being depreciated	1,208,482	10,490	-	1,218,972
Capital assets being depreciated				
Buildings	5,761,788	-	-	5,761,788
Machinery and equipment	925,269	-	-	925,269
Improvements (not buildings)	19,375,872	24,975	-	19,400,847
Total capital assets being depreciated	26,062,929	24,975	-	26,087,904
Less accumulated depreciation for:				
Buildings	2,890,508	120,521	-	3,011,029
Machinery and equipment	942,939	15,966		958,905
Improvements (not buildings)	7,569,245	582,793	-	8,152,038
Total accumulated depreciation	11,402,692	719,280	-	12,121,972
Total capital assets being depreciated, net	14,660,237	(694,305)	-	13,965,932
Business-type activities capital assets, net	$ 15,868,719	$ (683,815)	$ -	$ 15,184,904

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

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

Discretely Presented Component Unit

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

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

Note 8: Long-term Liabilities

Changes in Long-term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
General obligation bonds	$ 4,694,711	$ 1,540,000	$ 673,036	$ 5,561,675	$ 745,413
Certificates of obligation	2,450,000	-	1,825,000	625,000	200,000
Tax notes	2,275,000	-	470,000	1,805,000	275,000
Capital leases	451,985	-	131,738	320,247	123,202
Premiums on bonds	33,322	-	33,322	-	-
Compensated absences	549,215	172,797	188,248	533,764	106,753
Total governmental activities	$ 10,454,233	$ 1,712,797	$ 3,321,344	$ 8,845,686	$ 1,450,368
Business-type Activities					
General obligation bonds	$ 365,285	$ -	$ 131,963	$ 233,322	$ 74,588
Certificates of obligation	1,295,000	-	165,000	1,130,000	170,000
Capital leases	1,035,000	-	111,794	923,206	117,222
Compensated absences	2,496	-	2,496	-	-
Total business-type activities	$ 2,697,781	$ -	$ 411,253	$ 2,286,528	$ 361,810

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Discretely Presented Component Unit					
Revenue bonds	$ 605,000	$ -	$ 70,000	$ 535,000	$ 75,000
Texas leverage fund loan	299,785	-	46,680	253,105	48,220
Total	$ 904,785	$ -	$ 116,680	$ 788,105	$ 123,220

General Obligation Bonds and Certificates of Obligation

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

On December 15, 2020, the City issued General Obligation Refunding Bond, Series 2020A of $1,540,000 with an interest rate of 1.22 percent and serial maturities from 2022 through 2031. The bond was issued to refund currently outstanding Series 2011 Certificates of the City. The refunding was undertaken to achieve debt service savings and the remaining proceeds from the sale of the bonds will be used for the discharge and final payment of the outstanding Series 2010 certificates of the City. As a result of the refunding transaction, the City achieved a cash flow savings of $188,553 and an economic gain of $123,022.

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

	Governmental Activities	Business-type Activities	Total Primary Government
General Obligation Bonds			
$4,365,000, 2007 General Obligation Refunding Bonds, due in annual installments through February 15, 2024, 3.97%	$ 376,675	$ 233,322	$ 609,997
$1,260,000, 2020 General Obligation Refunding Bonds, due in annual installments through February 15, 2030, 1.93%	1,145,000	-	1,145,000
$3,720,000, 2016 General Obligation Refunding Bonds, due in annual installments through February 15, 2028, 1.79%	2,500,000	-	2,500,000
$1,540,000, 2020A General Obligation Refunding Bonds, due in annual installments through February 15, 2031, 1.22%	1,540,000	-	1,540,000
	$ 5,561,675	$ 233,322	$ 5,794,997
Certificates of Obligation			
$2,900,000, 2007 Certificate of Obligation Bonds, due in annual installments through February 15, 2027, 4.10%	$ -	$ 1,130,000	$ 1,130,000
$2,735,000, 2007A Certificate of Obligation Bonds, due in annual installments through February 15, 2024, 4.00%	625,000	-	625,000
	$ 625,000	$ 1,130,000	$ 1,755,000

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

	Governmental Activities	Total Primary Government
Tax Notes		
$2,000,000, 2019 Tax Notes due in annual installments through February 1, 2026, 1.90%	$ 1,805,000	$ 1,805,000
	$ 1,805,000	$ 1,805,000

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

Fiscal	Governmental Activities			Business-type Activities		
Year	Principal	Interest	Total	Principal	Interest	Total
2022	$ 1,220,413	$ 79,943	$ 1,300,356	$ 244,584	$ 27,797	$ 272,381
2023	1,336,588	65,676	1,402,264	253,413	22,831	276,244
2024	1,374,675	50,139	1,424,814	265,325	13,894	279,219
2025	1,035,000	34,177	1,069,177	190,000	8,405	198,405
2026	1,060,000	25,042	1,085,042	200,000	4,305	204,305
2027-2031	1,965,000	36,251	2,001,251	210,000	-	210,000
Total	$ 7,991,676	$ 291,228	$ 9,332,694	$ 1,363,322	$ 77,232	$ 1,440,554

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

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

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

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

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

Capital Leases

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

The assets acquired through capital leases are as follows:

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

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

Capital Leases

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

Note 9: Employee Benefit Plans

Plan Description

The City participates as one of over 895 plans in the defined benefit cash balance pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is statewide public retirement plan created by the State of Texas and administered in accordance with the *TMRS Act*, Subtitle G, Title 8, Texas Government Code (TMRS Act) as an agent multiple- employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of the System with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at *www.tmrs.org*.

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

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

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

Benefits Provided

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

At retirement, the benefit is calculated as if the sum of the Member's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. The retiring Member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75 percent of the member's deposits and interest.

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

At the December 31, 2020, valuation and measurement date, the following employees were covered by the benefit terms:

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

Contributions

The contribution rates for employees in TMRS are either 5 percent, 6 percent or 7 percent of employee gross earnings and the City matching percentages are 100 percent, 150 percent or 200 percent, both as adopted by the governing body of the City. Under the state law governing TMRS, the contributions rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The City's contribution rate is based on the liabilities created from the benefit plan options select by the City and any changes in benefits or actual experience over time.

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

Net Pension Liability

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

Actuarial Assumptions

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

Inflation	2.50% per year
Overall payroll growth	2.75% per year
Investment rate of return	6.75% net of pension plan investment expense, including inflation

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

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

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the rates specified in the statue. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

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

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75 percent, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

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

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s Fiduciary Net Position is available in a separately issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

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

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

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

Reported as deferred outflows of resources, $497,601 related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending September 30	
2022	$ (58,149)
2023	99,405
2024	(277,529)
2025	(28,527)
	$ (264,800)

Deferred Compensation Plans

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

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

Note 10: Other Postemployment Benefits

Supplemental Death Benefit Fund

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

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

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

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

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

Total OPEB Liability

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

Actuarial Assumptions

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

	December 31, 2020
Discount Rate	2.00% as of December 31, 2020 (2.75% as of December 31, 2019)
Inflation	2.50%
Salary Increases	3.50% to 11.50%, including inflation
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates – service retirees	2019 Municipal Retiree of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates – disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In additions, a 3.5% and 3% minimum mortality rates will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by scale UMP to account for future mortality improvements subject to the floor.

Discount Rate

The TMRS SDBF is treated as unfunded OPEB plan because the SDBF trust covers both actives and retirees, and the assets are not segregated for these groups. Under GASBS 75 (paragraph 155), the discount rate for an unfunded OPEB plan should be based on 20-year tax-exempt AA or higher Municipal Bonds. Therefore, a discount rate of 2.00 percent based on the 20-Year Municipal GO AA Index published by bondbuyer.com is used as of the measurement date of December 31, 2020.

Changes in Total OPEB Liability

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

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

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

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

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

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

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

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

Benefit payments subsequent to the measurement date and before fiscal year-end will be recognized as a reduction of the total OPEB liability in the year ending September 30, 2022.

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

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

Note 11: Commitments and Contingencies

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City's risk management program encompasses obtaining property and liability insurance through Texas Municipal League (TML), an Intergovernmental Risk-Pool. The City has not had any significant reduction in insurance coverage and the amounts of insurance settlements have not exceeded insurance coverage for any of the last three years. The participation of the City in TML is limited to payment of premiums. During the year ended September 30, 2021, the City paid premiums to TML for provisions of various liability, property and casualty insurance. The City has various deductible amounts ranging from $500 to $5,000 on various policies. At year-end, the City did not have any significant claims.

The City also provides workers' compensation insurance on its employees through TML. Workers' compensation is subject to change when audited by TML. At year-end, September 30, 2021, the City believed the amounts paid on workers' compensation would not change significantly from the amounts recorded.

Contingent Liabilities

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

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

Note 12: Subsequent Events

Changes in Financing

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

Required Supplementary Information

City of Kennedale, Texas

Schedule of Changes in the City's Net Pension Liability and Related Ratios

Texas Municipal Retirement System (Unaudited)

	Measurement Year						
	2014	2015	2016	2017	2018	2019	2020
Total Pension Liability							
Service cost	$ 589,507.00	$ 648,581	$ 675,284	$ 697,041	$ 712,721	$ 734,380	$ 769,790
Interest (on the Total Pension Liability)	794,485	865,430	912,020	989,009	1,071,891	1,144,812	1,231,286
Differences between expected and actual experience	(102,280)	(168,052)	(109,980)	(52,740)	(205,171)	(90,293)	369,096
Changes in assumptions	-	113,774	-	-	-	15,333	-
Benefit payments, including refunds of employee contributions	(274,797)	(320,705)	(329,210)	(366,034)	(460,511)	(559,415)	(522,263)
Net change in total pension liability	1,006,915	1,139,028	1,148,114	1,267,276	1,118,930	1,244,817	1,847,909
Total pension liability – Beginning	11,192,430	12,199,345	13,338,373	14,486,487	15,753,763	16,872,693	18,117,510
Total pension liability – Ending (a)	$ 12,199,345	$ 13,338,373	$ 14,486,487	$ 15,753,763	$ 16,872,693	$ 18,117,510	$ 19,965,419
Plan Fiduciary Net Position							
Contributions – employer	$ 397,779	$ 525,561	$ 540,075	$ 565,061	$ 558,900	$ 580,085	$ 591,844
Contributions – employee	239,832	254,774	265,860	276,603	279,969	295,491	305,299
Net investment income	548,705	15,487	740,899	1,687,364	(429,406)	2,207,757	1,274,858
Benefit payments, including refunds of employee contributions	(274,797)	(320,705)	(329,210)	(366,034)	(460,511)	(559,415)	(522,263)
Administrative expense	(5,727)	(9,432)	(8,365)	(8,740)	(8,292)	(12,459)	(8,239)
Other	(471)	(466)	(451)	(443)	(432)	(375)	(321)
Net change in plan fiduciary net position	905,321	465,219	1,208,808	2,153,811	(59,772)	2,511,084	1,641,178
Plan fiduciary net position – Beginning	9,589,325	10,494,646	10,959,865	12,168,673	14,322,484	14,262,712	16,773,796
Plan fiduciary net position – Ending (b)	$ 10,494,646	$ 10,959,865	$ 12,168,673	$ 14,322,484	$ 14,262,712	$ 16,773,796	$ 18,414,974
City's net pension liability – Ending (a) – (b)	$ 1,704,699	$ 2,378,508	$ 2,317,814	$ 1,431,279	$ 2,609,981	$ 1,343,714	$ 1,550,445
Plan fiduciary net position as a percentage of the total pension liability	86.03%	82.17%	84.00%	90.91%	84.53%	92.58%	92.23%
Covered payroll	$ 3,426,174	$ 3,639,622	$ 3,797,997	$ 3,951,478	$ 3,999,556	$ 4,177,363	$ 4,361,416
City's net pension liability as a percentage of covered payroll	49.76%	65.35%	61.03%	36.22%	65.26%	32.17%	35.55%

Note: The information in this schedule has been determined as of the measurement date (December 31) of the City's net pension liability and is intended to show information for ten years. However, until a full ten-year trend is compiled in accordance with the provision of GASB No. 68, *Accounting and Financial Reporting for Pensions—An Amendment of GASB Statement No. 27* only periods for which such information is available are presented.

City of Kennedale, Texas

Schedule of Contributions

Texas Municipal Retirement System (Unaudited)

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

Notes to Schedule:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	24 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50%, including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table use for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes	There were no benefit changes during the year

City of Kennedale, Texas

Schedule of Changes in the City's Total OPEB Liability and Related Ratios

Supplemental Death Benefit Fund (Unaudited)

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

Note: The information in this schedule has been determined as of the measurement date (December 31) of the City's total OPEB liability and is intended to show information for 10 years. However, until a full ten-year trend is compiled in accordance with the provision of GASB 75, only periods for which such information is available are presented.

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

City of Kennedale, Texas

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

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

City of Kennedale, Texas

Notes to Budgetary Information (Unaudited)

September 30, 2021

Budgets and Budgetary Accounting

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

1. Prior to the beginning of each fiscal year, the City Manager submits to the City Council a proposed budget for the fiscal year beginning on the following October 1. The operating budget includes proposed expenditures and the means of financing them.

2. Public hearings are conducted at which all interested persons' comments concerning the budget are heard.

3. The budget is legally enacted by the City Council through passage of an ordinance prior to the beginning of the fiscal year.

4. The City Manager has the authority to transfer appropriation balances from one expenditure account to another such as from salaries to maintenance within a single fund as well as transfer appropriations between departments. The City Council, however, must approve any transfer of unencumbered appropriation balances or portions thereof from one fund to another as well as any increases in fund appropriations. At the end of the fiscal year, all appropriations lapse.

5. Annual budgets are only adopted for the General and Debt Service Funds. These budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

6. The budgetary data presented has been amended from the original budget by the City Council. All significant supplemental appropriations were offset either by increased revenue or decreased expenditures in other accounts.

Combining and Individual Fund Statements and Schedules

City of Kennedale, Texas

Non-major Governmental Funds

September 30, 2021

Special Revenue Funds

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

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

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

Capital Projects Funds

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

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

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

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

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

City of Kennedale, Texas

Combining Balance Sheet
Non-major Governmental Funds
September 30, 2021

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

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

City of Kennedale, Texas

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Non-major Governmental Funds

For the Year Ended September 30, 2021

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

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

City of Kennedale, Texas

Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Debt Service Fund

For the Year Ended September 30, 2021

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes – property	$ 1,535,658	$ 1,535,658	$ 1,633,296	$ 97,638
Investment earnings	6,000	6,000	363	(5,637)
Total revenues	1,541,658	1,541,658	1,633,659	92,001
Expenditures				
Debt service				
Principal	1,538,873	1,538,873	1,422,736	116,137
Interest and other	-	-	248,620	(248,620)
Total expenditures	1,538,873	1,538,873	1,671,356	(132,483)
Excess (deficiency) of revenues over (under) expenditures	2,785	2,785	(37,697)	(40,482)
Other financing sources (uses)				
Lease and notes proceeds	-	-	1,540,000	(1,540,000)
Payment to escrow	-	-	(1,545,300)	1,545,300
Transfers in	103,157	103,157	103,158	1
Total other financing sources (uses)	103,157	103,157	97,858	5,301
Net Change in Fund Balances	105,942	105,942	60,161	(35,181)
Fund Balance, Beginning of Year	573,006	573,006	489,285	(83,721)
Fund Balance, End of Year	$ 678,948	$ 678,948	$ 549,446	$ (129,502)

Statistical Section

Statistical Section

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

Contents Tables

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.	A – D
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	E – G
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.	H – J
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.	K – L
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.	M – O

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

City of Kennedale, Texas

Table A – Net Position by Component

Accrual Basis of Accounting

Last Ten Fiscal Years (Unaudited)

	Fiscal Year				
	2012	2013	2014	2015	2016
Governmental Activities					
Net investment in capital assets	$ 20,730,909	$ 21,100,450	$ 20,904,287	$ 21,429,758	$ 24,048,321
Restricted	288,215	227,181	380,622	409,454	400,170
Unrestricted	782,589	615,406	933,606	215,475	689,620
Total governmental activities net position	$ 21,801,713	$ 21,943,037	$ 22,218,515	$ 22,054,687	$ 25,138,111
Business-type Activities					
Net investment in capital assets	$ 10,304,477	$ 10,217,885	$ 10,443,338	$ 11,184,859	$ 13,054,176
Restricted	-	-	-	-	-
Unrestricted	1,524,225	1,348,391	1,450,811	17,432	655,058
Total business-type activities net position	$ 11,828,702	$ 11,566,276	$ 11,894,149	$ 11,202,291	$ 13,709,234
Primary Government					
Net investment in capital assets	$ 31,035,386	$ 31,318,335	$ 31,347,625	$ 32,614,617	$ 37,102,497
Restricted	288,215	227,181	380,622	409,454	400,170
Unrestricted	2,306,814	1,963,797	2,384,417	232,907	1,344,678
Total primary governmental net position	$ 33,630,415	$ 33,509,313	$ 34,112,664	$ 33,256,978	$ 38,847,345

City of Kennedale, Texas

Table A – Net Position by Component (Continued)

Accrual Basis of Accounting

Last Ten Fiscal Years (Unaudited)

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

City of Kennedale, Texas

Table B – Change in Net Position

Accrual Basis of Accounting

Last Ten Fiscal Years (Unaudited)

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

City of Kennedale, Texas

Table B – Change in Net Position (Continued)

Accrual Basis of Accounting

Last Ten Fiscal Years (Unaudited)

	Fiscal Year				
	2017	2018	2019	2020	2021
Expenses					
Governmental activities					
General government	$ 1,460,659	$ 1,526,536	$ 1,979,235	$ 2,105,441	$ 1,852,414
Public safety	4,494,080	4,680,243	5,213,493	4,950,888	6,244,588
Public works	1,743,770	1,615,294	1,737,211	1,815,849	1,938,720
Culture and recreation	397,477	436,270	372,805	420,777	393,212
Interest and fiscal charges	348,741	403,223	349,118	265,057	331,754
Total governmental activities expenses	8,444,727	8,661,566	9,651,862	9,558,012	10,760,688
Business-type activities					
Water, wastewater, and storm water drainage	3,271,916	4,558,939	4,089,637	4,263,029	4,321,340
Total business-type activities expenses	3,271,916	4,558,939	4,089,637	4,263,029	4,321,340
Total primary government expenses	$ 11,716,643	$ 13,220,505	$ 13,741,499	$ 13,821,041	$ 15,082,028
Program Revenues					
Governmental activities					
Charges for services					
General government	$ 457,595	$ 709,603	$ 630,969	$ 748,228	$ 1,330,205
Public safety	353,139	547,621	486,937	577,428	1,026,555
Public works	92,502	143,445	127,549	151,253	268,906
Culture and recreation	49,410	76,621	68,131	80,792	143,636
Operating grants and contributions	145,560	152,588	154,825	344,278	344,278
Capital grants and contributions	154,819	-	-	-	-
Total governmental activities program revenues	$ 1,253,025	$ 1,629,878	$ 1,468,411	$ 1,901,979	$ 3,113,580

City of Kennedale, Texas

Table B – Change in Net Position (Continued)

Accrual Basis of Accounting

Last Ten Fiscal Years (Unaudited)

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

City of Kennedale, Texas

Table B – Change in Net Position (Continued)
Accrual Basis of Accounting
Last Ten Fiscal Years (Unaudited)

	Fiscal Year				
	2017	2018	2019	2020	2021
Business-type Activities					
Charges for services					
Water, wastewater, and storm water drainage	$ 5,086,486	$ 4,832,378	$ 4,467,770	$ 4,482,591	$ 4,350,305
Capital grants and contributions	374,296	325,676	51,247	10,099	265,392
Total business-type activities program revenues	5,460,782	5,158,054	4,519,017	4,492,690	4,615,697
Total primary government program revenues	$ 6,713,807	$ 6,787,932	$ 5,987,428	$ 6,394,669	$ 7,729,277
Net (Expenses) Revenues					
Governmental activities	$ (7,191,702)	$ (7,031,688)	$ (8,183,451)	$ (7,656,033)	$ (7,647,047)
Business-type activities	2,188,866	599,115	429,380	229,661	596,654
Total primary government net expenses	$ (5,002,836)	$ (6,432,573)	$ (7,754,071)	$ (7,426,372)	$ (7,050,393)
General Revenues and Other Changes in Net Position					
Governmental activities					
Taxes					
Property	$ 4,703,870	$ 5,140,105	$ 5,321,225	$ 6,144,664	$ 6,820,007
Franchise	537,454	777,768	1,774,698	1,765,996	1,958,164
Sales	1,208,557	1,459,743	764,887	806,115	809,838
Investment earnings	13,272	53,986	112,609	59,584	3,490
Miscellaneous	143,633	141,834	219,942	40,382	83,651
Transfers	748,617	-	-	-	(187,524)
Total governmental activities	7,355,403	7,573,436	8,193,361	8,816,741	9,487,626
Business-type activities					
Investment earnings	3,919	17,591	43,329	16,298	1,217
Transfers	(748,617)	-	-	-	187,524
Total business-type activities	(744,698)	17,591	43,329	16,298	188,741
Total primary government	6,610,705	7,591,027	8,236,690	8,833,039	9,676,367
Change in Net Position					
Governmental activities	163,701	541,748	9,910	1,160,708	1,840,579
Business-type activities	1,444,168	616,706	472,709	245,959	785,395
Total primary government	$ 1,607,869	$ 1,158,454	$ 482,619	$ 1,406,667	$ 2,625,974

City of Kennedale, Texas

Table C – Fund Balances of Governmental Funds

Modified Accrual Basis of Accounting

Last Ten Fiscal Years (Unaudited)

