

CITY OF KIRBY, TEXAS

**ANNUAL
FINANCIAL REPORT**

**FISCAL YEAR ENDED
SEPTEMBER 30, 2017**



CITY OF KIRBY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2017

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CITY OF KIRBY, TEXAS

PRINCIPAL OFFICERS

CITY OFFICIALS

MAYOR

LISA B. PIERCE

MAYOR PRO-TEM

JERRY LEHMAN

CITY COUNCIL

MIKE GRANT

DEBRA WISLON

JOHN PIERCE

SYLVIA APODACA

KIMBERLY MCGEHEE-ALDRICH

CITY MANAGER

MONIQUE L. VERNON

ATTORNEY

MARC SCHNALL, LANGLEY & BANACK



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, each major fund and the aggregate remaining fund information of the City of Kirby, Texas, as of and for the year ended September 30, 2017, 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, each major fund and the aggregate remaining fund information of the City of Kirby, Texas, as of September 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison 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.
March 2, 2018

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, 2017. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

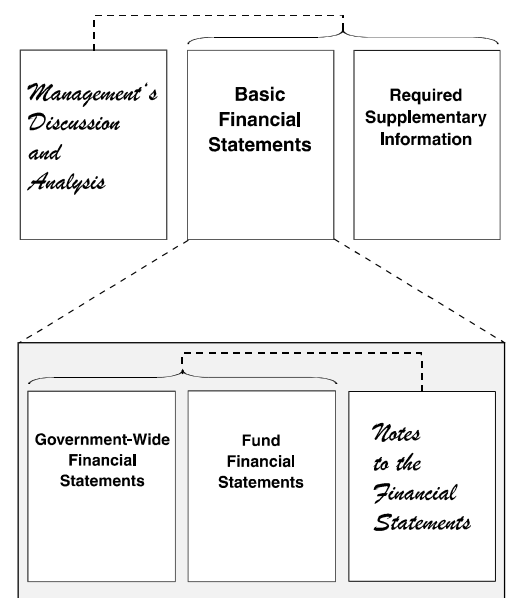
- The City's total combined net position was approximately \$12.4 million at September 30, 2017.
- During the year, the City's expenses were \$823 thousand less than the \$6.4 million generated in taxes, other revenues for governmental activities and transfers.
- The General Fund reported a fund balance of \$2.7 million at the end of the fiscal year which represents a \$7 thousand decrease over the previous fiscal year.
- The City's Waterworks/Sewer Fund reported a \$241 thousand increase in net position over the previous fiscal year. Net position at September 30, 2017 was \$5.3 million.
- The City did not issue any new bonds during the fiscal year ending September 30, 2017.


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



Summary  Detail

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 \$5.61 million. Of these costs, 73% were for primary government activities, while the Water/Sewer utility accounted for the balance.

Net Position: The City's combined net position was \$12.4 million at September 30, 2017. (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 2017-2016
	2017	2016	2017	2016	2017	2016	
<i>Current Assets:</i>							
Cash and cash equivalents	\$ 2,469	\$ 2,671	\$ 2,445	\$ 2,803	\$ 4,914	\$ 5,474	-10.2%
Receivables:							
Taxes	121	114	-	-	121	114	5.9%
Accounts	134	123	299	257	432	380	13.7%
EMS	120	122	-	-	120	122	-1.8%
Due from Other Governments	472	215	-	-	472	215	119.7%
Internal Balances	86	(21)	(86)	21	-	-	0.0%
Inventories	41	28	7	10	48	38	25.9%
Prepaid Items	-	24	31	35	31	59	-47.4%
Restricted Assets:							
Cash and Investments	-	-	189	186	189	186	1.5%
<i>Total Current Assets:</i>	<u>3,443</u>	<u>3,276</u>	<u>2,885</u>	<u>3,312</u>	<u>6,327</u>	<u>6,588</u>	<u>-4.0%</u>
<i>Total Non-Current Assets:</i>	<u>6,225</u>	<u>6,094</u>	<u>2,848</u>	<u>2,195</u>	<u>9,074</u>	<u>8,289</u>	<u>9.5%</u>
<i>Total Assets</i>	<u>9,668</u>	<u>9,370</u>	<u>5,732</u>	<u>5,507</u>	<u>15,400</u>	<u>14,877</u>	<u>3.5%</u>
<i>Deferred Outflows:</i>							
Pension Related Outflows	480	576	53	70	533	646	-17.5%
<i>Total Deferred Outflows</i>	<u>480</u>	<u>576</u>	<u>53</u>	<u>70</u>	<u>533</u>	<u>646</u>	<u>-17.5%</u>
<i>Current Liabilities:</i>							
Accounts Payable	360	178	160	174	521	352	48.0%
Accrued Vacation	94	82	15	26	109	108	0.9%
Accrued Interest	1	2	-	-	1	2	-31.4%
Deferred Revenue	-	41	-	-	-	41	-100.0%
Payable from Restricted Assets:							
Customer Deposits	-	-	175	172	175	172	1.4%
<i>Total Current Liabilities</i>	<u>455</u>	<u>303</u>	<u>350</u>	<u>372</u>	<u>805</u>	<u>675</u>	<u>19.3%</u>
<i>Long-Term Liabilities:</i>							
Bonds, Obligations	1,189	1,701	-	-	1,189	1,701	-30.1%
Net Pension Liability	1,337	1,323	149	155	1,486	1,478	0.6%
<i>Total Long-Term Liabilities</i>	<u>2,526</u>	<u>3,024</u>	<u>149</u>	<u>155</u>	<u>2,675</u>	<u>3,179</u>	<u>-29.5%</u>
<i>Total Liabilities</i>	<u>2,981</u>	<u>3,327</u>	<u>498</u>	<u>527</u>	<u>3,483</u>	<u>3,854</u>	<u>-9.6%</u>
<i>Deferred Inflows:</i>							
Pension Related Inflows	44	78	5	8	49	86	-43.2%
<i>Total Deferred Inflows</i>	<u>44</u>	<u>78</u>	<u>5</u>	<u>8</u>	<u>49</u>	<u>86</u>	<u>-43.2%</u>
<i>Net Position:</i>							
Invested in Capital Assets	5,036	4,393	2,848	2,195	7,885	6,588	19.7%
Restricted for:							
Special Projects	219	132	-	-	219	132	66.2%
Debt Service	25	11	-	-	25	11	125.9%
Unrestricted	1,842	2,005	2,434	2,847	4,276	4,852	-11.9%
<i>Total Net Position</i>	<u>\$ 7,123</u>	<u>\$ 6,541</u>	<u>\$ 5,282</u>	<u>\$ 5,042</u>	<u>\$ 12,405</u>	<u>\$ 11,583</u>	<u>7.1%</u>

Changes in net position. The City's total revenues were \$6.4 million. A significant portion, 26.1%, of the City's revenue comes from property taxes, 54.1% comes from charges for services (Water, Court, EMS, etc), while only 13.4% relates to Franchise and Sales taxes.

Governmental Activities

- Property tax rates remained constant at 0.729376.
- Property tax revenue increased to \$1.67 million in the current year vs. \$1.6 million in the prior year.
- The cost of all *governmental* activities this year was approximately \$4.1 million. The amount that our taxpayers paid for these activities through property taxes was \$1.67 million. Some of the cost was paid by those who directly benefited from the programs in the amount of \$1.4 million and an additional \$192 thousand by grants and contributions.

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 increase of \$22 thousand or 1.1%. Operating expenses not including transfers to other funds increased from \$1.49 million in the prior year to \$1.50 million in the current year, an increase of \$6 thousand or .4%.

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

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2017	2016	2017	2016	2017	2016	2017-2016
Primary Government:							
City Council	\$ 9	\$ 15	\$ -	\$ -	\$ 9	\$ 15	-39.3%
City Administration	375	350	-	-	375	350	7.3%
Police Protection	1,200	1,187	-	-	1,200	1,187	1.1%
Municipal Court	67	79	-	-	67	79	-15.3%
Fire/EMS Protection	1,174	1,119	-	-	1,174	1,119	4.9%
Animal Services	174	162	-	-	174	162	7.4%
Parks and Pool	180	121	-	-	180	121	49.1%
Streets and Shops	289	244	-	-	289	244	18.5%
Crime Control	18	4	-	-	18	4	348.1%
General City Operations	595	592	1,498	1,491	2,093	2,083	0.5%
Interest on Long-Term Debt	30	44	-	-	30	44	-32.1%
Total Government Activities	<u>4,111</u>	<u>3,917</u>	<u>1,498</u>	<u>1,491</u>	<u>5,609</u>	<u>5,408</u>	<u>350.2%</u>
Program Revenues:							
Charges for Services	1,355	1,235	2,125	2,102	3,480	3,337	4.3%
Operating Grants & Contributions	13	13	-	15	13	28	-53.2%
Capital Grants & Contributions	178	5	-	-	178	5	3469.1%
General Revenues:							
General Property Tax	1,677	1,600	-	-	1,677	1,600	4.8%
Sales Taxes	448	468	-	-	448	468	-4.3%
Franchise Taxes	411	374	-	-	411	374	9.8%
Investment Earning	11.70	8	14	9	26	17	50.0%
Miscellaneous	74	-	-	-	74	-	100.0%
Transfers	524	526	(524)	(526)	-	-	0.0%
Capital Contributions	-	-	125	125	125	125	0.0%
Total Revenues and Transfers	<u>4,692</u>	<u>4,229</u>	<u>1,740</u>	<u>1,725</u>	<u>6,432</u>	<u>5,954</u>	<u>3580.6%</u>
Change in Net Position	<u>\$ 581</u>	<u>\$ 312</u>	<u>\$ 242</u>	<u>\$ 234</u>	<u>\$ 823</u>	<u>\$ 546</u>	<u>50.7%</u>

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 2017-2016	Net Cost of Services			% Change 2017-2016
	2017	2016			2017	2016		
General Government	\$ 385	\$ 365		5.4%	\$ 250	\$ 235		6.4%
Police Protection & Court	1,267	1,266		0.1%	1,031	1,051		-2.0%
Fire/EMS Protection	1,174	1,119		4.9%	496	357		39.2%
Animal Services	174	162		7.4%	156	139		12.9%
Parks and Recreation	180	121		49.1%	(11)	99		-110.3%
Highways and Streets	289	244		18.5%	0	143		-99.7%
Crime Control	18	4		348.1%	(18)	(4)		348.2%
General City Operations	595	592		0.4%	(595)	592		-200.3%
Water and Sewer	1,498	1,491		0.4%	(627)	(626)		0.3%
Debt Service - Interest & Fiscal Charges	30	44		-32.1%	30	44		-31.9%

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Revenues from governmental fund types totaled \$4.14 million for the current year vs. \$3.63 million in the prior year, an increase of \$508 thousand. Expenditures from governmental fund types totaled \$4.68 million for the current year vs. \$4.43 million in the prior year, an increase of \$254 thousand or 5.8%. The general fund balance decreased by \$7 thousand from \$2.7 million in the prior year to \$2.7 million in the current year. Of this amount \$2.6 million is unassigned and represents 7 months of average operating expenditures in reserve. Long term debt and capital leases paid during the year totaled \$507,640 in principal and \$53,605 in interest.

