

CITY OF KIRBY, TEXAS

**ANNUAL
FINANCIAL REPORT**

**FISCAL YEAR ENDED
SEPTEMBER 30, 2015**



CITY OF KIRBY, TEXAS
 ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

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CITY OF KIRBY, TEXAS

PRINCIPAL OFFICERS

CITY OFFICIALS

MAYOR

TIMOTHY J. WILSON

MAYOR PRO-TEM

STEPHANIE FAULKNER

CITY COUNCIL

JERRY LEHMAN

DEBRA WISLON

ERNEST SPRADLING

ROGER ROMENS

MIKE GRANT

CITY MANAGER

MONIQUE L.VERNON

ATTORNEY

MARC SCHNALL, LANGLEY & BANACK

AUDITOR

ARMSTRONG, VAUGHAN & ASSOCIATES, P.C.





INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the City Council
City of Kirby, 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, and each major fund of the City of Kirby, Texas, as of and for the year ended September 30, 2015, 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

The City of Kirby, Texas' 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 an opinion 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the City of Kirby, Texas, as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note A23 to the financial statements, in October 2014, the City adopted new accounting guidance from Governmental Accounting Standards Board Statement No. 68 related to accounting for pensions. This resulted in a restatement of prior year balances. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and notes to the schedule of changes – net pension liability and related ratios as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires 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 performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Kirby, Texas', financial statements. The comparative financial statements and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The comparative financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The statistical section has 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.

Armstrong, Vaughan & Associates, P.C.

Armstrong, Vaughan & Associates, P.C.

January 26, 2016

MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of the City of Kirby’s annual financial report presents our discussion and analysis of the City’s financial performance during the fiscal year ended September 30, 2015. Please read it in conjunction with the City’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

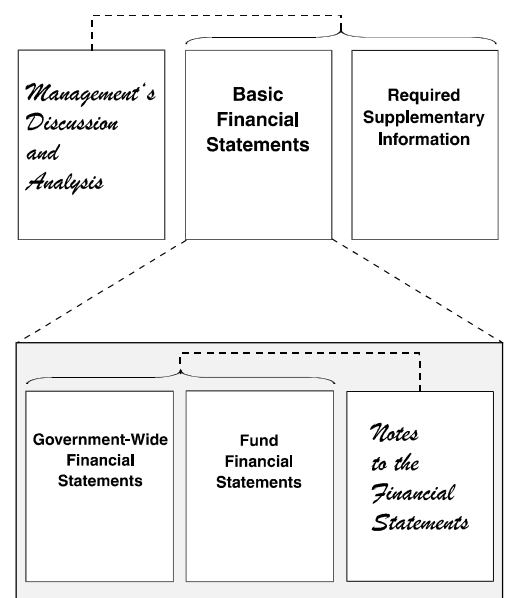
- The City’s total combined net position was approximately \$11.0 million at September 30, 2015.
- During the year, the City’s expenses were \$333 thousand less than the \$3.6 million generated in taxes and other revenues for governmental activities.
- The General Fund reported a fund balance of \$2.8 million at the end of the fiscal year which represents a \$223 thousand increase over the previous fiscal year.
- The City’s Waterworks/Sewer Fund reported a \$310 thousand increase in net position over the previous fiscal year. Net position at September 30, 2015 was \$4.8 million.
- The City did not issue any new bonds during the fiscal year ending September 30, 2015.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management’s discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City’s overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the City’s operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short-term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates *like businesses*.
- *Fiduciary fund* statements provide information about the financial relationships in which the City acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

Figure A-1, Required Components of the City’s Annual Financial Report



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-2. Major Features of the District's Government-wide and Fund Financial Statements			
<i>Type of Statements</i>	Fund Statements		
	Government-wide	Governmental Funds	Proprietary Funds
<i>Scope</i>	Entire City's government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary	Activities the City operates similar to private businesses: water and sewer.
<i>Required financial statements</i>	• Statement of Net Position	• Balance Sheet	• Statement of Net Position
	• Statement of Activities	• Statement of Revenues, Expenditures & Changes in Fund Balances	• Statement of Revenues, Expenses & Changes in Net Position • Statement of Cash Flows
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during year, regardless of when cash is received or paid

Figure A-2 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

Government-Wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government’s assets and liabilities. All of the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City’s net position and how they have changed. Net position—the difference between the City’s assets and liabilities—is one way to measure the City’s financial health or *position*.

- Over time, increases or decreases in the City’s net position is an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City, one needs to consider additional non-financial factors such as changes in the City’s tax base.

The government-wide financial statements of the City include the *Governmental activities*. Most of the City’s basic services are included here, such as general government, public safety, highways and streets, sanitation, economic development, culture and recreation, and interest on long-term debt. Property taxes, sales taxes, and grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the City’s most significant *funds*—not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The City Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The City has the following kinds of funds:

- *Governmental funds*—Most of the City’s basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City’s programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Proprietary funds*—Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The total cost of all programs and services was \$5.22 million. Of these costs, 72.5% were for primary government activities, while the Water/Sewer utility accounted for the balance.

Net Position: The City’s combined net position was \$11.0 million at September 30, 2015. (See Table A-1).

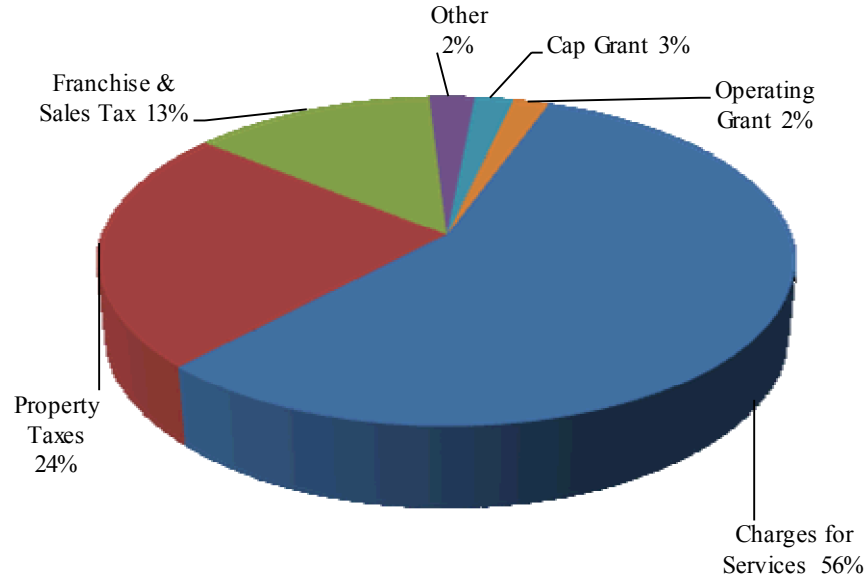
Table A-1
City's Net Position
(In thousands dollars)

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change Based on Actual 2015-*2014
	2015	*2014	2015	*2014	2015	2014	
<i>Current Assets:</i>							
Cash and cash equivalents	\$ 2,627	\$ 2,339	\$ 3,329	\$ 2,784	\$ 5,956	\$ 5,123	16.3%
<i>Receivables:</i>							
Taxes	79	111	-	-	79	111	-29.7%
Franchise Taxes	-	-	-	-	-	-	0.0%
Accounts	117	111	287	322	403	433	-6.9%
EMS	88	93	-	-	88	93	-5.0%
Due from Other Governments	217	413	-	-	217	413	-47.8%
Internal Balances	75	86	(75)	(86)	-	-	0.0%
Inventories	25	37	3	9	29	46	-37.8%
Prepaid Items	-	20	31	31	31	51	-39.0%
<i>Restricted Assets:</i>							
Cash and Investments	-	-	181	178	181	178	1.8%
Total Current Assets:	3,227	3,210	3,756	3,238	6,983	6,448	8.3%
<i>Non-Current Assets:</i>							
Land	836	830	7	7	843	837	0.7%
Building and Improvements	4,454	4,453	-	-	4,454	4,453	0.0%
Utility Plant and Easements	-	-	5,025	4,829	5,025	4,829	4.1%
Transportation & Equip	2,850	2,367	394	387	3,244	2,754	17.8%
Infrastructure	12,122	11,903	-	-	12,122	11,903	1.8%
Software	79	79	42	42	121	121	0.0%
<i>Less Accumulated</i>							
Depreciation	(14,321)	(13,764)	(3,820)	(3,627)	(18,141)	(17,391)	4.3%
Total Non-Current Assets:	6,020	5,868	1,648	1,638	7,668	7,506	2.2%
Total Assets	9,247	9,078	5,404	4,876	14,651	13,954	5.0%
<i>Deferred Outflows:</i>							
Pension Related Outflows	208	-	23	-	231	-	100.0%
Total Deferred Outflows	208	-	23	-	231	-	100.0%
<i>Current Liabilities:</i>							
Accounts Payable	249	426	321	105	571	531	7.5%
Accrued Vacation	79	73	20	15	99	88	12.4%
Accrued Interest	3	4	-	-	3	4	-38.8%
<i>Payable from Restricted Assets:</i>							
Customer Deposits	-	-	169	166	169	166	1.9%
Total Current Liabilities	331	503	511	286	841	789	6.6%
<i>Long-Term Liabilities:</i>							
Bonds, Obligations	1,919	1,859	-	-	1,919	1,859	3.2%
Net Pension Liability	837	823	93	91	930	914	1.7%
Total Long-Term Liabilities	2,756	2,682	93	91	2,849	2,773	5.0%
Total Liabilities	3,087	3,185	604	377	3,692	3,562	3.7%
<i>Deferred Inflows:</i>							
Pension Related Inflows	141	-	16	-	156	-	100.0%
Total Deferred Inflows	141	-	16	-	156	-	100.0%
<i>Net Position:</i>							
Invested in Capital Assets	4,100	4,009	1,647	1,638	5,748	5,647	1.8%
<i>Restricted for:</i>							
Special Projects	120	101	-	-	120	101	19.1%
Debt Service	9	13	-	-	9	13	-27.4%
Unrestricted	1,998	1,770	3,160	2,861	5,159	4,631	11.4%
Total Net Position	\$ 6,227	\$ 5,893	\$ 4,808	\$ 4,499	\$ 11,035	\$ 10,392	6.2%

*Note: Comparative information restated for the adoption of GASB Statement No. 68. See Note A23 for more detail.

Changes in net position. The City's total revenues were \$5.9 million. A significant portion, 23.8%, of the City's revenue comes from property taxes. (See Figure A-3.) 56.4% comes from charges for services (Water, Court, EMS, etc), while only 13.1% relates to Franchise and Sales taxes.

Figure A-3



Governmental Activities

- Property tax rates remained constant at 0.729376.
- Property tax revenue increased to \$1,395,907 in the current year vs. \$1,392,306 in the prior year.
- The cost of all *governmental* activities this year was approximately \$3.8 million. The amount that our taxpayers paid for these activities through property taxes was \$1,395,907. Some of the cost was paid by those who directly benefited from the programs in the amount of \$1,190,705 million and an additional \$222 thousand by grants and contributions.

Table A-2
Changes in City of Kirby's Net Position
(In thousands dollars)

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2015	2014*	2015	2014*	2015	2014*	2015-*2014
Primary Government:							
City Council	17	15	-	-	17	15	10.6%
City Administration	308	364	-	-	308	364	-15.5%
Police Protection	1,168	1,130	-	-	1,168	1,130	3.4%
Municipal Court	78	86	-	-	78	86	-9.8%
Fire/EMS Protection	1,024	1,022	-	-	1,024	1,022	0.2%
Animal Services	185	187	-	-	185	187	-1.2%
Parks and Pool	157	176	-	-	157	176	-10.6%
Streets and Shops	199	238	-	-	199	238	-16.6%
Crime Control	13	-	-	-	13	-	0.0%
General City Operations	580	590	1,435	1,281	2,015	1,871	7.7%
Interest on Long-Term Debt	55	66	-	-	55	66	-17.3%
Total Government Activities	3,784	3,874	1,435	1,281	5,218	5,156	-49.2%

*Note: Comparative totals for 2014 fiscal year have not been restated for the effects of GASB Statement No. 68 as the information is unavailable.

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2015	2014*	2015	2014*	2015	2014*	2015-*2014
Program Revenues:							
Charges for Services	1,185	1,193	2,128	2,149	3,314	3,342	-0.9%
Operating Grants & Contributions	99	59	15	15	114	74	54.4%
Capital Grants & Contributions	123	221	-	-	123	221	-44.2%
General Revenues:							
General Property Tax	1,396	1,392	-	-	1,396	1,392	0.3%
Sales Taxes	378	309	-	-	378	309	22.3%
Franchise Taxes	392	368	-	-	392	368	6.6%
Investment Earning	6	4	6	4	12	9	38.0%
Gain on Sale of Property and Equipment	4	8	-	-	4	8	-51.1%
Miscellaneous	3	18	-	-	3	18	-81.0%
Transfers	529	531	(529)	(531)	-	-	0.0%
Capital Contributions	-	-	125	114	125	114	9.1%
Total Revenues and Transfers	<u>4,117</u>	<u>4,103</u>	<u>1,745</u>	<u>1,751</u>	<u>5,860</u>	<u>5,855</u>	<u>-46.6%</u>
Change in Net Position	<u>333</u>	<u>229</u>	<u>310</u>	<u>470</u>	<u>643</u>	<u>699</u>	<u>2.6%</u>

*Note: Comparative totals for 2014 fiscal year have not been restated for the effects of GASB Statement No. 68 as the information is unavailable.

Table A-3 presents the cost of each of the City's largest functions, as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

Table A-3
Net Cost of Selected City Functions
(In thousands dollars)

	Total Cost of Services			% Change	Net Cost of Services		
	2015	2014			2015	2014	2015-2014
General Government	\$ 324	\$ 379	-14.4%	\$ 184	\$ 205	-10.1%	
Police Protection & Court	1,246	1,216	2.5%	935	967	-3.4%	
Fire/EMS Protection	1,024	1,022	0.2%	294	367	-19.7%	
Animal Services	185	187	-1.0%	147	115	28.4%	
Parks and Recreation	157	176	-10.9%	142	127	12.3%	
Highways and Streets	199	238	-16.5%	26	(36)	-173.1%	
Crime Control	13	-	0.0%	(13)	-	100.0%	
General City Operations	580	590	-1.7%	580	590	-1.6%	
Water and Sewer	1,435	1,281	12.0%	(708)	(882)	-19.6%	
Debt Service - Interest & Fiscal Charges	55	66	-17.0%	55	66	-16.8%	

Business-Type Activities

Operating revenues of the City's Water & Sewer business-type activities remained constant at \$2.1 million in the current year, with a decrease of \$20 thousand or 1.0%. Operating expenses not including transfers to other funds increased from \$1.3 million in the prior year to \$1.4 million in the current year, an increase of \$154 thousand or 12.0%.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Revenues from governmental fund types totaled \$3.6 million for the current year vs. \$3.58 million in the prior year, an increase of \$36,091. Expenditures from governmental fund types totaled \$4.4 million for the current year vs. \$4.1 million in the prior year, an increase of \$232 thousand or 5.6%. The general fund balance increased by \$223 thousand from 2.6 million in the prior year to \$2.8 million in the current year. Of this amount \$2.6 million is unassigned and represents 10.32 months of average operating expenditures in reserve. Long term debt paid during the year totaled \$419,110 in principal and \$72,757 in interest.