	Fiscal Year (Pre-GASB 54 2009-2010) (GASB 54 implemented in fiscal year 2011)									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Nonspendable	$ 5,751	$ 46,486	$ 40,633	$ 15,786	$ 240,850	$ 206,755	$ 86,778	$ 54,346	$ 66,280	$ 74,707
Restricted	-	-	-	-	-	-	106,347	106,347	113,983	118,515
Assigned	-	-	-	-	367,218	-	915,608	915,608	501,973	296,074
Unassigned	1,108,068	937,508	1,193,553	1,716,655	1,972,229	2,264,414	1,746,714	1,597,593	2,453,218	2,653,244
Total general fund	$ 1,113,819	$ 983,994	$ 1,234,186	$ 1,732,441	$ 2,580,297	$ 2,471,169	$ 2,855,447	$ 2,673,894	$ 3,135,454	$ 3,142,540
All Other Governmental Funds										
Nonspendable	$ 800	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Restricted for										
Debt service funds	90,920	23,829	2,849	10,375	11,861	-	194,135	315,015	489,285	687,654
Public safety	10,056	3	10,164	5,286	-	155	-	1,895	4,320	2,549
Economic development	-	-	1,112	-	-	-	-		-	-
Other	-	-	-	-	-	-	1,747		-	-
Capital projects funds	187,239	185,514	341,663	373,456	400,170	425,432	565,525	3,164,782	2,839,820	2,961,336
Assigned										
Parks	-	-	-	-	-	-	158,092	84,108	101,611	648,018
Unassigned	-	-	-	-	-	-	(788,591)	(594,328)	(422,643)	(233,953)
Total all other governmental funds	$ 289,015	$ 209,346	$ 355,788	$ 389,117	$ 412,031	$ 425,587	$ 130,908	$ 2,971,472	$ 3,012,393	$ 4,065,604

Source: Annual Comprehensive Financial Report

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

City of Kennedale, Texas

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

	Fiscal Year				
	2012	2013	2014	2015	2016
Revenues					
Taxes	$ 6,136,869	$ 5,799,322	$ 6,086,574	$ 6,696,668	$ 6,330,577
Licenses, fees, and permits	311,921	261,451	477,447	346,011	727,163
Franchise fees	-	-	-	-	-
Fines and penalties	246,438	298,964	274,413	228,482	232,660
Public safety fees	210,676	257,998	243,002	247,907	237,104
Charges for services	418,826	379,796	614,145	459,651	73,840
Intergovernmental	2,955,522	588,540	48,231	630,669	787,432
Investment earnings	2,885	724	389	887	3,986
Contributions	-	-	2,314	2,153	1,527
Miscellaneous	385,640	426,068	620,919	713,443	306,652
Total revenues	10,668,777	8,012,863	8,367,434	9,325,871	8,700,941
Expenditures					
Current					
General government	1,276,738	1,238,641	1,126,632	1,228,989	1,247,881
Public safety	4,149,870	3,964,561	4,052,316	4,247,507	4,346,827
Public works	840,656	684,840	1,051,794	850,933	681,748
Culture and recreation	257,103	270,204	272,102	272,964	301,411
Economic development	-	-	-	-	-
Capital outlay	4,826,076	664,329	100,478	896,467	1,339,271
Debt service					
Principal	751,913	806,600	841,178	844,371	895,356
Interest and fiscal charges	589,539	552,879	526,300	493,943	536,710
Bond issuance costs	-	-	-	-	-
Total expenditures	12,691,895	8,182,054	7,970,800	8,835,174	9,349,204
Excess (deficiency) of revenues over (under) expenditures	(2,023,118)	(169,191)	396,634	490,697	(648,263)
Other Financing Sources (Uses)					
Debt issuance	-	-	-	-	-
Issuance of capital lease	125,000	-	-	-	4,087,218
Cost to issue debt	-	-	-	-	-
Premium on debt issuance	-	-	-	-	-
Payment to escrow agent	-	-	-	(1,214,150)	-
Refunding bonds/lease issued	-	-	-	-	(3,646,951)
Transfers in	92,038	295,373	161,832	258,832	1,036,598
Transfers out	(92,038)	(295,373)	(161,832)	(258,832)	(83,221)
Total other financing sources (uses)	125,000	-	-	(1,214,150)	1,393,644
Net Change in Fund Balances	$ (1,898,118)	$ (169,191)	$ 396,634	$ (723,453)	$ 745,381
Debt service as a percentage of noncapital expenditures	17.1%	18.1%	17.4%	16.9%	17.9%

Source: Comprehensive Annual Financial Report

City of Kennedale, Texas

Table D – Changes in Fund Balances of Governmental Funds (Continued)

(Modified Accrual Basis of Accounting)

Last Ten Fiscal Years (Unaudited)

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

Source: Annual Comprehensive Financial Report

City of Kennedale, Texas

Table E – Assessed Value and Estimated Actual Value of Taxable Property Last Ten Fiscal Years (Unaudited)

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Less Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2012	$ 367,644,619	$ 130,187,379	$ 54,138,047	$ 63,654,327	$ 488,315,718	$ 0.72250	$ 488,315,718	100.00%
2013	$ 363,808,684	$ 121,802,411	$ 60,407,246	$ 70,604,766	$ 475,413,575	$ 0.72250	$ 475,413,575	100.00%
2014	$ 369,809,150	$ 122,562,814	$ 62,617,391	$ 74,529,874	$ 480,459,481	$ 0.74750	$ 480,459,481	100.00%
2015	$ 418,964,219	$ 135,862,868	$ 43,604,299	$ 69,044,161	$ 529,387,225	$ 0.74750	$ 529,387,225	100.00%
2016	$ 423,074,019	$ 133,607,106	$ 42,937,171	$ 50,198,154	$ 549,420,142	$ 0.76750	$ 549,420,142	100.00%
2017	$ 434,127,908	$ 137,328,197	$ 21,506,171	$ 25,203,051	$ 567,759,225	$ 0.76750	$ 567,759,225	100.00%
2018	$ 479,936,919	$ 147,896,807	$ 35,746,004	$ 33,925,413	$ 629,654,317	$ 0.77750	$ 629,654,317	100.00%
2019	$ 517,326,245	$ 155,373,286	$ 29,734,655	$ 11,730,455	$ 690,703,731	$ 0.72571	$ 690,703,731	100.00%
2020	$ 584,136,210	$ 111,486,922	$ 23,929,984	$ 57,395,099	$ 690,703,731	$ 0.73497	$ 690,703,731	100.00%
2021	$ 610,463,688	$ 114,757,038	$ 25,308,936	$ 55,313,812	$ 695,215,850	$ 0.77409	$ 695,215,850	100.00%

Source: Tarrant Appraisal District Totals Report (September).

City of Kennedale, Texas

Table F – Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years (Unaudited)

	City Direct Rates			Overlapping Rates			
Fiscal Year	City Rate	General Obligation Debt Service	Total Direct	Kennedale Independent School District	Tarrant County	Tarrant County College District	Tarrant County Hospital District
2012	0.516013	0.206487	0.72250	1.512068	0.264000	0.148970	0.227897
2013	0.549582	0.172918	0.72250	1.512068	0.264000	0.148970	0.227897
2014	0.560454	0.187046	0.74750	1.492068	0.264000	0.149500	0.227897
2015	0.551216	0.196284	0.74750	1.514717	0.264000	0.149500	0.227897
2016	0.575204	0.192296	0.76750	1.486724	0.264000	0.149500	0.227897
2017	0.581711	0.185789	0.76750	1.486724	0.254000	0.144730	0.227897
2018	0.578750	0.198750	0.77750	1.480000	0.244000	0.140060	0.224429
2019	0.535219	0.190495	0.72571	1.451694	0.234000	0.136070	0.224429
2020	0.544429	0.190541	0.72571	1.350000	0.234000	0.130170	0.224429
2021	0.582686	0.191399	0.73497	1.336400	0.234000	0.130170	0.224429

Source: Tarrant Appraisals District (2020 Tax Rates).

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

City of Kennedale, Texas

Table G – Ad-Valorem Tax Levies and Collections

Last Ten Fiscal Years (Unaudited)

		Collected within the Fiscal Year of the Levy			Total Collections to Date	
Fiscal Year	Taxes Levied for the Fiscal Year	Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
2012	$ 3,964,881	$ 3,890,850	98.13%	$ 52,738	$ 3,943,588	99%
2013	$ 3,937,340	$ 3,880,817	98.56%	$ 55,843	$ 3,936,660	100%
2014	$ 4,083,024	$ 4,015,994	98.36%	$ 20,978	$ 4,036,972	99%
2015	$ 4,231,865	$ 4,174,320	98.64%	$ 97,496	$ 4,271,816	101%
2016	$ 4,501,716	$ 4,464,778	99.18%	$ 26,688	$ 4,491,466	100%
2017	$ 4,644,955	$ 4,589,538	98.81%	$ 34,760	$ 4,624,298	100%
2018	$ 5,086,080	$ 5,045,734	99.21%	$ -	$ 5,045,734	99%
2019	$ 5,219,526	$ 5,169,354	99.04%	$ -	$ 5,169,354	99%
2020	$ 5,949,183	$ 5,798,463	97.47%	$ -	$ 5,798,463	97%
2021	$ 6,521,122	$ 6,063,561	97.47%	$ -	$ 6,063,561	93%

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

City of Kennedale, Texas

Table H – Ratios of Outstanding Debt by Type

Last Ten Fiscal Years (Unaudited)

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

Source: Notes to the financial statements and Table N

City of Kennedale, Texas

Table I – Ratios of General Bonded Debt Outstanding per Capita

Last Ten Fiscal Years (Unaudited)

	General Bonded Debt Outstanding				
Fiscal Year	General Obligation Bonds/ Certificates of Obligation	Revenue Bonds	Total	Percentage of Actual Taxable Value of Property	Per Capita
2012	$ 13,930,405	$ 50,000	$ 13,980,405	2.86%	$ 1,979
2013	$ 13,240,601	$ -	$ 13,240,601	2.79%	$ 1,825
2014	$ 12,469,623	$ -	$ 12,469,623	2.60%	$ 1,686
2015	$ 11,655,557	$ -	$ 11,655,557	2.20%	$ 1,458
2016	$ 11,001,843	$ -	$ 11,001,843	2.00%	$ 1,370
2017	$ 10,026,300	$ -	$ 10,026,300	1.77%	$ 1,206
2018	$ 9,024,582	$ -	$ 9,024,582	1.43%	$ 1,082
2019	$ 8,099,682	$ -	$ 8,099,682	1.17%	$ 948
2020	$ 7,178,035	$ -	$ 7,178,035	1.04%	$ 870
2021	$ 6,186,673	$ -	$ 6,186,673	0.89%	$ 726

Source: Table E, I, and N

City of Kennedale, Texas

Table J – Legal Debt Margin Information

Last Ten Fiscal Years (Unaudited)

The city charter of the City of Kennedale (section 6.05), Texas does not provide for a debt limit. The debt portion of the overall tax rate may rise as high as necessary to retire debt for the coming year without triggering the threat of rollback. Under the provision of Texas State law, the maximum tax rate is limited to $2.50 per $100 assessed valuation. The tax rate for fiscal year 2020 was established at $0.734970 per $100 assessed valuation based on 100 percent of net taxable value.

City of Kennedale, Texas

Table K – Demographic and Economic Statistics

Last Ten Calendar Years (Unaudited)

Year	Estimated Population	Median Household Income	Per Capita Median Household Income	Unemployment Rate
2012	7,063	$ 49,091	$ 24,323	6.3%
2013	7,257	$ 73,909	$ 31,163	6.9%
2014	7,394	$ 73,909	$ 31,163	5.7%
2015	7,992	$ 73,909	$ 31,163	4.3%
2016	8,031	$ 73,909	$ 31,163	4.1%
2017	8,315	$ 71,875	$ 31,904	5.3%
2018	8,338	$ 72,461	$ 31,335	4.5%
2019	8,543	$ 75,000	$ 32,435	3.5%
2020	8,255	$ 80,565	$ 35,350	3.3%
2021	8,517	$ 79,575	$ 36,588	6.9%

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

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

City of Kennedale, Texas

Table L – Principal Employers

Current and Seven Years Ago (Unaudited)

	2021		2015	
Employer	**Employees**	**Percentage of Total City Employment**	**Employees**	**Percentage of Total City Employment**
Kennedale Independent School District	412	39.62%	411	22.68%
Speed Fab Crete	75	7.21%	128	7.06%
Hawk Steel	73	7.02%	92	5.08%
Excel Polymers	63	6.06%	76	4.19%
ARK Contracting Services	62	5.96%	115	6.35%
RE Watson & Associates	62	5.96%	17	0.94%
Harrison Jet Guns	61	5.87%	92	5.08%
City of Kennedale	59	5.67%	78	4.30%
Mike Conkle's Custom Cabinets	39	3.75%	85	4.69%
US Galvanizing LP	38	3.65%	34	1.88%
H&O Die Supply	20	1.92%	19	1.05%
QT South LLC	20	1.92%	0	0.00%
Redi-Mix LP	18	1.73%	22	1.21%
Texas Tile	17	1.63%	55	3.04%
Stovall Electric	11	1.06%	30	1.66%
Global Servo Hydraulics	6	0.58%	9	0.50%
Wear Master	4	0.38%	5	0.28%
Fort Worth Tower	0	0.00%	480	26.49%
Goss International	0	0.00%	64	3.53%
	1,040	100.00%	1,812	100.00%

City of Kennedale, Texas

Table M – Full-Time Equivalent City Government Employees by Function/Program

Last Ten Fiscal Years (Unaudited)

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government										
Management services	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Finance	2.5	2.5	2.5	2.5	3.0	2.5	2.5	3.0	3.0	3.7
Planning	2.5	2.5	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Building	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Municipal court	2.0	2.0	2.0	3.0	2.0	2.0	2.0	1.5	1.0	1.0
Police										
Officers	19.0	19.0	16.0	19.0	20.0	20.0	21.0	21.0	21.0	21.0
Civilians	7.5	7.5	7.5	2.5	2.5	2.1	2.5	2.5	2.5	2.7
Fire										
Firefighters and officers	16.0	16.0	16.0	16.0	16.0	16.0	16.0	20.0	17.0	19.0
Civilians	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Other public works										
Streets & Parks	6.0	6.0	8.0	8.0	8.0	8.0	8.0	8.0	11.0	10.8
Economic development	-	-	-	-	-	-	-	-	-	-
Library	3.5	3.5	3.5	3.5	3.5	4.0	4.0	4.0	4.0	4.0
Water/Wastewater	14.5	12.5	11.5	11.5	11.5	11.5	11.5	11.5	-	-
Total	79.5	77.5	76.0	75.00	75.5	75.1	76.5	80.5	68.5	71.1

Sources: FY2020-21 Adopted Budget.

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

City of Kennedale, Texas

Table N – Operating Indicators by Function/Program

Last Ten Fiscal Years (Unaudited)

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

City of Kennedale, Texas

Table O – Capital Asset Statistics by Function/Program

Last Ten Fiscal Years (Unaudited)

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
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	13	13	14	17	17	8	8	8	8	9
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Other public works										
Streets (miles)	-	-	-	42	42	46	46	46	46	49
Streetlights	-	-	-	332	332	346	346	346	346	376
Parks and recreation										
Acreage	28	28	28	28	28	27	27	27	27	27
Playgrounds	4	4	4	4	4	4	4	4	4	4
Baseball/softball diamonds	3	3	3	3	3	3	3	3	3	3
Community centers	1	1	1	1	1	1	1	1	1	1
Water and Wastewater										
Water mains (miles)	-	-	-	48	48	49	49	49	67	68
Fire hydrants (thousands)	5	5	5	5	5	5	5	5	5	5
Storage (thousands of gallons)	3,350	3,350	3,350	3,350	3,350	3,350	3,350	3,350	3,325	3,300
Elevated	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,145	1,250
Ground	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,180	2,150
Sanitary sewers (miles)	-	-	-	48	48	50	50	50	47	48
Storm sewers (miles)	-	-	-	4	4	4	4	4	5	6

STAFF REPORT

TO THE HONORABLE MAYOR AND CITY COUNCIL

MEETING DATE: APRIL 19, 2022

AGENDA ITEM NUMBER: WORK SESSION ITEM II.A.2.

SUBJECT
Presentation regarding the establishment of Interlocal Agreements (ILAs), Cooperative Purchasing Agreements, and/or similar with neighboring entities for the benefit of forthcoming public works projects

ORIGINATED BY
Joe Walsh, Public Works Director

SUMMARY
At this time, Public Works Director Joe Walsh will provide the Council with information regarding various ILAs and other similar agreements that staff is currently seeking to establish with neighboring entities for the purpose of expediting various public works projects. Of note, these policies are often available for utilization by all departments, thus benefiting the entire organization by offering the potential for more streamlined and cost-efficient project completion.

Two such agreements (with the Cities of Grand Prairie and Grapevine) appear on this agenda as action items for Council's consideration. Other similar agreements may also be presented by staff in coming months.

RECOMMENDATION

ATTACHMENTS

STAFF REPORT
TO THE HONORABLE MAYOR AND CITY COUNCIL

MEETING DATE: APRIL 19, 2022

AGENDA ITEM NUMBER: WORK SESSION ITEM II.A.3.

SUBJECT
Discuss and consider offering staff direction regarding civilian compensation study

ORIGINATED BY
Caroline Green, Director of HR and Administrative Services

SUMMARY
Following the successful implementation of a public safety step-plan, various members of the Council have expressed an interest in conducting a compensation study for civilian (non-sworn) employees in efforts to increase parity and decrease turnover in these administrative positions as well. At this time, Human Resources Director Caroline Green has obtained a bid (attached) for such a study and will make a brief presentation to the Council regarding her recommendations.

Of note, a related item appears on this same agenda to offer those members of staff who are not currently on a pay plan a mid-year salary adjustment.

RECOMMENDATION

ATTACHMENTS

1.	20220406103937785	20220406103937785.pdf

PUBLIC
SECTOR
PERSONNEL
CONSULTANTS

March 14, 2022

Ms. Caroline E. Green, M.A., IPMA-SCP
Director of Human Resources & Admin Services
City of Kennedale
405 Municipal Drive
Kennedale, TX 76060

Dear Ms. Green,

Pursuant to your request, we are pleased to provide you with a brief quote to assist the City with a compensation survey and pay plan update. We specialize in these services and have implemented classification and compensation plans for more than 1,100 public employers nationwide, including more than 325 municipal employers. Current and recently completed studies in Texas include the Cities of Irving, Dallas, Fort Worth, Addison, and Burleson.

Steps we propose include:

1. Telephone project planning and scheduling meeting with the City's HR Staff and project designee(s)
2. Occupational re-familiarization by review of City's current job descriptions and compensation plans
3. Identification of City occupations to utilize as survey benchmark job classifications – targeted 40+ titles
4. Solicitation of comparator employers and agencies for participation in external compensation surveys
5. Extraction of data from public employer compensation plans, questionnaires, reliable published surveys
6. Consolidation of data from all sources and calculation of prevailing rates for benchmark jobs
7. Computation of extent City's compensation offerings vary from external prevailing rates and practices
8. Assignment of job classes to updated salary ranges by internal equity and external competitiveness
9. Fiscal impact estimates at various levels of external prevailing rates competitiveness policies
10. Review and critique of draft salary and implementation plans with Human Resources, project leaders
11. Preparation and presentation of a final project report for the City Council, staff, and City Officials (option)
12. Development of a plan for the implementation of City's updated compensation plan

We estimate that the survey project can be completed for $8,500, with an optional meeting or presentation if requested for an additional $1,500 inclusive of any out-of-pocket expenses.

We estimate that the project could be completed within 90 days of authorization to proceed and confirmation of the survey comparison agencies to be utilized.

Thank you for your interest in our firm's services. If we can provide any additional information, or if you would like to visit further about the City's project needs, please contact me at any time.

Sincerely,

Matthew Weatherly

Matthew Weatherly, President
(888) 522-7772
matt@pspc.us

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STAFF REPORT

TO THE HONORABLE MAYOR AND CITY COUNCIL

MEETING DATE: APRIL 19, 2022

AGENDA ITEM NUMBER: EXECUTIVE SESSION ITEM III.A.1.

SUBJECT
City Manager

ORIGINATED BY

SUMMARY

RECOMMENDATION

ATTACHMENTS

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STAFF REPORT
TO THE HONORABLE MAYOR AND CITY COUNCIL

MEETING DATE: APRIL 19, 2022

AGENDA ITEM NUMBER: EXECUTIVE SESSION ITEM III.A.2.

SUBJECT
Hammack Creek (337 Kennedale Sublett Road)

ORIGINATED BY

SUMMARY

RECOMMENDATION

ATTACHMENTS

STAFF REPORT
TO THE HONORABLE MAYOR AND CITY COUNCIL

MEETING DATE: APRIL 19, 2022

AGENDA ITEM NUMBER: EXECUTIVE SESSION ITEM III.A.3.

SUBJECT
Chapter 380 and Economic Development Corporation Agreement between the City of Kennedale, the Kennedale Economic Development Corporation (KEDC), and Karmali Holdings, Inc.

ORIGINATED BY

SUMMARY

RECOMMENDATION

ATTACHMENTS

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STAFF REPORT

TO THE HONORABLE MAYOR AND CITY COUNCIL

MEETING DATE: APRIL 19, 2022

AGENDA ITEM NUMBER: EXECUTIVE SESSION ITEM III.A.4.

SUBJECT
City Board Member Qualifications and Appointment Procedure

ORIGINATED BY

SUMMARY

RECOMMENDATION

ATTACHMENTS

STAFF REPORT

TO THE HONORABLE MAYOR AND CITY COUNCIL

MEETING DATE: APRIL 19, 2022

AGENDA ITEM NUMBER: EXECUTIVE SESSION ITEM III.B.1.

SUBJECT
City Manager

ORIGINATED BY

SUMMARY

RECOMMENDATION

ATTACHMENTS

STAFF REPORT

TO THE HONORABLE MAYOR AND CITY COUNCIL

MEETING DATE: APRIL 19, 2022

AGENDA ITEM NUMBER: EXECUTIVE SESSION ITEM III.B.2.