General Fund Budgetary Highlights

The city revised its original budget several times, to adjust for changes resulting in an overall increase of \$62 thousand in revenues and decrease of \$29 thousand in expenses. As part of the budget revision, reductions were made to the grants revenue and the corresponding projects.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2017, the City had invested \$28 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 \$1.4 million or 5.0 % over last year.

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

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2017	2016	2017	2016	2017	2016	2017-2016
Land	\$ 836	\$ 836	\$ 7	\$ 7	\$ 843	\$ 843	0.0%
Buildings and Improvements	4,553	4,497	-	-	4,553	4,497	1.2%
Vehicles	3,189	3,001	458	458	3,647	3,459	5.4%
Infrastructure	12,122	12,122	-	-	12,122	12,122	0.0%
Software	79	79	42	42	121	121	-0.2%
Construction in Progress	531	274	36	23	567	297	90.9%
Utility Plant	-	-	6,529	5,680	6,529	5,680	15.0%
Totals at Historical Cost	21,310	20,809	7,072	6,210	28,382	27,019	5.0%
Total Accumulated Depreciation	(15,084)	(14,715)	(4,224)	(4,015)	(19,308)	(18,730)	3.1%
Net Capital Assets	<u>\$ 6,226</u>	<u>\$ 6,094</u>	<u>\$ 2,848</u>	<u>\$ 2,195</u>	<u>\$ 9,074</u>	<u>\$ 8,289</u>	<u>9.5%</u>

The city purchased various pieces of equipment in regard to the police department, 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 \$1.2 million in bonds and capital leases outstanding and \$94 thousand in compensated absences in the governmental and \$15 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
	2017	2016	2017	2016	2017	2016	2017-2016
Bonds Payable and Capital Lease	\$ 1,189	\$ 1,701	\$ -	\$ -	\$ 1,189	\$ 1,701	-30.1%
Vacation Payable	94	82	15	26	109	108	1.2%
Total Bonds & Notes Payable	<u>\$ 1,283</u>	<u>\$ 1,783</u>	<u>\$ 15</u>	<u>\$ 26</u>	<u>\$ 1,298</u>	<u>\$ 1,809</u>	<u>-28.2%</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Binz-Engleman Road Project is expected to begin in 2018 with funding of \$2,000,000 to be received.
- Arneson/Scotsman Street Reconstruction cost of \$290,435 will be partially paid by a CDBG grant.

These indicators were taken into account when adopting the general fund budget for 2017/2018. The property taxes rate will remain at 0.729376/\$100 as a result of the approved budget. This will result in \$1,780,660 of projected property tax revenues. General Fund Revenues (includes transfers from other funds) budgeted for 2017/2018 total \$7,229,944. General Fund Expenditures (includes transfers to other funds) budgeted for 2017/2018 total \$8,515,616.

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, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Kirby Senior Center Corporation
ASSETS				
<i>Current Assets:</i>				
Cash and Investments	\$ 2,468,919	\$ 2,444,838	\$ 4,913,757	\$ -
Receivables (net of allowances for uncollectibles)				
Taxes	121,334	-	121,334	-
Accounts	134,172	298,648	432,820	8,775
EMS Charges	119,759	-	119,759	-
Due from Other Governments	472,340	-	472,340	2,892
Internal Balances	86,370	(86,370)	-	-
Inventories	41,094	6,672	47,766	-
Prepaid Items	-	31,353	31,353	827
Restricted Assets:				
Cash and Investments	-	188,833	188,833	-
<i>Total Current Assets</i>	<u>3,443,988</u>	<u>2,883,974</u>	<u>6,327,962</u>	<u>12,494</u>
<i>Capital Assets:</i>				
Land	836,120	7,005	843,125	-
Buildings & Improvements	4,552,875	-	4,552,875	253,026
Utility Plant and Easements	-	6,529,390	6,529,390	-
Transportation & Equipment	3,188,591	457,951	3,646,542	305,324
Infrastructure	12,122,018	-	12,122,018	-
Software	78,790	42,000	120,790	-
Construction in Progress	530,906	35,975	566,881	
Accumulated Depreciation and Amortization	(15,084,464)	(4,223,837)	(19,308,301)	(416,870)
<i>Total Capital Assets</i>	<u>6,224,836</u>	<u>2,848,484</u>	<u>9,073,320</u>	<u>141,480</u>
TOTAL ASSETS	<u>9,668,824</u>	<u>5,732,458</u>	<u>15,401,282</u>	<u>153,974</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Pension				
Related Outflows	<u>479,541</u>	<u>53,342</u>	<u>532,883</u>	<u>-</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 479,541</u>	<u>\$ 53,342</u>	<u>\$ 532,883</u>	<u>\$ -</u>

See accompanying notes to basic financial statements.

CITY OF KIRBY, TEXAS
STATEMENT OF NET POSITION (CONTINUED)
SEPTEMBER 30, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Kirby Senior Center Corporation
LIABILITIES				
<i>Current Liabilities:</i>				
Withdrawals in Excess of Deposits	\$ -	\$ -	\$ -	\$ 1,566
Accounts Payable and Other Current Liabilities	360,410	159,694	520,104	12,298
Accrued Vacation Leave Payable	93,921	15,327	109,248	-
Accrued Interest Payable	1,417	-	1,417	-
Payable from Restricted Assets:				
Customer Deposits	-	174,580	174,580	-
<i>Total Current Liabilities</i>	<u>455,748</u>	<u>349,601</u>	<u>805,349</u>	<u>13,864</u>
<i>Long-Term Liabilities:</i>				
Due within One Year	440,800	-	440,800	7,062
Due in more than One Year	748,143	-	748,143	16,082
Net Pension Liability	1,337,445	148,770	1,486,215	-
<i>Total Long-Term Liabilities:</i>	<u>2,526,388</u>	<u>148,770</u>	<u>2,675,158</u>	<u>23,144</u>
TOTAL LIABILITIES	<u>2,982,136</u>	<u>498,371</u>	<u>3,480,507</u>	<u>37,008</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Pension Related Inflows	43,970	4,891	48,861	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>43,970</u>	<u>4,891</u>	<u>48,861</u>	<u>-</u>
NET POSITION				
Net Investment in Capital Assets	5,035,893	2,848,484	7,884,377	118,336
Restricted for:				
Debt Service Fund	24,849	-	24,849	-
PEG Capital Fees	106,971	-	106,971	-
Public Safety	112,355	-	112,355	-
Kirby Senior Center	-	-	-	658
Unrestricted (Deficit)	<u>1,842,191</u>	<u>2,434,054</u>	<u>4,276,245</u>	<u>(2,028)</u>
TOTAL NET POSITION	<u>\$ 7,122,259</u>	<u>\$ 5,282,538</u>	<u>\$ 12,404,797</u>	<u>\$ 116,966</u>

See accompanying notes to basic financial statements.

CITY OF KIRBY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Functions and Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
City Council	\$ 9,102	\$ -	\$ -	\$ -
City Administration	375,472	133,921	-	-
Police Protection	1,199,691	213,476	12,208	-
Municipal Court	66,948	11,018	-	-
Fire/EMS Protection	1,174,209	678,215	-	-
Animal Services	174,050	17,164	900	-
Parks and Pool	180,450	191,036	-	-
Streets and Shops	289,198	110,441	-	178,457
Crime Control	17,923	-	-	-
General City Operations	594,593	-	-	-
Interest on Long-Term Debt	29,867	-	-	-
<i>Total Governmental Activities</i>	<u>4,111,503</u>	<u>1,355,271</u>	<u>13,108</u>	<u>178,457</u>
Business-Type Activities				
Water/Sewer Utility	<u>1,497,686</u>	<u>2,124,664</u>	<u>-</u>	<u>-</u>
<i>Total Business-Type Activities</i>	<u>1,497,686</u>	<u>2,124,664</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>5,609,189</u>	<u>3,479,935</u>	<u>13,108</u>	<u>178,457</u>
Component Unit:				
Kirby Senior Center Corp.	<u>297,994</u>	<u>376,937</u>	<u>-</u>	<u>-</u>
Total Component Unit	<u>\$ 297,994</u>	<u>\$ 376,937</u>	<u>\$ -</u>	<u>\$ -</u>
General Revenues:				
Taxes				
General Property Taxes				
Franchise Taxes				
Sales Taxes				
Interest and Investment Earnings				
Capital Improvement Fee				
Miscellaneous				
Total General Revenues				
Transfers				
Change in Net Position				
Net Position at Beginning of Year				
Net Position at End of Year				

See accompanying notes to basic financial statements.