General Fund Budgetary Highlights

The city revised its original budget several times, to adjust for changes resulting in an overall decrease of \$414,026 in revenues. As part of the budget revision, additional expenditure estimates were made mainly for radio upgrades, fire pumper acquired and a reduction for the Hike and Bike Trail grant resulting in an overall decrease of \$2,035 in expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2015, the City had invested \$25,808,227 million in a broad range of capital assets, including land, equipment, buildings, vehicles, and software (See Table A-4). This amount represents a net increase of \$911,419 or 3.7 % over last year.

Table A-4
City's Capital Assets
(In thousands dollars)

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2015	2014	2015	2014	2015	2014	2015-2014
Land	\$ 836	\$ 830	\$ 7	\$ 7	\$ 843	\$ 837	0.7%
Buildings and Improvements	4,454	4,453	-	88	4,454	4,541	-1.9%
Vehicles	2,850	2,367	394	387	3,244	2,754	17.8%
Infrastructure	12,122	11,903	-	-	12,122	11,903	1.8%
Software	79	79	42	42	121	121	-0.2%
Utility Plant	-	-	5,025	4,742	5,025	4,742	6.0%
Totals at Historical Cost	20,341	19,632	5,468	5,266	25,810	24,898	3.7%
Total Accumulated Depreciation	(14,321)	(13,764)	(3,820)	(3,627)	(18,141)	(17,391)	4.3%
Net Capital Assets	\$ 6,019	\$ 5,868	\$ 1,648	\$ 1,639	\$ 7,668	\$ 7,507	2.1%

The city purchased various pieces of equipment in regard to the fire department, streets reconstruction, and waterworks department. Detailed information about the City's capital assets is presented in the notes to the financial statements.

Long Term Debt

At year-end the City had \$1.9 million in bonds and notes outstanding and \$79 thousand in compensated absences in the governmental and \$20 thousand in the business-type activities for compensated absences as shown in Table A-5. Detailed information about the City's debt is presented in the notes to the financial statements.

Table A-5
City's Long-Term Debt
(In thousands dollars)

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change 2015-2014
	2015	2014	2015	2014	2015	2014	
Bonds Payable and Capital Lease	\$ 1,919	\$ 1,859	\$ -	\$ -	\$ 1,919	\$ 1,859	3.2%
Vacation Payable	79	72	20	15	99	87	14.0%
Total Bonds & Notes Payable	<u>\$ 1,998</u>	<u>\$ 1,931</u>	<u>\$ 20</u>	<u>\$ 15</u>	<u>\$ 2,018</u>	<u>\$ 1,946</u>	<u>3.7%</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Lease purchase of a new breathing apparatus for the fire department and a new street sweeper for the street department
- Telegraph/Rutledge Street Repair of \$340,157 partially paid by CDBG Grant
- The Rosillo Creek Drainage Project began in January 2013 with funding of \$8,000,000 from Bexar County, Texas continues.
- Hiking and Biking Trail Project at Friendship Park is expected to begin in 2016 with Federal funding of \$491,000
- Binz-Engleman Road Project is expected to begin in 2016 with funding of \$2,000,000 to be received.

These indicators were taken into account when adopting the general fund budget for 2015/2016. The property taxes rate will remain at 0.729376/\$100 as a result of the approved budget. This will result in \$1,393,788 of projected property tax revenues. General Fund Revenues (includes transfers from other funds) budgeted for 2015/2016 total \$6,747,384. General Fund Expenditures (includes transfers to other funds) budgeted for 2015/2016 total \$7,840,020.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact City Hall at (210) 661-3198.



BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government – Wide Financial Statements
- Fund Financial Statements:
 - Governmental Funds
 - Proprietary Funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

CITY OF KIRBY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

ASSETS	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Kirby Senior Center Corporation
<i>Current Assets:</i>				
Cash and Investments	\$ 2,626,731	\$ 3,328,808	\$ 5,955,539	\$ 4,891
Receivables (net of allowances for uncollectibles)				
Taxes	78,567	-	78,567	-
Accounts	116,969	286,857	403,826	13,725
EMS Charges	87,865	-	87,865	-
Other	-	-	-	-
Due from Other Governments	216,846	-	216,846	6,210
Internal Balances	75,094	(75,094)	-	-
Inventories	25,341	3,187	28,528	-
Prepaid Items	-	31,353	31,353	2,255
<i>Restricted Assets:</i>				
Cash and Investments	-	181,267	181,267	-
<i>Total Current Assets</i>	<u>3,227,413</u>	<u>3,756,378</u>	<u>6,983,791</u>	<u>27,081</u>
<i>Capital Assets:</i>				
Land	836,120	7,005	843,125	-
Buildings & Improvements	4,453,473	-	4,453,473	253,026
Utility Plant and Easements	-	5,024,762	5,024,762	-
Transportation & Equipment	2,850,290	393,769	3,244,059	193,659
Infrastructure	12,122,018	-	12,122,018	-
Software	78,790	42,000	120,790	-
Accumulated Depreciation and Amortization	(14,321,215)	(3,819,990)	(18,141,205)	(364,251)
<i>Total Capital Assets</i>	<u>6,019,476</u>	<u>1,647,546</u>	<u>7,667,022</u>	<u>82,434</u>
TOTAL ASSETS	<u>9,246,889</u>	<u>5,403,924</u>	<u>14,650,813</u>	<u>109,515</u>
DEFERRED OUTFLOWS				
Deferred Pension Related Outflows	<u>207,683</u>	<u>23,076</u>	<u>230,759</u>	<u>-</u>
TOTAL DEFERRED OUTFLOWS	<u>\$ 207,683</u>	<u>\$ 23,076</u>	<u>\$ 230,759</u>	<u>\$ -</u>

See accompanying notes to basic financial statements.

CITY OF KIRBY, TEXAS
STATEMENT OF NET POSITION (CONTINUED)
SEPTEMBER 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Kirby Senior Center Corporation
LIABILITIES				
<i>Current Liabilities:</i>				
Accounts Payable and Other Current Liabilities	\$ 248,938	\$ 321,087	\$ 570,025	\$ 16,655
Accrued Vacation Leave Payable	79,046	20,124	99,170	-
Accrued Interest Payable	2,535	-	2,535	-
Payable from Restricted Assets:				
Customer Deposits	-	169,340	169,340	-
<i>Total Current Liabilities</i>	330,519	510,551	841,070	16,655
<i>Long-Term Liabilities:</i>				
Due within One Year	428,152	-	428,152	6,297
Due in more than One Year	1,490,959	-	1,490,959	29,813
Net Pension Liability	836,954	92,995	929,949	-
<i>Total Long-Term Liabilities:</i>	2,756,065	92,995	2,849,060	36,110
TOTAL LIABILITIES	3,086,584	603,546	3,690,130	52,765
DEFERRED INFLOWS				
Deferred Pension Related Inflows	140,517	15,613	156,130	-
TOTAL DEFERRED INFLOWS	140,517	15,613	156,130	-
NET POSITION				
Net Investment in Capital Assets	4,100,365	1,647,546	5,747,911	46,324
Restricted for:				
Debt Service Fund	8,433	-	8,433	-
PEG Capital Fees	72,470	-	72,470	-
Public Safety	47,774	-	47,774	-
Kirby Senior Center	-	-	-	658
Unrestricted	1,998,429	3,160,295	5,158,724	9,768
TOTAL NET POSITION	\$ 6,227,471	\$ 4,807,841	\$ 11,035,312	\$ 56,750

See accompanying notes to basic financial statements.

CITY OF KIRBY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Functions and Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
City Council	\$ 16,584	\$ -	\$ -	\$ -
City Administration	307,722	139,334	-	-
Police Protection	1,168,328	207,467	93,291	-
Municipal Court	77,507	11,372	-	-
Fire/EMS Protection	1,024,146	724,899	-	5,733
Animal Services	185,112	32,685	5,610	-
Parks and Pool	156,870	14,714	-	-
Streets and Shops	198,816	54,769	-	117,680
Crime Control	12,800	-	-	-
General City Operations	580,041	-	-	-
Interest on Long-Term Debt	54,755	-	-	-
<i>Total Governmental Activities</i>	<u>3,782,681</u>	<u>1,185,240</u>	<u>98,901</u>	<u>123,413</u>
Business-Type Activities				
Water/Sewer Utility	1,435,095	2,128,367	14,600	-
<i>Total Business-Type Activities</i>	<u>1,435,095</u>	<u>2,128,367</u>	<u>14,600</u>	<u>-</u>
Total Primary Government	<u><u>5,217,776</u></u>	<u><u>3,313,607</u></u>	<u><u>113,501</u></u>	<u><u>123,413</u></u>
Component Unit:				
Kirby Senior Center Corp.	294,567	267,610	-	-
Total Component Unit	<u><u>\$ 294,567</u></u>	<u><u>\$ 267,610</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

General Revenues:

Taxes
 General Property Taxes
 Franchise Taxes
 Sales Taxes
Interest and Investment Earnings
Capital Improvement Fee
Gain on Sale of Property and Equipment
Miscellaneous

Total General Revenues

Transfers

Change in Net Position

Net Position at Beginning of Year
Prior Period Adjustments
Net Position at End of Year

See accompanying notes to basic financial statements.

Net (Expense) Revenue and Changes in Net Position Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Kirby Senior Center Corporation
\$ (16,584)	\$ -	\$ (16,584)	\$ -
(168,388)	-	(168,388)	-
(867,570)	-	(867,570)	-
(66,135)	-	(66,135)	-
(293,514)	-	(293,514)	-
(146,817)	-	(146,817)	-
(142,156)	-	(142,156)	-
(26,367)	-	(26,367)	-
(12,800)	-	(12,800)	-
(580,041)	-	(580,041)	-
(54,755)	-	(54,755)	-
<u>(2,375,127)</u>	<u>-</u>	<u>(2,375,127)</u>	<u>-</u>
-	707,872	707,872	-
<u>-</u>	<u>707,872</u>	<u>707,872</u>	<u>-</u>
<u>(2,375,127)</u>	<u>707,872</u>	<u>(1,667,255)</u>	<u>-</u>
-	-	-	(26,957)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(26,957)</u>
1,395,907	-	1,395,907	-
392,387	-	392,387	-
377,765	-	377,765	-
6,212	5,683	11,895	-
-	124,840	124,840	-
3,685	-	3,685	-
3,447	-	3,447	-
<u>2,179,403</u>	<u>130,523</u>	<u>2,309,926</u>	<u>-</u>
<u>528,612</u>	<u>(528,612)</u>	<u>-</u>	<u>-</u>
332,888	309,783	642,671	(26,957)
6,717,406	4,589,483	11,306,889	83,707
(822,823)	(91,425)	(914,248)	-
<u>\$ 6,227,471</u>	<u>\$ 4,807,841</u>	<u>\$ 11,035,312</u>	<u>\$ 56,750</u>

CITY OF KIRBY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	<u>Major Fund</u> General Fund	<u>Major Fund</u> Debt Service	<u>Nonmajor Fund</u> Crime Control	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 2,605,617	\$ 4,767	\$ 16,347	\$ 2,626,731
Receivables (net of allowances for uncollectibles):				
Property Taxes	72,780	5,787	-	78,567
EMS Charges	87,865	-	-	87,865
Accounts	116,969	-	-	116,969
Due from Other Governments	209,481	-	7,365	216,846
Due from Other Funds	87,464	414	-	87,878
Inventory of Supplies, At Cost	25,341	-	-	25,341
TOTAL ASSETS	<u>\$ 3,205,517</u>	<u>\$ 10,968</u>	<u>\$ 23,712</u>	<u>\$ 3,240,197</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE				
<i>Liabilities:</i>				
Accounts Payable	\$ 128,519	\$ -	\$ -	\$ 128,519
Accrued Expenditures	120,419	-	-	120,419
Due to Other Funds	414	-	12,370	12,784
<i>Total Liabilities</i>	<u>249,352</u>	<u>-</u>	<u>12,370</u>	<u>261,722</u>
<i>Deferred Inflows of Resources:</i>				
Unearned EMS Revenues	87,865	-	-	87,865
Unavailable Revenues	72,780	5,787	-	78,567
<i>Total Deferred Inflows of Resources</i>	<u>160,645</u>	<u>5,787</u>	<u>-</u>	<u>166,432</u>
<i>Fund Balances:</i>				
Nonspendable:				
Inventory	25,341	-	-	25,341
Restricted for:				
PEG Capital Fees	72,470	-	-	72,470
Public Safety	47,774	-	-	47,774
Debt Service	-	5,181	-	5,181
Crime Control	-	-	11,342	11,342
Unassigned	2,649,935	-	-	2,649,935
<i>Total Fund Balances</i>	<u>2,795,520</u>	<u>5,181</u>	<u>11,342</u>	<u>2,812,043</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 3,205,517</u>	<u>\$ 10,968</u>	<u>\$ 23,712</u>	<u>\$ 3,240,197</u>

See accompanying notes to basic financial statements.

CITY OF KIRBY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS		\$ 2,812,043
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		6,019,476
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unearned in the funds.		166,432
Compensated absences are not due and payable in the current period and, therefore, not reported in the funds.		(79,046)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, not reported in the funds.		(1,919,111)
Net pension liabilities (and related deferred outflows and inflows of resources) do not provide current financial resources and are not reported in the funds.		
Net Pension Liability	836,954	
Pension Related Deferred Outflows	(207,683)	
Pension Related Deferred Inflows	140,517	
	140,517	(769,788)
Accrued interest payable on long-term-bonds is not due and payable in the current period and, therefore, not reported in the funds.		(2,535)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		\$ 6,227,471

See accompanying notes to basic financial statements.

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

	<u>Major Fund</u> General Fund	<u>Major Fund</u> Debt Service	<u>Nonmajor Fund</u> Crime Control	<u>Total</u> Governmental Funds
REVENUES				
Taxes	\$ 1,678,747	\$ 102,448	\$ 24,140	\$ 1,805,335
Franchise Fees	392,387	-	-	392,387
Licenses and Permits	120,472	-	-	120,472
Intergovernmental	9,927	-	-	9,927
Fines and Penalties	215,934	-	-	215,934
Charges for Services	848,030	-	-	848,030
Grants	212,387	-	-	212,387
Miscellaneous	15,892	35	1	15,928
TOTAL REVENUES	<u>3,493,776</u>	<u>102,483</u>	<u>24,141</u>	<u>3,620,400</u>
EXPENDITURES				
<i>Current:</i>				
City Council	16,584	-	-	16,584
City Administration	293,582	-	-	293,582
Police Protection	940,556	-	-	940,556
Municipal Court	76,474	-	-	76,474
Fire\EMS Protection	864,149	-	-	864,149
Animal Services	179,575	-	-	179,575
Parks and Pool	157,439	-	-	157,439
Streets and Shops	203,779	-	-	203,779
Crime Control	-	-	12,799	12,799
General City Operations	349,549	-	-	349,549
Capital Projects/Outlay	818,371	-	-	818,371
Debt Service:				
Principal	44,110	375,000	-	419,110
Interest and Fiscal Charges	12,544	60,213	-	72,757
TOTAL EXPENDITURES	<u>3,956,712</u>	<u>435,213</u>	<u>12,799</u>	<u>4,404,724</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (462,936)</u>	<u>\$ (332,730)</u>	<u>\$ 11,342</u>	<u>\$ (784,324)</u>

See accompanying notes to basic financial statements.