SUBJECT
City Attorney

ORIGINATED BY

SUMMARY

RECOMMENDATION

ATTACHMENTS

STAFF REPORT

TO THE HONORABLE MAYOR AND CITY COUNCIL

MEETING DATE: APRIL 19, 2022

AGENDA ITEM NUMBER: REPORTS AND ANNOUNCEMENTS ITEM V.D.1.

SUBJECT
Updates from the City Council

ORIGINATED BY

SUMMARY
Updates from the City Council, if any.

RECOMMENDATION

ATTACHMENTS

STAFF REPORT
TO THE HONORABLE MAYOR AND CITY COUNCIL

MEETING DATE: APRIL 19, 2022

AGENDA ITEM NUMBER: REPORTS AND ANNOUNCEMENTS ITEM V.D.2.

SUBJECT
Updates from the Mayor

- Proclaiming April 2022 as Child Abuse Prevention Month and recognizing Alliance for Children for their dedication to protecting the children of Tarrant County

ORIGINATED BY
Leslie Galloway, Interim City Manager

SUMMARY
Updates from Mayor Linda Rhodes, if any.

RECOMMENDATION

ATTACHMENTS

1.	2022_04.19 Child Abuse Prevention Month - AFC	2022_04.19 Child Abuse Prevention Month - AFC.pdf

PROCLAMATION

Proclaiming April 2022 as Child Abuse Prevention Month in the City of Kennedale

WHEREAS, children are our future and our greatest resource; and

WHEREAS, every child deserves a nurturing family and safe environment to grow into a healthy, productive member of the community; and

WHEREAS, child abuse is one of our nation's most serious public health problems and threatens the safety of our community; and

WHEREAS, in Tarrant County, 6,511 children were confirmed as victims of child abuse or neglect in 2021; and

WHEREAS, Alliance For Children (AFC) provided trauma-informed services to 2,497 children in 2021;

WHEREAS, finding solutions to prevent child abuse is a community responsibility and depends on the involvement of all citizens; and

WHEREAS, effective child abuse prevention, investigation and treatment programs succeed because of partnerships among public and private agencies, schools, religious organizations, medical services, and the business community.

NOW, THEREFORE, I, Mayor Linda Rhodes, do hereby proclaim the month of April 2022 as Child Abuse Prevention Month in the City of Kennedale, and urge all citizens to work to help reduce child abuse and neglect significantly in the years to come.

IN TESTIMONY, WHEREOF, I have hereunto set my hand and caused the Seal of the City of Kennedale, Texas, to be affixed this 19th day of April 2022.

MAYOR LINDA RHODES

ATTEST: CITY SECRETARY LESLIE E. GALLOWAY

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STAFF REPORT
TO THE HONORABLE MAYOR AND CITY COUNCIL

MEETING DATE: APRIL 19, 2022

AGENDA ITEM NUMBER: REPORTS AND ANNOUNCEMENTS ITEM V.D.3.

SUBJECT
Updates from the Interim City Manager

ORIGINATED BY

SUMMARY
Updates from Interim City Manager Leslie Galloway, if any.

RECOMMENDATION

ATTACHMENTS

STAFF REPORT

TO THE HONORABLE MAYOR AND CITY COUNCIL

MEETING DATE: APRIL 19, 2022

AGENDA ITEM NUMBER: REPORTS AND ANNOUNCEMENTS ITEM V.D.4.

SUBJECT

Staffing updates from Human Resources Director

ORIGINATED BY

SUMMARY

At this time, Caroline Green, Director of HR and Administrative Services, will provide the Council with an update regarding the ongoing search for a City Manager via a contract with SGR. Ms. Green may also provide updates regarding other staffing and will be available to answer questions from the Council.

RECOMMENDATION

ATTACHMENTS

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STAFF REPORT
TO THE HONORABLE MAYOR AND CITY COUNCIL

MEETING DATE: APRIL 19, 2022

AGENDA ITEM NUMBER: REPORTS AND ANNOUNCEMENTS ITEM V.D.5.

SUBJECT
Financial Reports for the City

ORIGINATED BY

SUMMARY

RECOMMENDATION

ATTACHMENTS

1.	2022_03 Monthly Financials	2022_03 Monthly Financials.pdf

Revenues & Expenditures - Budget & Actual Summary

FOR THE MONTH ENDED MARCH 31, 2022

GENERAL FUND REVENUES

Budget	AMENDED	Actual	Actual Budget %
$ 8,002,160	$ -	$ 6,229,764	77.9%

GENERAL FUND EXPENDITURES

Budget	AMENDED	Actual	Actual Budget %
$ 8,901,590	$ -	$ 3,873,271	43.5%

STREETS FUND REVENUES

Budget	AMENDED	Actual	Actual Budget %
$ 917,506	$ -	$ 492,050	53.6%

STREETS FUND EXPENDITURES

Budget	AMENDED	Actual	Actual Budget %
$ 1,154,766	$ -	$ 373,014	32.3%

WATER/SEWER FUND REVENUES

Budget	AMENDED	Actual	Actual Budget %
$ 4,521,797	$ -	$ 2,219,123	49.1%

WATER/SEWER FUND EXPENDITURES

Budget	AMENDED	Actual	Actual Budget %
$ 4,377,462	$ -	$ 1,955,901	44.7%

STORMWATER FUND REVENUES

Budget	AMENDED	Actual	Actual Budget %
$ 266,175	$ -	$ 134,113	50.4%

STORMWAER FUND EXPENDITURES

Budget	AMENDED	Actual	Actual Budget %
$ 229,343	$ -	$ 10,593	4.6%

GENERAL FUND
FOR THE MONTH ENDED MARCH 31, 2022
FY 2021-22 WITH PRIOR YEAR COMPARISON

50.0%

	CURRENT FISCAL YEAR							PRIOR FISCAL YEAR				
	BUDGET		ACTUAL			PROJECTED		BUDGET		FY ACTUAL		
	FY 2021-2022		M-T-D	Y-T-D	Y-T-D	FY 2021-2022		FY 2020-2021		FY 2020-2021		
REVENUES	Adopted Budget	Amended Budget	Mar-22	Mar-22	% Budget	Mar-22	% Budget	Original Budget	Amended Budget	M-T-D MAR-21	Y-T-D MAR-21	Y-T-D % Budget
Property Taxes	$ 4,813,480		$ 65,690	$ 4,826,288	100.3%	$ 2,406,740	50.0%	$ 4,629,418	$ 4,808,157	$ 76,409	$ 4,680,121	97.3%
Sales / Beverage Tax	1,824,643		164,239	626,810	34.4%	912,322	50.0%	1,438,404	1,580,632	141,807	634,095	40.1%
Grants / Contributions	46,000		10,178	33,683	73.2%	23,000	50.0%	65,000	65,000	1,750	46,355	71.3%
Licenses / Permits	192,680		13,654	211,107	109.6%	96,340	50.0%	191,605	282,485	107,157	229,870	81.4%
Fines / Fees	71,604		17,539	66,608	93.0%	35,802	50.0%	106,718	63,718	4,158	23,387	36.7%
Charge for Services	247,401		25,136	130,355	52.7%	123,701	50.0%	205,500	205,500	28,703	105,220	51.2%
Investment Earnings	1,500		682	1,316	87.7%	750	50.0%	24,017	12,000	76	1,087	9.1%
Miscellaneous Income	25,135		410	5,355	21.3%	12,568	50.0%	5,250	5,250	2,652	12,710	242.1%
Intergovernmental	778,217		48,274	327,362	42.1%	389,109	50.0%	647,243	647,243	43,399	250,557	38.7%
Surplus / Sales Rentals	1,500		120	880	58.7%	750	50.0%	1,500	1,500	-	-	0.0%
Total Revenues	**$ 8,002,160**	**$ -**	**$ 345,922**	**$ 6,229,764**	**77.9%**	**$ 4,001,080**	**50.0%**	**$ 7,314,655**	**$ 7,671,485**	**$ 406,111**	**$ 5,983,402**	**78.0%**
EXPENDITURES												
City Manager	$ 298,728		$ 16,974	$ 101,246	33.9%	$ 149,364	50.0%	$ 316,473	$ 321,424	$ 26,255	$ 143,937	44.8%
Mayor and City Council	173,025		8,890	82,341	47.6%	86,513	50.0%	140,525	140,525	9,822	24,024	17.1%
City Secretary	187,082		5,133	27,084	14.5%	93,541	50.0%	175,454	183,777	9,388	62,399	34.0%
Municipal Court	106,204		13,470	59,507	56.0%	53,102	50.0%	98,215	103,477	9,729	44,750	43.2%
Human Resources	141,526		11,580	67,151	47.4%	70,763	50.0%	125,229	135,211	9,187	54,276	40.1%
Finance	484,149		14,606	197,713	40.8%	242,075	50.0%	438,148	464,564	46,911	227,151	48.9%
Police	3,125,084		178,207	1,344,076	43.0%	1,562,542	50.0%	2,660,845	2,988,696	162,990	1,203,361	40.3%
Police SRO	212,749		17,345	88,069	41.4%	106,375	50.0%	178,016	208,698	12,105	74,516	35.7%
Fire	2,649,247		191,762	1,150,129	43.4%	1,324,624	50.0%	2,208,977	2,492,360	163,935	925,454	37.1%
Community Development	438,900		63,609	213,640	48.7%	219,450	50.0%	387,924	412,959	42,193	201,255	48.7%
Senior Citizen Center	48,316		2,419	13,034	27.0%	24,158	50.0%	38,376	88,376	2,344	8,048	9.1%
Library	299,681		15,584	110,643	36.9%	149,841	50.0%	275,755	293,925	21,060	116,071	39.5%
Non-Departmental	736,900		43,702	418,638	56.8%	368,450	50.0%	580,159	580,159	21,790	444,476	76.6%
Total Expenditures	**$ 8,901,590**	**$ -**	**$ 583,281**	**$ 3,873,271**	**43.5%**	**$ 4,450,796**	**50.0%**	**$ 7,624,096**	**$ 8,414,151**	**$ 537,709**	**$ 3,529,718**	**41.9%**
Total Revenues Over (Under) Exp	**$ (899,430)**	**$ -**	**$ (237,359)**	**$ 2,356,493**		**$ (449,716)**		**$ (309,441)**	**$ (742,666)**	**$ (131,598)**	**$ 2,453,684**	
Other Financing Sources (Uses):												
Non-cash Transactions:												
Capital lease proceeds												
Capital expenditures												
Transfers In (Out):												
Net Change in Fund Balance	**$ (899,430)**	**$ -**		**$ 2,356,493**				**$ (309,441)**	**$ (742,666)**			
Total Unassigned Fund Balance - BOY	1,890,124			1,890,124				940,257	2,453,218			
Ending Fund Balance Sept. 30	**$ 990,694**	**$ -**		**$ 4,246,617**				**$ 630,816**	**$ 1,710,552**			
Less: Commitments for Specific Use				-								
Less: Assigned for Specific Use				-				-				
Ending Fund Balance - Unassigned	**$ 990,694**	**$ -**		**$ 4,246,617**				**$ 630,816**	**$ 1,710,552**			
AVERAGE DAILY EXPENDITURES	**24,388**	**-**		**10,612**				**20,888**	**23,052**			
NUMBER OF DAYS IN RESERVE	**41**			**400**				**30**	**74**			
FUND BALANCE AS A % OF EXPENDITURES	**11.1%**			**109.6%**				**8.3%**	**20.3%**			

STORMWATER FUND
FOR THE MONTH ENDED MARCH 31, 2022
FY 2021-22 WITH PRIOR YEAR COMPARISON

50.0%

	CURRENT FISCAL YEAR							PRIOR FISCAL YEAR				
	BUDGET		ACTUAL			FY PROJECTED		BUDGET		FY ACTUAL		
	FY 2021-2022		M-T-D	Y-T-D	Y-T-D	FY 2021-2022		FY 2020-2021		FY 2020-2021		
REVENUES	Original Budget	Amended Budget	Mar-22	Mar-22	% Budget	Mar-22	% Budget	Original Budget	Final Budget	M-T-D MAR-21	Y-T-D MAR-21	Y-T-D % Budget
Penalties	$ -					$ -		$ 1,200	$ 1,200	$ -	$ -	
Grant Revenue											-	
Drainage Fees	266,000		22,558	133,976	50.4%	133,000	50.0%	320,952	320,952	22,304	133,017	41.4%
Investment Income	175		65	137	78.3%	88	50.0%	1,000	1,000	5	121	12.1%
Miscellaneous Income												
Total Revenues	**$ 266,175**	**$ -**	**$ 22,623**	**$ 134,113**	**50.4%**	**$ 133,088**	**50.0%**	**$ 323,152**	**$ 323,152**	**$ 22,309**	**$ 133,138**	**41%**
EXPENDITURES												
Stormwater Utility	229,343		$ 2,657	$ 10,593	4.6%	$ 114,672	50.0%	561,929	$ 565,644	$ 17,983	$ 68,987	12.2%
Total Expenditures	**$ 229,343**	**$ -**	**$ 2,657**	**$ 10,593**	**4.6%**	**$ 114,672**	**50.0%**	**$ 561,929**	**$ 565,644**	**$ 17,983**	**$ 68,987**	**12%**
Total Revenues Over (Under) Exp	**$ 36,832**	**$ -**	**$ 19,966**	**$ 123,520**		**$ 18,416**		**$ (238,777)**	**$ (242,492)**	**$ 4,326**	**$ 64,151**	
Other Financing Sources (Uses):												
Capital Grant Contributions	-	-	-	-				-	-	-	-	
Net Change in Fund Balance	**$ 36,832**	**$ -**		**$ 123,520**				**$ (238,777)**	**$ (242,492)**			
Total Unrestricted Fund Balance - BOY	381,259			381,259				$ (151,838)	$ 287,257			
Total Fund Balance - EOY	**$ 418,091**	**$ -**		**$ 504,779**				**$ (390,615)**	**$ 44,765**			
Less: Commitments for Specific Use	-	-		-		-		-	-			
Ending Fund Balance - Unrestricted	**$ 418,091**	**$ -**		**$ 504,779**				**$ (390,615)**	**$ 44,765**			

WATER & SEWER FUND
FOR THE MONTH ENDED MARCH 31, 2022
FY 2021-22 WITH PRIOR YEAR COMPARISON

50.0%

	CURRENT FISCAL YEAR							PRIOR FISCAL YEAR				
	BUDGET		ACTUAL			PROJECTED		BUDGET		FY ACTUAL		
	FY 2021-2022		M-T-D	Y-T-D	Y-T-D	FY 2021-2022		FY 2020-2021		FY 2020-2021		
REVENUES	Original Budget	Amended Budget	Mar-22	Mar-22	% Budget	Mar-22	% Budget	Original Budget	Amended Budget	M-T-D MAR-21	Y-T-D MAR-21	Y-T-D % Budget
Water Service	$ 2,239,404		$ 187,589	$ 1,164,331	52.0%	$ 1,119,702	50.0%	$ 2,128,290	$ 2,128,290	$ 223,824	$ 1,098,836	52%
Sewer Service	1,700,194		133,521	799,936	47.0%	850,097.00	50.0%	1,700,194	1,700,194	157,947	835,228	49%
Sewer Surcharge			-	-				2,705	2,705	-	-	
Penalties			-	-				13,231	13,231	-	-	
Administrative Fees			-	-				3,762	3,762	-	559	15%
Water Tap Fees	4,000		-	-		2,000.00	50.0%	2,856	2,856	-	4,000	140%
Meter Purchase / Install	3,645		364	11,773	323.0%	1,822.50	50.0%	3,645	3,645	7,158	20,664	567%
Sewer Tap Fees	1,768		-	-		884.00	50.0%	1,768	1,768	-	(425)	-24%
Engineer Review Fees	6,120		-	4,263	69.7%	3,060.00	50.0%	6,120	6,120	12,005	19,757	323%
Sanitation Billing Fees	15,507		-	6,059	39.1%	7,753.50	50.0%	15,507	15,507	2,921	7,274	47%
Other Fees Water / Sewer	1,984		-	-		992.00	50.0%	1,984	1,984	-	75	4%
Sales Tax	139		13	72	51.8%	69.50	50.0%	139	139	12	70	50%
Arlington Operator Cost	354,500		26,884	137,875	38.9%	177,250.00	50.0%	354,500	354,500	30,186	105,656	30%
Investment Income	1,100		468	1,052	95.6%	550.00	50.0%	19,179	19,179	31	796	4%
Miscellaneous Income	4,911		-	-		2,455.50	50.0%	4,911	4,911	-	165	3%
Cash Over/Under			-	-								
Equipment Sale Gain (Loss)			-	-						-	-	
Sale of Parts/Assets	1,000		-	-		500.00	50.0%	1,000	1,000	-	-	
Transfer In - Water Impact Fund			-	-						-	-	
Transfer In - Sewer Impact Fund	60,000		5,000	30,000	50.0%	30,000	50.0%			-	-	
Transfer In - Roadway Impact Fund	127,525		10,627	63,762	50.0%	63,763	50.0%	187,525	187,525	15,627	93,762	50%
Total Revenues	**$ 4,521,797**	**$ -**	**$ 364,466**	**$ 2,219,123**	**49.1%**	**$ 2,260,899**	**50.0%**	**$ 4,447,316**	**$ 4,447,316**	**$ 449,711**	**$ 2,186,417**	**49%**
EXPENDITURES												
Utility Billing	$ 1,343,331		$ 122,537	$ 503,322	37.5%	$ 671,666	50.0%	$ 1,460,295	$ 1,460,295	$ 196,234	$ 566,834	39%
Operations	1,388,069		116,271	733,691	52.9%	$ 694,035	50.0%	1,375,369	1,377,223	111,021	826,802	60%
Debt Service	295,216		-	272,384	92.3%	$ 147,608	50.0%	358,559	358,559	-	330,761	92%
Capital Projects	483,000		1,830	5,280	1.1%	$ 241,500	50.0%	600,000	600,000	1,120	7,330	1%
Non-Departmental	867,846		71,055	441,224	50.8%	$ 433,923	50.0%	710,477	710,477	58,942	364,297	51%
Total Expenditures	**$ 4,377,462**	**$ -**	**$ 311,693**	**$ 1,955,901**	**44.7%**	**2,188,731**	**50.0%**	**$ 4,504,700**	**$ 4,506,554**	**$ 367,317**	**$ 2,096,024**	**47%**
Total Revenues Over (Under) Exp	**$ 144,335**	**$ -**	**$ 52,773**	**$ 263,222**		**$ 72,168**		**$ (57,384)**	**$ (59,238)**	**$ 82,394**	**$ 90,393**	
Other Funding Sources (Uses):												
Debt Service - Bond Payments												
Non-Cash Transactions:												
Capital Lease Proceeds												
Capital expenditures												
Net Change in Fund Balance	**$ 144,335**	**$ -**		**$ 263,222**				**$ (57,384)**	**$ (59,238)**			
Total Unrestricted Fund Balance - BOY	3,545,736			3,545,736				2,076,297	2,946,002			
Total Fund Balance - EOY	**$ 3,690,071**	**$ -**		**$ 3,808,958**				**$ 2,018,913**	**$ 2,886,764**			
Less: Commitments for Specific Use				-								
Less: Assigned for Specific Use				-				-				
Ending Fund Balance - Unrestricted	**$ 3,690,071**	**$ -**		**$ 3,808,958**				**$ 2,018,913**	**$ 2,886,764**			
AVERAGE DAILY EXPENDITURES	**11,993**	**-**		**5,359**				**157**	**162**			
NUMBER OF DAYS IN RESERVE	**308**			**711**				**12,842**	**17,787**			
FUND BALANCE AS A % OF EXPENDITURES	**84.3%**			**194.7%**				**44.8%**	**64.1%**			