Net (Expense) Revenue and Changes in Net Position			Component
Primary Government			Unit
Governmental Activities	Business-Type Activities	Total	Kirby Senior Center Corporation
\$ (9,102)	\$ -	\$ (9,102)	\$ -
(241,551)	-	(241,551)	-
(974,007)	-	(974,007)	-
(55,930)	-	(55,930)	-
(495,994)	-	(495,994)	-
(155,986)	-	(155,986)	-
10,586	-	10,586	-
(300)	-	(300)	-
(17,923)	-	(17,923)	-
(594,593)	-	(594,593)	-
(29,867)	-	(29,867)	-
<u>(2,564,667)</u>	<u>-</u>	<u>(2,564,667)</u>	<u>-</u>
<u>-</u>	<u>626,978</u>	<u>626,978</u>	<u>-</u>
<u>-</u>	<u>626,978</u>	<u>626,978</u>	<u>-</u>
<u>(2,564,667)</u>	<u>626,978</u>	<u>(1,937,689)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>78,943</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>78,943</u>
1,676,596	-	1,676,596	-
410,832	-	410,832	-
447,958	-	447,958	-
12,698	13,803	26,501	-
-	125,052	125,052	-
73,625	-	73,625	-
<u>2,621,709</u>	<u>138,855</u>	<u>2,760,564</u>	<u>-</u>
<u>524,398</u>	<u>(524,398)</u>	<u>-</u>	<u>-</u>
581,440	241,435	822,875	78,943
<u>6,540,819</u>	<u>5,041,103</u>	<u>11,581,922</u>	<u>38,023</u>
<u>\$ 7,122,259</u>	<u>\$ 5,282,538</u>	<u>\$ 12,404,797</u>	<u>\$ 116,966</u>

CITY OF KIRBY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

	Major Fund General Fund	Major Fund Debt Service	Nonmajor Fund Crime Control	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 2,374,733	\$ 24,533	\$ 69,653	\$ 2,468,919
Receivables (net of allowances for uncollectibles):				
Property Taxes	119,659	1,675	-	121,334
EMS Charges	119,759	-	-	119,759
Accounts	134,172	-	-	134,172
Due from Other Governments	462,822	-	9,518	472,340
Due from Other Funds	86,312	58	-	86,370
Inventory of Supplies, At Cost	41,094	-	-	41,094
TOTAL ASSETS	\$ 3,338,551	\$ 26,266	\$ 79,171	\$ 3,443,988
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE				
<i>Liabilities:</i>				
Accounts Payable	\$ 250,575	\$ -	\$ 441	\$ 251,016
Accrued Expenditures	109,394	-	-	109,394
<i>Total Liabilities</i>	<i>359,969</i>	<i>-</i>	<i>441</i>	<i>360,410</i>
<i>Deferred Inflows of Resources:</i>				
Unavailable EMS Revenues	119,759	-	-	119,759
Unavailable Revenues	119,659	1,676	-	121,335
<i>Total Deferred Inflows of Resources</i>	<i>239,418</i>	<i>1,676</i>	<i>-</i>	<i>241,094</i>
<i>Fund Balances:</i>				
Nonspendable:				
Inventory	41,094	-	-	41,094
Restricted for:				
PEG Capital Fees	106,971	-	-	106,971
Public Safety	33,625	-	-	33,625
Debt Service	-	24,590	-	24,590
Crime Control	-	-	78,730	78,730
Unassigned	2,557,474	-	-	2,557,474
<i>Total Fund Balances</i>	<i>2,739,164</i>	<i>24,590</i>	<i>78,730</i>	<i>2,842,484</i>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 3,338,551	\$ 26,266	\$ 79,171	\$ 3,443,988

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, 2017

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS			\$ 2,842,484
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.			6,224,836
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unearned in the funds.			241,094
Compensated absences are not due and payable in the current period and, therefore, not reported in the funds.			(93,921)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, not reported in the funds.			(1,188,943)
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	1,337,445		
Pension Related Deferred Outflows	(479,541)		
Pension Related Deferred Inflows	<u>43,970</u>		(901,874)
Accrued interest payable on long-term-bonds is not due and payable in the current period and, therefore, not reported in the funds.			<u>(1,417)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES			<u><u>\$ 7,122,259</u></u>

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, 2017

	Major Fund General Fund	Major Fund Debt Service	Nonmajor Fund Crime Control	Total Governmental Funds
REVENUES				
Taxes	\$ 2,035,519	\$ 23,192	\$ 58,174	\$ 2,116,885
Franchise Fees	410,832	-	-	410,832
Licenses and Permits	336,376	-	-	336,376
Intergovernmental	10,821	-	-	10,821
Fines and Penalties	222,141	-	-	222,141
Charges for Services	798,743	-	-	798,743
Grants	180,745	-	-	180,745
Miscellaneous	66,260	25	31	66,316
TOTAL REVENUES	<u>4,061,437</u>	<u>23,217</u>	<u>58,205</u>	<u>4,142,859</u>
EXPENDITURES				
<i>Current:</i>				
City Council	9,102	-	-	9,102
City Administration	330,228	-	-	330,228
Police Protection	1,051,141	-	-	1,051,141
Municipal Court	64,122	-	-	64,122
Fire\EMS Protection	985,773	-	-	985,773
Animal Services	198,509	-	-	198,509
Parks and Pool	145,416	-	-	145,416
Streets and Shops	256,891	-	-	256,891
Crime Control	-	-	49,513	49,513
General City Operations	353,217	-	-	353,217
Capital Projects/Outlay	675,192	-	-	675,192
<i>Debt Service:</i>				
Principal	102,640	405,000	-	507,640
Interest and Fiscal Charges	18,474	35,131	-	53,605
TOTAL EXPENDITURES	<u>4,190,705</u>	<u>440,131</u>	<u>49,513</u>	<u>4,680,349</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (129,268)</u>	<u>\$ (416,914)</u>	<u>\$ 8,692</u>	<u>\$ (537,490)</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, 2017

	Major Fund General Fund	Major Fund Debt Service	Nonmajor Fund Crime Control	Total Governmental Funds
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 480,000	\$ 436,152	\$ -	\$ 916,152
Transfers Out	(391,754)	-	-	(391,754)
Proceeds from Sale of Assets	33,878	-	-	33,878
TOTAL OTHER FINANCING SOURCES (USES)	<u>122,124</u>	<u>436,152</u>	<u>-</u>	<u>558,276</u>
Net Change in Fund Balance	(7,144)	19,238	8,692	20,786
Fund Balances at Beginning of Year	<u>2,746,308</u>	<u>5,352</u>	<u>70,038</u>	<u>2,821,698</u>
Fund Balances at End of Year	<u><u>\$ 2,739,164</u></u>	<u><u>\$ 24,590</u></u>	<u><u>\$ 78,730</u></u>	<u><u>\$ 2,842,484</u></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, 2017

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$	20,786
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation.		144,797
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Proceeds from capital asset dispositions produce current financial resources in the fund statements, while the net gain (loss) is recognized in the Statement of Activities. This is net book value of capital assets disposed.		(13,874)
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		5,681
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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.

Repayment of Principal	405,000		
Amortization of Bond Premium	4,489		
Repayment of Capital Lease Principal	102,640		
		512,129	

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.		(76,940)
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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:

Compensated Absences	(11,914)		
Accrued Interest	775		
		(11,139)	

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES	\$	581,440
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CITY OF KIRBY, TEXAS
STATEMENT OF NET POSITION – PROPRIETARY FUND
SEPTEMBER 30, 2017

	Business-Type Activities Waterworks\Sewer Fund
ASSETS	
<i>Current Assets:</i>	
Cash and Investments	\$ 2,444,838
Receivables (net of allowances for uncollectibles):	
Accounts	298,648
Inventories	6,672
Prepaid Items	31,353
<i>Total Current Assets</i>	<u>2,781,511</u>
<i>Restricted Assets:</i>	
Cash and Investments	<u>188,833</u>
<i>Total Restricted Assets</i>	<u>188,833</u>
<i>Capital Assets:</i>	
Land	7,005
Utility Plant and Easements	6,529,390
Transportation & Equipment	457,951
Software	42,000
Construction in Progress	35,975
Accumulated Depreciation	<u>(4,223,837)</u>
<i>Capital Assets, net of accumulated depreciation</i>	<u>2,848,484</u>
TOTAL ASSETS	<u>5,818,828</u>
DEFERRED OUTFLOWS	
Deferred Pension Related Outflows	<u>53,342</u>
TOTAL DEFERRED OUTFLOWS	<u>\$ 53,342</u>

See accompanying notes to basic financial statements.

CITY OF KIRBY, TEXAS
STATEMENT OF NET POSITION – PROPRIETARY FUND (CONTINUED)
SEPTEMBER 30, 2017

	Business-Type Activities Waterworks\Sewer Fund
LIABILITIES	
<i>Current Liabilities:</i>	
Accounts Payable	\$ 159,694
Accrued Compensated Absences	15,327
Due to Other Funds	86,370
<i>Total Current Liabilities</i>	<u>261,391</u>
<i>Current Liabilities Payable from Restricted Assets:</i>	
Customer Deposits	<u>174,580</u>
<i>Total Current Liabilities Payable from Restricted Assets</i>	<u>174,580</u>
<i>Noncurrent Liabilities:</i>	
Net Pension Liability	<u>148,770</u>
<i>Total Noncurrent Liabilities</i>	<u>148,770</u>
TOTAL LIABILITIES	<u>584,741</u>
DEFERRED INFLOWS	
Deferred Pension Related Inflows	<u>4,891</u>
TOTAL DEFERRED INFLOWS	<u>4,891</u>
NET POSITION	
Net Investment in Capital Assets	2,848,484
Unrestricted	<u>2,434,054</u>
TOTAL NET POSITION	<u>\$ 5,282,538</u>

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, 2017

	Business-Type Activities
	Waterworks\Sewer Fund
OPERATING REVENUES	
Charges for Utility Service	\$ 2,124,664
TOTAL OPERATING REVENUES	<u>2,124,664</u>
OPERATING EXPENSES	
Salaries and Benfits	279,947
Supplies	75,688
Maintenance and Repairs	76,749
Contractual Services	826,148
Miscellaneous	30,590
Depreciation	208,564
TOTAL OPERATING EXPENSES	<u>1,497,686</u>
OPERATING INCOME (LOSS)	<u>626,978</u>
NONOPERATING REVENUES (EXPENSES)	
Interest Income	13,803
Capital Improvement Fee	125,052
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>138,855</u>
Net Income (Loss) Before Contributions and Transfers	765,833
Transfers In (Out)	<u>(524,398)</u>
CHANGE IN NET POSITION	241,435
NET POSITION AT BEGINNING OF YEAR	<u>5,041,103</u>
NET POSITION AT END OF YEAR	<u><u>\$ 5,282,538</u></u>

See accompanying notes to basic financial statements.