CITY OF KIRBY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>Major Fund</u> General Fund	<u>Major Fund</u> Debt Service	<u>Nonmajor Fund</u> Crime Control	Total Governmental Funds
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 480,000	\$ 330,112	\$ -	\$ 810,112
Transfers Out	(281,500)	-	-	(281,500)
Proceeds from Sale of Assets	3,685	-	-	3,685
Proceeds from Issuance of Capital Lease	483,768	-	-	483,768
TOTAL OTHER FINANCING SOURCES (USES)	<u>685,953</u>	<u>330,112</u>	<u>-</u>	<u>1,016,065</u>
Net Change in Fund Balance	223,017	(2,618)	11,342	231,741
Fund Balances at Beginning of Year	<u>2,572,503</u>	<u>7,799</u>	<u>-</u>	<u>2,580,302</u>
Fund Balances at End of Year	<u>\$ 2,795,520</u>	<u>\$ 5,181</u>	<u>\$ 11,342</u>	<u>\$ 2,812,043</u>

See accompanying notes to basic financial statements.



CITY OF KIRBY, 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, 2015

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS		\$ 231,741
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation.</p>		151,616
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>		(37,127)
<p>The issuance of long-term-debt (e.g. bonds and capital leases) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the net effect of premiums, discounts, and similar items when debt is first issued, where as these amounts are amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term-debt and related items.</p>		
<p>Repayment of Principal</p>	375,000	
<p>Amortization of Bond Premium</p>	4,490	
<p>Proceeds from Lease</p>	(483,768)	
<p>Repayment of Capital Lease Principal</p>	44,110	(60,168)
<p>Governmental funds report required contributions to employee pensions as expenditures. However, in the Statement of Activities the cost of the pension is recorded based on the actuarially determined cost of the plan. This is the amount that contributions exceeded the actuarially determined pension expense.</p>		
		53,035
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:</p>		
<p>Compensated Absences</p>	(7,176)	
<p>Accrued Interest</p>	967	(6,209)
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES		\$ 332,888

See accompanying notes to basic financial statements.

CITY OF KIRBY, TEXAS
STATEMENT OF NET POSITION – PROPRIETARY FUND
SEPTEMBER 30, 2015

	Business-Type Activities
	Waterworks\Sewer Fund
ASSETS	
<i>Current Assets:</i>	
Cash and Investments	\$ 3,328,808
Receivables (net of allowances for uncollectibles):	
Accounts	286,857
Inventories	3,187
Prepaid Items	31,353
<i>Total Current Assets</i>	3,650,205
 <i>Restricted Assets:</i>	
Cash and Investments	181,267
<i>Total Restricted Assets</i>	181,267
 <i>Capital Assets:</i>	
Land	7,005
Utility Plant and Easements	5,024,762
Transportation & Equipment	393,769
Software	42,000
Accumulated Depreciation	(3,819,990)
<i>Capital Assets, net of accumulated depreciation</i>	1,647,546
TOTAL ASSETS	5,479,018
 DEFERRED OUTFLOWS	
Deferred Pension Related Outflows	23,076
TOTAL DEFERRED OUTFLOWS	\$ 23,076

See accompanying notes to basic financial statements.

CITY OF KIRBY, TEXAS
STATEMENT OF NET POSITION – PROPRIETARY FUND (CONTINUED)
SEPTEMBER 30, 2015

	Business-Type Activities
	Waterworks\Sewer Fund
LIABILITIES	
<i>Current Liabilities:</i>	
Accounts Payable	\$ 321,087
Accrued Compensated Absences	20,124
Due to Other Funds	75,094
<i>Total Current Liabilities</i>	416,305
 <i>Current Liabilities Payable from Restricted Assets:</i>	
Customer Deposits	169,340
<i>Total Current Liabilities Payable from Restricted Assets</i>	169,340
 <i>Noncurrent Liabilities:</i>	
Net Pension Liability	92,995
<i>Total Noncurrent Liabilities</i>	92,995
 TOTAL LIABILITIES	 678,640
 DEFERRED INFLOWS	
Deferred Pension Related Inflows	15,613
 TOTAL DEFERRED INFLOWS	 15,613
 NET POSITION	
Net Investment in Capital Assets	1,647,546
Unrestricted	3,160,295
 TOTAL NET POSITION	 \$ 4,807,841

See accompanying notes to basic financial statements.

CITY OF KIRBY, TEXAS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Business-Type Activities
	Waterworks\Sewer Fund
OPERATING REVENUES	
Charges for Utility Service	\$ 2,142,967
TOTAL OPERATING REVENUES	2,142,967
 OPERATING EXPENSES	
Salaries and Benefits	255,328
Supplies	71,243
Maintenance and Repairs	96,755
Contractual Services	779,228
Miscellaneous	39,583
Depreciation	192,958
TOTAL OPERATING EXPENSES	1,435,095
 OPERATING INCOME (LOSS)	707,872
 NONOPERATING REVENUES (EXPENSES)	
Interest Income	5,683
Capital Improvement Fee	124,840
TOTAL NONOPERATING REVENUES (EXPENSES)	130,523
 Net Income (Loss) Before Contributions and Transfers	838,395
 Transfers In (Out)	(528,612)
 CHANGE IN NET POSITION	309,783
 NET POSITION AT BEGINNING OF YEAR	4,589,483
 Prior Period Adjustment	(91,425)
 NET POSITION AT END OF YEAR	\$ 4,807,841

See accompanying notes to basic financial statements.

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

	Business-Type Activities
	Waterworks/Sewer Fund
Cash Flows From Operating Activities:	
Cash Received From Customers	\$ 2,176,659
Cash Paid for Employee Wages & Benefits	(254,167)
Cash Paid to Suppliers for Goods & Services	(767,054)
Net Cash Provided (Used) by Operating Activities	1,155,438
 Cash Flows From Noncapital Financing Activities:	
Customer Deposits Received (Returned)	3,400
Interfund Payables (Receivables)	(11,281)
Transfers From (To) Other Funds	(528,612)
Net Cash Provided (Used) by Noncapital Financing Activities	(536,493)
 Cash Flows From Capital and Related Financing Activities:	
Purchase/Construction of Capital Assets	(202,122)
Capital Improvement Fee	124,840
Net Cash Provided (Used) by Capital and Related Financing Activities	(77,282)
 Cash Flows From Investing Activities:	
Investment Interest Received	5,683
Net Cash Provided (Used) by Investing Activities	5,683
Net Increase (Decrease) in Cash and Investments	547,346
 Cash and Investments at Beginning of Year:	
Cash and Investments	2,784,251
Restricted Cash and Investments	178,478
	2,962,729
 Cash and Investments at End of Year:	
Cash and Investments	3,328,808
Restricted Cash and Investments	181,267
	\$ 3,510,075

See accompanying notes to basic financial statements.

CITY OF KIRBY, TEXAS
STATEMENT OF CASH FLOWS - PROPRIETARY FUND (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Business-Type Activities
	Waterworks\Sewer Fund
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating Income	\$ 707,872
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation	192,958
(Increase) Decrease in Operating Assets:	
Accounts Receivable	33,692
Inventory	5,854
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	216,223
Accrued Wages & Benefits	4,732
Net Pension Liability	(5,893)
Total Adjustments to Reconcile Operating Activities	447,566
 Net Cash Provided (Used) by Operating Activities	 \$ 1,155,438

See accompanying notes to basic financial statements.

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Kirby, Texas (“City”), was incorporated in May 1955. The City Charter was adopted in May 1988, under the provisions of the Home Rule Charter Act of the State of Texas. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: police and fire protection, health services, maintenance of streets, planning and zoning, parks and recreation, general administrative services, water, and sewer services.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. REPORTING ENTITY

Component Units

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government’s operations; thus, data from these units, if any existed, would be combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government.

The City of Kirby, Texas, has only two component units, Kirby Senior Center which is discretely presented in the component unit column of the combined financial statements and Crime Control District which is blended with the data of the primary government. Kirby Senior Center, the discretely presented component unit, is reported in a separate column to emphasize that it is legally separate from the City.

The Board of the Kirby Senior Center is appointed by the City of Kirby, Texas’, City Council. The center was established to provide senior citizens with educational, recreational, health and nourishment programs. The City of Kirby, Texas, provides a material subsidy to the senior center, primarily to help maintain the facility and provide a paid program manager. The City has approval over the budget of the senior center and general oversight of the entire operation. The fiscal year of the Kirby Senior Center is October 1 through September 30. A copy of the financial statements for the Kirby Senior Center can be obtained from the City of Kirby, Texas.

The Kirby Crime Control and Prevention District, an entity legally separate from the City, was created pursuant to Section 363.051, et. Seq, of the Crime Control District Act. The District was created in November 2014, to act on behalf of Kirby for promotion, development and enhancement of crime control and prevention within the City of Kirby. The governing board is substantially the same as the primary government. For financial reporting purposes, the District is reported as if it were part of the City’s operations because its purpose is to benefit the citizens of the City. The District is governed by a 7 member board appointed by council.

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The **government-wide financial statements** include the statement of net position and the statement of activities. Government-wide statements report information on all of the activities of the City and its component unit. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Governmental activities are supported mainly by taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services. The primary government is reported separately from the component unit within the government wide statements.

The statement of activities reflects the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function 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 in program revenues are reported as general revenues.

Separate **fund financial statements** are provided for governmental funds and proprietary funds. The General Fund and Debt Service Fund meet the criteria of a **major governmental fund**. This fund is reflected in a separate column in the Balance Sheet, Statement of Revenues, Expenditures, and Changes in Fund Balances.

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The **government-wide financial statements** are reported using the economic resources measurement focus and the accrual basis of accounting. This measurement focus is also used for the proprietary and fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenue types which have been accrued consist of revenue from the investments, intergovernmental revenue and charges for services. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

Revenues are classified as *program revenues* and *general revenues*. 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. General revenues include all taxes, grants not restricted to specific programs and investment earnings.

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued)

Governmental fund level financial statements are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as unearned revenue.

Expenditures generally are recorded when a fund liability is incurred; however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when the liability has matured and payment is due.

The government reports the following major governmental funds:

The General Fund is the general operating fund of the City and is always classified as a major fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, charges for services, intergovernmental revenues and investment of idle funds. Primary expenditures are for general administration, public safety, public service and capital acquisition.

The Debt Service Fund is used to account for the revenues specifically restricted by law for debt retirement (i.e.: ad valorem).

The City has the following non-major funds: Crime Control District

Proprietary fund level financial statements are used to account for activities, which are similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position and cash flows. The City's Proprietary Fund is the Water/Sewer Fund (used to account for the provision of water and sewer services to residents).

The **Proprietary Fund** is accounted for using the accrual basis of accounting as follows:

1. Revenues are recognized when earned, and expenses are recognized when the liabilities are incurred.
2. Current-year contributions, administrative expenses and benefit payments, which are not received or paid until the subsequent year, are accrued.

Proprietary funds distinguish operating revenues and expenses from non-operating. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash deposits and investments with a maturity date within three (3) months of the date acquired by the City.

5. INVESTMENTS

State statutes authorize the City to invest in (a) obligations of the United States or its agencies and instrumentalities; (b) direct obligations of the State of Texas or its agencies; (c) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States; (d) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (e) certificates of deposit by state and national banks domiciled in this state that are (i) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (ii) secured by obligations that are described by (a) - (d); or, (e). Statutes also allow investing in local government investment pools organized and rated in accordance with the Interlocal Cooperation Act, whose assets consist exclusively of the obligations of the United States or its agencies and instrumentalities and repurchase assessments involving those same obligations. The City has all its monies in interest bearing checking accounts, savings accounts, money market accounts or certificates of deposit. Earnings from these investments are added to each account monthly or quarterly. Investments are carried at fair value in accordance with Governmental Accounting Standards Board (GASB) No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

6. ACCOUNTS RECEIVABLE

Property taxes are levied based on taxable value at January 1 prior to September 30 and become due October 1, and past due after January 31. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting.

Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the City. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met.

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by the court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as unearned revenue in the fund statements. Receivables are shown net of an allowance for uncollectible accounts.

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the fund statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

8. INVENTORIES

Inventories of consumable supplies are valued at cost, which approximates market, using the first in/first out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased.

Inventories of repair and replacement parts for the utility system are valued at cost, which approximates market, using the first in, first out method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and in the fund financial statements are offset by a reservation of fund balance which indicates they do not represent “available spendable resources”.

9. PREPAID ITEMS

Payments made for goods and services in advance are recorded as prepaid items on the balance sheet.

10. RESTRICTED ASSETS

Certain resources are set aside for customer meter deposits, deposits are classified as restricted assets on the balance sheet because they may be refunded at a point in time if the customer is in good standing with the waterworks/sewer department.

11. CAPITAL ASSETS

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets, are reported in the applicable governmental or business type activities column in the government-wide financial statements. Capital assets such as equipment are defined as assets with a cost of \$5,000 or more. Infrastructure assets include City-owned streets, sidewalks, curbs and bridges. Capital assets are recorded at historical costs if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

CITY OF KIRBY, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2015

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

11. CAPITAL ASSETS (Continued)

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. Interest has not been capitalized during the construction period on property plant and equipment.

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

<u>ASSETS</u>	<u>YEARS</u>
Buildings and improvements	20 to 40 years
Improvements other than buildings	20 to 40 years
Utility system in service	10 to 50 years
Machinery and equipment	5 to 25 years
Software	5 years

12. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period while a deferred inflow of resources is an acquisition of net position. There items are presented in a separate sections following assets (deferred outflows) or liabilities (deferred inflows) on the statement of net position.

Property tax revenues are recognized when they become both measureable and available in the fund statements. Available means when due, or past due, and receivable within the current period expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Property tax revenue not expected to be available for the current period are reflected as unavailable revenue. Unavailable revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Grant and reimbursement revenues received in advance of expenses/expenditures are reflected as unavailable revenue.

13. COMPENSATED ABSENCES

Employees earn vacation leave at varying rates depending on length of service: 10 days leave for year 1 (not available for use until first year of service is completed), plus 1 additional day per year for each year of service (i.e. 11 days for year two, 12 days for year three, etc.) up to a maximum of 30 days per year. Annual leave will not be carried over, except with City Manager approval.

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

13. COMPENSATED ABSENCES (Continued)

Employees earn sick leave at the rate of 1 day per month starting on date of employment. A maximum of 60 days of sick leave can be accrued. No sick leave days are paid when an employee leaves city employment and no liability is reported for unpaid sick leave.

Liabilities for compensated absences are recognized in the fund statements to the extent the liabilities have matured (i.e. are due for payment). Compensated absences are accrued in the government-wide statements.

14. UNAVAILABLE REVENUE/UNEARNED REVENUE

EMS revenues are recognized when it becomes both measurable and available in the fund statements. Available means when due, or past due, and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. EMS revenues not expected to be available for the current period are reflected as unavailable revenue.

Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Grant revenues received in advance of expenses/expenditures are reflected as unearned revenue.

15. LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities under governmental activities or proprietary fund type statement of net position. On new bond issues, bond premiums and discounts, as well as issuance costs, are amortized over the life of the bond.

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.

16. PENSIONS

The net pension liability, deferred inflows and outflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS), and additions to and deductions from TMRS's fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

17. FUND EQUITY

Fund balances in governmental funds are classified as follows:

Nonspendable - Represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid items) or legally required to remain intact.

Restricted - Represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed - Represents amounts that can only be used for a specific purpose because of a highest form formal action by the City Council (ordinance). Committed amounts cannot be used for any other purpose unless the City Council removes those constraints through the same formal action.

Assigned - Represents amounts which the City intends to use for a specific purpose but do not meet the criteria of restricted or committed. The City Council is the only entity that may make assignments at this time as the Council has not designated any other individuals with the authority to make assignments.

Unassigned - Represents the residual balance that may be spent on any other purpose of the City.

When an expenditure is incurred for a purpose in which multiple classifications are available, the City considers restricted balances spent first, committed second and assigned third.

18. NET POSITION

Net position represents the difference between assets 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 improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

19. OPERATING REVENUES AND EXPENSES

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise. For the City, those revenues are charges for water, and sewer services. Operating expenses are the necessary costs incurred to provide the service that is the primary activity. Revenues and expenses not meeting these definitions are reported as nonoperating.

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

20. INTERFUND TRANSACTIONS

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

The City allocates to the Waterworks/Sewer (Proprietary) Fund an indirect cost percentage of general government administration expenses that are paid through the general fund.

21. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

22. RECLASSIFICATIONS

Certain reclassifications have been made to the September 30, 2014 comparative information to conform to the September 30, 2015 presentation. These reclassifications had no effect on fund balances or net position.

23. ADOPTION OF GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT

For the year ending September 30, 2015, the City implemented GASB Statement No. 68 related to accounting for pensions. This new standard requires the City plan's net pension liability (asset) and related deferred inflows and outflows of resources to be recognized on the City's government-wide statements. This change required a prior period adjustment to restate prior years in accordance with the change in accounting principle. The prior period adjustment recorded represents the net pension liability at September 30, 2014 less associated deferred outflows and deferred inflows of resources.

NOTE B -- DEPOSITS AND INVESTMENTS

The City's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the City's agent bank approved pledge securities in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

CITY OF KIRBY, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2015

NOTE B -- DEPOSITS AND INVESTMENTS (Continued)

1. Deposits

At September 30, 2015, the carrying amount of the primary government's (the City) cash on hand was \$525 and deposits in bank were \$3,854,194 and the book balance was \$3,681,951. Of the bank balance, \$250,000 was covered by federal deposit insurance and the City's depository had pledged securities having a book value of \$3,653,969 and market value of \$3,673,387 as collateral for the City's deposits. All of the City's cash was fully collateralized.

As of September 30, 2015, the Kirby Senior Center Corporation's (Component Unit) deposits had a carrying value of \$4,791 and the bank balance was \$4,857. The Center also had \$100 cash on hand. The deposits of the Kirby Senior Center were entirely insured by FDIC coverage.

2. Investments

The City is required by Government Code Chapter 2256, The Public Funds Investment Act, 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.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the City adhered to the requirements of the Act. Additionally, investment practices of the City were in accordance with local policies.

The Act determines the types of investments which are allowable for the City. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

The City's investments at September 30, 2015 are as shown below:

	Reported Value	Fair Value
TexPool	\$ 2,454,330	\$ 2,454,330
Total Investments	\$ 2,454,330	\$ 2,454,330

3. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the City was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE B -- DEPOSITS AND INVESTMENTS (Continued)

3. Analysis of Specific Deposit and Investment Risks (Continued)

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the City was not significantly exposed to credit risk.

At September 30, 2015, the City's investments were all in TexPool a public funds investment pool where all securities held maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the City's name.

At year end, the City was not exposed to custodial credit risk.

c. Concentration of Credit Risk

The risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the City had no exposure to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year-end, the City was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the City was not exposed to foreign currency risk.

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE B -- DEPOSITS AND INVESTMENTS (Continued)

4. Investment Accounting Policy

The City's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

5. Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

NOTE C -- RECEIVABLES

Receivables as of year-end for the government's individual major funds and enterprise funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental Funds</u>		<u>Proprietary Fund</u>	<u>Total</u>
	<u>General Fund</u>	<u>Debt Service</u>	<u>Waterworks\ Sewer Fund</u>	
<i>Receivables:</i>				
Property Taxes	\$ 84,395	\$ 6,710	\$ -	\$ 91,105
Less Allowance for Uncollectibles	(11,615)	(923)	-	(12,538)
Franchise Taxes	89,346	-	-	89,346
EMS Services	439,325	-	-	439,325
Less Allowance for Uncollectibles	(351,460)	-	-	(351,460)
Customer Accounts	-	-	306,857	306,857
Less Allowance for Uncollectibles	-	-	(20,000)	(20,000)
Other	27,623	-	-	27,623
Net Total Receivables	<u>\$ 277,614</u>	<u>\$ 5,787</u>	<u>\$ 286,857</u>	<u>\$ 570,258</u>

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE D -- PROPERTY TAX CALENDAR

The City's property tax is levied and becomes collectible each October 1 based on the assessed values listed as of the prior January 1, which is the date a lien attaches to all taxable property in the City. Assessed values are established by the Bexar County Appraisal District at 100% of estimated market value. Assessed values are reduced by lawful exemptions to arrive at taxable values. A revaluation of all property is required to be completed every four (4) years. The total taxable value as of January 1, 2014, upon which the fiscal 2015 levy was based, was \$195,499,932 (i.e., market value less exemptions). The estimated market value was \$223,789,170, making the taxable value 87.4% of the estimated market value.

The City is permitted by the Constitution of the State of Texas to levy taxes up to \$2.50 per \$100 of taxable assessed valuation for all governmental purposes. Pursuant to a decision of the Attorney General of the State of Texas, up to \$1.50 per \$100 of assessed valuation may be used for the payment of long-term debt. The combined tax rate to finance general governmental services, including the payment of principal and interest on long-term debt, for the year ended September 30, 2015, was \$.729376 per \$100 of assessed value, which means that the City has a tax margin of \$1.770624 for each \$100 value and could increase its annual tax levy by approximately \$3,461,568 based upon the present assessed valuation of \$195,499,932 before the limit is reached. However, the City may not adopt a tax rate that exceeds the tax rate calculated in accordance with the Texas Property Tax Code without holding two public hearings. The Property Tax Code subjects an increase in the proposed tax rate to a referendum election, if petitioned by registered voters, when the effective tax rate increase is more than eight percent (8%) of the previous year's maintenance and operations tax rate.

Property taxes are recorded as receivables and unearned revenues at the time the taxes are assessed. In governmental funds, revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in the time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with generally accepted accounting principles have been recognized as revenue. In the government-wide financial statements, the entire levy is recognized as revenue, net of estimated uncollectible amounts (if any), at the levy date.

CITY OF KIRBY, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2015

NOTE E -- INTERFUND RECEIVABLE/PAYABLE

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds had not been paid or received as of September 30, 2015, balances of interfund amounts receivable or payable have been recorded as follows:

	Due From	Due To
<i>Primary Government</i>		
General Fund:		
Waterworks/Sewer	\$ 75,094	\$ -
Debt Service	-	414
Crime Control	12,370	
	87,464	414
Debt Service:		
General Fund	414	-
	414	-
Crime Control:		
General Fund	-	12,370
	-	12,370
Waterworks/Sewer Fund:		
General Fund	-	75,094
	-	75,094
Totals	\$ 87,878	\$ 87,878

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE F -- CAPITAL ASSETS

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

<u>Governmental Activities</u>	Balance 10/1/2014	Additions/ Transfer In	Disposals/ Transfer Out	Balance 9/30/2015
Land	\$ 829,820	\$ 6,300	\$ -	\$ 836,120
Buildings and Improvements	4,453,473	-	-	4,453,473
Transportation & Equipment	2,366,523	483,767	-	2,850,290
Infrastructure	11,902,788	219,230	-	12,122,018
Software	78,790	-	-	78,790
	<u>19,631,394</u>	<u>709,297</u>	<u>-</u>	<u>20,340,691</u>
Less Accumulated Depreciation				
Buildings and Improvements	(1,268,471)	(142,116)	-	(1,410,587)
Transportation & Equipment	(1,566,523)	(249,040)	-	(1,815,563)
Infrastructure	(10,897,024)	(150,767)	-	(11,047,791)
Software	(31,516)	(15,758)	-	(47,274)
	<u>(13,763,534)</u>	<u>(557,681)</u>	<u>-</u>	<u>(14,321,215)</u>
Governmental Capital Assets, Net	<u>\$ 5,867,860</u>	<u>\$ 151,616</u>	<u>\$ -</u>	<u>\$ 6,019,476</u>
<u>Business-Type Activities</u>				
Land	\$ 7,005	\$ -	\$ -	\$ 7,005
Utility Plant	4,829,170	195,592	-	5,024,762
Transportation & Equipment	387,239	6,530	-	393,769
Software	42,000	-	-	42,000
Totals at Historical Cost	<u>5,265,414</u>	<u>202,122</u>	<u>-</u>	<u>5,467,536</u>
Less Accumulated Depreciation				
Buildings and Improvements	(87,506)	-	-	(87,506)
Utility Plant	(3,213,919)	(150,713)	-	(3,364,632)
Transportation & Equipment	(308,807)	(33,845)	-	(342,652)
Software	(16,800)	(8,400)	-	(25,200)
	<u>(3,627,032)</u>	<u>(192,958)</u>	<u>-</u>	<u>(3,819,990)</u>
Business-Type Capital Assets, Net	<u>\$ 1,638,382</u>	<u>\$ 9,164</u>	<u>\$ -</u>	<u>\$ 1,647,546</u>

Land is not depreciated.

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE F -- CAPITAL ASSETS (Continued)

Depreciation expense was charged to the governmental functions as follows:

City Administration	\$ 24,152
Fire Protection\EMS	157,999
Police Protection	147,887
Public Works	224,317
Animal Services	3,326
Total Depreciation Expense - Governmental Activities	\$ 557,681

NOTE G -- LONG-TERM DEBT

Primary Government

Long-term debt and obligations payable at September 30, 2015, comprise the following individual issues:

\$2,970,000 Combination Tax and Revenue Certificates of Obligation, Series 2009 payable in annual installments of \$235,000 to \$345,000 through 2019; interest at 2.25% to 3.75%	\$ 1,310,000
\$715,000 General Obligation Refunding Bonds, Series 2009 payable in annual installments of \$125,000 to \$65,000 through 2017; interest at 2.25% to 3.0%	160,000
\$483,767 Capital Lease Obligation payable in annual installments of \$56,654 through 2024; interest at 3.07%	439,658
Total Governmental Long-Term Obligations	\$ 1,909,658

The annual requirements to amortize all long-term bonded debt and obligations outstanding as of September 30, 2015, including interest payments, are as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2016	\$ 385,000	\$ 45,625	\$ 430,625
2017	405,000	32,481	437,481
2018	335,000	19,219	354,219
2019	345,000	6,469	351,469
	\$ 1,470,000	\$ 103,794	\$ 1,573,794

The City entered into a Capital Lease agreement with Leasing 2, Inc. for the purchase of a fire pumper. The lease will be paid over 10 years beginning on November 15, 2014 at a rate of 3.07% with an annual payment of \$56,653. Future payments under the lease are as follows:

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE G -- LONG-TERM DEBT (Continued)

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2016	\$ 43,152	\$ 13,501	\$ 56,653
2017	44,478	12,175	56,653
2018	45,843	10,810	56,653
2019	47,251	9,402	56,653
2020	48,702	7,951	56,653
2021 through 2024	210,232	16,381	226,613
	<u>\$ 439,658</u>	<u>\$ 70,220</u>	<u>\$ 509,878</u>

Changes in Long-Term Liabilities

<u>Governmental Activities</u>	Balance 10/1/2014	Additions	Reductions	Balance 9/30/2015	Due Within One Year
General Obligation Refunding	\$ 235,000	\$ -	\$ (75,000)	\$ 160,000	\$ 75,000
Premium	1,196	-	(241)	955	-
Certificates of Obligation, 2009	1,610,000	-	(300,000)	1,310,000	310,000
Premium	12,747	-	(4,249)	8,498	-
Capital Leases	-	483,767	(44,109)	439,658	43,152
Compensated Absences	71,870	79,046	(71,870)	79,046	79,046
Total Governmental Activities	<u>\$ 1,930,813</u>	<u>\$ 562,813</u>	<u>\$ (495,469)</u>	<u>\$ 1,998,157</u>	<u>\$ 507,198</u>
<u>Business-Type Activities</u>					
Compensated Absences	\$ 12,776	\$ 20,124	\$ (12,776)	\$ 20,124	\$ 20,124
Total Business-Type Activities	<u>12,776</u>	<u>20,124</u>	<u>(12,776)</u>	<u>20,124</u>	<u>20,124</u>
 Total Primary Government	 <u>\$ 1,943,589</u>	 <u>\$ 582,937</u>	 <u>\$ (508,245)</u>	 <u>\$ 2,018,281</u>	 <u>\$ 527,322</u>

CITY OF KIRBY, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2015

NOTE H -- EMPLOYEES' RETIREMENT SYSTEMS

Texas Municipal Retirement System

1. Plan Description

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

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

2. Benefits Provided

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

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose

to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

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

	2013	2014
Inactive employees or beneficiaries currently receiving benefits	15	16
Inactive employees entitled to but not yet receiving benefits	71	71
Active employees	53	55
	139	142

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE H -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

3. Contributions

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

For the year ending September 30, 2015, employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 12.41% and 13.38% in calendar years 2014 and 2015, respectively. The City's contributions to TMRS for the year ended September 30, 2015 were \$239,844, and were equal to the required contributions.