STREETS FUND
FOR THE MONTH ENDED MARCH 31, 2022
FY 2021-22 WITH PRIOR YEAR COMPARISON

50.0%

	CURRENT FISCAL YEAR							PRIOR FISCAL YEAR				
	BUDGET		ACTUAL			PROJECTED		BUDGET		FY ACTUAL		
	FY 2021-2022		M-T-D	Y-T-D	Y-T-D	FY 2021-2022		FY 2020-2021		FY 2020-2021		
REVENUES	Original Budget	Amended Budget	Mar-22	Mar-22	% Budget	Mar-22	% Budget	Original Budget	Amended Budget	M-T-D MAR-21	Y-T-D MAR-21	Y-T-D % Budget
Frachise Fees Telephone	$ 18,558		$ 216	$ 4,737	25.5%	$ 9,279	50.0%	$ 36,256	$ 36,256	$ 4,209	$ 5,091	14%
Frachise Fees Garbage	68,607		10,993	37,661	54.9%	34,304	50.0%	68,607	68,607	8,438	28,008	41%
Franchise Fees Gas	63,767		-	76,084	119.3%	31,884	50.0%	64,469	64,469	-	56,148	87%
Franchise Fees Electricity	312,427		61,302	140,764	45.1%	156,214	50.0%	312,427	312,427	64,885	137,186	44%
Franchise Fees Cable	41,000		-	10,178	24.8%	20,500	50.0%	53,906	53,906	9,780	10,915	20%
Franchise Fees Water Sew	390,084		32,507	195,042	50.0%	195,042	50.0%	311,312	311,312	25,942	155,655	50%
Investment Income	110		24	43	39.1%	55	50.0%	6,930	6,930	3	74	1%
TexDot Connecting Kennedale				-								
Misc. Income	-		-	26,211						-	310	
Admin Charge - Stormwater	19,995		-	-	0.0%	9,998	50.0%	19,995	19,995		-	0%
Park Pavilion Rental	2,908		770	1,330	45.7%	1,454	50.0%	3,663	3,663	-	-	0%
Ballfield Rental	50		-	-	0.0%	25	50.0%	50	50		-	
Sale of Parts/Assets			-	-		-				-	3,840	
Transfer In Park Dedication						-						
Transfer In TIF Fund						-						
Transfer In Donation Fund						-						
Total Revenues	**$ 917,506**	**$ -**	**$ 105,812**	**$ 492,050**	**53.6%**	**$ 458,753**	**50.0%**	**$ 877,615**	**$ 877,615**	**$ 113,257**	**$ 397,227**	**45%**
EXPENDITURES												
Street Maintenance	$ 997,624		$ 41,753	$ 325,490	32.6%	$ 498,812	50.0%	$ 868,448	$ 915,994	$ 77,600	$ 381,288	42%
Park Maintenance	120,000		8,007	28,953	24.1%	60,000	50.0%	122,920	122,920	4,841	19,969	16%
Capital Projects	37,142		3,095	18,571	50.0%	18,571	50.0%	24,302	24,302	-	-	
Total Expenditures	**$ 1,154,766**	**$ -**	**$ 52,855**	**$ 373,014**	**32.3%**	**$ 577,383**	**50.0%**	**$ 1,015,670**	**$ 1,063,216**	**$ 82,441**	**$ 401,257**	**38%**
Total Revenues Over (Under) Exp	**$ (237,260)**	**$ -**	**$ 52,957**	**$ 119,036**		**$ (118,630)**		**$ (138,055)**	**$ (185,601)**	**$ 30,816**	**$ (4,030)**	
Other Funding Sources (Uses):												
Non-Cash Transactions:												
Capital Lease Proceeds	-											
Capital Expenditures	-											
Transfers In (Out):												
Debt Service Payments	-											
Net Change in Fund Balance	**$ (237,260)**	**$ -**		**$ 119,036**				**$ (138,055)**	**$ (185,601)**			
Total Unassigned Fund Balance - BOY	200,978			200,978				341,246	386,646			
Ending Fund Balance Sept. 30	**$ (36,282)**	**$ -**		**$ 320,014**				**$ 203,191**	**$ 201,045**			
Less: Commitments for Specific Use				-								
Less: Assigned for Specific Use				-								
Ending Fund Balance - Unassigned	**$ (36,282)**	**$ -**		**$ 320,014**				**$ 203,191**	**$ 201,045**			
AVERAGE DAILY EXPENDITURES	**3,263**	**-**		**145**				**2,226**	**2,362**			
NUMBER OF DAYS IN RESERVE	**(11)**			**2,204**				**91**	**85**			
FUND BALANCE AS A % OF EXPENDITURES	**-3.1%**			**85.8%**				**20.0%**	**18.9%**			

OTHER FUNDS: MONTHLY FINANCIALS
FOR THE MONTH ENDED MARCH 31, 2022

FUND	FUND NAME	BUDGET					Y-T-D ACTUAL						
		Revenues	Expenditures	Change in Fund Balances	Fund Balance Beginning of Year	Fund Balance End of Year	Revenues	% Budget	Expenditures	% Budget	Change in Fund Balances	Fund Balance Beginning of Year	Y-T-D Fund Balance Projection
	DEBT SERVICE FUND												
2	Debt Service Fund	$ 1,727,705	$ 1,668,763	$ 58,942	$ 601,112	$ 660,054	$ 1,608,367	93%	$ 1,538,711	92%	$ 69,656	$ 601,112	$ 670,768
	OTHER GENERAL FUNDS												
5	Capital Replacement Fund	$ 234,703	$ 219,663	$ 15,040	$ 29,055	$ 44,095	$ 118,061	50%	$ 94,703	43%	$ 23,358	$ 29,055	$ 52,413
12	Court Security Fund	2,115	-	2,115	25,344	27,459	1,738	82%	-	0%	1,738	25,344	27,082
16	Court Technology Fund	1,210	875	335	14,049	14,384	1,506	124%	-	0%	1,506	14,049	15,555
18	Juvenile Case Manager Fund	1,205	-	1,205	9,894	11,099	323	27%	-	0%	323	9,894	10,217
21	TIF 1 (New Hope Rd) Fund	192,748	-	192,748	(231,673)	(38,925)	148	0%	-	0%	148	(231,673)	(231,525)
34	Leose Fund	1,740	1,650	90	2,102	2,192	1,411	81%	-	0%	1,411	2,102	3,513
83	Tree Reforestation Fund	30	-	30	71,053	71,083	21	71%	-	0%	21	71,053	71,074
		$ 433,751	$ 222,188	$ 211,563	$ (80,176)	$ 131,387	$ 123,208		$ 94,703		$ 28,505	$ (80,176)	$ (51,671)
	CAPITAL FUNDS												
4	Capital Projects Fund	$ 120,060	$ 106,501	$ 13,559	$ 118,161	$ 131,720	$ 57,528	48%	$ -	0%	$ 57,528	$ 118,161	$ 175,689
13	Capital Bond Fund	1,235	-	1,235	8,211,684	8,212,919	6,017,685	487262%	40,671		5,977,014	8,211,684	$ 14,188,698
14	Park Dedication Fund	375	170	205	314,310	314,515	39,953	10654%	125	74%	39,828	314,310	$ 354,138
32	Library Building Fund	110	-	110	(2,282)	(2,172)	107	97%	-	0%	107	(2,282)	$ (2,175)
45	Roadway Impact Fee Fund	12,130	137,525	(125,395)	678,058	552,663	83,061	685%	63,762	46%	19,299	678,058	$ 697,357
61	Water Impact Fee Fund	52,660	-	52,660	37,946	90,606	45,019	85%	-	0%	45,019	37,946	82,965
62	Sewer Impact Fee Fund	16,948	60,000	(43,052)	162,506	119,454	57,956	342%	30,000	50%	27,956	162,506	190,462
		$ 203,518	$ 304,196	$ (100,678)	$ 9,520,383	$ 9,419,705	$ 6,301,309		$ 134,558		$ 6,034,542	$ 8,329,845	$ 14,364,387
	EDC 4B FUNDS												
15	EDC 4B Fund	$ 800,048	$ 625,073	$ 174,975	$ 1,061,839	$ 1,236,814	$ 362,712	45%	$ 305,594	49%	$ 57,118	$ 1,061,839	$ 1,118,957
		$ 800,048	$ 625,073	$ 174,975	$ 1,061,839	$ 1,236,814	$ 362,712		$ 305,594		$ 57,118	$ 1,061,839	$ 1,118,957
	SPECIAL REVENUE FUNDS												
30	Hotel/Motel Tax Fund	$ 11,006	$ -	$ 11,006	$ 24,011	$ 35,017	$ 3,981		$ -		$ 3,981	$ 24,011	$ 27,992
35	Disaster Recovery Fund	-	-	$ -	717	$ 717	2,117		-		$ 2,117	$ 717	$ 2,834
		11,006	-	11,006	24,728	35,734	6,098		-		6,098		$ 30,826

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STAFF REPORT
TO THE HONORABLE MAYOR AND CITY COUNCIL

MEETING DATE: APRIL 19, 2022

AGENDA ITEM NUMBER: REPORTS AND ANNOUNCEMENTS ITEM V.D.6.

SUBJECT
Schedule of Investment Activity for quarter ending March 31, 2022

ORIGINATED BY
Debby Scott, Interim Finance Director

SUMMARY
In accordance with Public Funds Investment Act (PFIA), the investments should be reported quarterly. This is for the second quarter for FY22 and subsequently will be presented for each quarter to Council to stay current with PFIA.

RECOMMENDATION

ATTACHMENTS

1.	MARCH_2022Investment Report	MARCH_2022Investment Report.pdf

CASH AND INVESTMENT REPORT

As of March 31, 2022

CITY OF KENNEDALE, TEXAS

GL Balance

FOR QUARTER MARCH 31, 2022

The Quarterly Investment Report provides the City's investment portfolio position as of the report period indicated above. Funds are invested in accordance with the City of Kennedale Investment Policy, as originally adopted on September 13, 2001 and most recently reviewed and adopted in June of 2018.

SUMMARY OF INVESTMENTS FOR THE QUARTER

100% of the City of Kennedale's investments are owned by the Pooled Cash Fund. As of the reporting quarter, 96.54% of the City's investments are in investment pools, and 3.46% are invested in money market savings accounts.

INVESTMENT STRATEGIES

The City's main objectives in managing the portfolio are as follows: suitability, preservation & safety of principal, liquidity, marketability, diversification, and yield.

INVESTMENT PORTFOLIO ALLOWABLE BREAKDOWN

Certificates of Deposit (50%), Investment Pools (100%)* , Money Market Mutual Funds (100%)*, Repurchase Agreements (50%)*, Government Obligations (25%), US Treasury & US Agency Callables (25%), US Government Agencies & Instrumentalities (100%), and US Treasury Notes/Bills (100%)

*(no more than 50% in any individual pool, fund, or repurchase agreement)

CASH BREAKDOWN BY FUND

Fund	Jan-22	Feb-22	Mar-22
01- General Fund	$ 4,935,561.65	$ 5,264,960.48	$ 5,045,988.18
02- Debt Service Fund	$ 1,281,871.70	$ 733,049.39	$ 755,006.94
04- Capital Project Fund	$ 185,187.16	$ 195,772.90	$ 204,616.42
05- Capital Replacement Fund	$ 52,331.21	$ 58,768.07	$ 59,861.35
07- Storm Drainage Utility Fund	$ 458,666.37	$ 477,847.04	$ 507,556.54
10- Water/Sewer Fund	$ 3,618,195.02	$ 3,427,267.49	$ 3,647,913.63
12- Court Security Fund	$ 26,161.00	$ 26,499.15	$ 26,986.89
13-CIP Tax Note	$ 8,279,473.06	$ 8,279,874.43	$ 8,280,968.83
14- Park Dedication Fund	$ 679,322.46	$ 686,555.56	$ 687,846.39
15- Economic Development Fund	$ 1,274,692.32	$ 1,246,263.34	$ 1,306,295.03
16- Court Technology Fund	$ 15,122.72	$ 15,416.09	$ 15,838.77
17- Streets Improvement Fund	$ 84,529.58	$ 157,576.17	$ 210,022.01
18- Juvenile Case Manager Fund	$ 8,294.72	$ 8,363.89	$ 8,468.44
21- TIF #1 New Hope Fund	$ 497,756.28	$ 497,780.41	$ 497,846.21
30- Hotel/Motel Tax Fund	$ 33,537.42	$ 33,539.04	$ 33,543.48
31- Police Seizure	$ 1,763.09	$ 1,763.18	$ 1,763.41
32- Library Building Fund	$ (2,040.55)	$ (2,025.30)	$ (1,967.91)
34- LEOSE Fund	$ 1,886.31	$ 3,297.27	$ 3,297.70
35-Disaster Recovery Fund	$ 1,071,054.77	$ 1,071,054.77	$ 1,073,171.51
41- Park Rec/Other Donation Fund	$ 36,116.88	$ 34,018.08	$ 33,538.55
45- Roadway Impact Fee Fund	$ 370,858.94	$ 374,624.35	$ 366,098.79
61- Water Impact Fee Fund	$ 82,406.19	$ 91,909.41	$ 93,278.65
62- Sewer Impact Fee Fund	$ 193,293.12	$ 201,161.68	$ 198,025.06
83- Tree Reforestation Fund	$ 71,063.17	$ 71,066.62	$ 71,076.01
85- Unclaimed Property Fund	$ 1,990.24	$ 1,990.24	$ 1,990.24
95- EDC Reserve Fund	$ 125,739.72	$ 125,745.82	$ 125,762.44
TOTAL ALL FUNDS	**$ 23,384,834.55**	**$ 23,084,139.57**	**$ 23,254,793.56**

WELLS FARGO ACCOUNTS RECONCILIATION

Bank Account	December 31, 2021 GL Balance	December 2021 Ending Bank Balance	Add: January Deposits	Less: January Withdrawals	Add: January Interest	Add: February Deposits	Less: February Withdrawals	Add: February Interest	Add: March Deposits	Less: March Withdrawals	Add: March Interest	March 31, 2022 Ending Bank Balance	March 31, 2022 Ending GL Balance	Unreconciled Difference
Consolidated Cash	$ 1,313,657.00	$ 1,313,657.00	$ 1,619,184.64	$ (2,101,872.80)		$ 1,954,013.07	$ (1,858,413.78)		$ 966,177.61	$ (1,088,107.77)		$ 804,637.97	$ 804,637.97	$ -
Payroll Clearing	$ 0.00	$ 0.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 0.00	$ 0.00	$ -
Section 125 Flex	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Health Reimbursement	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employee Health Benefit Trust	$ 52.44	$ 52.44	$ 32,435.66	$ (32,434.66)	$ 1.00	$ 36,296.17	$ (36,294.92)	$ 1.25	$ 33,428.36	$ (31,037.00)	$ 1.25	$ 2,446.05	$ 2,446.05	$ -
TOTAL WELLS FARGO ACCOUNTS	**$ 1,313,709.44**	**$ 1,313,709.44**										**807,084.02**	**807,084.02**	**-**

TEX STAR INVESTMENTS

Bank Account	December 31, 2021 GL Balance	December 2021 Ending Bank Balance	Add: January Deposits	Less: January Withdrawals	Add: January Interest	Add: February Deposits	Less: February Withdrawals	Add: February Interest	Add: March Deposits	Less: March Withdrawals	Add: March Interest	March 31, 2022 Ending Bank Balance	March 31, 2022 Ending GL Balance	Unreconciled Difference
Consolidated Cash	$ 346,446.17	346,446.17			$ 2.85	$ -	$ -	$ 2.69	$ -	$ -	$ 31.47	$ 346,483.18	$ 346,483.18	$ -
TOTAL TEX STAR ACCOUNTS	**$ 346,446.17**	**$ 346,446.17**										**346,483.18**	**346,483.18**	**-**

TEX POOL INVESTMENTS

Bank Account	December 31, 2021 GL Balance	December 2021 Ending Bank Balance	Add: January Deposits	Less: January Withdrawals	Add: January Interest	Add: February Deposits	Less: February Withdrawals	Add: February Interest	Add: March Deposits	Less: March Withdrawals	Add: March Interest	March 31, 2022 Ending Bank Balance	March 31, 2022 Ending GL Balance	Unreconciled Difference
Consolidated Cash	$ 19,779,235.24	$ 19,779,235.24	$ 3,033,828.48	$ (815,947.06)	$ 699.64	$ 1,051,741.87	$ (995,148.50)	$ 1,071.72	$ 105,712.90	$ -	$ 2,889.07	$ 22,164,083.36	$ 22,164,083.36	$ -
TOTAL TEX POOL ACCOUNTS	**19,779,235.24**	**$ 19,779,235.24**										**22,164,083.36**	**22,164,083.36**	**-**

	31-Dec-21	31-Mar-22
TOTAL INVESTMENT POOLS	**$ 20,125,681.41**	**22,510,566.54**

APR %	
Wells Fargo Payroll Clearning	0.04%–0.05%
Wells Fargo Section 125 Flex	0.04%–0.05%

STAFF REPORT
TO THE HONORABLE MAYOR AND CITY COUNCIL

MEETING DATE: APRIL 19, 2022

AGENDA ITEM NUMBER: CONSENT AGENDA ITEM V.E.1.

SUBJECT
Approval of the minutes from the March 15, 2022 regular meeting

ORIGINATED BY
Leslie Galloway, Interim City Manager

SUMMARY
The minutes will be provided for Council's review before the meeting.

RECOMMENDATION

ATTACHMENTS

STAFF REPORT

TO THE HONORABLE MAYOR AND CITY COUNCIL

MEETING DATE: APRIL 19, 2022

AGENDA ITEM NUMBER: CONSENT AGENDA ITEM V.E.2.

SUBJECT
Approval of the minutes from the March 29, 2022 special meeting

ORIGINATED BY
Leslie Galloway, Interim City Manager

SUMMARY
The minutes will be provided for Council's review before the meeting.

RECOMMENDATION

ATTACHMENTS

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STAFF REPORT
TO THE HONORABLE MAYOR AND CITY COUNCIL

MEETING DATE: APRIL 19, 2022

AGENDA ITEM NUMBER: CONSENT AGENDA ITEM V.E.3.

SUBJECT
Acceptance of independent auditor's report (Annual Comprehensive Financial Report (ACFR)) for the fiscal year ended September 30, 2021

ORIGINATED BY
Debby Scott, Interim Finance Director

SUMMARY
Information related to this item is attached to Work Session item 1.

RECOMMENDATION
Staff respectfully recommends the Council's acceptance of the FY21 ACFR.

ATTACHMENTS

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STAFF REPORT
TO THE HONORABLE MAYOR AND CITY COUNCIL

MEETING DATE: APRIL 19, 2022

AGENDA ITEM NUMBER: CONSENT AGENDA ITEM V.E.4.

SUBJECT
Approval of a one-year contract extension with BKD, LLP for the purpose of performing an annual audit for the City and the EDC

ORIGINATED BY
Debby Scott, Interim Finance Director

SUMMARY
Pursuant to the City's agreement from 2018 with the financial audit firm, BKD, staff is now respectfully requesting that the Council act to extend the agreement to provide for the fiscal year 2022 financial audit.

The terms of RFQ18-003 from June 11, 2018, state that "The initial term of this agreement will be three (3) years. Upon completion of the initial contract term and mutual written agreement of both parties, the contract may be renewed for up to two (2) additional one (1) year terms to be awarded one (1) year at a time."

BKD has successfully completed audits for fiscal years ending 2018, 2019, 2020, and 2021. The agreement extension is being presented for approval of BKD to complete the City's financial audit for the fiscal year ending 2022. This would be the final extension allowable under the original contract.

The fee for the September 30, 2022 audit would be $55,000. Should a Single Audit be required on the ARPA funds, there would be an additional charge of $7,500. This is an increase of less than 5 percent from the current year.

RECOMMENDATION
Approve

ATTACHMENTS

1.	First Audit Extension (2021)	Audit BKD & City of Kennedale, TX Signed Extension of Agreement Contract.pdf
2.	Kennedale BKD Audit Extension 2022	Kennedale BKD Audit Extension 2022.docx

EXTENSION OF AGREEMENT CONTRACT

CITY OF KENNEDALE
EXTENSION OF CONTRACT FOR PROFESSIONAL AUDITING SERVICES

This Extension is intended as a written modification or amendment to the terms of a previous agreement, as described herein, and is made and entered into this 15th day of June 2021 by and between the City of Kennedale, Texas, a municipal corporation in Tarrant County, Texas (hereinafter referred to as the "City"), and BKD, CPAs, (hereinafter referred to as the "Auditor").

WITNESETH

WHEREAS, the City is a municipal corporation of the State of Texas, located at City Hall, 405 Municipal Dr, Kennedale, Texas 76060, wherein the books and records of said City are kept, and

WHEREAS, the Auditor is a Certified Public Accountant, duly licensed in said capacity in the State of Texas, having paid all fees pursuant to such licensing, and the City being willing to extend an agreement with Auditor on the terms and conditions hereinafter set forth; and

WHEREAS, the City and the Auditor previously entered into the City of Kennedale Contract for Professional Auditing Services (the "Original Agreement"), in or about July of 2018 and wish to extend the Original Agreement, therefore the parties agree as follows:

Terms and Conditions

1. The Request for Proposals (RFQ 18-003) for Professional Audit Services is incorporated into this Extension and all conditions and requirements of the Request for Proposals are hereinafter considered to be part of this Extension.

2. The Original Agreement is incorporated into this Extension as if fully set forth herein. Except where expressly contradicted by the terms of this Extension, the terms of the Original Agreement control, and remain in effect for the duration of this Extension of the Original Contract (the "Extension").

3. The Parties agree that the term of the Original Agreement, and all terms thereof, shall be extended for one (1) additional year, being the fiscal year ending September 30, 2021.

4. The total all-inclusive maximum price for audit services to be performed by Auditor for the City of Kennedale, for the fiscal year ending September 30, 2021, shall be $52,500.

5. Auditor agrees that this Extension serves as notification in writing that all working papers and reports must be retained, at Auditor's expense, for one (1) additional year beyond the requirements of the Original Agreement.

6. This document and its inclusions contains the entire agreement between the parties and shall not be altered, varied, or modified unless made in writing and signed by the parties hereto. There are no understandings, representations, or agreements, written or oral, not incorporated herein. The terms of the engagement will also be confirmed in the annual engagement letter.

7. For purposes of this Extension, any notices required to be sent to the parties hereof shall be mailed to the following respective addresses:

AUDITOR	**CITY**
BKD, LLP	City of Kennedale
14241 Dallas Pkwy, Suite 1100	405 Municipal Dr
Dallas, TX 75240	Kennedale, TX 76060

IN WITNESS WHEREOF, the parties have made and executed this Agreement the day and year written above.

AUDITOR: BKD	**CITY OF KENNEDALE, TEXAS:**
Kevin Kemp	Leslie E. Galloway
Kevin Kemp	~~George Campbell~~ LESLIE E. GALLOWAY
Partner	~~City Manager~~ INTERIM CITY MANAGER
Witness:	*Attest:*
Signature	Drew Larkin
Danny Martinez	City Attorney
Name (typed or printed)	

EXTENSION OF AGREEMENT CONTRACT

CITY OF KENNEDALE
EXTENSION OF CONTRACT FOR PROFESSIONAL AUDITING SERVICES

This Extension is intended as a written modification or amendment to the terms of a previous agreement, as described herein, and is made and entered into this 19th day of April 2022 by and between the City of Kennedale, Texas, a municipal corporation in Tarrant County, Texas (hereinafter referred to as the "City"), and BKD, CPAs, (hereinafter referred to as the "Auditor").