CITY OF KIRBY, TEXAS
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Business-Type Activities Waterworks\Sewer Fund
Cash Flows From Operating Activities:	
Cash Received From Customers	\$ 2,082,566
Cash Paid for Employee Wages & Benefits	(283,050)
Cash Paid to Suppliers for Goods & Services	(1,016,607)
Net Cash Provided (Used) by Operating Activities	782,909
Cash Flows From Noncapital Financing Activities:	
Customer Deposits Received (Returned)	2,510
Interfund Payables (Receivables)	107,465
Transfers From (To) Other Funds	(524,398)
Net Cash Provided (Used) by Noncapital Financing Activities	(414,423)
Cash Flows From Capital and Related Financing Activities:	
Purchase/Construction of Capital Assets	(862,659)
Capital Improvement Fee	125,052
Net Cash Provided (Used) by Capital and Related Financing Activities	(737,607)
Cash Flows From Investing Activities:	
Investment Interest Received	13,803
Net Cash Provided (Used) by Investing Activities	13,803
Net Increase (Decrease) in Cash and Investments	(355,318)
Cash and Investments at Beginning of Year:	
Cash and Investments	2,803,244
Restricted Cash and Investments	185,745
	2,988,989
Cash and Investments at End of Year:	
Cash and Investments	2,444,838
Restricted Cash and Investments	188,833
	\$ 2,633,671

See accompanying notes to basic financial statements.

CITY OF KIRBY, TEXAS
STATEMENT OF CASH FLOWS - PROPRIETARY FUND (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Business-Type Activities
	Waterworks\Sewer Fund
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating Income	\$ 626,978
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation	208,564
(Increase) Decrease in Operating Assets:	
Accounts Receivable	(42,098)
Inventory	3,161
Prepaid Items	3,757
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	(14,350)
Accrued Wages & Benefits	(10,812)
Net Pension Liability	7,709
Total Adjustments to Reconcile Operating Activities	155,931
Net Cash Provided (Used) by Operating Activities	\$ 782,909

See accompanying notes to basic financial statements.

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

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, 2017

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, 2017

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 fund: 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, 2017

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, 2017

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, 2017

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, 2017

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 and other 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 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, 2017

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, 2017

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, 2016 comparative information to conform to the September 30, 2017 presentation. These reclassifications had no effect on fund balances or net position.

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.

1. Deposits

At September 30, 2017, the carrying amount of the primary government's (the City) cash on hand was \$625 and deposits in bank were \$2,740,855 and the book balance was \$2,623,447. 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 \$3,051,223 and market value of \$3,016,505 as collateral for the City's deposits. All of the City's cash was fully collateralized.

As of September 30, 2017, the Kirby Senior Center Corporation's (Component Unit) withdrawals in excess of deposits had a carrying value of \$1,666 and the bank balance was \$4,507. The Center also had \$100 cash on hand. The deposits of the Kirby Senior Center were entirely insured by FDIC coverage.

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

NOTE B -- DEPOSITS AND INVESTMENTS (Continued)

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 with the exception of one item. One of the investment officers did obtain the public funds investment act training within a two year period. However, the training was completed as of the date of this report. 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.

3. Fair Value Measurement

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

As of September 30, 2017, the City's recurring fair value measurement assets consist of Texas Local Government Investment Pools. These investments are valued using prices quoted in active markets for those securities (Level 1).

The following table summarizes the assets for which fair values are determined on a recurring basis as of September 30, 2017:

	<u>Fair Value</u>	<u>Maturity in Days</u>
TexPool	\$ 2,478,518	37
Total Investments	<u>\$ 2,478,518</u>	

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

NOTE B -- DEPOSITS AND INVESTMENTS (Continued)

4. 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:

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, 2017, 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, 2017

NOTE B -- DEPOSITS AND INVESTMENTS (Continued)

5. 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.

6. 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>General Fund</u>	<u>Debt Service</u>	<u>Waterworks\ Sewer Fund</u>	<u>Total</u>
<i>Receivables:</i>				
Property Taxes	\$ 137,014	\$ 1,918	\$ -	\$ 138,932
Less Allowance for Uncollectibles	(17,355)	(243)	-	(17,598)
Franchise Taxes	90,458	-	-	90,458
EMS Services	598,796	-	-	598,796
Less Allowance for Uncollectibles	(479,037)	-	-	(479,037)
Customer Accounts	-	-	318,847	318,847
Less Allowance for Uncollectibles	-	-	(20,199)	(20,199)
Other	43,714	-	-	43,714
Net Total Receivables	<u>\$ 373,590</u>	<u>\$ 1,675</u>	<u>\$ 298,648</u>	<u>\$ 673,913</u>

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

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, 2016, upon which the fiscal 2017 levy was based, was \$227,925,770 (i.e., market value less exemptions). The estimated market value was \$261,979,898, making the taxable value 87.0% 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, 2017, 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 \$4,035,708 based upon the present assessed valuation of \$227,925,770 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.

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, 2017, balances of interfund amounts receivable or payable have been recorded as follows:

	Due From	Due To
<i>Primary Government</i>		
General Fund:		
Waterworks/Sewer	\$ 86,370	\$ -
Debt Service	-	58
	<u>86,370</u>	<u>58</u>
Debt Service:		
General Fund	58	-
	<u>58</u>	<u>-</u>
Waterworks/Sewer Fund:		
General Fund	-	86,370
	<u>-</u>	<u>86,370</u>
Totals	<u>\$ 86,428</u>	<u>\$ 86,428</u>

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

NOTE F -- CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2017, was as follows:

<i>Governmental Activities</i>	Balance 10/1/2016	Additions/ Transfer In	Disposals/ Transfer Out	Balance 9/30/2017
Land	\$ 836,120	\$ -	\$ -	\$ 836,120
Buildings and Improvements	4,496,815	56,060	-	4,552,875
Transportation & Equipment	3,001,218	344,306	(156,933)	3,188,591
Infrastructure	12,122,018	-	-	12,122,018
Software	78,790	-	-	78,790
Construction in Progress	274,139	256,767	-	530,906
	<u>20,809,100</u>	<u>657,133</u>	<u>(156,933)</u>	<u>21,309,300</u>
Less Accumulated Depreciation				
Buildings and Improvements	(1,553,097)	(147,766)	-	(1,700,863)
Transportation & Equipment	(1,911,337)	(238,397)	143,059	(2,006,675)
Infrastructure	(11,187,721)	(110,415)	-	(11,298,136)
Software	(63,032)	(15,758)	-	(78,790)
	<u>(14,715,187)</u>	<u>(512,336)</u>	<u>143,059</u>	<u>(15,084,464)</u>
Governmental Capital Assets, Net	<u>\$ 6,093,913</u>	<u>\$ 144,797</u>	<u>\$ (13,874)</u>	<u>\$ 6,224,836</u>
<i>Business-Type Activities</i>				
Land	\$ 7,005	\$ -	\$ -	\$ 7,005
Utility Plant	5,680,126	849,264	-	6,529,390
Transportation & Equipment	457,951	-	-	457,951
Software	42,000	-	-	42,000
Construction in Progress	22,580	640,585	(627,190)	35,975
Totals at Historical Cost	<u>6,209,662</u>	<u>1,489,849</u>	<u>(627,190)</u>	<u>7,072,321</u>
Less Accumulated Depreciation				
Buildings and Improvements	(87,506)	(176,210)	-	(263,716)
Utility Plant	(3,511,526)	-	-	(3,511,526)
Transportation & Equipment	(382,641)	(23,954)	-	(406,595)
Software	(33,600)	(8,400)	-	(42,000)
	<u>(4,015,273)</u>	<u>(208,564)</u>	<u>-</u>	<u>(4,223,837)</u>
Business-Type Capital Assets, Net	<u>\$ 2,194,389</u>	<u>\$ 1,281,285</u>	<u>\$ (627,190)</u>	<u>\$ 2,848,484</u>

Land and Construction in Progress are not depreciated.

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

NOTE F -- CAPITAL ASSETS (Continued)

Depreciation expense was charged to the governmental functions as follows:

City Administration	\$ 28,124
Fire Protection\EMS	163,734
Police Protection	87,654
Public Works	223,895
Animal Services	<u>8,929</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 512,336</u>

NOTE G -- LONG-TERM DEBT

Primary Government

Long-term debt and obligations payable at September 30, 2017, 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%	\$ 680,000
\$483,767 Capital Lease Obligation for a 2016 Pierce Fire Pumper payable in annual installments of \$56,654 through 2024; interest rate of 3.07%. The Pumper is included in the Capital Assets for a cost of \$483,767 with accumulated depreciation of \$38,701.	352,028
\$90,000 Capital Lease Obligation for Breathing Apparatus' payable in annual installments of \$32,063 through 2018; interest rate of 6.88%. The Breathing Apparatus' are recorded in capital assets for a cost of \$100,000 with accumulated depreciation of \$19,288.	31,008
\$181,836 Capital Lease Obligation payable for a Tymco Street Sweeper paid in annual installments of \$32,398 through 2021; interest rate of 2.75%. The Street Sweeper is recorded in capital assets for a cost of \$181,836 with accumulated depreciation of \$32,282.	<u>125,432</u>
<i>Total Governmental Long-Term Obligations</i>	<u>\$ 1,188,468</u>

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

NOTE G -- LONG-TERM DEBT (Continued)

The annual requirements to amortize all long-term bonded debt and obligations outstanding as of September 30, 2017, including interest payments, are as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2018	\$ 105,800	\$ 15,313	\$ 121,113
2019	76,995	12,055	89,050
2020	79,265	9,786	89,051
2021	86,373	7,451	93,824
2022	51,739	4,915	56,654
2023 through 2024	108,296	5,010	113,306
	<u>\$ 508,468</u>	<u>\$ 54,530</u>	<u>\$ 562,998</u>

Future payments under the capital leases are as follows:

Year Ending September 30,	Lease Payments
2018	\$ 121,113
2019	89,050
2020	89,051
2021	93,824
2022	
2023 through 2024	113,306
	<u>506,344</u>
Less: Amount Representing Interest	(54,530)
	<u>\$ 451,814</u>

Changes in Long-Term Liabilities

	Balance 10/1/2016	Additions	Reductions	Balance 9/30/2017	Due Within One Year
<i>Governmental Activities</i>					
General Obligation Refunding	\$ 85,000	\$ -	\$ (85,000)	\$ -	\$ -
Premium	715	-	(715)	-	-
Certificates of Obligation, 2009	1,000,000	-	(320,000)	680,000	335,000
Premium	4,249	-	(3,774)	475	-
Capital Leases	611,108	-	(102,640)	508,468	105,800
Compensated Absences	82,007	93,921	(82,007)	93,921	93,921
Total Governmental Activities	<u>\$ 1,783,079</u>	<u>\$ 93,921</u>	<u>\$ (594,136)</u>	<u>\$ 1,282,864</u>	<u>\$ 534,721</u>
<i>Business-Type Activities</i>					
Compensated Absences	\$ 26,139	\$ 15,327	\$ (26,139)	\$ 15,327	\$ 15,327
Total Business-Type Activities	<u>26,139</u>	<u>15,327</u>	<u>(26,139)</u>	<u>15,327</u>	<u>15,327</u>
Total Primary Government	<u>\$ 1,809,218</u>	<u>\$ 109,248</u>	<u>\$ (620,275)</u>	<u>\$ 1,298,191</u>	<u>\$ 550,048</u>

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

NOTE H -- EMPLOYEES' RETIREMENT SYSTEMS

Texas Municipal Retirement System

1. Plan Description

The City participates as one of 872 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's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Service Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

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

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.