4. Net Pension Liability

The City's Net Pension Liability (NPL) or Asset was measured as of December 31, 2014, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

5. Actuarial Assumptions

The Total Pension Liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.00% per year
Salary Increases	3.50% to 12.00%, including inflation
Investment Rate of Return*	7.00%

* Presented net of pension plan investment expense, including inflation

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

CITY OF KIRBY, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2015

NOTE H -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

5. Actuarial Assumptions (Continued)

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment 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 rates of return by the target asset allocation percentage and by adding the 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Domestic Equity	17.50%	4.80%
International Equity	17.50%	6.05%
Core Fixed Income	30.00%	1.50%
Non-Core Fixed Income	10.00%	3.50%
Real Return	5.00%	1.75%
Real Estate	10.00%	5.25%
Absolute Return	5.00%	4.25%
Private Equity	5.00%	8.50%
	<u>100.00%</u>	

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE H -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

6. Discount Rate

The discount rate used to measure the Total Pension Liability was 7%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

7. Discount Rate Sensitivity Analysis

The following presents the net pension liability of the City, calculated using the discount rate of 7.0%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0%) or 1-percentage point higher (8.0%) than the current rate:

	Discount Rate 6%	Discount Rate 7%	Discount Rate 8%
Net Pension Liability	\$ 2,017,331	\$ 929,949	\$ 54,685

8. Changes in Net Pension Liability

The below schedule presents the changes in the Net Pension Liability (Asset) as of December 31, 2014:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2013	\$ 6,355,562	\$ 5,268,290	\$ 1,087,272
Changes for the year:			
Service Cost	288,443	-	288,443
Interest	448,141	-	448,141
Change of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	(226,720)	-	(226,720)
Changes of Assumptions	-	-	-
Contributions - Employer	-	236,057	(236,057)
Contributions - Employee	-	133,118	(133,118)
Net Investment Income	-	301,418	(301,418)
Benefit Payments, Including Refunds of Employee Contributions	(195,540)	(195,540)	-
Administrative Expense	-	(3,147)	3,147
Other Changes	-	(259)	259
Net Changes	314,324	471,647	(157,323)
Balance at December 31, 2014	\$ 6,669,886	\$ 5,739,937	\$ 929,949

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE H -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

9. 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 at www.tmrs.com.

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

For the year ended September 30, 2015, the City recognized pension expense of \$180,917. Also as of September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Economic Experience	\$ -	\$ 156,130
Changes in Actuarial Assumptions	-	-
Differences Between Projected and Actual Investment Earnings	53,890	-
Contributions Subsequent to the Measurement Date	176,869	-
	\$ 230,759	\$ 156,130

Deferred outflows of resources in the amount of \$176,869 is related to pensions resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liability for the year ending September 30, 2015. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year ended December 31,	
2015	\$ (57,118)
2016	(57,118)
2017	(1,478)
2018	13,474
2019	-
	\$ (102,240)

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE I -- OTHER POST EMPLOYMENT BENEFIT

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

The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s annual 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.

The City’s contributions to the TMRS SDBF for the years ended September 30, 2015, 2014 and 2013 were \$2,378, \$2,375, and \$1,901, respectively, and were equal to the required contributions each year.

NOTE J -- TRANSFERS

Transfers during the year ended September 30, 2015, were as follows:

	Transfers In	Transfers Out	Purpose
Primary Government:			
Debt Service	\$ 48,612	\$ -	Funding for Debt Payments
Debt Service	281,500	-	Funding for Debt Payments
General Fund	480,000	-	Transfer in Lieu of Taxes
General Fund	-	281,500	Funding for Debt Payments
Waterworks/Sewer Fund	-	48,612	Funding for Debt Payments
Waterworks/Sewer Fund	-	480,000	Transfer in Lieu of Taxes
	<u>\$ 810,112</u>	<u>\$ 810,112</u>	

NOTE K -- COMMITMENTS AND CONTINGENCIES

Litigation

The City is the subject of various claims and litigation that have arisen in the course of its operations. Management is of the opinion that the City’s liability in these cases, if decided adversely to the City, will not have a material effect on the City’s financial position.

Contracts

During fiscal year 2015, the City of Kirby and Kirby Senior Center entered into an agreement in which the Center would pay \$1 per year to the City of Kirby for the rental of the land and building where the Center conducts business. The terms of the lease will terminate on May 31, 2019.

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE K -- COMMITMENTS AND CONTINGENCIES (Continued)

Grants

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

NOTE L -- RELATED PARTY

Timothy Wilson, Mayor after May 2012 and Councilman through May 2012, is the son of Debra Wilson, who was a City employee in the Police Department that retired in 2014. Debra Wilson is now a member of City Council as of the May 2014 election.

NOTE M -- RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various natures. The City contracts with the Texas Municipal League (TML) to provide insurance coverage for property and casualty, and workers compensation. TML is a multi-employer group that provides for a combination of risk sharing among pool participants and stop loss coverage. Contributions are set annually by the provider. Liability by the City is generally limited to the contributed amounts. Annual contributions for the year ended September 30, 2015 were \$101,481 for property and casualty and workers compensation coverage.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – General Fund
- Schedule of Changes – Net Pension Liability and Related Ratios
- Notes to the Schedule of Changes – Net Pension Liability and Related Ratios

CITY OF KIRBY, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budget Amounts		2015	Variance	2014
	Original	Final	Actual Amounts	Favorable (Unfavorable)	Actual Amounts
REVENUES					
Taxes	\$ 1,628,142	\$ 1,659,392	\$ 1,678,747	\$ 19,355	\$ 1,591,005
Franchise Fees	395,000	373,000	392,387	19,387	368,334
Licenses and Fees	186,500	139,500	120,472	(19,028)	151,691
Intergovernmental Revenues	9,400	9,400	9,927	527	9,506
Charges for Services	812,400	813,500	848,030	34,530	832,152
Grants	677,751	294,405	212,387	(82,018)	270,576
Fines and Penalties	217,600	217,600	215,934	(1,666)	236,897
Miscellaneous	13,700	19,670	15,892	(3,778)	22,654
TOTAL REVENUES	3,940,493	3,526,467	3,493,776	(32,691)	3,482,815
EXPENDITURES:					
<i>City Council:</i>					
Salaries/Expenses	8,477	8,477	8,485	(8)	8,421
Supplies	1,500	2,000	1,937	63	1,748
Meeting and Travel	5,000	6,200	6,162	38	4,830
<i>Total City Council</i>	<u>14,977</u>	<u>16,677</u>	<u>16,584</u>	<u>93</u>	<u>14,999</u>
<i>City Administration:</i>					
Salaries & Benefits	281,472	270,539	254,567	15,972	326,769
Supplies	1,000	1,000	758	242	200
Maintenance	8,900	8,900	9,005	(105)	8,981
Contract Services	20,000	20,000	15,195	4,805	10,562
Miscellaneous	7,100	14,370	14,057	313	7,798
<i>Total City Administration</i>	<u>318,472</u>	<u>314,809</u>	<u>293,582</u>	<u>21,227</u>	<u>354,310</u>
<i>Police Protection:</i>					
Salaries & Benefits	803,738	818,069	828,864	(10,795)	826,275
Supplies	61,270	44,270	39,636	4,634	54,998
Maintenance	45,000	52,900	46,286	6,614	56,455
Contract Services	17,150	24,300	19,789	4,511	17,169
Miscellaneous	8,900	8,900	5,981	2,919	4,378
<i>Total Police Protection</i>	<u>\$ 936,058</u>	<u>\$ 948,439</u>	<u>\$ 940,556</u>	<u>\$ 7,883</u>	<u>\$ 959,275</u>

CITY OF KIRBY, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
 BUDGET AND ACTUAL (CONTINUED)
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budget Amounts		2015	Variance	2014
	Original	Final	Actual Amounts	Favorable (Unfavorable)	Actual Amounts
EXPENDITURES (CONTINUED)					
<i>Municipal Court:</i>					
Salaries & Benefits	\$ 40,407	\$ 41,999	\$ 35,140	\$ 6,859	\$ 34,674
Supplies	2,500	2,500	940	1,560	1,389
Maintenance	7,930	7,930	7,363	567	7,463
Contract Services	42,100	39,100	33,031	6,069	39,526
<i>Total Municipal Court</i>	<u>92,937</u>	<u>91,529</u>	<u>76,474</u>	<u>15,055</u>	<u>83,052</u>
<i>Fire/EMS Protection:</i>					
Salaries & Benefits	788,691	791,189	761,784	29,405	764,680
Supplies	50,500	45,000	49,879	(4,879)	42,802
Maintenance	42,200	47,200	38,189	9,011	37,527
Contract Services	9,200	9,200	9,313	(113)	9,188
Miscellaneous	6,950	6,950	4,984	1,966	5,316
<i>Total Fire/EMS Protection</i>	<u>897,541</u>	<u>899,539</u>	<u>864,149</u>	<u>35,390</u>	<u>859,513</u>
<i>Animal Services:</i>					
Salaries & Benefits	117,413	119,818	123,764	(3,946)	105,182
Supplies	25,600	24,900	18,734	6,166	16,587
Maintenance	3,950	4,950	2,692	2,258	4,203
Contract Services	20,500	38,500	33,996	4,504	55,708
Miscellaneous	2,200	2,200	389	1,811	569
<i>Total Animal Services</i>	<u>169,663</u>	<u>190,368</u>	<u>179,575</u>	<u>10,793</u>	<u>182,249</u>
<i>Parks and Pools:</i>					
Salaries & Benefits	167,055	145,699	112,227	33,472	134,137
Supplies	21,500	19,500	16,892	2,608	19,609
Maintenance	28,325	28,325	28,320	5	19,303
Miscellaneous	2,000	2,000	-	2,000	-
<i>Total Parks and Pools</i>	<u>\$ 218,880</u>	<u>\$ 195,524</u>	<u>\$ 157,439</u>	<u>\$ 38,085</u>	<u>\$ 173,049</u>

CITY OF KIRBY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budget Amounts		2015 Actual Amounts	Variance Favorable (Unfavorable)	2014 Actual Amounts
	Original	Final			
EXPENDITURES (CONTINUED)					
<i>Streets and Shop:</i>					
Salaries & Benefits	\$ 137,271	\$ 135,977	\$ 110,598	\$ 25,379	\$ 125,613
Supplies	28,150	28,650	25,174	3,476	35,528
Maintenance	57,550	57,550	32,198	25,352	43,408
Contract Services	40,500	38,000	35,434	2,566	36,424
Miscellaneous	500	500	375	125	-
<i>Total Streets and Shop</i>	<u>263,971</u>	<u>260,677</u>	<u>203,779</u>	<u>56,898</u>	<u>240,973</u>
<i>General City Operations:</i>					
Supplies	26,500	26,500	22,664	3,836	22,861
Maintenance	7,000	13,700	12,044	1,656	4,271
Contract Services	341,450	335,950	312,118	23,832	335,717
Miscellaneous	3,200	3,200	2,723	477	2,723
<i>Total General City Operations</i>	<u>378,150</u>	<u>379,350</u>	<u>349,549</u>	<u>29,801</u>	<u>365,572</u>
<i>Capital Outlay</i>	<u>1,028,043</u>	<u>1,019,745</u>	<u>818,371</u>	<u>201,374</u>	<u>503,271</u>
<i>Debt Service:</i>					
Principal	46,130	46,130	44,110	2,020	-
Interest	12,544	12,544	12,544	-	-
<i>Total Debt Service</i>	<u>58,674</u>	<u>58,674</u>	<u>56,654</u>	<u>2,020</u>	<u>-</u>
TOTAL EXPENDITURES	<u>4,377,366</u>	<u>4,375,331</u>	<u>3,956,712</u>	<u>418,619</u>	<u>3,736,263</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(436,873)</u>	<u>(848,864)</u>	<u>(462,936)</u>	<u>385,928</u>	<u>(253,448)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	480,000	480,000	480,000	-	480,000
Transfers Out	(281,500)	(281,500)	(281,500)	-	(270,000)
Proceeds from Sale of Assets	5,000	5,000	3,685	1,315	7,540
Proceeds from Capital Leases	-	483,767	483,768	(1)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>203,500</u>	<u>687,267</u>	<u>685,953</u>	<u>1,314</u>	<u>217,540</u>
Net Change in Fund Balance	<u>(233,373)</u>	<u>(161,597)</u>	<u>223,017</u>	<u>387,242</u>	<u>(35,908)</u>
Fund Balance - Beginning of Year	<u>2,572,503</u>	<u>2,572,503</u>	<u>2,572,503</u>	<u>-</u>	<u>2,608,411</u>
Fund Balance - End of Year	<u>\$ 2,339,130</u>	<u>\$ 2,410,906</u>	<u>\$ 2,795,520</u>	<u>\$ 387,242</u>	<u>\$ 2,572,503</u>

CITY OF KIRBY, TEXAS
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
SEPTEMBER 30, 2015

Budgetary Information – The budget is prepared in accordance with accounting principles generally accepted in the United States of America. The City maintains strict budgetary controls. The objective of these controls is to ensure compliance with legal provision embodied in the annual appropriated budget approved by the City Council and as such is a good management control device. The following are the funds which have legally adopted annual budgets: General Fund, Debt Service Fund, Crime Control Fund and the Waterworks/Sewer Fund.

Budgetary preparation and control is exercised at the department level. Actual expenditures may not legally exceed appropriations at the fund level. As of September 30, 2015 the City expenditures did not exceed appropriations in total.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances lapse at year-end and do not constitute expenditures or liabilities because the commitments must be reappropriated and honored during the subsequent year.

CITY OF KIRBY, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES – NET PENSION LIABILITY AND RELATED RATIOS
 LAST CALENDAR YEAR

Total Pension Liability	
	2014
Service Cost	\$ 288,443
Interest (on the Total Pension Liability)	448,141
Changes of Benefit Terms	-
Difference between Expected and Actual Experience	(226,720)
Change of Assumptions	-
Benefit Payments, Including Refunds of Employee Contributions	(195,540)
Net Change in Total Pension Liability	314,324
Total Pension Liability - Beginning	6,355,562
Total Pension Liability - Ending	\$ 6,669,886

Plan Fiduciary Net Position	
	2014
Contributions - Employer	\$ 236,057
Contributions - Employee	133,118
Net Investment Income	301,418
Benefit Payments, Including Refunds of Employee Contributions	(195,540)
Administrative Expense	(3,147)
Other	(259)
Net Change in Plan Fiduciary Net Position	471,647
Plan Fiduciary Net Position - Beginning	5,268,290
Plan Fiduciary Net Position - Ending	\$ 5,739,937

Net Pension Liability (Asset) - Ending	\$ 929,949
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	86.06%
Covered Employee Payroll	\$ 1,901,691
Net Pension Liability as a Percentage of Covered Employee Payroll	48.90%

CITY OF KIRBY, TEXAS
 NOTES TO THE SCHEDULE OF CHANGES – NET PENSION LIABILITY AND RELATED RATIOS
 LAST FISCAL YEAR

Schedule of Contributions:

	2014
Actuarially Determined Contribution	\$ 239,844
Contributions in Relation to the Actuarially Determined Contribution	239,844
Contribution Deficiency (Excess)	\$ -
 Covered Employee Payroll	 \$ 1,829,346
 Contributions as a Percentage of Covered Employee Payroll	 13.11%

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31 and become effective in January, thirteen (13) months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	29 Years
Asset Valuation Method	10 Year Smoothed Market; 15% Soft Corridor
Inflation	3.00%
Salary Increases	3.50% to 12.00% including Inflation
Investment Rate of Return	7.00%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005 - 2009.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

SUPPLEMENTARY INFORMATION

Supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedule include:

- Comparative Statements – General Fund
- Comparative Statements – Debt Service
- Comparative Statements – Crime Control
- Comparative Statements – Proprietary Waterworks/Sewer Fund