WITNESETH

WHEREAS, the City is a municipal corporation of the State of Texas, located at City Hall, 405 Municipal Dr, Kennedale, Texas 76060, wherein the books and records of said City are kept, and

WHEREAS, the Auditor is a Certified Public Accountant, duly licensed in said capacity in the State of Texas, having paid all fees pursuant to such licensing, and the City being willing to extend an agreement with Auditor on the terms and conditions hereinafter set forth; and

WHEREAS, the City and the Auditor previously entered into the City of Kennedale Contract for Professional Auditing Services (the "Original Agreement"), in or about July of 2018 and wish to extend the Original Agreement, therefore the parties agree as follows:

Terms and Conditions

1. The Request for Proposals (RFQ 18-003) for Professional Audit Services is incorporated into this Extension and all conditions and requirements of the Request for Proposals are hereinafter considered to be part of this Extension.

2. The Original Agreement is incorporated into this Extension as if fully set forth herein. Except where expressly contradicted by the terms of this Extension, the terms of the Original Agreement control, and remain in effect for the duration of this Extension of the Original Contract (the "Extension").

3. The Parties agree that the term of the Original Agreement, and all terms thereof, shall be extended for one (1) additional year, being the fiscal year ending September 30, 2022.

4. The total all-inclusive maximum price for audit services to be performed by Auditor for the City of Kennedale, for the fiscal year ending September 30, 2022, shall be $55,000.

5. Auditor agrees that this Extension serves as notification in writing that all working papers and reports must be retained, at Auditor's expense, for one (1) additional year beyond the requirements of the Original Agreement.

6. This document and its inclusions contains the entire agreement between the parties and shall not be altered, varied, or modified unless made in writing and signed by the parties hereto. There are no understandings, representations, or agreements, written or oral, not incorporated herein. The terms of the engagement will also be confirmed in the annual engagement letter.
7. For purposes of this Extension, any notices required to be sent to the parties hereof shall be mailed to the following respective addresses:

AUDITOR	**CITY**
________________________________	City of Kennedale
________________________________	405 Municipal Dr
________________________________	Kennedale, TX 76060

IN WITNESS WHEREOF, the parties have made and executed this Agreement the day and year written above.

AUDITOR: BKD

____
Kevin Kemp
Partner

Witness:

____
Signature

____
Name (typed or printed)

CITY OF KENNEDALE, TEXAS:

____
Leslie E. Galloway
Interim City Manager

Attest:

____
Drew Larkin
City Attorney

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STAFF REPORT

TO THE HONORABLE MAYOR AND CITY COUNCIL

MEETING DATE: APRIL 19, 2022

AGENDA ITEM NUMBER: INDIVIDUAL CONSIDERATION ITEM V.F.1.

SUBJECT

Consider approval of a TxDOT Advanced Funding Agreement (AFA) and related Resolution in conjunction with the Safe Routes to School (SRTS) program

ORIGINATED BY

Leslie Galloway, Interim City Manager

SUMMARY

Attached is the current timeline for the Safe Routes to School (SRTS) program, in cooperation with NCTCOG. As previously discussed, the community can expect to see construction begin early to mid-2023. The current consideration (also attached) is an Advanced Funding Agreement (AFA) with TxDOT and the related Resolution. Upon the Council's approval of this agreement, staff and consultants will begin the design portion of the project.

The total projected local participation for this ~$1.35m project is estimated at $406,682 (with an estimated $883,756 being federally funded; and an estimated $57,619 being state funded). Of note, according to Section 4 of Resolution 566 (attached) passed in 2020, the City would be responsible for any cost overruns. The 80% federal participation applies to construction costs only. The City's estimated participation includes 20% of the construction costs as well as full funding for any necessary environmental and engineering, right-of-way acquisition, and utility relocation related to the project.

The scope of work is defined as "a pedestrian-centered sidewalk project located in the Crestdale Subdivision, which is situated between Delaney Elementary and Arthur Intermediate schools. This project lies between Kennedale Parkway and Crestview Drive and between Clover Lane and Arthur Drive. This project will install roughly 7,650 LF of 5' to 7' wide sidewalks and 1060 LF of crosswalks in and around the Crestdale Subdivision on Cloverlane Drive, Mistletoe Drive, Paula Street, Timberline Drive, Crestview Drive, and Reeves Lane."

Staff will be available to answer any questions.

RECOMMENDATION

Approve

ATTACHMENTS

1.	0902-90-199_SRTS - Kennedale / TxDOT AFA	0902-90-199_DRAFT AFA.pdf
2.	R604 - AFA Pedestrian Infrastructure Arthur Intermediate and Delaney Elementary 4.14.22 (002)	R604 - AFA Pedestrian Infrastructure Arthur Intermediate and Delaney Elementary 4.14.22 (002).pdf
3.	20220207 Kennedale SRTS Schedule	20220207 Kennedale SRTS Schedule.pdf
4.	R566	R566.pdf

TxDOT:			
CSJ #	**0902-90-199**		
District #	**02-FTW**	**AFA ID**	**Z00003125**
Code Chart 64 #	**22000**		
Project Name	**ARTHUR INTERMEDIATE AND DELANEY ELEMENTARY**		

Federal Highway Administration:	
CFDA No.	**20.205**
CFDA Title	**Highway Planning and Construction**
AFA Not Used For Research & Development	

STATE OF TEXAS §

COUNTY OF TRAVIS §

ADVANCE FUNDING AGREEMENT
For
CONGESTION MITIGATION & AIR QUALITY IMPROVEMENT
Off-System

THIS AGREEMENT (Agreement) is made by and between the State of Texas, acting by and through the **Texas Department of Transportation** called the “State”, and the **City of Kennedale**, acting by and through its duly authorized officials, called the “Local Government”. The State and Local Government shall be collectively referred to as “the parties” hereinafter.

WITNESSETH

WHEREAS, federal law establishes federally funded programs for transportation improvements to implement its public purposes, and

WHEREAS, the Texas Transportation Code, Section 201.103 establishes that the State shall design, construct and operate a system of highways in cooperation with local governments, and Section 222.052 authorizes the Texas Transportation Commission to accept contributions from political subdivisions for development and construction of public roads and the state highway system within the political subdivision, and

WHEREAS, federal and state laws require local governments to meet certain contract standards relating to the management and administration of State and federal funds, and

WHEREAS, the Texas Transportation Commission has codified 43 TAC, Rules 15.50-15.56 that describe federal, state, and local responsibilities for cost participation in highway improvement and other transportation projects, and

WHEREAS, the Texas Transportation Commission passed Minute Order Number **116073** authorizing the State to undertake and complete a highway improvement or other transportation project generally described as **Construct Pedestrian Infrastructure.** The portion of the project work covered by this Agreement is identified in the Agreement, Article 3, Scope of Work (Project), and

WHEREAS, the Governing Body of the Local Government has approved entering into this Agreement by resolution, ordinance, or commissioners court order dated _______________, which is attached to and made a part of this Agreement as Attachment C, Resolution, Ordinance, or Commissioners Court Order (Attachment C). A map showing the Project location appears in Attachment A, Location Map Showing Project (Attachment A), which is attached to and made a part of this Agreement.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements of the parties, to be by them respectively kept and performed as set forth in this Agreement, it is agreed as follows:

AGREEMENT

1. **Responsible Parties:**
For the Project covered by this Agreement, the parties shall be responsible for the following work as stated in the article of the Agreement referenced in the table below:

1	**N/A**	Utilities	Article 8
2.	**Local Government**	Environmental Assessment and Mitigation	Article 9
3.	**Local Government**	Architectural and Engineering Services	Article 11
4.	**Local Government**	Construction Responsibilities	Article 12
5.	**N/A**	Right of Way and Real Property	Article 14

2. **Period of the Agreement**
This Agreement becomes effective when signed by the last party whose signing makes the Agreement fully executed. This Agreement shall remain in effect until the Project is completed or unless terminated as provided below.

3. **Scope of Work**
The scope of work for the Project consists of the Kennedale Safe Routes to School project. This is a pedestrian centered sidewalk project located in the Crestdale Subdivision, which is situated between Delaney Elementary and Arthur Intermediate schools. This project is located between Kennedale Parkway and Crestview Drive and between Clover Lane and Arthur Drive. This project will install roughly 7650 LF of 5' to 7' wide sidewalks and 1060 LF of cross walks in and around the Crestdale Subdivision on Cloverlane Drive, Mistletoe Drive, Paula Street, Timberline Drive, Crestview Drive, and Reeves Lane.

4. **Project Sources and Uses of Funds**
The total estimated cost of the Project is shown in Attachment B, Project Budget (Attachment B) which is attached to and made a part of this Agreement.
   A. If the Local Government will perform any work under this Agreement for which reimbursement will be provided by or through the State, the Local Government must complete training. If federal funds are being used, the training must be completed before federal spending authority is obligated. Training is complete when at least one individual who is working actively and directly on the Project successfully completes and receives a certificate for the course entitled “Local Government Project Procedures and Qualification for the Texas Department of Transportation” and retains qualification in accordance with applicable TxDOT procedures. Upon request, the Local Government shall provide the certificate of

qualification to the State. The individual who receives the training certificate may be an employee of the Local Government or an employee of a firm that has been contracted by the Local Government to perform oversight of the Project. The State in its discretion may deny reimbursement if the Local Government has not continuously designated in writing a qualified individual to work actively on or to directly oversee the Project.

B. The expected cash contributions from the federal government, the State, the Local Government, or other parties are shown in Attachment B. The State will pay for only those Project costs that have been approved by the Texas Transportation Commission. For projects with federal funds, the State and the federal government will not reimburse the Local Government for any work performed before the federal spending authority is formally obligated to the Project by the Federal Highway Administration (FHWA). After federal funds have been obligated, the State will send to the Local Government a copy of the formal documentation showing the obligation of funds including federal award information. The Local Government is responsible for 100% of the cost of any work performed under its direction or control before the federal spending authority is formally obligated.

C. Attachment B shows, by major cost categories, the cost estimates and the party responsible for performing the work for each category. These categories may include but are not limited to: (1) costs of real property; (2) costs of utility work; (3) costs of environmental assessment and remediation; (4) cost of preliminary engineering and design; (5) cost of construction and construction management; and (6) any other local project costs.

D. The State will be responsible for securing the federal and State share of the funding required for the development and construction of the local Project. If the Local Government is due funds for expenses incurred, these funds will be reimbursed to the Local Government on a cost basis.

E. The Local Government will be responsible for all non-federal or non-State participation costs associated with the Project, unless otherwise provided for in this Agreement or approved otherwise in an amendment to this Agreement. For items of work subject to specified percentage funding, the Local Government shall only in those instances be responsible for all Project costs that are greater than the maximum State and federal participation specified in Attachment B and for overruns in excess of the amount specified in Attachment B to be paid by the Local Government.

F. The budget in Attachment B will clearly state all items subject to fixed price funding, specified percentage funding, and the periodic payment schedule, when periodic payments have been approved by the State.

G. When the Local Government bears the responsibility for paying cost overruns, the Local Government shall make payment to the State within thirty (30) days from the receipt of the State's written notification of additional funds being due.

H. When fixed price funding is used, the Local Government is responsible for the fixed price amount specified in Attachment B. Fixed prices are not subject to adjustment unless (1) differing site conditions are encountered; (2) further definition of the Local Government's requested scope of work identifies greatly differing costs from those estimated; (3) work requested by the Local Government is determined to be ineligible for federal participation; or (4) the adjustment is mutually agreed to by the State and the Local Government.

I. Prior to the performance of any engineering review work by the State, the Local Government will pay to the State the amount specified in Attachment B. At a minimum, this amount shall equal the Local Government's funding share for the estimated cost of preliminary engineering performed or reviewed by the State for the Project. At least sixty (60) days prior to the date set for receipt of the construction bids, the Local Government shall remit its remaining financial share for the State's estimated construction oversight and construction cost.

J. The State will not execute the contract for the construction of the Project until the required funding has been made available by the Local Government in accordance with this Agreement.

K. Whenever funds are paid by the Local Government to the State under this Agreement, the Local Government shall remit a check or warrant made payable to the "Texas Department of Transportation" or may use the State's Automated Clearing House (ACH) system for electronic transfer of funds in accordance with instructions provided by TxDOT's Finance Division. The funds shall be deposited and managed by the State and may only be applied by the State to the Project.

L. The State will not pay interest on any funds provided by the Local Government.

M. If a waiver for the collection of indirect costs for a service project has been granted under 43 TAC §15.56, the State will not charge the Local Government for the indirect costs the State incurs on the Project, unless this Agreement is terminated at the request of the Local Government prior to completion of the Project.

N. If the Local Government is an Economically Disadvantaged County (EDC) and if the State has approved adjustments to the standard financing arrangement, this Agreement reflects those adjustments.

O. Where the Local Government is authorized to perform services under this Agreement and be reimbursed by the State, the Local Government is authorized to submit requests for reimbursement by submitting the original of an itemized invoice, in a form and containing all items required by the State, no more frequently than monthly and no later than ninety (90) days after costs are incurred. If the Local Government submits invoices more than ninety (90) days after the costs are incurred and if federal funding is reduced as a result, the State shall have no responsibility to reimburse the Local Government for those costs.

P. Upon completion of the Project, the State will perform a final accounting of the Project costs for all items of work with specified percentage funding. Any funds due by the Local Government, the State, or the federal government for these work items will be promptly paid by the owing party.

Q. The state auditor may conduct an audit or investigation of any entity receiving funds from the State directly under this Agreement or indirectly through a subcontract under this Agreement. Acceptance of funds directly under this Agreement or indirectly through a subcontract under this Agreement acts as acceptance of the authority of the state auditor, under the direction of the legislative audit committee, to conduct an audit or investigation in connection with those funds. An entity that is the subject of an audit or investigation must provide the state auditor with access to any information the state auditor considers relevant to the investigation or audit.

R. Payment under this Agreement beyond the end of the current fiscal biennium is subject to availability of appropriated funds. If funds are not appropriated, this Agreement shall be terminated immediately with no liability to either party.

5. Termination of This Agreement

This Agreement shall remain in effect until the Project is completed and accepted by all parties, unless:

A. The Agreement is terminated in writing with the mutual consent of the parties;

B. The Agreement is terminated by one party because of a breach, in which case any costs incurred because of the breach shall be paid by the breaching party;

C. The Local Government elects not to provide funding after the completion of preliminary engineering, specifications, and estimates (PS&E) and the Project does not proceed because of insufficient funds, in which case the Local Government agrees to reimburse the State for its reasonable actual costs incurred during the Project; or

D. The Agreement is terminated by the State because the parties are not able to execute a mutually agreeable amendment when the costs for Local Government requested items increase significantly due to differing site conditions, determination that Local government requested work is ineligible for federal or state cost participation, or a more thorough definition of the Local Government's proposed work scope identifies greatly differing costs from those estimated. The State will reimburse Local Government remaining funds to the Local Government within ninety (90) days of termination; or

E. The Project is inactive for thirty-six (36) consecutive months or longer and no expenditures have been charged against federal funds, in which case the State may in its discretion terminate this Agreement.

6. Amendments

Amendments to this Agreement due to changes in the character of the work, terms of the Agreement, or responsibilities of the parties relating to the Project may be enacted through a mutually agreed upon, written amendment.

7. Remedies

This Agreement shall not be considered as specifying the exclusive remedy for any agreement default, but all remedies existing at law and in equity may be availed of by either party to this Agreement and shall be cumulative.

8. Utilities

The party named in Article 1, Responsible Parties, under AGREEMENT shall be responsible for the adjustment, removal, or relocation of utility facilities in accordance with applicable state laws, regulations, rules, policies, and procedures, including any cost to the State of a delay resulting from the Local Government's failure to ensure that utility facilities are adjusted, removed, or relocated before the scheduled beginning of construction. The Local Government will not be reimbursed with federal or State funds for the cost of required utility work. The Local Government must obtain advance approval for any variance from established procedures. Before a construction contract is let, the Local Government shall provide, at the State's request, a certification stating that the Local Government has completed the adjustment of all utilities that must be adjusted before construction is commenced.

9. Environmental Assessment and Mitigation
Development of a transportation project must comply with the National Environmental Policy Act and the National Historic Preservation Act of 1966, which require environmental clearance of federal-aid projects. The party named in Article 1, Responsible Parties, under AGREEMENT is responsible for the following:

A. The identification and assessment of any environmental problems associated with the development of a local project governed by this Agreement.
B. The cost of any environmental problem's mitigation and remediation.
C. Providing any public meetings or public hearings required for the environmental assessment process. Public hearings will not be held prior to the approval of the Project schematic.
D. The preparation of the NEPA documents required for the environmental clearance of this Project.

If the Local Government is responsible for the environmental assessment and mitigation, before the advertisement for bids, the Local Government shall provide to the State written documentation from the appropriate regulatory agency or agencies that all environmental clearances have been obtained.

10. Compliance with Accessibility Standards
All parties to this Agreement shall ensure that the plans for and the construction of all projects subject to this Agreement are in compliance with standards issued or approved by the Texas Department of Licensing and Regulation (TDLR) as meeting or consistent with minimum accessibility requirements of the Americans with Disabilities Act (P.L. 101-336) (ADA).

11. Architectural and Engineering Services
The party named in Article 1, Responsible Parties, under AGREEMENT has responsibility for the performance of architectural and engineering services. The engineering plans shall be developed in accordance with the applicable State's *Standard Specifications for Construction and Maintenance of Highways, Streets and Bridges* and the special specifications and special provisions related to it. For projects on the State highway system, the design shall, at a minimum conform to applicable State manuals. For projects not on the State highway system, the design shall, at a minimum, conform to applicable American Association of State Highway and Transportation Officials (AASHTO) design standards.

In procuring professional services, the parties to this Agreement must comply with federal requirements cited in 23 CFR Part 172 if the Project is federally funded and with

Texas Government Code 2254, Subchapter A, in all cases. Professional contracts for federally funded projects must conform to federal requirements, specifically including the provision for participation by Disadvantaged Business Enterprises (DBEs), ADA, and environmental matters. If the Local Government is the responsible party, the Local Government shall submit its procurement selection process for prior approval by the State. All professional services contracts must be reviewed and approved by the State prior to execution by the Local Government.

12. Construction Responsibilities

The party named in Article 1, Responsible Parties, under AGREEMENT is responsible for the following:

A. Advertise for construction bids, issue bid proposals, receive and tabulate the bids, and award and administer the contract for construction of the Project. Administration of the contract includes the responsibility for construction engineering and for issuance of any change orders, supplemental agreements, amendments, or additional work orders that may become necessary subsequent to the award of the construction contract. In order to ensure federal funding eligibility, projects must be authorized by the State prior to advertising for construction.

B. If the State is the responsible party, the State will use its approved contract letting and award procedures to let and award the construction contract.

C. If the Local Government is the responsible party, the Local Government shall submit its contract letting and award procedures to the State for review and approval prior to letting.

D. If the Local Government is the responsible party, the State must concur with the low bidder selection before the Local Government can enter into a contract with the vendor.

E. If the Local Government is the responsible party, the State must review and approve change orders.

F. Upon completion of the Project, the party responsible for constructing the Project will issue and sign a “Notification of Completion” acknowledging the Project’s construction completion and submit certification(s) sealed by a professional engineer(s) licensed in the State of Texas.

G. For federally funded contracts, the parties to this Agreement will comply with federal construction requirements cited in 23 CFR Part 635 and with requirements cited in 23 CFR Part 633, and shall include the latest version of Form “FHWA-1273” in the contract bidding documents. If force account work will be performed, a finding of cost effectiveness shall be made in compliance with 23 CFR 635, Subpart B.

13. Project Maintenance

The Local Government shall be responsible for maintenance of locally owned roads and locally owned facilities after completion of the work. The State shall be responsible for maintenance of the State highway system after completion of the work if the work was on the State highway system, unless otherwise provided for in existing maintenance agreements with the Local Government.

14. Right of Way and Real Property

The party named in Article 1, Responsible Parties, under AGREEMENT is responsible for the provision and acquisition of any needed right of way or real property.

The Local Government shall be responsible for the following:

A. Right of way and real property acquisition shall be the responsibility of the Local Government. Title to right of way and other related real property must be acceptable to the State before funds may be expended for the improvement of the right of way or real property.

B. If the Local Government is the owner of any part of the Project site under this Agreement, the Local Government shall permit the State or its authorized representative access to occupy the site to perform all activities required to execute the work.

C. All parties to this Agreement will comply with and assume the costs for compliance with all the requirements of Title II and Title III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, Title 42 U.S.C.A. Section 4601 et seq., including those provisions relating to incidental expenses incurred by the property owners in conveying the real property to the Local Government and benefits applicable to the relocation of any displaced person as defined in 49 CFR Section 24.2(g). Documentation to support such compliance must be maintained and made available to the State and its representatives for review and inspection.

D. The Local Government shall assume all costs and perform necessary requirements to provide any necessary evidence of title or right of use in the name of the Local Government to the real property required for development of the Project. The evidence of title or rights shall be acceptable to the State, and be free and clear of all encroachments. The Local Government shall secure and provide easements and any needed rights of entry over any other land needed to develop the Project according to the approved Project plans. The Local Government shall be responsible for securing any additional real property required for completion of the Project.

E. In the event real property is donated to the Local Government after the date of the State's authorization, the Local Government will provide all documentation to the State regarding fair market value of the acquired property. The State will review the Local Government's appraisal, determine the fair market value and credit that amount towards the Local Government's financial share. If donated property is to be used as a funding match, it may not be provided by the Local Government. The State will not reimburse the Local Government for any real property acquired before execution of this Agreement and the obligation of federal spending authority.

F. The Local Government shall prepare real property maps, property descriptions, and other data as needed to properly describe the real property and submit them to the State for approval prior to the Local Government acquiring the real property. Tracings of the maps shall be retained by the Local Government for a permanent record.