The City of Kirby has a 7% employee deposit rate and a 2 to 1 matching ratio. Military service credit effective date was March 1999. They have no buy back election. The City of Kirby plan provisions have a 5 year vesting period. An employee is eligible to retire after 5 year of service at the age of 60 or after 20 years of service at any age. The statutory maximum percentage is 13.5%.

At the December 31, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	25
Inactive employees entitled to but not yet receiving benefits	80
Active employees	51
	<hr/>
	156
	<hr/>

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

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, 2017, 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 13.11% and 14.35% in calendar years 2016 and 2017, respectively. The City's contributions to TMRS for the year ended September 30, 2017 were \$273,610, 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, 2016, 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, 2016 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Salary Increases	3.0%, including inflation
Investment Rate of Return*	6.75%

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

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

NOTE H -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

5. Actuarial Assumptions (Continued)

Actuarial assumptions used in the December 31, 2016 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. 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. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. 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 funding needs of TMRS.

The long-term expected rate of return on pension plan investments is 6.75%. 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 real rates of return by the target asset allocation percentage and by adding the expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). At its meeting on July 30, 2015, the TMRS Board approved a new portfolio target allocation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.50%	4.55%
International Equity	17.50%	6.35%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	4.15%
Real Return	10.00%	4.15%
Real Estate	10.00%	4.75%
Absolute Return	10.00%	4.00%
Private Equity	5.00%	7.75%
	<u>100.00%</u>	

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

NOTE H -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

6. Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee 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. Changes in Net Pension Liability

The below schedule presents the changes in the Net Pension Liability (Asset) as of December 31, 2016:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2015	\$ 7,364,349	\$ 5,885,828	\$ 1,478,521
Changes for the year:			
Service Cost	330,096	-	330,096
Interest	500,963	-	500,963
Change of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	(47,866)	-	(47,866)
Changes of Assumptions	-	-	-
Contributions - Employer	-	249,282	(249,282)
Contributions - Employee	-	133,103	(133,103)
Net Investment Income	-	397,848	(397,848)
Benefit Payments, Including Refunds of Employee Contributions	(215,438)	(215,438)	-
Administrative Expense	-	(4,492)	4,492
Other Changes	-	(242)	242
Net Changes	567,755	560,061	7,694
Balance at December 31, 2016	\$ 7,932,104	\$ 6,445,889	\$ 1,486,215

8. Discount Rate Sensitivity Analysis

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

	Discount Rate 5.75%	Discount Rate 6.75%	Discount Rate 7.75%
Net Pension Liability	\$ 2,729,470	\$ 1,486,215	\$ 484,981

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

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, 2017, the City recognized pension expense of \$358,260. Also as of September 30, 2017, 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	\$ 41,791	\$ 48,861
Changes in Actuarial Assumptions	16,297	-
Differences Between Projected and Actual Investment Earnings	262,497	-
Contributions Subsequent to the Measurement Date	212,298	-
	<u>\$ 532,883</u>	<u>\$ 48,861</u>

Deferred outflows of resources in the amount of \$212,297 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 December 31, 2017. 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,	
2017	\$ 108,503
2018	90,779
2019	72,553
2020	(111)
	<u>\$ 271,724</u>

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

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, 2017, 2016 and 2015 were \$2,337, \$2,387, and \$2,378, respectively, and were equal to the required contributions each year.

NOTE J -- TRANSFERS

Transfers during the year ended September 30, 2017, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Purpose</u>
Primary Government:			
Debt Service/General Fund	\$ 391,754	\$ 391,754	Funding for Debt Payments
Debt Service/Water fund	44,398	44,398	Funding for Debt Payments
General Fund/Water Sewer Fund	480,000	480,000	Transfer in Lieu of Taxes
	<u>\$ 916,152</u>	<u>\$ 916,152</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, 2017

NOTE K -- COMMITMENTS AND CONTINGENCIES (Continued)

Contracts (Continued)

As of September 30, 2017, the City of Kirby had an outstanding contract with D&S Concrete Contractors for the Concrete Hike and Bike Trail construction for a total cost of \$479,359, of which \$352,619 was incurred by the end of the fiscal year. The City expects the remaining cost to be incurred during fiscal year 2018.

As of September 30, 2017, the City of Kirby had an outstanding contract with Ford Engineering, Inc. for engineering fees for the Friendship Park Hike & Bike Trail and the Pageland & Theodor St. Reclamation for a total cost of \$122,442, of which \$110,578 was incurred by the end of the fiscal year. The City expects the remaining cost to be incurred during fiscal year 2018.

As of September 30, 2017, the City of Kirby had an outstanding contract with San Antonio Contractors for the Water Main Replacement on Happiness and Arneson for a total cost of \$357,529, of which \$318,751 was incurred by the end of the fiscal year. The City expects the remaining cost to be incurred during fiscal year 2018.

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 -- SUBSEQUENT EVENT

Subsequent to year end, the City of Kirby had entered into a contract with R.L. Jones LP for the Pageland Drive and Theodor Drive Street Reconstruction for a total cost of \$255,103. The City expects the cost to be incurred during fiscal year 2018.

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, 2017 were \$114,757 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, 2017

	Budget Amounts		2017 Actual Amounts	Variance Favorable (Unfavorable)	2016 Actual Amounts
	Original	Final			
REVENUES					
Taxes	\$ 1,950,867	\$ 2,088,074	\$ 2,035,519	\$ (52,555)	\$ 1,864,934
Franchise Fees	408,725	409,092	410,832	1,740	374,303
Licenses and Fees	163,700	227,810	336,376	108,566	163,113
Intergovernmental Revenues	9,800	9,800	10,821	1,021	9,524
Charges for Services	813,500	813,500	798,743	(14,757)	836,697
Grants	2,759,297	2,608,335	180,745	(2,427,590)	8,284
Fines and Penalties	228,800	228,800	222,141	(6,659)	201,310
Miscellaneous	12,000	23,405	66,260	42,855	8,595
TOTAL REVENUES	6,346,689	6,408,816	4,061,437	(2,347,379)	3,466,760
EXPENDITURES:					
<i>City Council:</i>					
Salaries/Expenses	8,480	3,851	3,840	11	8,398
Supplies	1,800	2,300	1,959	341	5,539
Meeting and Travel	5,000	4,500	3,303	1,197	703
<i>Total City Council</i>	<u>15,280</u>	<u>10,651</u>	<u>9,102</u>	<u>1,549</u>	<u>14,640</u>
<i>City Administration:</i>					
Salaries & Benefits	289,734	316,420	293,011	23,409	286,842
Supplies	-	-	-	-	976
Maintenance	8,300	8,300	7,805	495	8,618
Contract Services	22,000	25,300	20,557	4,743	14,784
Miscellaneous	10,100	9,300	8,855	445	9,567
<i>Total City Administration</i>	<u>330,134</u>	<u>359,320</u>	<u>330,228</u>	<u>29,092</u>	<u>320,787</u>
<i>Police Protection:</i>					
Salaries & Benefits	970,715	999,715	934,420	65,295	892,325
Supplies	65,100	50,100	42,029	8,071	38,819
Maintenance	58,300	68,156	60,753	7,403	49,775
Contract Services	17,500	13,500	6,711	6,789	10,578
Miscellaneous	9,400	9,400	7,228	2,172	5,573
<i>Total Police Protection</i>	<u>\$ 1,121,015</u>	<u>\$ 1,140,871</u>	<u>\$ 1,051,141</u>	<u>\$ 89,730</u>	<u>\$ 997,070</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, 2017

	Budget Amounts		2017 Actual Amounts	Variance Favorable (Unfavorable)	2016 Actual Amounts
	Original	Final			
EXPENDITURES (CONTINUED)					
<i>Municipal Court:</i>					
Salaries & Benefits	\$ 44,331	\$ 44,331	\$ 23,779	\$ 20,552	\$ 37,079
Supplies	1,500	1,500	757	743	303
Maintenance	7,930	7,930	7,630	300	7,606
Contract Services	35,100	38,800	31,956	6,844	30,390
<i>Total Municipal Court</i>	<u>88,861</u>	<u>92,561</u>	<u>64,122</u>	<u>28,439</u>	<u>75,378</u>
<i>Fire/EMS Protection:</i>					
Salaries & Benefits	926,074	892,944	863,989	28,955	817,318
Supplies	58,890	56,980	45,198	11,782	35,703
Maintenance	51,850	62,650	61,086	1,564	31,968
Contract Services	9,775	9,775	9,580	195	9,444
Miscellaneous	7,770	7,770	5,920	1,850	2,909
<i>Total Fire/EMS Protection</i>	<u>1,054,359</u>	<u>1,030,119</u>	<u>985,773</u>	<u>44,346</u>	<u>897,342</u>
<i>Animal Services:</i>					
Salaries & Benefits	130,408	130,408	121,250	9,158	98,143
Supplies	31,100	26,100	17,862	8,238	21,070
Maintenance	7,650	7,650	5,613	2,037	19,572
Contract Services	20,000	25,000	52,086	(27,086)	20,000
Miscellaneous	2,200	2,200	1,698	502	998
<i>Total Animal Services</i>	<u>191,358</u>	<u>191,358</u>	<u>198,509</u>	<u>(7,151)</u>	<u>159,783</u>
<i>Parks and Pools:</i>					
Salaries & Benefits	105,021	101,040	84,835	16,205	80,471
Supplies	21,550	27,507	23,149	4,358	14,080
Maintenance	30,525	35,468	35,892	(424)	21,677
Miscellaneous	1,500	2,600	1,540.00	1,060	435
<i>Total Parks and Pools</i>	<u>\$ 158,596</u>	<u>\$ 166,615</u>	<u>\$ 145,416</u>	<u>\$ 21,199</u>	<u>\$ 116,663</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, 2017