CITY OF KIRBY, TEXAS
 COMPARATIVE BALANCE SHEETS
 GENERAL FUND
 SEPTEMBER 30, 2015 AND 2014

ASSETS	<u>2015</u>	<u>2014</u>
Cash and Investments	\$ 2,605,617	\$ 2,331,895
Receivables, Net of Allowances for Uncollectibles:		
Property Taxes	72,780	101,887
EMS Charges	87,865	93,330
Accounts	116,969	111,473
Due from Other Governments	209,481	412,700
Due from Other Funds	87,464	86,156
Inventory of Supplies, At Cost	25,341	37,213
Prepaid Items	-	20,476
	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 3,205,517</u>	<u>\$ 3,195,130</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
<i>Liabilities:</i>		
Accounts Payable	\$ 128,519	\$ 313,448
Accrued Expenditures	120,419	113,962
Due to Other Funds	414	-
<i>Total Liabilities</i>	<u>249,352</u>	<u>427,410</u>
<i>Deferred Inflows of Resources:</i>		
Unavailable EMS Revenue	87,865	93,330
Unavailable Tax Revenue	72,780	101,887
<i>Total Deferred Inflows of Resources</i>	<u>160,645</u>	<u>195,217</u>
<i>Fund Balance:</i>		
Nonspendable:		
Inventory of Supplies and Prepaid Items	25,341	57,689
Restricted for:		
Court Security	39,321	38,044
Court Technology	8,453	10,762
PEG Capital Fees	72,470	52,377
Unassigned	2,649,935	2,413,631
<i>Total Fund Balance</i>	<u>2,795,520</u>	<u>2,572,503</u>
	<u> </u>	<u> </u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 3,205,517</u>	<u>\$ 3,195,130</u>

CITY OF KIRBY, TEXAS
 COMPARATIVE BALANCE SHEETS
 DEBT SERVICE FUND
 SEPTEMBER 30, 2015 AND 2014

ASSETS	<u>2015</u>	<u>2014</u>
Cash and Investments	\$ 4,767	\$ 7,580
Taxes Receivable	5,787	8,343
Due From Other Funds	<u>414</u>	<u>219</u>
 TOTAL ASSETS	 <u>\$ 10,968</u>	 <u>\$ 16,142</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
<i>Deferred Inflows of Resources:</i>		
Unavailable Tax Revenue	<u>\$ 5,787</u>	<u>\$ 8,343</u>
<i>Total Deferred Inflows of Resources</i>	<u>5,787</u>	<u>8,343</u>
 <i>Fund Balance:</i>		
Restricted Fund Balance	<u>5,181</u>	<u>7,799</u>
<i>Total Fund Balance</i>	<u>5,181</u>	<u>7,799</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	 <u>\$ 10,968</u>	 <u>\$ 16,142</u>

CITY OF KIRBY, TEXAS
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 DEBT SERVICE FUND
 FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2015 AND 2014

REVENUES	2015	2014
Taxes	\$ 102,448	\$ 101,477
Interest	35	17
TOTAL REVENUES	102,483	101,494
 EXPENDITURES		
Principal Payments on General Obligation Bonds	375,000	365,000
Interest Payments on General Obligation Bonds	57,413	68,513
Fiscal Agent Fees	2,800	2,800
TOTAL EXPENDITURES	435,213	436,313
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 (332,730)	 (334,819)
 OTHER FINANCING SOURCES (USES)		
Transfers In	330,112	320,987
TOTAL OTHER FINANCING SOURCES (USES)	330,112	320,987
 Net Change in Fund Balance	 (2,618)	 (13,832)
 Fund Balances at Beginning of Year	 7,799	21,631
 Fund Balances at End of Year	 \$ 5,181	\$ 7,799

CITY OF KIRBY, TEXAS
 COMPARATIVE BALANCE SHEETS
 CRIME CONTROL FUND
 SEPTEMBER 30, 2015 AND 2014

ASSETS	<u>2015</u>	<u>2014</u>
Cash and Investments	\$ 16,347	\$ -
Due From Other Governments	<u>7,365</u>	<u>-</u>
 TOTAL ASSETS	 <u>\$ 23,712</u>	 <u>\$ -</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
<i>Liabilities:</i>		
Due to Other Funds	<u>\$ 12,370</u>	<u>\$ -</u>
<i>Total Liabilities</i>	<u>12,370</u>	<u>-</u>
 <i>Fund Balance:</i>		
Restricted Fund Balance	<u>11,342</u>	<u>-</u>
<i>Total Fund Balance</i>	<u>11,342</u>	<u>-</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	 <u>\$ 23,712</u>	 <u>\$ -</u>

CITY OF KIRBY, TEXAS
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 CRIME CONTROL FUND
 SEPTEMBER 30, 2015 AND 2014

REVENUES	2015	2014
Taxes	\$ 24,140	\$ -
Interest	1	-
TOTAL REVENUES	24,141	-
EXPENDITURES		
Supplies	328	-
Salaries	720	-
Contract Services	3,734	-
Miscellaneous	8,017	-
TOTAL EXPENDITURES	12,799	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	11,342	-
Fund Balances at Beginning of Year	-	-
Fund Balances at End of Year	\$ 11,342	\$ -

CITY OF KIRBY, TEXAS
 COMPARATIVE STATEMENT OF NET POSITION
 PROPRIETARY FUND
 WATERWORKS AND SEWER SYSTEM
 SEPTEMBER 30, 2015 AND 2014

ASSETS	<u>2015</u>	<u>2014</u>
<i>Current Assets:</i>		
Cash and Investments	\$ 3,328,808	\$ 2,784,251
Receivables - Customers	306,857	335,549
Allowance for Uncollectibles	(20,000)	(15,000)
Inventory of Supplies, at cost	3,187	9,041
Prepaid Items	31,353	31,353
<i>Total Current Assets</i>	<u>3,650,205</u>	<u>3,145,194</u>
<i>Restricted Assets:</i>		
Cash and Investments	181,267	178,478
<i>Total Restricted Assets</i>	<u>181,267</u>	<u>178,478</u>
<i>Capital Assets:</i>		
Utility Plant and Infrastructure	5,024,762	4,829,170
Transportation, Furniture and Equipment	393,769	387,239
Software	42,000	42,000
Total Depreciable and Amortizable Fixed Assets	<u>5,460,531</u>	<u>5,258,409</u>
Less Accumulated Depreciation and Amortization	<u>(3,819,990)</u>	<u>(3,627,032)</u>
Total Depreciable Fixed Assets, Net of Accumulated Depreciation and Amortization	1,640,541	1,631,377
Land	7,005	7,005
<i>Total Capital Assets</i>	<u>1,647,546</u>	<u>1,638,382</u>
TOTAL ASSETS	<u>5,479,018</u>	<u>4,962,054</u>
 DEFERRED OUTFLOWS		
Deferred Pension Related Outflows	<u>23,076</u>	<u>-</u>
TOTAL DEFERRED OUTFLOWS	<u>\$ 23,076</u>	<u>\$ -</u>

Note: Comparative totals for 2014 fiscal year have not been restated for the effects of GASB Statement No. 68 as the information is unavailable.

CITY OF KIRBY, TEXAS
 COMPARATIVE STATEMENT OF NET POSITION
 PROPRIETARY FUND
 WATERWORKS AND SEWER SYSTEM (CONTINUED)
 SEPTEMBER 30, 2015 AND 2014

LIABILITIES	<u>2015</u>	<u>2014</u>
<i>Current Liabilities (Payable from Current Assets):</i>		
Accounts Payable	\$ 321,087	\$ 104,864
Accrued Vacation Leave Payable	20,124	15,392
Due to Other Funds	<u>75,094</u>	<u>86,375</u>
<i>Total Current Liabilities (Payable from Current Assets)</i>	<u>416,305</u>	<u>206,631</u>
<i>Current Liabilities (Payable from Restricted Assets):</i>		
Customer Deposits	<u>169,340</u>	<u>165,940</u>
<i>Total Current Liabilities (Payable from Restricted Assets)</i>	<u>169,340</u>	<u>165,940</u>
<i>Noncurrent Liabilities:</i>		
Net Pension Liability	<u>92,995</u>	-
<i>Total Noncurrent Liabilities</i>	<u>92,995</u>	-
 TOTAL LIABILITIES	 <u>678,640</u>	 <u>372,571</u>
 DEFERRED INFLOWS		
Deferred Pension Related Inflows	<u>15,613</u>	-
 TOTAL DEFERRED INFLOWS	 <u>15,613</u>	 -
 NET POSITION		
Net Investment in Capital Assets	1,647,546	1,638,382
Unrestricted	<u>3,160,295</u>	<u>2,951,101</u>
 TOTAL NET POSITION	 <u>\$ 4,807,841</u>	 <u>\$ 4,589,483</u>

CITY OF KIRBY, TEXAS
 COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUND – WATERWORKS AND SEWER SYSTEM
 FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2015 AND 2014

	2015	2014
Operating Revenues		
Charges for Utility Service	\$ 2,142,967	\$ 2,163,190
Total Operating Revenues	2,142,967	2,163,190
Operating Expenses Before Depreciation		
Salaries and Benefits	255,328	241,547
Supplies	71,243	57,130
Maintenance	96,755	70,477
Contractual Services	779,228	691,484
Miscellaneous	39,583	28,754
Total Operating Expenses Before Depreciation	1,242,137	1,089,392
Operating Income Before Depreciation	900,830	1,073,798
Depreciation	192,958	191,344
Operating Income (Loss)	707,872	882,454
Other Income (Expense):		
Miscellaneous Income	5,683	4,128
Capital Improvement Fee	124,840	114,449
Total Other Income (Expense)	130,523	118,577
Net Income (Loss) Before Contributions and Transfers	838,395	1,001,031
Transfer Out	(528,612)	(530,987)
NET CHANGE IN NET ASSETS	309,783	470,044
Net Assets at Beginning of Year	4,589,483	4,119,439
Prior Period Adjustment	(91,425)	-
Net Assets at End of Year	\$ 4,807,841	\$ 4,589,483

Note: Comparative totals for 2014 fiscal year have not been restated for the effects of GASB Statement No. 68 as the information is unavailable.

CITY OF KIRBY, TEXAS
 COMPARATIVE STATEMENTS OF CASH FLOWS
 PROPRIETARY FUND – WATERWORKS AND SEWER SYSTEM
 FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2015 AND 2014

	2015	2014
Cash Flows From Operating Activities:		
Cash Received From Customers	\$ 2,176,659	\$ 2,125,116
Cash Paid for Employee Wages & Benefits	(254,167)	(244,163)
Cash Paid to Suppliers for Goods & Services	(767,054)	(864,426)
Net Cash Provided (Used) by Operating Activities	1,155,438	1,016,527
Cash Flows From Noncapital Financing Activities:		
Customer Deposits Received (Returned)	3,400	3,770
Interfund Payables (Receivables)	(11,281)	8,454
Transfers From (To) Other Funds	(528,612)	(530,987)
Net Cash Provided (Used) by Noncapital Financing Activities	(536,493)	(518,763)
Cash Flows From Capital and Related Financing Activities:		
Purchase/Construction of Capital Assets	(202,122)	(262,134)
Capital Improvement Fee	124,840	114,449
Net Cash Provided (Used) by Capital and Related Financing Activities	(77,282)	(147,685)
Cash Flows From Investing Activities:		
Investment Interest Received	5,683	4,128
Net Cash Provided (Used) by Investing Activities	5,683	4,128
Net Increase (Decrease) in Cash and Investments	547,346	354,207
Cash and Investments at Beginning of Year:		
Cash and Investments	2,784,251	2,434,185
Restricted Cash and Investments	178,478	174,337
	2,962,729	2,608,522
Cash and Investments at End of Year:		
Cash and Investments	3,328,808	2,784,251
Restricted Cash and Investments	181,267	178,478
	\$ 3,510,075	\$ 2,962,729

CITY OF KIRBY, TEXAS
 COMPARATIVE STATEMENTS OF CASH FLOWS (CONTINUED)
 PROPRIETARY FUND – WATERWORKS AND SEWER SYSTEM
 FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2015 AND 2014

	2015	2014
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:		
Operating Income	\$ 707,872	\$ 882,454
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation	192,958	191,344
(Increase) Decrease in Operating Assets:		
Accounts Receivable, Net	33,692	(38,075)
Inventory	5,854	104
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	216,223	(21,916)
Accrued Wages & Benefits	4,732	2,616
Net Pension Liability	(5,893)	-
Total Adjustments to Reconcile Operating Activities	447,566	134,073
Net Cash Provided (Used) by Operating Activities	\$ 1,155,438	\$ 1,016,527

STATISTICAL SECTION

The following unaudited Statistical Tables reflect social and economic data, financial trends and fiscal capacity of the City.

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

Contents

Financial Trends – Tables 1 through 5

These schedules contain trend information to help the reader understand how Kirby's financial performance and well-being have changed over time.

Revenue Capacity – Tables 6 through 9

These schedules contain information to help the reader assess Kirby's most significant local revenue source, the property tax.

Debt Capacity – Tables 10 through 12

These schedules present information to help the reader assess the affordability of Kirby's current levels of outstanding debt, and our ability to issue additional debt.

Demographic and Economic Information – Tables 13 and 14

These schedules offer demographic and economic indicators to help the reader understand the environment within which Kirby's financial activities take place.

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

	Fiscal Year			
	2006	2007	2008	2009
<i>Governmental Activities:</i>				
Net Investment in Capital Assets	\$ 1,950,562	\$ 2,139,002	\$ 2,130,610	\$ 3,520,405
Restricted	94,181	115,142	93,741	113,104
Unrestricted	1,785,367	1,841,483	1,904,787	1,116,000
<i>Total Governmental Activities Net Position</i>	<u>\$ 3,830,110</u>	<u>\$ 4,095,627</u>	<u>\$ 4,129,138</u>	<u>\$ 4,749,509</u>
<i>Business-Type Activities</i>				
Net Investment in Capital Assets	\$ 1,468,887	\$ 1,546,608	\$ 1,644,524	\$ 1,507,686
Restricted	436,269	386,414	-	-
Unrestricted	787,895	959,517	1,403,923	1,644,565
<i>Total Business-Type Activities Net Position</i>	<u>\$ 2,693,051</u>	<u>\$ 2,892,539</u>	<u>\$ 3,048,447</u>	<u>\$ 3,152,251</u>
<i>Primary Government:</i>				
Net Investment in Capital Assets	\$ 3,419,449	\$ 3,685,610	\$ 3,775,134	\$ 5,028,091
Restricted	530,450	501,556	93,741	113,104
Unrestricted	2,573,262	2,801,000	3,308,710	2,760,565
<i>Total Primary Government Net Position</i>	<u>\$ 6,523,161</u>	<u>\$ 6,988,166</u>	<u>\$ 7,177,585</u>	<u>\$ 7,901,760</u>

Note: Years 2006-2014 have not been restated for adoption of GASB No. 68. See Note A23 for more detail.