G. The Local Government agrees to make a determination of property values for each real property parcel by methods acceptable to the State and to submit to the State a tabulation of the values so determined, signed by the appropriate Local Government representative. The tabulations shall list the parcel numbers, ownership, acreage and recommended compensation. Compensation shall be shown in the component parts of land acquired, itemization of improvements acquired, damages (if any) and the amounts by which the total compensation will be reduced if the owner retains improvements. This tabulation shall be accompanied by an explanation to support the determined values, together with a copy of information or reports used in calculating all determined values. Expenses incurred by the Local Government in performing this work may be eligible for reimbursement after the Local Government has received written authorization by the State to proceed with determination of real property values. The State will review the data submitted and may base its reimbursement for parcel acquisitions on these values.

H. Reimbursement for real property costs will be made to the Local Government for real property purchased in an amount not to exceed eighty percent (80%) of the cost of the real property purchased in accordance with the terms and provisions of this Agreement. Reimbursement will be in an amount not to exceed eighty percent (80%) of the State's predetermined value of each parcel, or the net cost of the parcel, whichever is less. In addition, reimbursement will be made to the Local Government for necessary payments to appraisers, expenses incurred in order to assure good title, and costs associated with the relocation of displaced persons and personal property as well as incidental expenses.

I. If the Project requires the use of real property to which the Local Government will not hold title, a separate agreement between the owners of the real property and the Local Government must be executed prior to execution of this Agreement. The separate agreement must establish that the Project will be dedicated for public use for a period of not less than 10 (ten) years after completion. The separate agreement must define the responsibilities of the parties as to the use of the real property and operation and maintenance of the Project after completion. The separate agreement must be approved by the State prior to its execution. A copy of the executed agreement shall be provided to the State.

15. Insurance

If this Agreement authorizes the Local Government or its contractor to perform any work on State right of way, before beginning work, the entity performing the work shall provide the State with a fully executed copy of the State's Form 1560 Certificate of Insurance verifying the existence of coverage in the amounts and types specified on the Certificate of Insurance for all persons and entities working on State right of way. This coverage shall be maintained until all work on the State right of way is complete. If coverage is not maintained, all work on State right of way shall cease immediately, and the State may recover damages and all costs of completing the work.

16. Notices

All notices to either party shall be delivered personally or sent by certified or U.S. mail, postage prepaid, addressed to that party at the following address:

Local Government:	**State:**
City of Kennedale ATTN: City Manager 405 Municipal Drive Kennedale, TX 76060-2249	Texas Department of Transportation ATTN: Director of Contract Services 125 E. 11th Street Austin, TX 78701

All notices shall be deemed given on the date delivered in person or deposited in the mail, unless otherwise provided by this Agreement. Either party may change the above address by sending written notice of the change to the other party. Either party may request in writing that notices shall be delivered personally or by certified U.S. mail, and that request shall be carried out by the other party.

17. Legal Construction

If one or more of the provisions contained in this Agreement shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions and this Agreement shall be construed as if it did not contain the invalid, illegal, or unenforceable provision.

18. Responsibilities of the Parties

The State and the Local Government agree that neither party is an agent, servant, or employee of the other party, and each party agrees it is responsible for its individual acts and deeds as well as the acts and deeds of its contractors, employees, representatives, and agents.

19. Ownership of Documents

Upon completion or termination of this Agreement, all documents prepared by the State shall remain the property of the State. All data and information prepared under this Agreement shall be made available to the State without restriction or limitation on their further use. All documents produced or approved or otherwise created by the Local Government shall be transmitted to the State, in the format directed by the State, on a monthly basis or as required by the State. The originals shall remain the property of the Local Government. .

20. Compliance with Laws

The parties to this Agreement shall comply with all federal, state, and local laws, statutes, ordinances, rules and regulations, and the orders and decrees of any courts or administrative bodies or tribunals in any manner affecting the performance of this Agreement. When required, the Local Government shall furnish the State with satisfactory proof of this compliance.

21. Sole Agreement

This Agreement constitutes the sole and only agreement between the parties and supersedes any prior understandings or written or oral agreements respecting the Agreement's subject matter.

22. Cost Principles

In order to be reimbursed with federal funds, the parties shall comply with the cost principles established in 2 CFR 200 that specify that all reimbursed costs are allowable, reasonable, and allocable to the Project.

23. Procurement and Property Management Standards

The parties to this Agreement shall adhere to the procurement and property management standards established in 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and to the Texas Uniform Grant Management Standards. The State must pre-approve the Local Government's procurement procedures for purchases to be eligible for state or federal funds.

24. Inspection of Books and Records

The parties to this Agreement shall maintain all books, documents, papers, accounting records, and other documentation relating to costs incurred under this Agreement and shall make such materials available to the State, the Local Government, and, if federally funded, the FHWA and the U.S. Office of the Inspector General or their duly authorized representatives for review and inspection at its office during the Agreement period and for seven (7) years from the date of final reimbursement by FHWA under this Agreement or until any impending litigation or claims are resolved. Additionally, the State, the Local Government, and the FHWA and their duly authorized representatives shall have access to all the governmental records that are directly applicable to this Agreement for the purpose of making audits, examinations, excerpts, and transcriptions.

25. Civil Rights Compliance

The parties to this Agreement are responsible for the following:

A. Compliance with Regulations: Both parties will comply with the Acts and the Regulations relative to Nondiscrimination in Federally-assisted programs of the U.S. Department of Transportation (USDOT), the Federal Highway Administration (FHWA), as they may be amended from time to time, which are herein incorporated by reference and made part of this Agreement.

B. Nondiscrimination: The Local Government, with regard to the work performed by it during the Agreement, will not discriminate on the grounds of race, color, or national origin in the selection and retention of subcontractors, including procurement of materials and leases of equipment. The Local Government will not participate directly or indirectly in the discrimination prohibited by the Acts and the Regulations, including employment practices when the Agreement covers any activity, project, or program set forth in Appendix B of 49 CFR Part 21.

C. <u>Solicitations for Subcontracts, Including Procurement of Materials and Equipment:</u> In all solicitations either by competitive bidding or negotiation made by the Local Government for work to be performed under a subcontract, including procurement of materials or leases of equipment, each potential subcontractor or supplier will be notified by the Local Government of the Local Government's obligations under this Agreement and the Acts and Regulations relative to Nondiscrimination on the grounds of race, color, or national origin.

D. <u>Information and Reports:</u> The Local Government will provide all information and reports required by the Acts, the Regulations, and directives issued pursuant thereto, and will permit access to its books, records, accounts, other sources of information, and facilities as may be determined by the State or the FHWA to be pertinent to ascertain compliance with such Acts, Regulations or directives. Where any information required of the Local Government is in the exclusive possession of another who fails or refuses to furnish this information, the Local Government will so certify to the State or the FHWA, as appropriate, and will set forth what efforts it has made to obtain the information.

E. <u>Sanctions for Noncompliance:</u> In the event of the Local Government's noncompliance with the Nondiscrimination provisions of this Agreement, the State will impose such contract sanctions as it or the FHWA may determine to be appropriate, including, but not limited to:

1. withholding of payments to the Local Government under the Agreement until the Local Government complies and/or
2. cancelling, terminating, or suspending of the Agreement, in whole or in part.

F. <u>Incorporation of Provisions:</u> The Local Government will include the provisions of paragraphs (A) through (F) in every subcontract, including procurement of materials and leases of equipment, unless exempt by the Acts, the Regulations and directives issued pursuant thereto. The Local Government will take such action with respect to any subcontract or procurement as the State or the FHWA may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided, that if the Local Government becomes involved in, or is threatened with, litigation with a subcontractor or supplier because of such direction, the Local Government may request the State to enter into such litigation to protect the interests of the State. In addition, the Local Government may request the United States to enter into such litigation to protect the interests of the United States.

26. Pertinent Non-Discrimination Authorities

During the performance of this Agreement, each party, for itself, its assignees, and successors in interest agree to comply with the following nondiscrimination statutes and authorities; including but not limited to:

A. Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d et seq., 78 stat. 252), (pro-hibits discrimination on the basis of race, color, national origin); and 49 CFR Part 21.

B. The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, (42 U.S.C. § 4601), (prohibits unfair treatment of persons displaced or whose property has been acquired because of federal or federal-aid programs and projects).

C. Federal-Aid Highway Act of 1973, (23 U.S.C. § 324 et seq.), as amended, (prohibits discrimination on the basis of sex).

D. Section 504 of the Rehabilitation Act of 1973, (29 U.S.C. § 794 et seq.) as amended, (prohibits discrimination on the basis of disability); and 49 CFR Part 27.

E. The Age Discrimination Act of 1975, as amended, (42 U.S.C. § 6101 et seq.), (prohibits discrimination on the basis of age).

F. Airport and Airway Improvement Act of 1982, (49 U.S.C. Chapter 471, Section 47123), as amended, (prohibits discrimination based on race, creed, color, national origin, or sex).

G. The Civil Rights Restoration Act of 1987, (PL 100-209), (Broadened the scope, coverage and applicability of Title VI of the Civil Rights Act of 1964, The Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms “programs or activities” to include all of the programs or activities of the federal-aid recipients, subrecipients and contractors, whether such programs or activities are federally funded or not).

H. Titles II and III of the Americans with Disabilities Act, which prohibits discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities (42 U.S.C. §§ 12131-12189) as implemented by Department of Transportation regulations at 49 C.F.R. parts 37 and 38.

I. The Federal Aviation Administration’s Nondiscrimination statute (49 U.S.C. § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex).

J. Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations, which ensures nondiscrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations.

K. Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, the parties must take reasonable steps to ensure that LEP persons have meaningful access to the programs (70 Fed. Reg. at 74087 to 74100).

L. Title IX of the Education Amendments of 1972, as amended, which prohibits the parties from discriminating because of sex in education programs or activities (20 U.S.C. 1681 et seq.).

27. Disadvantaged Business Enterprise (DBE) Program Requirements

If federal funds are used:

A. The parties shall comply with the Disadvantaged Business Enterprise Program requirements established in 49 CFR Part 26.

B. The Local Government shall adopt, in its totality, the State's federally approved DBE program.

C. The Local Government shall incorporate into its contracts with subproviders an appropriate DBE goal consistent with the State's DBE guidelines and in consideration of the local market, project size, and nature of the goods or services to be acquired. The Local Government shall submit its proposed scope of services and quantity estimates to the State to allow the State to establish a DBE goal for each Local Government contract with a subprovider. The Local Government shall be responsible for documenting its actions.

D. The Local Government shall follow all other parts of the State's DBE program referenced in TxDOT Form 2395, Memorandum of Understanding Regarding the Adoption of the Texas Department of Transportation's Federally-Approved Disadvantaged Business Enterprise by Entity, and attachments found at web address http://ftp.dot.state.tx.us/pub/txdot-info/bop/dbe/mou/mou_attachments.pdf.

E. The Local Government shall not discriminate on the basis of race, color, national origin, or sex in the award and performance of any U.S. Department of Transportation (DOT)-assisted contract or in the administration of its DBE program or the requirements of 49 CFR Part 26. The Local Government shall take all necessary and reasonable steps under 49 CFR Part 26 to ensure non-discrimination in award and administration of DOT-assisted contracts. The State's DBE program, as required by 49 CFR Part 26 and as approved by DOT, is incorporated by reference in this Agreement. Implementation of this program is a legal obligation and failure to carry out its terms shall be treated as a violation of this Agreement. Upon notification to the Local Government of its failure to carry out its approved program, the State may impose sanctions as provided for under 49 CFR Part 26 and may, in appropriate cases, refer the matter for enforcement under 18 U.S.C. 1001 and the Program Fraud Civil Remedies Act of 1986 (31 U.S.C. 3801 et seq.).

F. Each contract the Local Government signs with a contractor (and each subcontract the prime contractor signs with a sub-contractor) must include the following assurance: *The contractor, sub-recipient, or sub-contractor shall not discriminate on the basis of race, color, national origin, or sex in the performance of this contract. The contractor shall carry out applicable requirements of 49 CFR Part 26 in the award and administration of DOT-assisted contracts. Failure by the contractor to carry out these requirements is a material breach of this Agreement, which may result in the termination of this Agreement or such other remedy as the recipient deems appropriate.*

28. Debarment Certifications

If federal funds are used, the parties are prohibited from making any award at any tier to any party that is debarred or suspended or otherwise excluded from or ineligible for participation in Federal Assistance Programs under Executive Order 12549, "Debarment and Suspension." By executing this Agreement, the Local Government certifies that it and its principals are not currently debarred, suspended, or otherwise excluded from or ineligible for participation in Federal Assistance Programs under Executive Order 12549 and further certifies that it will not do business with any party, to include principals, that is currently debarred, suspended, or otherwise excluded from or ineligible for participation in Federal Assistance Programs under Executive Order 12549. The parties to this Agreement shall require any party to a subcontract or purchase order awarded under this Agreement to certify its eligibility to receive federal funds and, when requested by the State, to furnish a copy of the certification.

If state funds are used, the parties are prohibited from making any award to any party that is debarred under the Texas Administrative Code, Title 34, Part 1, Chapter 20, Subchapter G, Rule §20.585 and the Texas Administrative Code, Title 43, Part 1, Chapter 9, Subchapter G.

29. Lobbying Certification

If federal funds are used, in executing this Agreement, each signatory certifies to the best of that signatory's knowledge and belief, that:

A. No federal appropriated funds have been paid or will be paid by or on behalf of the parties to any person for influencing or attempting to influence an officer or employee of any federal agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.

B. If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with federal contracts, grants, loans, or cooperative agreements, the signatory for the Local Government shall complete and submit the Federal Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

C. The parties shall require that the language of this certification shall be included in the award documents for all sub-awards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and all sub-recipients shall certify and disclose accordingly. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Title 31 U.S.C. §1352. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

30. Federal Funding Accountability and Transparency Act Requirements

If federal funds are used, the following requirements apply:

A. Any recipient of funds under this Agreement agrees to comply with the Federal Funding Accountability and Transparency Act (FFATA) and implementing regulations at 2 CFR Part 170, including Appendix A. This Agreement is subject to the following award terms: http://www.gpo.gov/fdsys/pkg/FR-2010-09-

14/pdf/2010-22705.pdf and http://www.gpo.gov/fdsys/pkg/FR-2010-09-14/pdf/2010-22706.pdf.

B. The Local Government agrees that it shall:
1. Obtain and provide to the State a System for Award Management (SAM) number (Federal Acquisition Regulation, Part 4, Sub-part 4.11) if this award provides more than $25,000 in federal funding. The SAM number may be obtained by visiting the SAM website whose address is: https://www.sam.gov/portal/public/SAM/
2. Obtain and provide to the State a Data Universal Numbering System (DUNS) number, a unique nine-character number that allows federal government to track the distribution of federal money. The DUNS may be requested free of charge for all businesses and entities required to do so by visiting the Dun & Bradstreet (D&B) on-line registration website http://fedgov.dnb.com/webform; and
3. Report the total compensation and names of its top five executives to the State if:
    - i. More than 80% of annual gross revenues are from the federal government, and those revenues are greater than $25,000,000; and
    - ii. The compensation information is not already available through reporting to the U.S. Securities and Exchange Commission.

31. Single Audit Report

If federal funds are used:

A. The parties shall comply with the single audit report requirements stipulated in 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

B. If threshold expenditures of $750,000 or more are met during the fiscal year, the Local Government must submit a Single Audit Report and Management Letter (if applicable) to TxDOT's Compliance Division, 125 East 11th Street, Austin, TX 78701 or contact TxDOT’s Compliance Division by email at singleaudits@txdot.gov.

C. If expenditures are less than the threshold during the Local Government's fiscal year, the Local Government must submit a statement to TxDOT's Compliance Division as follows: "We did not meet the $______ expenditure threshold and therefore, are not required to have a single audit performed for FY ______."

D. For each year the Project remains open for federal funding expenditures, the Local Government will be responsible for filing a report or statement as described above. The required annual filing shall extend throughout the life of the Agreement, unless otherwise amended or the Project has been formally closed out and no charges have been incurred within the current fiscal year.

32. Signatory Warranty

Each signatory warrants that the signatory has necessary authority to execute this Agreement on behalf of the entity represented.

TxDOT:					**Federal Highway Administration:**	
CSJ #	**0902-90-199**				**CFDA No.**	**20.205**
District #	**02-FTW**	**AFA ID**	**Z00003125**		**CFDA Title**	**Highway Planning and Construction**
Code Chart 64 #	**22000**					
Project Name	**ARTHUR INTERMEDIATE AND DELANEY ELEMENTARY**				***AFA Not Used For Research & Development***	

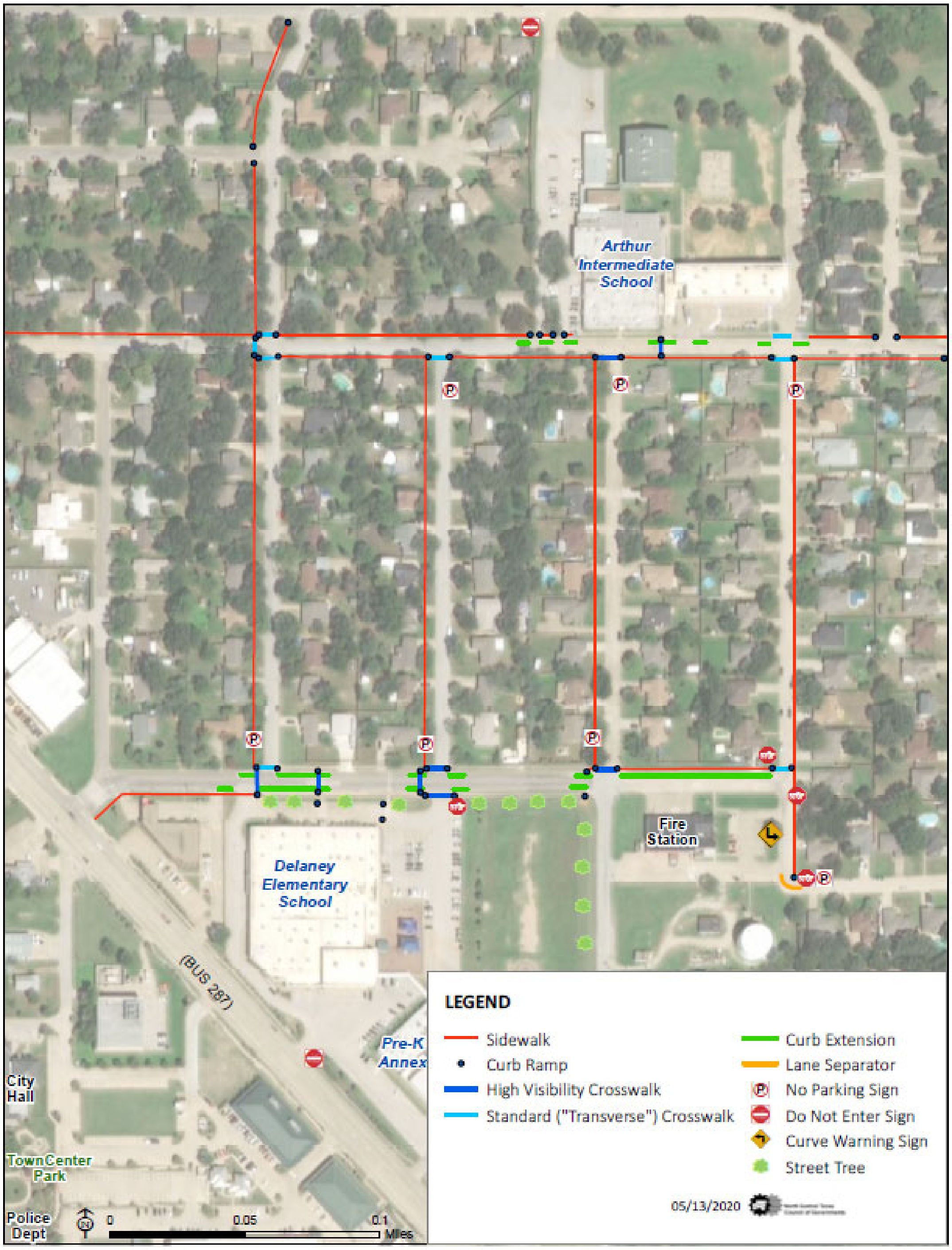
Each party is signing this Agreement on the date stated under that party's signature.

THE STATE OF TEXAS	**THE LOCAL GOVERNMENT**
Signature	Signature
Kenneth Stewart	Leslie Galloway
Typed or Printed Name	Typed or Printed Name
Director of Contract Services	Interim City Manager
Typed or Printed Title	Typed or Printed Title
Date	Date

TxDOT:			
CSJ #	**0902-90-199**		
District #	**02-FTW**	**AFA ID**	**Z00003125**
Code Chart 64 #	**22000**		
Project Name	**ARTHUR INTERMEDIATE AND DELANEY ELEMENTARY**		

Federal Highway Administration:	
CFDA No.	**20.205**
CFDA Title	**Highway Planning and Construction**
AFA Not Used For Research & Development	

ATTACHMENT A
LOCATION MAP SHOWING PROJECT



TxDOT:				**Federal Highway Administration:**	
CSJ #	**0902-90-199**			**CFDA No.**	**20.205**
District #	**02-FTW**	**AFA ID**	**Z00003125**	**CFDA Title**	**Highway Planning and Construction**
Code Chart 64 #	**22000**				
Project Name	**ARTHUR INTERMEDIATE AND DELANEY ELEMENTARY**			***AFA Not Used For Research & Development***	

ATTACHMENT B
PROJECT BUDGET

Costs will be allocated based on 80% Federal funding and 20% Local Government funding until the federal funding reaches the maximum obligated amount. The Local Government will then be responsible for 100% of the costs.