	Budget Amounts		2017 Actual Amounts	Variance Favorable (Unfavorable)	2016 Actual Amounts
	Original	Final			
EXPENDITURES (CONTINUED)					
<i>Streets and Shop:</i>					
Salaries & Benefits	\$ 149,225	\$ 149,225	\$ 134,136	\$ 15,089	\$ 123,385
Supplies	32,900	35,300	21,138	14,162	27,790
Maintenance	123,950	125,990	25,904	100,086	41,675
Contract Services	35,500	71,610	75,423	(3,813)	45,742
Miscellaneous	500	500	290	210	472
<i>Total Streets and Shop</i>	<u>342,075</u>	<u>382,625</u>	<u>256,891</u>	<u>125,734</u>	<u>239,064</u>
<i>General City Operations:</i>					
Supplies	55,500	55,500	29,736	25,764	20,783
Maintenance	49,809	49,809	8,166	41,643	8,914
Contract Services	337,450	351,717	311,599	40,118	316,536
Miscellaneous	3,200	3,933	3,716	217	2,758
<i>Total General City Operations</i>	<u>445,959</u>	<u>460,959</u>	<u>353,217</u>	<u>107,742</u>	<u>348,991</u>
<i>Capital Outlay</i>	<u>3,710,208</u>	<u>3,593,860</u>	<u>675,192</u>	<u>2,918,668</u>	<u>697,727</u>
<i>Debt Service:</i>					
Principal	121,115	116,895	102,640	14,255	100,386
Interest	-	4,220	18,474	(14,254)	20,728
<i>Total Debt Service</i>	<u>121,115</u>	<u>121,115</u>	<u>121,114</u>	<u>1</u>	<u>121,114</u>
TOTAL EXPENDITURES	<u>7,578,960</u>	<u>7,550,054</u>	<u>4,190,705</u>	<u>3,359,349</u>	<u>3,988,559</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,232,271)</u>	<u>(1,141,238)</u>	<u>(129,268)</u>	<u>1,011,970</u>	<u>(521,799)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	480,000	480,000	480,000	-	480,000
Transfers Out	(290,500)	(391,754)	(391,754)	-	(282,000)
Proceeds from Sale of Assets	10,000	10,000	33,878	23,878	2,750
Proceeds from Debt	-	-	-	-	271,837
TOTAL OTHER FINANCING SOURCES (USES)	<u>199,500</u>	<u>98,246</u>	<u>122,124</u>	<u>23,878</u>	<u>472,587</u>
Net Change in Fund Balance	<u>(1,032,771)</u>	<u>(1,042,992)</u>	<u>(7,144)</u>	<u>1,035,848</u>	<u>(49,212)</u>
Fund Balance - Beginning of Year	<u>2,746,308</u>	<u>2,746,308</u>	<u>2,746,308</u>	<u>-</u>	<u>2,795,520</u>
Fund Balance - End of Year	<u>\$ 1,713,537</u>	<u>\$ 1,703,316</u>	<u>\$ 2,739,164</u>	<u>\$ 1,035,848</u>	<u>\$ 2,746,308</u>

CITY OF KIRBY, TEXAS
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
SEPTEMBER 30, 2017

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 and Crime Control 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, 2017 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 re-appropriated and honored during the subsequent year.



CITY OF KIRBY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES – NET PENSION LIABILITY AND RELATED RATIOS
LAST THREE PLAN YEARS

Total Pension Liability			
	2014	2015	2016
Service Cost	\$ 288,443	\$ 307,109	\$ 330,096
Interest (on the Total Pension Liability)	448,141	469,554	500,963
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	(226,720)	107,091	(47,866)
Change of Assumptions	-	41,761	-
Benefit Payments, Including Refunds of Employee Contributions	(195,540)	(231,052)	(215,438)
Net Change in Total Pension Liability	314,324	694,463	567,755
Total Pension Liability - Beginning	6,355,562	6,669,886	7,364,349
Total Pension Liability - Ending	<u>\$ 6,669,886</u>	<u>\$ 7,364,349</u>	<u>\$ 7,932,104</u>
Plan Fiduciary Net Position			
	2014	2015	2016
Contributions - Employer	\$ 236,057	\$ 245,466	\$ 249,282
Contributions - Employee	133,118	128,421	133,103
Net Investment Income	301,418	8,470	397,848
Benefit Payments, Including Refunds of Employee Contributions	(195,540)	(231,052)	(215,438)
Administrative Expense	(3,147)	(5,159)	(4,492)
Other	(259)	(255)	(242)
Net Change in Plan Fiduciary Net Position	471,647	145,891	560,061
Plan Fiduciary Net Position - Beginning	5,268,290	5,739,937	5,885,828
Plan Fiduciary Net Position - Ending	<u>\$ 5,739,937</u>	<u>\$ 5,885,828</u>	<u>\$ 6,445,889</u>
Net Pension Liability (Asset) - Ending	\$ 929,949	\$ 1,478,521	\$ 1,486,215
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	86.06%	79.92%	81.26%
Covered Employee Payroll	\$ 1,901,691	\$ 1,834,580	\$ 1,901,472
Net Pension Liability as a Percentage of Covered Employee Payroll	48.90%	80.59%	78.16%

Note: The schedule above reflects the changes in the net pension liability for the current year and the previous two plan years. GASB Statement No. 68 requires 10 fiscal years of data to be provided in this schedule. The City will build this schedule over the 10-year period beginning December 31, 2014 as data becomes available.

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

Schedule of Contributions:

	2015	2016	2017
Actuarially Determined Contribution	\$ 239,844	\$ 256,566	\$ 273,610
Contributions in Relation to the Actuarially Determined Contribution	239,844	256,566	273,610
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 1,829,346	\$ 1,946,470	\$ 1,947,107
Contributions as a Percentage of Covered Employee Payroll	13.11%	13.18%	14.05%

Note: The schedule above reflects the TMRS contributions made by the City for the current year and the previous two fiscal years. GASB Statement No. 68 requires 10 fiscal years of data to be provided in this schedule. The City will build this schedule over the 10-year period beginning December 31, 2014 as data becomes available.

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	2.50%
Salary Increases	3.50% to 10.50% including Inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

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, 2017 AND 2016

ASSETS	2017	2016
Cash and Investments	\$ 2,374,733	\$ 2,606,425
Receivables, Net of Allowances for Uncollectibles:		
Property Taxes	119,659	105,755
EMS Charges	119,759	121,748
Accounts	134,172	122,878
Due from Other Governments	462,822	204,642
Due from Other Funds	86,312	-
Inventory of Supplies, At Cost	41,094	28,031
Prepaid Items	-	24,056
TOTAL ASSETS	\$ 3,338,551	\$ 3,213,535
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
<i>Liabilities:</i>		
Accounts Payable	\$ 250,575	\$ 75,527
Accrued Expenditures	109,394	102,104
Deferred Revenue	-	40,737
Due to Other Funds	-	21,356
<i>Total Liabilities</i>	<u>359,969</u>	<u>239,724</u>
<i>Deferred Inflows of Resources:</i>		
Unavailable EMS Revenue	119,759	121,748
Unavailable Tax Revenue	119,659	105,755
<i>Total Deferred Inflows of Resources</i>	<u>239,418</u>	<u>227,503</u>
<i>Fund Balance:</i>		
Nonspendable:		
Inventory of Supplies and Prepaid Items	41,094	52,087
Restricted for:		
Court Security	34,007	37,617
Court Technology	(382)	3,943
PEG Capital Fees	106,971	90,531
Unassigned	2,557,474	2,562,130
<i>Total Fund Balance</i>	<u>2,739,164</u>	<u>2,746,308</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 3,338,551	\$ 3,213,535

CITY OF KIRBY, TEXAS
COMPARATIVE BALANCE SHEETS
DEBT SERVICE FUND
SEPTEMBER 30, 2017 AND 2016

ASSETS	<u>2017</u>	<u>2016</u>
Cash and Investments	\$ 24,533	\$ 5,241
Taxes Receivable	1,675	7,910
Due From Other Funds	<u>58</u>	<u>111</u>
TOTAL ASSETS	<u>\$ 26,266</u>	<u>\$ 13,262</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
<i>Deferred Inflows of Resources:</i>		
Unavailable Tax Revenue	\$ 1,676	\$ 7,910
<i>Total Deferred Inflows of Resources</i>	<u>1,676</u>	<u>7,910</u>
<i>Fund Balance:</i>		
Restricted Fund Balance	<u>24,590</u>	<u>5,352</u>
<i>Total Fund Balance</i>	<u>24,590</u>	<u>5,352</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 26,266</u>	<u>\$ 13,262</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, 2017 AND 2016

REVENUES	<u>2017</u>	<u>2016</u>
Taxes	\$ 23,192	\$ 105,303
Interest	<u>25</u>	<u>28</u>
TOTAL REVENUES	<u>23,217</u>	<u>105,331</u>
EXPENDITURES		
Principal Payments on General Obligation Bonds	405,000	385,000
Interest Payments on General Obligation Bonds	32,481	45,625
Fiscal Agent Fees	<u>2,650</u>	<u>2,800</u>
TOTAL EXPENDITURES	<u>440,131</u>	<u>433,425</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(416,914)</u>	<u>(328,094)</u>
OTHER FINANCING SOURCES (USES)		
Transfers In	<u>436,152</u>	<u>328,265</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>436,152</u>	<u>328,265</u>
Net Change in Fund Balance	19,238	171
Fund Balances at Beginning of Year	<u>5,352</u>	<u>5,181</u>
Fund Balances at End of Year	<u>\$ 24,590</u>	<u>\$ 5,352</u>