TABLE 1

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 3,373,876	\$ 3,711,161	\$ 3,503,881	\$ 3,724,502	\$ 4,008,917	\$ 4,100,365
73,058	68,401	269,750	111,846	113,823	128,677
1,561,630	1,653,141	2,039,131	2,651,840	2,594,666	1,998,429
<u>\$ 5,008,564</u>	<u>\$ 5,432,703</u>	<u>\$ 5,812,762</u>	<u>\$ 6,488,188</u>	<u>\$ 6,717,406</u>	<u>\$ 6,227,471</u>
\$ 1,385,679	\$ 1,287,799	\$ 1,222,067	\$ 1,567,593	\$ 1,638,382	\$ 1,647,546
-	-	-	-	-	-
1,727,282	2,167,613	2,541,459	2,551,847	2,951,101	3,160,295
<u>\$ 3,112,961</u>	<u>\$ 3,455,412</u>	<u>\$ 3,763,526</u>	<u>\$ 4,119,440</u>	<u>\$ 4,589,483</u>	<u>\$ 4,807,841</u>
\$ 4,759,555	\$ 4,998,960	\$ 4,725,948	\$ 5,292,095	\$ 5,647,299	\$ 5,747,911
73,058	68,401	269,750	111,846	113,823	128,677
3,288,912	3,820,754	4,580,590	5,203,687	5,545,767	5,158,724
<u>\$ 8,121,525</u>	<u>\$ 8,888,115</u>	<u>\$ 9,576,288</u>	<u>\$ 10,607,628</u>	<u>\$ 11,306,889</u>	<u>\$ 11,035,312</u>

CITY OF KIRBY, TEXAS
CHANGE IN NET POSITION
LAST TEN FISCAL YEARS

	Fiscal Year			
	2006	2007	2008	2009
Expenses				
<i>Governmental Activities:</i>				
City Council	\$ 18,310	\$ 17,402	\$ 18,600	\$ 10,913
City Administration	196,988	210,413	226,639	234,191
Police Protection	617,722	674,312	767,997	733,091
Municipal Court	39,689	40,670	47,789	46,978
Fire/EMS Protection	453,127	499,142	537,553	625,798
Animal Services	-	-	-	-
Parks and Pools	115,338	166,340	213,586	205,810
Streets and Shops	397,371	470,469	456,972	436,945
Crime Control	-	-	-	-
General City Operations	392,200	406,706	484,539	579,986
Capital Outlay	13,926	17,853	41,475	8,514
Interest on Long-Term Debt	62,722	56,080	50,236	30,261
<i>Total Governmental Activities Expenses</i>	<u>2,307,393</u>	<u>2,559,387</u>	<u>2,845,386</u>	<u>2,912,487</u>
<i>Business-Type Activities:</i>				
Waterworks and Sewer	911,672	860,940	904,172	947,852
<i>Total Business-Type Activities</i>	<u>911,672</u>	<u>860,940</u>	<u>904,172</u>	<u>947,852</u>
Total Primary Government Expenses	<u>\$ 3,219,065</u>	<u>\$ 3,420,327</u>	<u>\$ 3,749,558</u>	<u>\$ 3,860,339</u>
Program Revenues				
<i>Governmental Activities:</i>				
Charges for service:				
City Administration	\$ 57,795	\$ 62,982	\$ 55,828	\$ 51,532
Police Protection	234,406	166,102	174,623	147,747
Municipal Court	17,634	11,484	12,508	10,767
Fire/EMS Protection	49,897	45,300	58,876	575,255
Animal Services	-	-	-	-
Parks and Pools	14,702	11,927	21,988	31,985
Streets and Shops	35,688	37,161	84,671	59,840
Operating Grants and Contributions	21,425	30,440	41,569	20,931
Capital Grants and Contributions	-	100,000	63,000	163,513
<i>Total Governmental Activities</i>	<u>431,547</u>	<u>465,396</u>	<u>513,063</u>	<u>1,061,570</u>
<i>Program Revenues</i>	<u>431,547</u>	<u>465,396</u>	<u>513,063</u>	<u>1,061,570</u>
<i>Business-Type Activities:</i>				
Charges for Service:				
Waterworks and Sewer	1,626,352	1,473,684	1,501,748	1,573,058
Operating Grants and Contributions	-	-	-	-
<i>Total Business-Type Activities</i>	<u>1,626,352</u>	<u>1,473,684</u>	<u>1,501,748</u>	<u>1,573,058</u>
<i>Program Revenues</i>	<u>1,626,352</u>	<u>1,473,684</u>	<u>1,501,748</u>	<u>1,573,058</u>
Total Primary Government	<u>\$ 2,057,899</u>	<u>\$ 1,939,080</u>	<u>\$ 2,014,811</u>	<u>\$ 2,634,628</u>
Program Revenues	<u>\$ 2,057,899</u>	<u>\$ 1,939,080</u>	<u>\$ 2,014,811</u>	<u>\$ 2,634,628</u>

Note: Years 2006-2014 have not been restated for adoption of GASB No. 68. See Note A23 for more detail.

TABLE 2

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 13,035	\$ 19,242	\$ 17,540	\$ 15,371	\$ 14,998	\$ 16,584
252,006	235,470	248,585	274,783	364,335	307,722
746,036	778,573	870,709	986,230	1,130,297	1,168,328
47,410	48,573	44,921	68,588	85,913	77,507
756,804	766,844	816,193	869,188	1,021,875	1,024,146
-	-	86,858	119,469	187,405	185,112
226,169	181,837	155,248	181,654	175,536	156,870
455,625	505,304	452,711	466,804	238,368	198,816
-	-	-	-	-	12,800
592,870	624,083	647,438	641,586	590,052	580,041
-	-	-	-	-	-
151,444	108,130	99,568	154,771	66,215	54,755
<u>3,241,399</u>	<u>3,268,056</u>	<u>3,439,771</u>	<u>3,778,444</u>	<u>3,874,994</u>	<u>3,782,681</u>
<u>915,616</u>	<u>978,886</u>	<u>1,089,654</u>	<u>1,214,855</u>	<u>1,280,736</u>	<u>1,435,095</u>
<u>915,616</u>	<u>978,886</u>	<u>1,089,654</u>	<u>1,214,855</u>	<u>1,280,736</u>	<u>1,435,095</u>
<u>\$ 4,157,015</u>	<u>\$ 4,246,942</u>	<u>\$ 4,529,425</u>	<u>\$ 4,993,299</u>	<u>\$ 5,155,730</u>	<u>\$ 5,217,776</u>
\$ 51,005	\$ 73,069	\$ 80,926	\$ 139,635	\$ 173,287	\$ 139,334
149,728	137,715	194,071	207,637	226,322	207,467
10,611	9,625	14,771	11,935	13,115	11,372
632,174	550,315	682,424	725,217	649,039	724,899
-	-	37,915	28,774	24,668	32,685
36,124	33,589	30,956	47,143	48,406	14,714
37,109	60,648	96,746	149,818	58,639	54,769
16,662	51,126	15,241	118,184	58,914	98,901
101,943	209,665	4,851	171,325	221,168	123,413
<u>1,035,356</u>	<u>1,125,752</u>	<u>1,157,901</u>	<u>1,599,668</u>	<u>1,473,558</u>	<u>1,407,554</u>
1,336,960	1,734,385	1,831,623	2,006,266	2,148,590	2,128,367
-	-	-	-	14,600	14,600
<u>1,336,960</u>	<u>1,734,385</u>	<u>1,831,623</u>	<u>2,006,266</u>	<u>2,163,190</u>	<u>2,142,967</u>
<u>\$ 2,372,316</u>	<u>\$ 2,860,137</u>	<u>\$ 2,989,524</u>	<u>\$ 3,605,934</u>	<u>\$ 3,636,748</u>	<u>\$ 3,550,521</u>

CITY OF KIRBY, TEXAS
CHANGE IN NET POSITION
LAST TEN FISCAL YEARS (Continued)

	Fiscal Year			
	2006	2007	2008	2009
Net (Expenses) Revenue				
Governmental Activities	\$ (1,443,846)	\$ (1,661,991)	\$ (1,900,323)	\$ (1,370,917)
Business-Type Activities	282,680	180,744	165,576	145,206
Total Primary Government Net Expenses	<u>\$ (1,161,166)</u>	<u>\$ (1,481,247)</u>	<u>\$ (1,734,747)</u>	<u>\$ (1,225,711)</u>
Governmental Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes:				
Property Taxes	\$ 1,187,435	\$ 1,260,472	\$ 1,260,515	\$ 1,360,442
Franchise Taxes	281,434	270,078	302,026	295,794
Sales Taxes	240,572	227,716	225,300	223,563
Interest and Investment Earnings	86,602	111,048	66,444	34,231
Gain on Sale of Property and Equipment	-	-	-	-
Miscellaneous	19,211	5,448	25,443	21,700
Transfers	486,790	484,746	486,106	535,558
Total Governmental Activities	<u>2,302,044</u>	<u>2,359,508</u>	<u>2,365,834</u>	<u>2,471,288</u>
Business-Type Activities:				
Interest and Investment Earnings	46,166	71,490	44,438	14,156
Capital Improvement Fee	-	-	-	-
Gain on Sale of Property and Equipment	-	-	-	-
Transfers	(486,790)	(484,746)	(486,106)	(535,558)
Total Business-Type Activities	<u>(440,624)</u>	<u>(413,256)</u>	<u>(441,668)</u>	<u>(521,402)</u>
Total Primary Government	<u>\$ 1,861,420</u>	<u>\$ 1,946,252</u>	<u>\$ 1,924,166</u>	<u>\$ 1,949,886</u>
Changes In Net Position				
Government Activities	\$ 426,198	\$ 265,517	\$ 33,511	\$ 620,371
Business-Type Activities	274,056	199,488	155,908	103,804
Total Primary Government	<u>\$ 700,254</u>	<u>\$ 465,005</u>	<u>\$ 189,419</u>	<u>\$ 724,175</u>

Note: Years 2006-2014 have not been restated for adoption of GASB No. 68. See Note A23 for more detail.

TABLE 2 (Continued)

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ (1,726,043)	\$ (2,142,304)	\$ (2,281,870)	\$ (2,178,776)	\$ (2,401,436)	\$ (2,375,127)
(58,656)	755,499	741,969	791,411	882,454	707,872
<u>\$ (1,784,699)</u>	<u>\$ (1,386,805)</u>	<u>\$ (1,539,901)</u>	<u>\$ (1,387,365)</u>	<u>\$ (1,518,982)</u>	<u>\$ (1,667,255)</u>
\$ 1,331,558	\$ 1,410,167	\$ 1,411,924	\$ 1,377,806	\$ 1,392,306	\$ 1,395,907
317,950	325,773	413,178	611,447	368,225	392,387
240,646	244,409	257,114	288,525	308,925	377,765
28,103	10,127	6,874	5,237	4,491	6,212
-	27,494	26,515	5,665	7,540	3,685
15,868	11,032	10,896	32,228	18,180	3,447
530,973	537,441	535,428	533,294	530,987	528,612
<u>2,465,098</u>	<u>2,566,443</u>	<u>2,661,929</u>	<u>2,854,202</u>	<u>2,630,654</u>	<u>2,708,015</u>
6,152	4,590	7,758	4,728	4,128	5,683
64,187	92,838	92,996	93,069	114,449	124,840
-	26,965	819	-	-	-
(530,973)	(537,441)	(535,428)	(533,294)	(530,987)	(528,612)
<u>(460,634)</u>	<u>(413,048)</u>	<u>(433,855)</u>	<u>(435,497)</u>	<u>(412,410)</u>	<u>(398,089)</u>
<u>\$ 2,004,464</u>	<u>\$ 2,153,395</u>	<u>\$ 2,228,074</u>	<u>\$ 2,418,705</u>	<u>\$ 2,218,244</u>	<u>\$ 2,309,926</u>
\$ 259,055	\$ 424,139	\$ 380,059	\$ 675,426	\$ 229,218	\$ 332,888
(39,290)	342,451	308,114	355,914	470,044	309,783
<u>\$ 219,765</u>	<u>\$ 766,590</u>	<u>\$ 688,173</u>	<u>\$ 1,031,340</u>	<u>\$ 699,262</u>	<u>\$ 642,671</u>

CITY OF KIRBY, TEXAS
 FUND BALANCES, GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS

	Fiscal Year			
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Nonspendable Fund Balance:				
Inventory	\$ 29,953	\$ 25,987	\$ 29,795	\$ 29,344
Prepaid Items	3,949	7,947	4,517	-
Total Nonspendable Fund Balance	<u>33,902</u>	<u>33,934</u>	<u>34,312</u>	<u>29,344</u>
Restricted Fund Balance:				
PEG Capital Fee	-	-	-	-
Public Safety	67,645	75,946	51,929	58,152
Debt Service	26,536	31,669	34,247	47,506
Crime Control	-	-	-	-
Total Restricted Fund Balance	<u>94,181</u>	<u>107,615</u>	<u>86,176</u>	<u>105,658</u>
Committed Fund Balance:				
Capital Projects	351,037	300,000	300,000	2,798,295
Total Committed Fund Balance	<u>351,037</u>	<u>300,000</u>	<u>300,000</u>	<u>2,798,295</u>
Unassigned Fund Balance	<u>1,368,383</u>	<u>1,501,588</u>	<u>1,574,934</u>	<u>1,595,275</u>
Total Governmental Funds	<u>\$ 1,847,503</u>	<u>\$ 1,943,137</u>	<u>\$ 1,995,422</u>	<u>\$ 4,528,572</u>

TABLE 3

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 26,518	\$ 30,346	\$ 39,334	\$ 38,751	\$ 37,213	\$ 25,341
15,865	-	1,815	1,800	20,476	-
<u>42,383</u>	<u>30,346</u>	<u>41,149</u>	<u>40,551</u>	<u>57,689</u>	<u>25,341</u>
-	-	20,687	36,989	52,377	72,470
64,496	68,401	73,790	49,564	48,806	47,774
902	-	172,626	21,630	7,799	5,181
-	-	-	-	-	11,342
<u>65,398</u>	<u>68,401</u>	<u>267,103</u>	<u>108,183</u>	<u>108,982</u>	<u>136,767</u>
1,413,941	196,095	-	-	-	-
<u>1,413,941</u>	<u>196,095</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1,300,058	1,500,155	1,838,398	2,481,307	2,413,631	2,649,935
<u>\$ 2,821,780</u>	<u>\$ 1,794,997</u>	<u>\$ 2,146,650</u>	<u>\$ 2,630,041</u>	<u>\$ 2,580,302</u>	<u>\$ 2,812,043</u>