Description	Total Estimated Cost	Federal Participation		State Participation		Local Participation	
		%	Cost	%	Cost	%	Cost
Environmental (by Local Government)	$36,025	0%	$0	0%	$0	100%	$36,025
Engineering (by Local Government)	$67,225	0%	$0	0%	$0	100%	$67,225
Construction (by Local)	$1,104,695	80%	$883,756	0%	$0	20%	$220,939
Subtotal	$1,207,945		$883,756		$0		$324,189
Environmental Direct State Costs	$1,801	0%	$0	0%	$0	100%	$1,801
Right of Way Direct State Costs	$1	0%	$0	0%	$0	100%	$1
Engineering Direct State Costs	$3,361	0%	$0	0%	$0	100%	$3,361
Utility Direct State Costs	$1	0%	$0	0%	$0	100%	$1
Construction Direct State Costs	$77,329	0%	$0	0%	$0	100%	$77,329
Indirect State Costs	$57,619	0%	$0	100%	$57,619	0%	$0
TOTAL	$1,348,057		$883,756		$57,619		$406,682

Initial payment by the Local Government to the State: $5,164.00
Payment by the Local Government to the State before construction: $77,329.00
Estimated total payment by the Local Government to the State $82,493.00
This is an estimate. The final amount of Local Government participation will be based on actual costs.

TxDOT:			
CSJ #	**0902-90-199**		
District #	**02-FTW**	**AFA ID**	**Z00003125**
Code Chart 64 #	**22000**		
Project Name	**ARTHUR INTERMEDIATE AND DELANEY ELEMENTARY**		

Federal Highway Administration:	
CFDA No.	**20.205**
CFDA Title	**Highway Planning and Construction**
AFA Not Used For Research & Development	

ATTACHMENT C
RESOLUTION, ORDINANCE, OR COMMISSIONERS COURT ORDER

RESOLUTION NO. 604

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KENNEDALE, TEXAS, AUTHORIZING THE CITY TO ENTER INTO AN ADVANCE FUNDING AGREEMENT WITH THE TEXAS DEPARTMENT OF TRANSPORTATION FOR CONGESTION MITIGATION AND AIR QUALITY IMPROVEMENT (OFF-SYSTEM) TO CONSTRUCT PEDESTRIAN INFRASTRUCTURE TO PROVIDE ACCESS TO DELANEY ELEMENTARY AND ARTHUR INTERMEDIATE SCHOOLS (TXDOT CSJ# 0902-90-199); AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of Kennedale, Texas ("City") is a home rule city acting under its charter adopted by the electorate pursuant to Article XI, Section 5 of the Texas Constitution and Chapter 9 of the Local Government Code; and

WHEREAS, it is the intent of the City to protect the public health, safety, and welfare; and

WHEREAS, the City initiated its Safe Routes to School project to construct safer pedestrian infrastructure for access to schools within the City; and

WHEREAS, the area in and around Crestdale Subdivision requires improvements to its pedestrian infrastructure in order to provide safe access to Arthur Intermediate School and Delaney Elementary School; and

WHEREAS, the City and the Texas Department of Transportation are authorized by the laws of the State of Texas to enter into and do intend to enter into an Advance Funding Agreement for the project involving the construction of new pedestrian infrastructure, including sidewalks, curb ramps, crosswalks, and other features, in this project area; and

WHEREAS, the AFA Local Government Contribution from the City for this construction is $406,682.00.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF KENNEDALE, TEXAS, THAT:

SECTION 1. The City of Kennedale, Texas, may enter into an Advance Funding Agreement (AFA) with the Texas Department of Transportation (TxDOT) for Congestion Mitigation and Air Quality Improvement (off-system) for constructing pedestrian infrastructure in the Crestdale subdivision to provide safer access to Delaney Elementary and Arthur Intermediate schools (TxDOT CSJ # 0902-90-199). Further, the Interim City Manager for the City of Kennedale is hereby authorized to sign the Agreement.

SECTION 2. Upon adoption of this Resolution, the City Secretary is directed to give such notice of this resolution as may be required by law.

SECTION 3. The Mayor, City Manager, and City Secretary, in consultation with the City Attorney, are hereby authorized and directed to take all actions necessary to effectuate this Resolution.

SECTION 4. This Resolution shall be effective immediately upon its passage.

PASSED, ADOPTED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF KENNEDALE, TEXAS, THIS 19TH DAY OF APRIL 2022.

APPROVED:

____

MAYOR LINDA RHODES

[CITY SEAL]

ATTEST:

____

CITY SECRETARY LESLIE E. GALLOWAY

ATTACHMENT (E) - PROJECT SCHEDULE

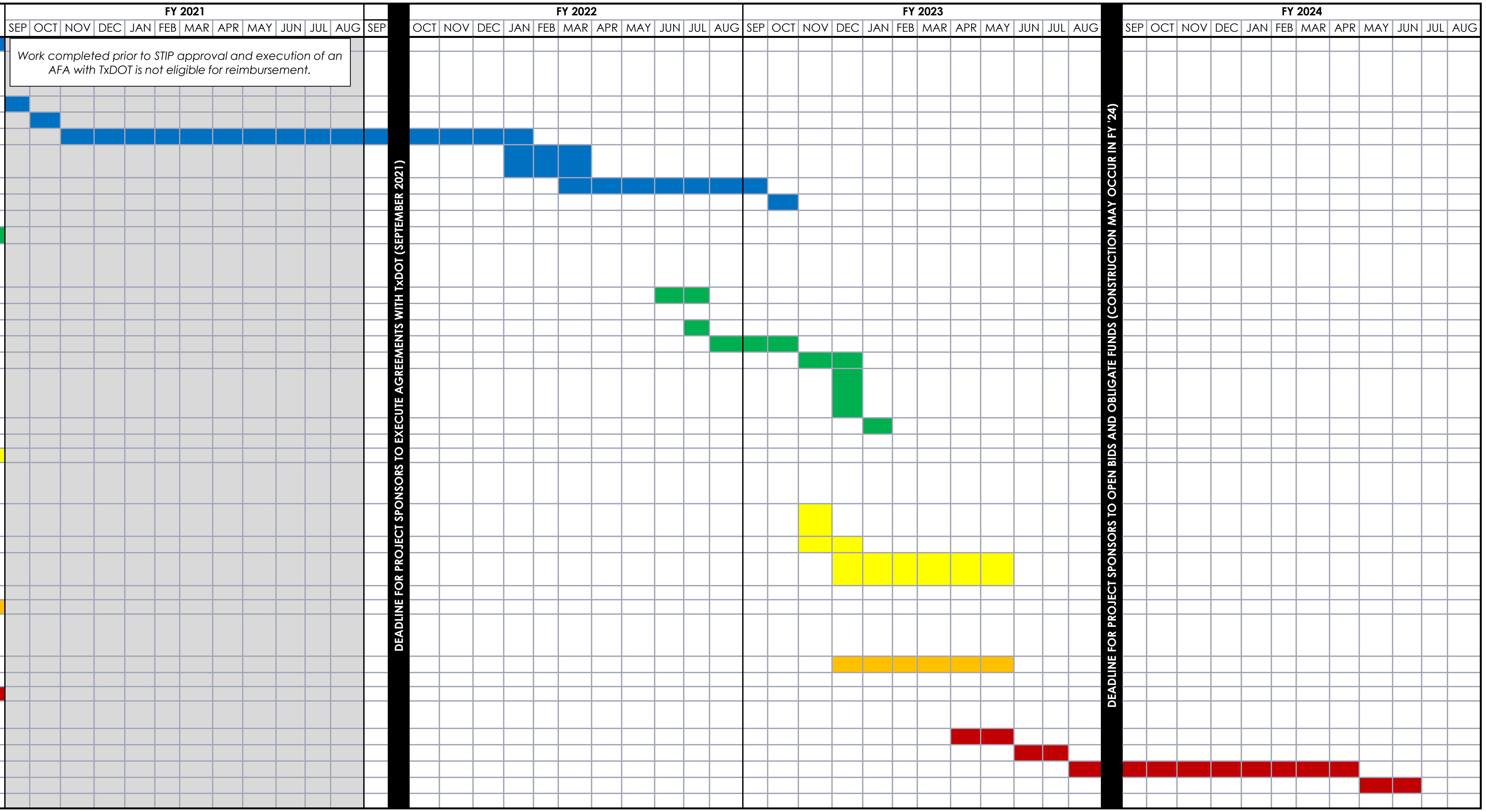
Date: 8/24/2021

Transportation Alternatives Project Schedule

PROJECT SPONSOR: City of Kennedale
PROJECT NAME: *Kennedale Safe Routes to School*

DIRECTIONS: Enter the number of months in the "Estimated Time" column for the below project development tasks or milestones and color the cells in the project schedule timeline.
Add any relevant notes in the text boxes below the schedule to provide background on work completed to date (such as design), or to provide context explaining any unique circumstances impacting the estimated length of time for a particular task or phase.

#	TASK	Estimated Time	Responsible Entity
	PROJECT INITIATION		
	***Notes**: Local Governments (LG) are responsible for submitting the TIP modification to NCTCOG and contacting TxDOT to execute an agreement.*		
1	Project Selection (Approval by RTC)	N/A	RTC
2	Deadline to Add Project to NCTCOG TIP (Oct. 23, 2020)	1	LG
3	Anticipated STIP Approval (by October 2021)	12	-
4	Local Government Risk Assessment (After TIP Approved in January 2021)	3	LG/TxDOT
5	Execute Project Agreement	7	LG/TxDOT
6	Project Kick-Off Meeting with TxDOT	1	LG/TxDOT
	PRELIMINARY ENGINEERING AND DESIGN		
	***Notes**: TxDOT Districts have different requirements related to reviewing Design phase work. Consult with TxDOT staff on District-specific expectations.*		
7	Submit Schematics	2	LG
	Submit Design Plans to TxDOT for Review		
8	Submit 30% Plans for Review	1	LG
9	Submit 60% Plans for Review	3	LG
10	Submit 95% Plans for Review	2	LG
11	Submit PS&E for Approval (Cannot be submitted for review until after executing an AFA with TxDOT)	1	LG
12	PS&E Review and Approval	1	TxDOT
	ENVIRONMENTAL COMPLIANCE		
	***Notes**: All bicycle/pedestrian projects require some degree of environmental compliance documentation. Environmental compliance phase work can only be completed after Design.*		
13	Complete TxDOT's Scope Development Tool (Submit at or before Task #10)	1	LG
14	Resource Agency Review	2	TxDOT
15	Environmental Approval (Submit at least 6 months before desired let date)	6	TxDOT
	RIGHT OF WAY AND UTILITIES		
	***Notes**: Right of Way and Utilities are not eligible activities for TA funds, but are included in this schedule to identify any necessary phase work.*		
16	Relocate Incidental Franchise Utilities	6	LG
	CONSTRUCTION		
	***Notes**: To obligate funds for construction, the opening of bids must occur before the end of the State's fiscal year (August 2023).*		
17	Letter of Authority (FPAA and SLOA)	2	TxDOT
18	Open Bid	2	LG/TxDOT
19	Award Construction Contract (TxDOT Concurrence if LG Let)	9	LG/TxDOT
20	Final Inspection & Acceptance of Construction Project	2	LG/TxDOT



Work completed prior to STIP approval and execution of an AFA with TxDOT is not eligible for reimbursement.

Notes:

An unrealistic project schedule requiring a TIP modification adds four to five months, potentially causing TA funds to lapse.
Additional project tasks or milestones can be added to the project schedule if necessary.

Additional Project Phase Details:

In the boxes below, elaborate on details related to each phase of work completed on the project to date (such as design), or to provide context explaining any unique circumstances impacting the estimated length of time for a particular task or phase. (limited to 500 characters including spaces per box)

PROJECT INITIATION	*PRELIMINARY ENGINEERING AND DESIGN*	*ENVIRONMENTAL COMPLIANCE*	*RIGHT OF WAY AND UTILITIES*	*CONSTRUCTION*

RESOLUTION NO. 566

A RESOLUTION OF THE CITY OF KENNEDALE IN SUPPORT OF THE SAFE ROUTES TO SCHOOL PROGRAM TRANSPORTATION ALTERNATIVES PROJECT.

WHEREAS, the Regional Transportation Council, comprised primarily of local elected officials, is the regional transportation policy board associated with the North Central Texas Council of Governments and the regional forum for cooperative decisions on transportation; and

WHEREAS, the Regional Transportation Council will award funding on September 10, 2020 for active transportation and safe routes to school projects through the Transportation Alternatives Call for Projects; and

WHEREAS, the City of Kennedale (the "City") intends to submit a Transportation Alternatives project application for the Safe Routes to School Program (the "Project') to the North Central Texas Council of Governments prior to the May 15, 2020 deadline; and

WHEREAS, the Regional Transportation Council requires the submittal of a resolution as part of the Transportation Alternatives Call for Projects application submission.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF KENNEDALE, TEXAS:

SECTION 1.

The City supports the Project as applied for in the 2020 Transportation Alternatives Call for Projects application.

SECTION 2.

The City will serve as the Project Sponsor and lead Project contact on this Project. The City agrees to designate a single point of contact for the Project.

SECTION 3.

The City commits to fund or pass through funds from other sources for a minimum local cash match of twenty percent (20%) of the total Project cost.

SECTION 4.

The City confirms that the City, not the Regional Transportation Council, will be responsible for any cost overruns.

SECTION 5.

The City understands and acknowledges that all awarded funding is provided on a reimbursement basis.

SECTION 6.

The City confirms the Project timeline is realistic and commits that if the Project is selected for funding, an agreement will be executed within one year of selection and the Project will advance to construction within three years from the date of selection.

PASSED AND APPROVED THIS 18TH DAY OF FEBRUARY, 2020.

APPROVED:

MAYOR, BRIAN JOHNSON

ATTEST:

Leslie E. Galloway

CITY SECRETARY, LESLIE E. GALLOWAY

STAFF REPORT
TO THE HONORABLE MAYOR AND CITY COUNCIL

MEETING DATE: APRIL 19, 2022

AGENDA ITEM NUMBER: INDIVIDUAL CONSIDERATION ITEM V.F.2.

SUBJECT
Consider approval of an Ordinance, appointing a Municipal Judge, an Associate Judge, and an Alternative Associate Judge; and authorizing the Mayor to sign two-year contracts for each

ORIGINATED BY
Leslie Galloway, Interim City Manager

SUMMARY
This action item has been added to the agenda in order to give the Council the opportunity to consider making appointments at this time. As required by the Charter, the attached Ordinance and associated contracts are presented so that the Council may consider the appointment of a Presiding Judge, an Associate Judge, and an Alternative Associate Judge of the Kennedale Municipal Court. The Alternative Associate Judge is appointed due to the Texas Legislature's rules on the recusal and disqualification process. All three roles serve two-year terms, coinciding with the Mayor's term.

Judge William "Bill" Lane currently serves as Presiding Judge; and Erin Jackson and Suzy Vanegas as Alternative Judges. Though Judge Bill Lane is willing to continue service with our court, staff would propose to the Council consideration of the appointment of the current City of Mansfield Judge, Cass Callaway. To be clear, this is not related to any dissatisfaction with Judge Lane. It is, instead, an effort to streamline internal processes. Because the City of Mansfield operates our jail and dispatch facilities, having their Judge also serve as our own offers several immediate advantages, which will be explained by Court Administrator Bertha Vindel during the meeting, if the Council has interest in considering this change in appointment. Staff would support the re-appointment of both Judge Jackson and Judge Vanegas as Alternate Judges.

In accordance with the Internal Revenue Service (IRS) interpretation of 'officers of the court', the contract and related Ordinance establish these Municipal Judges as independent contractors. If the Council should decide to make appointments at this time, staff will finalize the appropriate contracts with the appointees' names.

https://www.tmcec.com/programs/judges/recusal_and_disqualification/

From the Charter: **Section 9.03 - Judge of the Municipal Court**
The City Council shall appoint a Judge who shall be known as the "Judge of the Municipal Court". The Judge shall be appointed for a two (2) year term. In order to be appointed, the Judge must be a resident of the State of Texas. The City Council shall fix the compensation for the Judge. The City Council, acting in its sound discretion, may suspend or remove the Municipal Judge at any time by a majority vote of the entire Council. The City Council shall give the Municipal Judge written notice for removal and/or suspension and give the Municipal Judge opportunity to respond. Upon written request of the Municipal Judge, the City Council shall schedule a public hearing and provide the Municipal Judge an opportunity to present a defense against any accusations made. The City Council shall not arbitrarily or capriciously suspend or remove the Municipal Judge, but its decision in such matters shall be final. If for any reason the Judge is unable to act, the City Council shall either declare the office vacant, or appoint a temporary Judge to serve until the Judge is able to act. If the office of the Judge is declared vacant, it shall be filled by appointment by the City Council in accordance with this Section. Following appointment the Judge must meet all

educational or other qualifications as prescribed by State Law. The City Council may also appoint such alternate Judges as necessary. All alternate Judges must meet the same qualifications as the Judge of the Municipal Court.

RECOMMENDATION

ATTACHMENTS

1.	Cass Robert Callaway - Letter of Interest and Resume - KMC Judgeship	Cass Robert Callaway - Letter of Interest and Resume - KMC Judgeship.pdf
2.	O739_AppointingMunicipalJudge	O739_AppointingMunicipalJudge.pdf
3.	Alt Judge_2022_04.19	Alt Judge_2022_04.19.pdf
4.	2022_04.19 Municipal Court Judge Services 2022 Agreement	2022_04.19 Municipal Court Judge Services 2022 Agreement.pdf

ORDINANCE NO. ________

AN ORDINANCE OF THE CITY OF KENNEDALE, TEXAS, APPOINTING THE JUDGE AND ALTERNATE JUDGES OF THE MUNICIPAL COURT OF RECORD IN THE CITY OF KENNEDALE; PROVIDING THAT THIS ORDINANCE SHALL BE CUMULATIVE OF ALL ORDINANCES; PROVIDING A SEVERABILITY CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of Kennedale, Texas, is a home rule city acting under its charter adopted by the electorate pursuant to Article XI, Section 5 of the Texas Constitution and Chapter 9 of the Local Government Code; and

WHEREAS, the City Council has created a municipal court of record, pursuant to Chapter 30 of the Texas Government Code; and

WHEREAS, Chapter 30 of the Texas Government Code relating to municipal courts of record provides that the judge of the municipal court of record shall be appointed by the City Council by ordinance; and

WHEREAS, the workload of the Kennedale Municipal Court is not large enough to support a full-time municipal court judge; and

WHEREAS, it is of great benefit to the City of Kennedale to have an experienced municipal court judge sit on the bench of the Kennedale Municipal Court; and

WHEREAS, Section 574.001, Texas Government Code requires that a finding be made to the effect that a person who serves as an officer in more than one appointed position obtain a finding from the governing body that such officer has satisfied Article XVI, Section 40 of the Texas Constitution.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF KENNEDALE, TEXAS, THAT:

SECTION 1. It is hereby found that the office of municipal court judge of the City of Kennedale is of benefit to the State of Texas and to the City of Kennedale and that there is no conflict between the office of municipal court judge of Kennedale and the office of municipal judge in any other city.

SECTION 2. [NAME] is hereby reappointed as the Municipal Judge of the municipal court of record in the City of Kennedale, Texas, for a two-year term beginning May 21, 2020. At the expiration of said term in accordance with Article 16, Section 17 of the Texas Constitution, the Judge shall continue to serve until his successor shall be duly qualified.

SECTION 3. [NAME] and [NAME] are hereby appointed as the Alternate Judges to serve when the Municipal Judge is temporarily absent or unable to serve.

SECTION 4. This Ordinance shall be cumulative of all other ordinances of the City of Kennedale and shall not repeal any of the provisions of such ordinances except in those instances when provisions of such ordinances are in direct conflict with the provisions of this ordinance in which event the conflicting provisions of such ordinances are hereby repealed.

SECTION 5. It is hereby declared to be the intention of the City Council that the phrases, clauses, sentences, paragraphs, and sections of this Ordinance are severable and if any phrase, clause, sentence, paragraph, or section of this Ordinance shall be declared invalid or unconstitutional by the valid judgment or decree of any court of competent jurisdiction, such invalidity or unconstitutionality shall not affect any of the remaining phrases, clauses, sentences, paragraphs, and sections of this ordinance, since the same would have been enacted by the City Council without the incorporation in this Ordinance of any such invalid or unconstitutional phrase, clause, sentence, paragraph, or section.

SECTION 6. This Ordinance shall be in full force and effect from and after its passage and publication as required by law, and it is so ordained.

SECTION 7. The appointment/reappointment of [NAME] is subject to and conditioned upon the Judge executing an Agreement for Municipal Judge Services on a form acceptable to the City.

SECTION 8. The appointment/reappointment of [NAME] is subject to and conditioned upon the Judge executing an Agreement for Alternate Municipal Judge Services on a form acceptable to the City.

SECTION 9. The appoint appointment/reappointment of [NAME] is subject to and conditioned upon the Judge executing an Agreement for Alternate Municipal Judge Services on a form acceptable to the City.

PASSED AND APPROVED ON THIS 19TH DAY OF APRIL 2022.

APPROVED:

MAYOR LINDA RHODES JOHNSON

ATTEST:

[CITY SEAL]

CITY SECRETARY LESLIE E. GALLOWAY

APPROVED AS TO FORM AND LEGALITY:

CITY ATTORNEY DREW LARKIN

STATE OF TEXAS §
COUNTY OF TARRANT §
CITY OF KENNEDALE §

AGREEMENT FOR ALTERNATIVE MUNICIPAL COURT JUDGE SERVICES

The Parties to this Agreement for Alternate Municipal Court Judge Services are _____ (hereinafter referred to as "_____") and the City of Kennedale, Texas (hereinafter referred to as the "City"). _____ and the City are referred to collectively herein as "the Parties."

WHEREAS, the City desires to contract with _____ to perform the services of an Alternate Municipal Court Judge ("Alternate Judge"); and

WHEREAS, _____ desires to contract with the City to provide services as the Alternate Judge.