CITY OF KIRBY, TEXAS
COMPARATIVE BALANCE SHEETS
CRIME CONTROL FUND
SEPTEMBER 30, 2017 AND 2016

ASSETS	2017	2016
Cash and Investments	\$ 69,653	\$ 59,652
Due From Other Governments	9,518	10,236
Due to Other Funds	-	150
TOTAL ASSETS	\$ 79,171	\$ 70,038
LIABILITIES AND FUND BALANCE		
<i>Liabilities:</i>		
Accounts Payable	\$ 441	\$ -
<i>Total Liabilities</i>	<u>441</u>	<u>-</u>
<i>Fund Balance:</i>		
Restricted Fund Balance	<u>78,730</u>	<u>70,038</u>
<i>Total Fund Balance</i>	<u>78,730</u>	<u>70,038</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ 79,171	\$ 70,038

CITY OF KIRBY, TEXAS
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
CRIME CONTROL FUND
SEPTEMBER 30, 2017 AND 2016

REVENUES	<u>2017</u>	<u>2016</u>
Taxes	\$ 58,174	\$ 62,212
Donations	-	400
Interest	<u>31</u>	<u>17</u>
TOTAL REVENUES	<u>58,205</u>	<u>62,629</u>
EXPENDITURES		
Supplies	12	141
Salaries	1,327	1,769
Contract Services	3,554	2,023
Miscellaneous	3,977	-
Capital Outlay	<u>40,643</u>	<u>-</u>
TOTAL EXPENDITURES	<u>49,513</u>	<u>3,933</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>8,692</u>	<u>58,696</u>
Fund Balances at Beginning of Year	<u>70,038</u>	<u>11,342</u>
Fund Balances at End of Year	<u><u>\$ 78,730</u></u>	<u><u>\$ 70,038</u></u>

CITY OF KIRBY, TEXAS
COMPARATIVE STATEMENT OF NET POSITION
PROPRIETARY FUND
WATERWORKS AND SEWER SYSTEM
SEPTEMBER 30, 2017 AND 2016

ASSETS	2017	2016
<i>Current Assets:</i>		
Cash and Investments	\$ 2,444,838	\$ 2,803,244
Receivables - Customers	318,847	276,550
Allowance for Uncollectibles	(20,199)	(20,000)
Due from Other Funds	-	21,095
Inventory of Supplies, at cost	6,672	9,833
Prepaid Items	31,353	35,110
<i>Total Current Assets</i>	<u>2,781,511</u>	<u>3,125,832</u>
<i>Restricted Assets:</i>		
Cash and Investments	188,833	185,745
<i>Total Restricted Assets</i>	<u>188,833</u>	<u>185,745</u>
<i>Capital Assets:</i>		
Utility Plant and Infrastructure	6,529,390	5,680,126
Transportation, Furniture and Equipment	457,951	457,951
Software	42,000	42,000
Total Depreciable and Amortizable Fixed Assets	<u>7,029,341</u>	<u>6,180,077</u>
Less Accumulated Depreciation and Amortization	<u>(4,223,837)</u>	<u>(4,015,273)</u>
Total Depreciable Fixed Assets, Net of Accumulated Depreciation and Amortization	2,805,504	2,164,804
Land	7,005	7,005
Construction in Progress	35,975	22,580
<i>Total Capital Assets</i>	<u>2,848,484</u>	<u>2,194,389</u>
TOTAL ASSETS	<u>5,818,828</u>	<u>5,505,966</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Pension Related Outflows	53,342	70,374
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 53,342</u>	<u>\$ 70,374</u>

CITY OF KIRBY, TEXAS
COMPARATIVE STATEMENT OF NET POSITION
PROPRIETARY FUND
WATERWORKS AND SEWER SYSTEM (CONTINUED)
SEPTEMBER 30, 2017 AND 2016

LIABILITIES	<u>2017</u>	<u>2016</u>
<i>Current Liabilities (Payable from Current Assets):</i>		
Accounts Payable	\$ 159,694	\$ 174,044
Accrued Vacation Leave Payable	15,327	26,139
Due to Other Funds	<u>86,370</u>	<u>-</u>
<i>Total Current Liabilities</i> <i>(Payable from Current Assets)</i>	<u>261,391</u>	<u>200,183</u>
<i>Current Liabilities (Payable from Restricted Assets):</i>		
Customer Deposits	<u>174,580</u>	<u>172,070</u>
<i>Total Current Liabilities</i> <i>(Payable from Restricted Assets)</i>	<u>174,580</u>	<u>172,070</u>
<i>Noncurrent Liabilities:</i>		
Net Pension Liability	<u>148,770</u>	<u>155,402</u>
<i>Total Noncurrent Liabilities</i>	<u>148,770</u>	<u>155,402</u>
TOTAL LIABILITIES	<u>584,741</u>	<u>527,655</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Pension Related Inflows	<u>4,891</u>	<u>7,582</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>4,891</u>	<u>7,582</u>
NET POSITION		
Net Investment in Capital Assets	2,848,484	2,194,389
Unrestricted	<u>2,434,054</u>	<u>2,846,714</u>
TOTAL NET POSITION	<u>\$ 5,282,538</u>	<u>\$ 5,041,103</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, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Operating Revenues		
Charges for Utility Service	\$ 2,124,664	\$ 2,116,899
Total Operating Revenues	<u>2,124,664</u>	<u>2,116,899</u>
Operating Expenses Before Depreciation		
Salaries and Benefits	279,947	318,999
Supplies	75,688	63,357
Maintenance	76,749	93,256
Contractual Services	826,148	784,294
Miscellaneous	30,590	36,163
Total Operating Expenses Before Depreciation	<u>1,289,122</u>	<u>1,296,069</u>
Operating Income Before Depreciation	835,542	820,830
Depreciation	208,564	195,283
Operating Income (Loss)	<u>626,978</u>	<u>625,547</u>
Other Income (Expense):		
Miscellaneous Income	13,803	8,912
Capital Improvement Fee	125,052	125,068
Total Other Income (Expense)	<u>138,855</u>	<u>133,980</u>
Net Income (Loss) Before Contributions and Transfers	765,833	759,527
Transfer Out	<u>(524,398)</u>	<u>(526,265)</u>
NET CHANGE IN NET ASSETS	241,435	233,262
Net Assets at Beginning of Year	<u>5,041,103</u>	<u>4,807,841</u>
Net Assets at End of Year	<u>\$ 5,282,538</u>	<u>\$ 5,041,103</u>

CITY OF KIRBY, TEXAS
COMPARATIVE STATEMENTS OF CASH FLOWS
PROPRIETARY FUND – WATERWORKS AND SEWER SYSTEM
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Cash Flows From Operating Activities:		
Cash Received From Customers	\$ 2,082,566	\$ 2,147,206
Cash Paid for Employee Wages & Benefits	(283,050)	(305,906)
Cash Paid to Suppliers for Goods & Services	<u>(1,016,607)</u>	<u>(1,134,516)</u>
Net Cash Provided (Used) by Operating Activities	<u>782,909</u>	<u>706,784</u>
Cash Flows From Noncapital Financing Activities:		
Customer Deposits Received (Returned)	2,510	2,730
Interfund Payables (Receivables)	107,465	(96,189)
Transfers From (To) Other Funds	<u>(524,398)</u>	<u>(526,265)</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(414,423)</u>	<u>(619,724)</u>
Cash Flows From Capital and Related Financing Activities:		
Purchase/Construction of Capital Assets	(862,659)	(742,126)
Capital Improvement Fee	<u>125,052</u>	<u>125,068</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(737,607)</u>	<u>(617,058)</u>
Cash Flows From Investing Activities:		
Investment Interest Received	<u>13,803</u>	<u>8,912</u>
Net Cash Provided (Used) by Investing Activities	<u>13,803</u>	<u>8,912</u>
 Net Increase (Decrease) in Cash and Investments	 <u>(355,318)</u>	 <u>(521,086)</u>
Cash and Investments at Beginning of Year:		
Cash and Investments	2,803,244	3,328,808
Restricted Cash and Investments	<u>185,745</u>	<u>181,267</u>
	<u>2,988,989</u>	<u>3,510,075</u>
 Cash and Investments at End of Year:		
Cash and Investments	2,444,838	2,803,244
Restricted Cash and Investments	<u>188,833</u>	<u>185,745</u>
	<u><u>\$ 2,633,671</u></u>	<u><u>\$ 2,988,989</u></u>

CITY OF KIRBY, TEXAS
COMPARATIVE STATEMENTS OF CASH FLOWS (CONTINUED)
PROPRIETARY FUND – WATERWORKS AND SEWER SYSTEM
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:		
Operating Income	\$ 626,978	\$ 625,547
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation	208,564	195,283
(Increase) Decrease in Operating Assets:		
Accounts Receivable, Net	(42,098)	30,307
Inventory	3,161	(6,646)
Prepaid Items	3,757	(3,757)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(14,350)	(147,043)
Accrued Wages & Benefits	(10,812)	6,015
Net Pension Liability	<u>7,709</u>	<u>7,078</u>
Total Adjustments to Reconcile Operating Activities	<u>155,931</u>	<u>81,237</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 782,909</u></u>	<u><u>\$ 706,784</u></u>

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			
	2008	2009	2010	2011
<i>Governmental Activities:</i>				
Net Investment in Capital Assets	\$ 2,130,610	\$ 3,520,405	\$ 3,373,876	\$ 3,711,161
Restricted	93,741	113,104	73,058	68,401
Unrestricted	<u>1,904,787</u>	<u>1,116,000</u>	<u>1,561,630</u>	<u>1,653,141</u>
<i>Total Governmental Activities Net Position</i>	<u><u>\$ 4,129,138</u></u>	<u><u>\$ 4,749,509</u></u>	<u><u>\$ 5,008,564</u></u>	<u><u>\$ 5,432,703</u></u>
<i>Business-Type Activities</i>				
Net Investment in Capital Assets	\$ 1,644,524	\$ 1,507,686	\$ 1,385,679	\$ 1,287,799
Restricted	-	-	-	-
Unrestricted	<u>1,403,923</u>	<u>1,644,565</u>	<u>1,727,282</u>	<u>2,167,613</u>
<i>Total Business-Type Activities Net Position</i>	<u><u>\$ 3,048,447</u></u>	<u><u>\$ 3,152,251</u></u>	<u><u>\$ 3,112,961</u></u>	<u><u>\$ 3,455,412</u></u>
<i>Primary Government:</i>				
Net Investment in Capital Assets	\$ 3,775,134	\$ 5,028,091	\$ 4,759,555	\$ 4,998,960
Restricted	93,741	113,104	73,058	68,401
Unrestricted	<u>3,308,710</u>	<u>2,760,565</u>	<u>3,288,912</u>	<u>3,820,754</u>
<i>Total Primary Government Net Position</i>	<u><u>\$ 7,177,585</u></u>	<u><u>\$ 7,901,760</u></u>	<u><u>\$ 8,121,525</u></u>	<u><u>\$ 8,888,115</u></u>

Note: Years 2008-2014 have not been restated for adoption of GASB No. 68.