CITY OF KIRBY, TEXAS
 CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS

	Fiscal Year			
	2006	2007	2008	2009
REVENUES				
Taxes	\$ 1,425,925	\$ 1,494,414	\$ 1,482,481	\$ 1,580,332
Franchise Fees	281,434	270,078	302,026	295,794
Licenses and Permits	63,206	64,062	122,880	108,695
Intergovernmental	21,425	130,440	-	-
Charges for Services	247,695	173,462	181,922	615,203
Grants	-	-	104,569	184,444
Fines and Penalties	98,273	99,026	103,435	153,170
Interest	86,602	111,048	66,444	34,231
Miscellaneous	24,636	25,718	25,443	21,700
TOTAL REVENUES	<u>2,249,196</u>	<u>2,368,248</u>	<u>2,389,200</u>	<u>2,993,569</u>
EXPENDITURES				
Current:				
City Council	18,310	17,402	18,600	10,913
City Administration	189,634	202,601	216,606	229,807
Police Protection	571,244	621,765	722,348	696,317
Municipal Court	39,566	40,604	47,652	46,920
Fire/EMS Protection	397,437	446,875	482,287	607,108
Animal Services	-	-	-	-
Parks and Pool	115,077	139,269	212,062	205,132
Streets and Shops	292,684	594,717	271,324	368,169
Crime Control	-	-	-	-
General City Operations	392,200	406,703	503,261	579,336
Capital Projects/Outlay	95,581	125,791	188,133	1,001,718
Debt Service:				
Principal	105,000	105,000	110,000	120,000
Interest and Fiscal Charges	63,277	56,633	50,748	19,936
Bond Issue Costs	-	-	-	119,272
TOTAL EXPENDITURES	<u>2,280,010</u>	<u>2,757,360</u>	<u>2,823,021</u>	<u>4,004,628</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>(30,814)</u>	<u>(389,112)</u>	<u>(433,821)</u>	<u>(1,011,059)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	486,790	484,746	486,106	624,644
Transfers Out	-	-	-	(89,086)
Capital Contributions	-	-	-	-
Proceeds from Sale of Asset	-	-	-	-
Proceeds from Debt Financing	-	-	-	3,718,651
Proceeds from Capital Lease	-	-	-	-
Payments to Refund Agent	-	-	-	(710,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>486,790</u>	<u>484,746</u>	<u>486,106</u>	<u>3,544,209</u>
Net Change in Fund Balance	<u>\$ 455,976</u>	<u>\$ 95,634</u>	<u>\$ 52,285</u>	<u>\$ 2,533,150</u>
Debt Service as a percentage of noncapital expenditures	7.70%	6.14%	6.10%	8.63%

TABLE 4

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 1,569,464	\$ 1,655,109	\$ 1,666,493	\$ 1,660,467	\$ 1,692,482	\$ 1,805,335
317,950	325,773	413,178	611,447	368,334	392,387
88,176	108,290	181,179	245,197	151,691	120,472
-	-	-	-	9,506	9,927
672,411	611,744	687,627	792,848	832,152	848,030
118,605	51,126	20,092	289,509	270,576	212,387
156,595	144,555	205,484	216,749	236,897	215,934
28,103	10,127	6,874	5,237	4,491	4,491
15,868	170,255	10,896	32,225	18,180	11,437
<u>2,967,172</u>	<u>3,076,979</u>	<u>3,191,823</u>	<u>3,853,679</u>	<u>3,584,309</u>	<u>3,620,400</u>
13,035	19,242	17,540	15,371	14,999	16,584
229,765	251,719	226,442	237,634	354,310	293,582
688,293	723,443	743,231	806,440	959,275	940,556
47,136	48,582	46,266	86,282	83,052	76,474
689,451	702,118	676,658	727,368	859,513	864,149
-	-	85,434	112,343	182,249	179,575
227,791	176,114	148,437	181,713	173,049	157,439
276,137	243,796	197,599	213,560	240,973	203,779
-	-	-	-	-	12,799
592,594	625,447	646,990	641,586	365,572	349,549
1,933,458	1,560,732	209,680	455,075	503,271	818,371
360,000	400,000	365,000	350,000	365,000	419,110
147,277	99,675	91,069	81,875	71,313	72,757
-	-	-	-	-	-
<u>5,204,937</u>	<u>4,850,868</u>	<u>3,454,346</u>	<u>3,909,247</u>	<u>4,172,576</u>	<u>4,404,724</u>
<u>(2,237,765)</u>	<u>(1,773,889)</u>	<u>(262,523)</u>	<u>(55,568)</u>	<u>(588,267)</u>	<u>(784,324)</u>
834,973	847,441	1,026,558	658,294	800,987	810,112
(304,000)	(310,000)	(491,130)	(125,000)	(270,000)	(281,500)
-	209,665	-	-	-	-
-	-	78,748	5,665	7,540	3,685
-	-	-	-	-	-
-	-	-	-	-	483,768
-	-	-	-	-	-
<u>530,973</u>	<u>747,106</u>	<u>614,176</u>	<u>538,959</u>	<u>538,527</u>	<u>1,016,065</u>
<u>\$ (1,706,792)</u>	<u>\$ (1,026,783)</u>	<u>\$ 351,653</u>	<u>\$ 483,391</u>	<u>\$ (49,740)</u>	<u>\$ 231,741</u>
15.51%	15.19%	14.06%	12.50%	11.89%	13.71%

CITY OF KIRBY, TEXAS
TAX REVENUE BY SOURCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

TABLE 5

Fiscal Year	Property	Sales & Use	Franchise	Total
2006	\$ 1,185,352	\$ 240,573	\$ 281,434	\$ 1,707,359
2007	1,266,698	227,716	270,078	1,764,492
2008	1,257,181	225,300	302,026	1,784,507
2009	1,248,561	223,564	295,794	1,767,919
2010	1,223,213	240,646	317,950	1,781,809
2011	1,410,700	244,409	325,773	1,980,882
2012	1,409,379	257,114	413,178	2,079,671
2013	1,371,943	288,524	611,447	2,271,914
2014	1,383,557	308,925	368,334	2,060,816
2015	1,427,570	377,765	392,387	2,197,722

CITY OF KIRBY, TEXAS
 ASSESSED VALUE AND ACTUAL TAXABLE PROPERTY
 LAST TEN FISCAL YEARS

TABLE 6

Fiscal Year Ended September 30,	Residential Property	Commercial Property	Less: Tax-Exempt Property	Total Taxable Assessed Value*	Total Direct Tax Rate
2006	\$ 164,084,399	\$ 23,493,038	\$ 12,590,038	\$ 174,987,399	0.664950
2007	179,336,207	28,770,525	14,836,126	193,270,606	0.644471
2008	204,127,621	25,094,304	16,044,070	213,177,855	0.588414
2009	206,036,672	27,312,315	16,743,093	216,605,894	0.623000
2010	192,522,317	27,168,990	20,299,434	199,391,873	0.661649
2011	192,751,740	29,098,965	21,075,635	200,775,070	0.697500
2012	188,340,063	29,646,184	21,451,008	196,535,239	0.710978
2013	183,926,315	29,999,639	22,131,880	191,794,074	0.710978
2014	169,385,572	40,563,440	22,065,197	187,883,815	0.729376
2015	177,474,988	46,085,000	28,060,056	195,499,932	0.729376

Source: Bexar Appraisal District.

* Total Taxable Assessed Value and Total Estimated Actual Value of taxable property is the same.

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

TABLE 7

Fiscal Period	City	Judson School District	Bexar County	Alamo College District	San Antonio RA	Total
2006	0.664948	1.776	0.318471	0.1071	0.016425	2.88289
2007	0.644471	1.636	0.314147	0.1371	0.016045	2.74771
2008	0.588414	1.410	0.295104	0.1346	0.015951	2.44402
2009	0.623000	1.463	0.289399	0.1359	0.015951	2.52721
2010	0.661649	1.463	0.296187	0.1359	0.015951	2.57269
2011	0.697500	1.463	0.296187	0.1416	0.016652	2.61496
2012	0.710978	1.430	0.296187	0.1416	0.017370	2.59616
2013	0.710978	1.425	0.296187	0.1492	0.017370	2.59869
2014	0.729376	1.425	0.296187	0.1492	0.017798	2.61751
2015	0.729376	1.420	0.297500	0.1492	0.172900	2.76893

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

CITY OF KIRBY, TEXAS
 PRINCIPAL PROPERTY TAX PAYERS
 CURRENT AND EIGHT YEARS AGO

TABLE 8

Taxpayer	2015			2007		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Churchill Family Trust	\$ 3,836,000	1	4.02%			
AJC Rental Corporation	3,113,543	2	3.26%	\$ 5,956,563	1	2.85%
Yes Companies LLC	2,620,950	3	2.74%			
Turners	1,610,000	4	1.69%			
Mr. Patrick F. Siddons	1,412,630	5	1.48%			
Schertz Bank & Trust	1,125,120	6	1.18%	987,260	5	0.47%
Time Warner Cable	977,314	7	1.02%	1,488,710	4	0.71%
Ms. Marie Ann Kalinowski	806,120	8	0.84%	620,134	9	0.31%
Main Street Properties - Kirby LLC	758,740	9	0.79%			
Mr. Richard Owen	732,930	10	0.77%	713,910	7	0.34%
AT&T Telephone				918,790	6	0.44%
Mr. William Harrigan				3,002,970	2	1.44%
CMH Parks, Inc.				1,880,690	3	0.90%
Ms. Ann Letofsky				648,500	8	0.30%
Grace And Grant Properties, LLC				611,970	10	0.29%
Total	<u>\$ 16,993,347</u>		<u>17.80%</u>	<u>\$ 16,829,497</u>		<u>8.05%</u>

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

TABLE 9

Fiscal Year Ended September 30,	Original Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2006	\$ 1,163,575	\$ 1,131,529	97.25%	\$ 27,581	\$ 1,159,110	99.62%
2007	1,245,573	1,214,573	97.51%	25,539	1,240,112	99.56%
2008	1,254,704	1,221,409	97.35%	30,231	1,251,640	99.76%
2009	1,347,433	1,314,199	97.53%	27,147	1,341,346	99.55%
2010	1,319,698	1,290,840	97.81%	29,302	1,320,142	100.03%
2011	1,400,849	1,373,604	98.06%	20,533	1,394,137	99.52%
2012	1,398,293	1,370,446	98.01%	20,107	1,390,553	99.45%
2013	1,364,383	1,330,473	97.51%	21,077	1,351,550	99.06%
2014	1,370,843	1,331,545	97.13%	18,694	1,350,239	98.50%
2015	1,426,329	1,381,178	96.83%	-	1,381,178	96.83%

Source: Bexar County Tax Assessor Collector and City of Kirby Finance Department.

CITY OF KIRBY, TEXAS
RATIOS OF OUTSIDE DEBT BY TYPE
LAST TEN FISCAL YEARS

TABLE 10

Fiscal Year	Governmental Activities			Business-Type Activity	Total Primary Government	Per Capita*
	General Obligation Bonds	Certificates of Obligation	Capital Leases	Certificates of Obligation		
2006	\$ -	\$ 1,045,000	\$ -	\$ 150,000	\$ 1,195,000	122
2007	-	940,000	-	70,000	1,010,000	116
2008	-	830,000	-	-	830,000	97
2009	715,000	2,970,000	-	-	3,685,000	428
2010	590,000	2,735,000	-	-	3,325,000	382
2011	460,000	2,465,000	-	-	2,925,000	336
2012	370,000	2,190,000	-	-	2,560,000	297
2013	305,000	1,905,000	-	-	2,210,000	269
2014	235,000	1,610,000	-	-	1,845,000	223
2015	160,000	1,310,000	439,658	-	1,909,658	226

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

*Note: Per Capita is the total primary government debt divided by the population of the City. Population totals may be found in Table 13.

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

TABLE 11

General Bonded Debt Outstanding						
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Total	Actual Taxable Value of Property	Percentage of Actual Taxable Value of Property	Per Capita*
2006	\$ -	\$ 1,195,000	\$ 1,195,000	\$ 174,987,399	0.68%	120
2007	-	1,010,000	1,010,000	193,270,606	0.52%	108
2008	-	830,000	830,000	213,177,855	0.39%	97
2009	715,000	2,970,000	3,685,000	216,605,894	1.70%	428
2010	590,000	2,735,000	3,325,000	199,391,873	1.67%	382
2011	460,000	2,465,000	2,925,000	200,775,070	1.46%	336
2012	370,000	2,190,000	2,560,000	196,535,239	1.30%	297
2013	305,000	1,905,000	2,210,000	191,794,074	1.15%	269
2014	235,000	1,610,000	1,845,000	187,883,815	0.98%	223
2015	160,000	1,310,000	1,470,000	195,499,932	0.75%	174

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

*Note: Per Capita is equal to the actual taxable value divided by the population of the City. Population totals may be found in Table 13.

CITY OF KIRBY, TEXAS
LEGAL DEBT MARGIN
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

TABLE 12

Taxable Value	<u>\$ 195,499,932</u>			
Debt Limit - 10% of taxable value [1]	19,549,993			
Amount of Debt Applicable to Debt Limit:				
Total Bonded Debt	\$	1,470,000		
Less Fund Balance in Debt Service Fund		<u>8,433</u>		
Total Amount of Debt Applicable to Debt Limit		<u>1,461,567</u>		
Legal Debt Margin	<u>\$ 18,088,426</u>			
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Debt Limit	\$ 21,317,786	\$ 21,660,589	\$ 19,939,187	\$ 20,077,507
Total Net Debt Applicable to Limit	<u>(795,753)</u>	<u>(3,637,494)</u>	<u>(3,324,098)</u>	<u>(2,925,000)</u>
Legal Debt Margin	<u>\$ 20,522,033</u>	<u>\$ 18,023,095</u>	<u>\$ 16,615,089</u>	<u>\$ 17,152,507</u>
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt Limit	\$ 19,653,524	\$ 19,179,407	\$ 18,788,382	\$ 19,549,917
Total Net Debt Applicable to Limit	<u>(2,384,727)</u>	<u>(2,184,707)</u>	<u>(1,832,360)</u>	<u>(1,461,567)</u>
Legal Debt Margin	<u>\$ 17,268,797</u>	<u>\$ 16,994,700</u>	<u>\$ 16,956,022</u>	<u>\$ 18,088,350</u>

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

TABLE 13

Year	Population	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2006	8673	38,919	33.30	1,817	4.5%
2007	8673	38,919	33.30	1,760	4.1%
2008	8580	45,265	33.30	1,760	5.0%
2009	8606	45,265	33.30	1,844	5.9%
2010	8695	46,481	33.30	1,755	5.9%
2011	8695	46,639	33.30	1,748	5.9%
2012	8633	46,639	33.70	1,641	5.8%
2013	8222	48,606	35.90	1,847	6.1%
2014	8289	49,254	35.70	1,775	4.7%
2015	8442	48,545	35.70	1,712	4.2%

Sources: Population, Per Capita Income and median Age information provided by the United States Census Bureau. School enrollment information was provided by the Judson Independent School District. Unemployment rate was provided by the U.S Department of Labor for the City of San Antonio, Texas.

CITY OF KIRBY, TEXAS
PRINCIPAL EMPLOYERS
CURRENT YEAR AND FIVE YEARS AGO

TABLE 14

Employer	2015			2010		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Lackland Air Force Base	37,097	1	3.64%	28,100	2	2.97%
Fort Sam Houston	32,000	2	3.14%	30,793	1	3.25%
HEB Food Stores	20,000	3	1.96%	14,588	4	1.54%
USAA	17,000	4	1.67%	14,852	3	1.57%
Northside I.S.D.	12,751	5	1.25%	12,597	5	1.33%
Randolph Air Force Base	11,068	6	1.09%	10,700	6	1.13%
North East I.S.D.	10,052	7	0.99%	10,223	7	1.08%
City of San Antonio	9,145	8	0.90%	9,000	8	0.95%
Methodist Healthcare System	8,118	9	0.80%	7,013	10	0.74%
San Antonio ISD	7,000	10	0.69%	7,581	9	0.80%
Total	<u>164,231</u>		<u>16.12%</u>	<u>145,447</u>	N/A	<u>15.36%</u>

The City of Kirby is surrounded by the City of San Antonio and no data is available for the employers in Kirby. The above data is for San Antonio.

Source: San Antonio Economic Development Foundation

Note: Data for 2005 was not available; 2010 used instead.