NOW THEREFORE, for the mutual covenants and considerations described herein, the Parties agree as follows:

1. **DESCRIPTION OF SERVICES.** _____ agrees to serve as an Alternate Judge of the Municipal Court for the City, with all powers, duties, privileges, and obligations conferred by this Agreement and by law, including but not limited to, Section 9.03 of the City Charter and Chapter 30 of the Texas Government Code. _____ shall, as needed, preside over municipal court proceedings for and on behalf of the City and to conduct services as may be required from time-to-time, including but not limited to issuance of warrants and such duties and responsibilities as are necessary and incidental to the office of the Alternate Judge. In addition to serving as needed, _____ will attend at least one court date each year to observe proceedings in the Municipal Court.

2. **COURT FACILITIES.** The City will provide a suitable place for holding court and shall pay for all the expense of maintaining it. The City will furnish staff, supplies, and equipment sufficient for the operation of the Court.

3. **HOURS OF COURT.** The hours of the Municipal Court will be set mutually by agreement between the City and the Presiding Judge.

4. **CONSIDERATION.**

    a. As consideration for services provided herein, the City agrees to pay _____ **$250 biannually (to be paid in November and May) plus $75.00 per hour for services performed** as an Alternate Judge and rendered in accordance with this Agreement.

b. _____ agrees to prepare and submit to the City on a monthly basis an invoice or time sheet detailing the number of hours worked and services provided for processing by the City for payment. _____ will bill her time in quarter-hour increments.

5. **QUALIFICATION.** _____ declares that she is qualified to serve as Alternate Judge of the Municipal Court because she meets all requirements for holding said position outlined in Section 9.03 of the City Charter and Chapter 30 of the Texas Government Code. _____ agrees to maintain said qualifications throughout the term of this Agreement.

6. **INDEPENDENT CONTRACTOR STATUS.** The Parties agree that _____ is an independent contractor to the City, not an employee. This Agreement does not create any partnership, joint venture, or relationship other than an independent contractor relationship. _____ shall not be deemed to be an employee of the City for any purpose whatsoever, and _____ shall not be eligible to participate in any benefit program provided by the City for its employees. _____ shall be exclusively responsible for the payment of her own taxes, withholding payments, penalties, fees, fringe benefits, contributions to insurance and pension or other deferred compensation plans, including but not limited to workers' compensation and Social Security obligations, professional fees or dues.

7. **INDEMNIFICATION.** To the extent allowed by law, the City will defend, indemnify and hold _____ harmless from any and all claims arising out of the good faith performance of the duties and functions as the Alternate Judge of the Municipal Court.

8. **NOTICES.** Notices pursuant to this Agreement will be given in writing and sent by First Class United States Mail or Personal Delivery, addressed as follows:

To _____: ________________________________
____

To the City: City Secretary, City of Kennedale
405 Municipal Drive
Kennedale, TX 76060

Each Party will have the continuing obligation to advise the other Party of any change of address.

9. **MODIFICATION.** No change or addition to this Agreement will be valid or binding upon either Party unless such change or addition be in writing and executed by both Parties.

10. **STATE LAW.** This Agreement will be construed in a manner consistent with and not in derogation of the provisions of state law governing the Alternate Judge of

the Municipal Court's jurisdiction, powers, duties, obligations or statutory term of office.

11. TERM. Notwithstanding the date of execution hereof, the term of this Agreement will be a two-year term commencing on May ____, 2022.

12. TERMINATION.

a. The City may terminate this Agreement in accordance with Section 9.03 of the City Charter or in accordance with Chapter 30 of the Texas Government Code.

b. _____ may terminate this Agreement by providing the City thirty (30) days prior written notice, unless the Parties agree otherwise in writing.

c. In the event that this Agreement is terminated, the City will only be obligated to pay _____ under this Agreement up to the date of termination.

SIGNED AND AGREED TO ON BEHALF OF _____ ON THIS THE ______ DAY OF ______________ 2022.

____

JUDGE _____

SIGNED AND AGREED TO ON BEHALF OF THE CITY OF KENNEDALE ON THIS THE ______ DAY OF ______________ 2022.

____

MAYOR LINDA RHODES

STATE OF TEXAS §
COUNTY OF TARRANT §
CITY OF KENNEDALE §

AGREEMENT FOR MUNICIPAL COURT JUDGE SERVICES

The Parties for this Agreement for Municipal Court Judge Services are __________ (hereinafter referred to as "JUDGE LAST NAME") and the City of Kennedale, Texas (hereinafter referred to as "City"). _____ and the City are referred to collectively herein as "the Parties."

WHEREAS, the City desires to contract with ____ to perform the services of Municipal Court Judge; and

WHEREAS, _____ desires to contract with the City to provide services as the Municipal Court Judge;

NOW THEREFORE, for the mutual covenants and considerations described herein, the Parties agree as follows:

1. **DESCRIPTION OF SERVICES.** _____ agrees to serve as the Judge of the Municipal Court for the City, with all powers, duties, privileges, and obligations conferred by this Agreement and by law, including but not limited to, Section 9.03 of the City Charter and Chapter 30 of the Texas Government Code. The services provided hereunder shall include:
    a. Attendance at regularly scheduled sessions of the Kennedale Municipal Court; and
    b. Conducting other court hearings and trials at the Kennedale Municipal Court as may be necessary.

2. **ALTERNATE JUDGES.** _____ agrees to timely coordinate with all Alternate Judges of the Kennedale Municipal Court when he cannot perform the services described in Section 1 above.

3. **COURT FACILITIES.** The City will provide a suitable place for holding court and shall pay for all the expense of maintaining it. The City will furnish staff, supplies, and equipment sufficient for the operation of the Court.

4. **HOURS OF COURT.** The hours of the Municipal Court will be set mutually by agreement between the City and _____. Currently the regularly scheduled session of the Municipal Court is set on the fourth Wednesday of the month.

5. **CONSIDERATION.** As consideration for services provided herein, the City agrees to pay _____ the sum of **$1,200.00** monthly.

6. **QUALIFICATION.** _____ declares that he is qualified to serve as Judge of the Municipal Court because he meets all requirements for holding said position outlined in Section 9.03 of the City Charter and Chapter 30 of the Texas Government Code. _____ agrees to maintain said qualifications throughout the term of this Agreement.

7. **INDEPENDENT CONTRACTOR STATUS.** The Parties agree that _____ is an independent contractor to the City, not an employee. This Agreement does not create any partnership, joint venture, or relationship other than an independent contractor relationship. _____ shall not be deemed to be an employee of the City for any purpose whatsoever, and _____ shall not be eligible to participate in any benefit program provided by the City for its employees. _____ shall be exclusively responsible for the payment of his own taxes, withholding payments, penalties, fees, fringe benefits, contributions to insurance and pension

or other deferred compensation plans, including but not limited to workers' compensation and Social Security obligations, professional fees or dues.

8. INDEMNIFICATION. To the extent allowed by law, the City will defend, indemnify and hold _____ harmless from any and all claims arising out of the good faith performance of the duties and functions as the Judge of the Municipal Court.

9. NOTICES. Notices pursuant to this Agreement will be given in writing and sent by First Class United States Mail or Personal Delivery, addressed as follows:

To _____: ________________________________
____

To the City: City Secretary, City of Kennedale
405 Municipal Drive, Kennedale, TX 76060

Each party will have the continuing obligation to advise the other party of any change of address.

10. MODIFICATION. No change or addition to this Agreement will be valid or binding upon either party unless such change or addition be in writing and executed by both parties.

11. STATE LAW. This Agreement will be construed in a manner consistent with and not in derogation of the provisions of state law governing the Judge of the Municipal Court's jurisdiction, powers, duties, obligations or statutory term of office.

12. TERM. Notwithstanding the date of execution hereof, the term of this Agreement will be a two-year term commencing on May ______, 2022.

13. TERMINATION.

a. City may terminate this Agreement in accordance with Section 9.03 of the City Charter or in accordance with Chapter 30 of the Texas Government Code.

b. _____ may terminate this Agreement by providing City thirty (30) days prior written notice, unless the parties agree otherwise in writing.

c. In the event that this Agreement is terminated, the City will only be obligated to pay _____ under this Agreement up to the date of termination.

SIGNED AND AGREED TO ON BEHALF OF ________________ ON THIS THE _____ DAY OF _____________ 2022.

____
JUDGE ___________

SIGNED AND AGREED TO ON BEHALF OF THE CITY OF KENNEDALE ON THIS THE _____ DAY OF _____________ 2022.

____
MAYOR LINDA RHODES

STAFF REPORT

TO THE HONORABLE MAYOR AND CITY COUNCIL

MEETING DATE: APRIL 19, 2022

AGENDA ITEM NUMBER: INDIVIDUAL CONSIDERATION ITEM V.F.3.

SUBJECT
Consider approval of a Master Interlocal Cooperative Purchasing Agreement with the City of Grand Prairie

ORIGINATED BY
Joe Walsh, Public Works Director

SUMMARY
Public Works is requesting that the City Council consider entering into two Master Interlocal Agreements, one with the City of Grand Prairie (attached) and one with the City of Grapevine (next item). Participation in these agreements will expand the resources available to staff and provide access to a variety of vetted contracts with the most current competitive pricing, products, and services.

Currently, staff is limited to developing a "Request for Proposals" (RFP) or securing three bids for products and services. This opportunity is a potential win/win for staff and the community. Having these additional resources available will allow staff to expedite citizens' requests with fewer delays. Also granting staff more time in the field, to be proactive, investigate issues, carry out tasks, inspections, and the routine upkeep and maintenance of the public infrastructure.

Council discussion and consideration is appreciated.

RECOMMENDATION
Approve

ATTACHMENTS

1.	Master Interlocal Agreement (1)	Master Interlocal Agreement (1).docx

MASTER INTERLOCAL COOPERATIVE PURCHASING AGREEMENT BETWEEN THE CITY OF GRAND PRAIRIE
AND CITY OF KENNEDALE

WHEREAS, Chapter 791 of the Texas Government Code, also known as the Interlocal Cooperation Act, and Chapter 271.102 of the Texas Local Government Code authorize all local governments to contract with each other to perform governmental functions or services including administrative functions normally associated with the operation of government such as purchasing of necessary equipment, supplies and services;

WHEREAS, The City of Grand Prairie (the "City") and City of Kennedale desire to enter into this Agreement for the purpose of fulfilling and implementing their respective public and governmental purposes, needs, objectives, programs and services;

WHEREAS, The City and Kennedale represent that each are independently authorized to perform the functions or services contemplated by this Agreement;

WHEREAS, it is deemed in the best interest of all participating governments that said governments do enter into a mutually satisfactory agreement for the purchase of necessary equipment, supplies, and services;

WHEREAS, the participating governments are of the opinion that cooperation in the purchasing of equipment, supplies, services and auctions will be beneficial to the taxpayers of the governments through the efficiencies and potential savings to be realized; and

WHEREAS, each party has sufficient resources to perform the functions contemplated by this Agreement;

NOW THEREFORE, the parties hereto, in consideration of the mutual covenants and conditions contained herein, promise and agree as to each of the other as follows:

1. The City and Kennedale are authorized to participate in each other's current and/or future contracts for goods and services. Said contracts shall have been established in accordance with all appropriate procedures governing competitive bids and competitive proposals, if required.

2. The City and Kennedale agree that the ordering of goods and services is the responsibility of the local government seeking to obtain such goods and services under the established contract, and that participating government shall deal directly with the vendor in obtaining the goods and services and payment therefore. The participating government shall be liable to the vendor only for goods and services ordered and received by it, and shall not, by the execution of this Agreement, assume any additional liability. Neither the City nor Kennedale warrants, or is responsible for, the quality or delivery of goods or services from the vendor under contract. Should a dispute arise between a participating government and a vendor, the same shall be handled by and between that participating government and the vendor.

3. Each government shall pay invoices directly to the providers of goods and services that are invoiced and delivered directly to each respective government.

4. Participation of either government in any cooperative purchasing activity is strictly voluntary. Nothing in this Agreement shall prevent either governments from purchasing and/or accepting and awarding bids, proposals and contracts subject to this Agreement on its own behalf.

5. Each government shall ensure that all applicable laws and ordinances have been satisfied.

6. **Effective Date and Term.** This Agreement shall be effective when the last party signing causes the Agreement to be fully executed and will remain in full force and effect indefinitely. Any party may modify and/or terminate this Agreement in accordance with Paragraphs 7 and 8, respectively.

7. **Modification.** The terms and conditions of this Agreement may be modified upon the mutual consent of all parties. Mutual consent will be demonstrated by approval of the governing body of each party hereto. No modification to this Agreement shall be effective and binding unless and until it is reduced to writing and signed by duly authorized representatives of all parties.

8. **Termination.** This Agreement may be terminated at any time by the City or Kennedale, with or without cause, upon thirty (30) days written notice to the other party in accordance with Paragraph 11 herein.

9. **Hold Harmless.** To the extent allowed by law, the City and Kennedale agree to hold each other harmless from and against any and all claims, losses, damages, causes of action, suits and liabilities of every kind, including all expenses of litigation, court costs and attorney's fees, for injury or death of any person, for damage to any property, or for any breach of contract, arising out of or in connection with the work done under this Agreement.

10. **Invalidity**. If any provision of this Agreement shall be held to be invalid, illegal, or unenforceable by a court or other tribunal of competent jurisdiction, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. The parties shall use their best efforts to replace the respective provision or provisions of this Agreement with legal terms and conditions approximating the original intent of the parties.

11. **Written Notice.** Unless otherwise specified, written notice shall be deemed to have been duly served if delivered in person, sent by email, by fax with successful send confirmation, or by certified mail to the last business address as listed herein.

City of Grand Prairie:

Purchasing Division
Attn: Purchasing Manager
City of Grand Prairie
300 W. Main St.
PO Box 534045
Grand Prairie, TX 75050
Phone: (972) 237-8269
Fax: (972) 237-8265
purchasingfax@gptx.org

City of Kennedale:

Finance Department
Attn: Debby Scott
City of Kennedale
405 Municipal Drive
Kennedale, Texas 76060
Phone: 817-985-2111
Fax: 817-483-0720
dscott@cityofkennedale.com

12. **Entire Agreement.** It is understood that this Agreement contains the entire agreement between the parties and supersedes any and all prior agreements, arrangements, or understandings between the parties relating to the subject matter. No oral understandings, statements, promises, or inducements contrary to the terms of this Agreement exist. This Agreement cannot be changed or terminated orally. No verbal agreement or conversation with any officer, agent, or employee of any party before or after the execution of this Agreement shall affect or modify any of the terms or obligations hereunder.

13. **Amendment.** No Amendment to this Agreement shall be effective and binding unless and until it is reduced to writing and signed by duly authorized representatives of both parties.

14. **Texas Law.** This Agreement has been made under and shall be governed by the laws of the State of Texas.

15. **Place of Performance.** Performance and all matters related thereto shall be in the County of the government originating the bid. This shall be Tarrant County, Texas, United States of America for Grand Prairie and shall be Dallas County, Texas, United States of America for the City.

16. **Authority to Enter Contract.** Each party has the full power and authority to enter into and perform this Agreement and the person signing this Agreement on behalf of each party has been properly authorized and empowered to enter into this Agreement. The persons executing this Agreement hereby represent that they have authorization to sign on behalf of their respective Government.

17. **Waiver.** Failure of any party, at any time, to enforce a provision of this Agreement, shall in no way constitute a waiver of that provision, nor in

anyway affect the validity of this Agreement, any part hereof, or the right of either party thereafter to enforce each and every provision hereof. No term of this Agreement shall be deemed waived or breach excused unless the waiver shall be in writing and signed by the party claimed to have waived. Furthermore, any consent to or waiver of a breach will not constitute consent to or waiver of or excuse of any other different or subsequent breach.

18. **Agreement Read.** The parties acknowledge that they understand and intend to be bound by the terms and conditions of this Agreement.

19. **Multiple Originals.** It is understood and agreed that this Agreement may be executed in multiple counterparts, each of which shall be deemed an original for all purposes.

CITY OF GRAND PRAIRIE	**CITY OF KENEDALE**
BY: ______________________	BY: ______________________
Deputy City Manager	Interim City Manager
DATE: ______________________	______________________
	"BY" Printed Name and Title
ATTEST: ______________________	ATTEST: ______________________
Mona Lisa Galicia, City Secretary	City Secretary
DATE: ______________________	______________________
	"ATTEST" Printed Name and Title
APPROVED AS TO FORM:	
______________________	
Megan Mahan, City Attorney	

STAFF REPORT

TO THE HONORABLE MAYOR AND CITY COUNCIL

MEETING DATE: APRIL 19, 2022

AGENDA ITEM NUMBER: INDIVIDUAL CONSIDERATION ITEM V.F.4.

SUBJECT
Consider approval of an Interlocal Agreement (ILA) related to purchasing with the City of Grapevine

ORIGINATED BY
Joe Walsh, Public Works Director

SUMMARY
This item is related to the last. It is a similar purchasing agreement but with the City of Grapevine. Council discussion and consideration is appreciated.

RECOMMENDATION
Approve

ATTACHMENTS

1.	Interlocal Agreement Template (2)	Interlocal Agreement Template (2).doc

INTERLOCAL AGREEMENT
BETWEEN THE CITY OF KENNEDALE AND THE CITY OF GRAPEVINE

This agreement is made this ______ day of ___________, 2022, between the City of Kennedale, Texas and the City of Grapevine, Texas.

Pursuant to the authority granted by the "Texas Interlocal Cooperation Act", Chapter 791 Texas Government Code, providing for the cooperation between local government bodies, the parties hereto, in consideration of the premises and mutual promises contained herein agree as follows:

Whereas, the parties, in performing governmental functions or in paying for the performance of governmental functions hereunder shall make that performance or those payments from current revenues legally available to that party;

Whereas, the governing bodies of each party find that the subject of this contract is necessary for the benefit of the public, and that each party has the legal authority to perform and to provide the governmental function or service which is the subject matter of this contract; furthermore, the governing bodies find that the performance of this contract is in the common interest of both parties; and that the division of cost fairly compensates the performing party for the services performed under this contract.

I.

The City of Grapevine, hereby makes, constitutes and appoints the City of Kennedale its true and lawful purchasing agent for the purchase of various commodities or services provided by contracts or purchase agreements, hereinafter referred to as contract, awarded by the City of Kennedale. Conversely, The City of Kennedale, hereby makes, constitutes and appoints the City of Grapevine its true and lawful purchasing agent for the purchase of various commodities or services provided by contracts awarded by the City of Grapevine.

To utilize one or more of existing contracts, the non-contract awarding City must request authorization from the contract awarding City. Upon receipt of request, the contract awarding City will seek approval from the contracted provider. The non-awarding City agrees that the awarding City shall serve as the purchasing agent for selected items, and agrees that the bidding shall be conducted by the awarding City according to its usual bidding procedures.

II.

Each party to this agreement agrees that all specifications for selected items or services shall be as determined by the contract awarding City.

III.

Each party agrees to pay the supplier for its respective goods and services purchased pursuant to this agreement. The successful bidder or bidders shall bill directly the City placing order for all goods and services purchased, and that City shall be responsible for the supplier or contractor's compliance with all conditions of delivery and quality of the procurement.

IV.

Lance Wright, or his successor, is hereby designated as the official representative to act for the City of Grapevine in all matters relating to this agreement. Joe Walsh, or his successor, is hereby designated as the official representative to act for the City of Kennedale, Texas in all matters relating to this agreement.

V.

This agreement shall take effect upon execution by both signatories.

VI.

Either party may terminate the Agreement by giving the other party as least thirty (30) days written notice of termination, provided all work accomplished or goods or services provided shall be paid for in accordance with the contract up to the date the termination becomes effective.

VII.

Either party agrees to be responsible for any and all liability or damages to itself or any other party, individual, or entity arising from the sole negligence of said party. The two parties agree that damages or liability occurring during the performance of this Agreement caused by the joint or comparative negligence of both parties, their agents, servants and employees, shall be determined in accordance with the comparative responsibility requirements of the State of Texas.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed by their authorized officers the day and year first above written.

EXECUTED this _____ day of __________________, 2022.

CITY OF GRAPEVINE, TEXAS

By: Bruno Rumbelow

Title: City Manager

Signature: _____________________

ATTEST:

By: _________________________________
CITY SECRETARY

EXECUTED this _____ day of __________________, 2022.

CITY OF KENNEDALE, TEXAS

By: ____
Leslie Galloway, Interim City Manager

405 Municipal Drive
Kennedale, TX 76060

ATTEST:

By: _________________________________
CITY SECRETARY

STAFF REPORT

TO THE HONORABLE MAYOR AND CITY COUNCIL

MEETING DATE: APRIL 19, 2022

AGENDA ITEM NUMBER: INDIVIDUAL CONSIDERATION ITEM V.F.5.

SUBJECT

Consider authorizing an unbudgeted compensation adjustment to civilian (non-sworn) staff

ORIGINATED BY

Caroline Green, Director of HR and Administrative Services

SUMMARY

As with the related Work Session item, this item was requested by Council. It is important to note that, though these items are both related to civilian compensation, they are independent of one another. While the Work Session item focuses on a study that would help to inform upcoming budget decisions, this item is aimed at offering a mid-year adjustment to those employees who are not currently on a step plan.

There are currently 25 positions that would be affected (4 of which are vacant at this time). A 2 percent across the board increase would result in an additional $26,353.76 total annual expenditure for salaries (including currently vacant positions); a 3 percent increase would be $39,980.03; and a 5 percent increase would be $66,633.39. Of course, as a significant portion of the current fiscal year is behind us, the impact on this year's budget would be roughly half of those amounts. However, staff does want Council to be aware of the full effect on future budgets. One other note is that these potential compensation adjustments would also increase the City's liability for other benefits including the organization's matching contributions to the Texas Municipal Retirement System (TMRS), which are based on salary.

At this time, Human Resources Director Caroline Green will be available to offer additional information and answer questions. Council discussion and consideration are appreciated at this time.

RECOMMENDATION

ATTACHMENTS