TABLE 1

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 3,503,881	\$ 3,724,502	\$ 4,008,917	\$ 4,100,365	\$ 4,392,841	\$ 5,035,893
269,750	111,846	113,823	128,677	143,161	244,175
2,039,131	2,651,840	2,594,666	1,998,429	2,004,817	1,842,191
<u>\$ 5,812,762</u>	<u>\$ 6,488,188</u>	<u>\$ 6,717,406</u>	<u>\$ 6,227,471</u>	<u>\$ 6,540,819</u>	<u>\$ 7,122,259</u>
\$ 1,222,067	\$ 1,567,593	\$ 1,638,382	\$ 1,647,546	\$ 2,194,389	\$ 2,848,484
-	-	-	-	-	-
2,541,459	2,551,847	2,951,101	3,160,295	2,846,714	2,434,054
<u>\$ 3,763,526</u>	<u>\$ 4,119,440</u>	<u>\$ 4,589,483</u>	<u>\$ 4,807,841</u>	<u>\$ 5,041,103</u>	<u>\$ 5,282,538</u>
\$ 4,725,948	\$ 5,292,095	\$ 5,647,299	\$ 5,747,911	\$ 6,587,230	\$ 7,884,377
269,750	111,846	113,823	128,677	143,161	244,175
4,580,590	5,203,687	5,545,767	5,158,724	4,851,531	4,276,245
<u>\$ 9,576,288</u>	<u>\$ 10,607,628</u>	<u>\$ 11,306,889</u>	<u>\$ 11,035,312</u>	<u>\$ 11,581,922</u>	<u>\$ 12,404,797</u>

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

	Fiscal Year			
	2008	2009	2010	2011
Expenses				
<i>Governmental Activities:</i>				
City Council	\$ 18,600	\$ 10,913	\$ 13,035	\$ 19,242
City Administration	226,639	234,191	252,006	235,470
Police Protection	767,997	733,091	746,036	778,573
Municipal Court	47,789	46,978	47,410	48,573
Fire/EMS Protection	537,553	625,798	756,804	766,844
Animal Services	-	-	-	-
Parks and Pools	213,586	205,810	226,169	181,837
Streets and Shops	456,972	436,945	455,625	505,304
Crime Control	-	-	-	-
General City Operations	484,539	579,986	592,870	624,083
Capital Outlay	41,475	8,514	-	-
Interest on Long-Term Debt	50,236	30,261	151,444	108,130
<i>Total Governmental Activities Expenses</i>	<u>2,845,386</u>	<u>2,912,487</u>	<u>3,241,399</u>	<u>3,268,056</u>
<i>Business-Type Activities:</i>				
Waterworks and Sewer	904,172	947,852	915,616	978,886
<i>Total Business-Type Activities</i>	<u>904,172</u>	<u>947,852</u>	<u>915,616</u>	<u>978,886</u>
Total Primary Government Expenses	<u>\$ 3,749,558</u>	<u>\$ 3,860,339</u>	<u>\$ 4,157,015</u>	<u>\$ 4,246,942</u>
Program Revenues				
<i>Governmental Activities:</i>				
Charges for service:				
City Administration	\$ 55,828	\$ 51,532	\$ 51,005	\$ 73,069
Police Protection	174,623	147,747	149,728	137,715
Municipal Court	12,508	10,767	10,611	9,625
Fire/EMS Protection	58,876	575,255	632,174	550,315
Animal Services	-	-	-	-
Parks and Pools	21,988	31,985	36,124	33,589
Streets and Shops	84,671	59,840	37,109	60,648
Operating Grants and Contributions	41,569	20,931	16,662	51,126
Capital Grants and Contributions	63,000	163,513	101,943	209,665
<i>Total Governmental Activities</i>				
<i>Program Revenues</i>	<u>513,063</u>	<u>1,061,570</u>	<u>1,035,356</u>	<u>1,125,752</u>
<i>Business-Type Activities:</i>				
Charges for Service:				
Waterworks and Sewer	1,501,748	1,573,058	1,336,960	1,734,385
Operating Grants and Contributions	-	-	-	-
<i>Total Business-Type Activities</i>				
<i>Program Revenues</i>	<u>1,501,748</u>	<u>1,573,058</u>	<u>1,336,960</u>	<u>1,734,385</u>
Total Primary Government				
Program Revenues	<u>\$ 2,014,811</u>	<u>\$ 2,634,628</u>	<u>\$ 2,372,316</u>	<u>\$ 2,860,137</u>

Note: Years 2008-2014 have not been restated for adoption of GASB No. 68.

TABLE 2

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 17,540	\$ 15,371	\$ 14,998	\$ 16,584	\$ 14,640	\$ 9,102
248,585	274,783	364,335	307,722	350,302	375,472
870,709	986,230	1,130,297	1,168,328	1,187,043	1,199,691
44,921	68,588	85,913	77,507	78,609	66,948
816,193	869,188	1,021,875	1,024,146	1,119,147	1,174,209
86,858	119,469	187,405	185,112	162,342	174,050
155,248	181,654	175,536	156,870	120,971	180,450
452,711	466,804	238,368	198,816	243,800	289,198
-	-	-	12,800	3,932	17,923
647,438	641,586	590,052	580,041	592,236	594,593
-	-	-	-	-	-
99,568	154,771	66,215	54,755	43,593	29,867
3,439,771	3,778,444	3,874,994	3,782,681	3,916,615	4,111,503
1,089,654	1,214,855	1,280,736	1,435,095	1,491,352	1,497,686
1,089,654	1,214,855	1,280,736	1,435,095	1,491,352	1,497,686
\$ 4,529,425	\$ 4,993,299	\$ 5,155,730	\$ 5,217,776	\$ 5,407,967	\$ 5,609,189
\$ 80,926	\$ 139,635	\$ 173,287	\$ 139,334	\$ 129,184	\$ 133,921
194,071	207,637	226,322	207,467	194,596	213,476
14,771	11,935	13,115	11,372	9,335	11,018
682,424	725,217	649,039	724,899	757,284	678,215
37,915	28,774	24,668	32,685	21,612	17,164
30,956	47,143	48,406	14,714	22,009	191,036
96,746	149,818	58,639	54,769	100,983	110,441
15,241	118,184	58,914	98,901	12,982	13,108
4,851	171,325	221,168	123,413	5,225	178,457
1,157,901	1,599,668	1,473,558	1,407,554	1,253,210	1,546,836
1,831,623	2,006,266	2,148,590	2,128,367	2,102,299	2,124,664
-	-	14,600	14,600	14,600	-
1,831,623	2,006,266	2,163,190	2,142,967	2,116,899	2,124,664
\$ 2,989,524	\$ 3,605,934	\$ 3,636,748	\$ 3,550,521	\$ 3,370,109	\$ 3,671,500

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

	Fiscal Year			
	2008	2009	2010	2011
Net (Expenses) Revenue				
Governmental Activities	\$ (1,900,323)	\$ (1,370,917)	\$ (1,726,043)	\$ (2,142,304)
Business-Type Activities	165,576	145,206	(58,656)	755,499
Total Primary Government Net Expenses	<u>\$ (1,734,747)</u>	<u>\$ (1,225,711)</u>	<u>\$ (1,784,699)</u>	<u>\$ (1,386,805)</u>
Governmental Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes:				
Property Taxes	\$ 1,260,515	\$ 1,360,442	\$ 1,331,558	\$ 1,410,167
Franchise Taxes	302,026	295,794	317,950	325,773
Sales Taxes	225,300	223,563	240,646	244,409
Interest and Investment Earnings	66,444	34,231	28,103	10,127
Gain on Sale of Property and Equipment	-	-	-	27,494
Miscellaneous	25,443	21,700	15,868	11,032
Transfers	486,106	535,558	530,973	537,441
Total Governmental Activities	<u>2,365,834</u>	<u>2,471,288</u>	<u>2,465,098</u>	<u>2,566,443</u>
Business-Type Activities:				
Interest and Investment Earnings	44,438	14,156	6,152	4,590
Capital Improvement Fee	-	-	64,187	92,838
Gain on Sale of Property and Equipment	-	-	-	26,965
Transfers	(486,106)	(535,558)	(530,973)	(537,441)
Total Business-Type Activities	<u>(441,668)</u>	<u>(521,402)</u>	<u>(460,634)</u>	<u>(413,048)</u>
Total Primary Government	<u>\$ 1,924,166</u>	<u>\$ 1,949,886</u>	<u>\$ 2,004,464</u>	<u>\$ 2,153,395</u>
Changes In Net Position				
Government Activities	\$ 33,511	\$ 620,371	\$ 259,055	\$ 424,139
Business-Type Activities	155,908	103,804	(39,290)	342,451
Total Primary Government	<u>\$ 189,419</u>	<u>\$ 724,175</u>	<u>\$ 219,765</u>	<u>\$ 766,590</u>

Note: Years 2008-2014 have not been restated for adoption of GASB No. 68.

TABLE 2 (Continued)

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ (2,281,870)	\$ (2,178,776)	\$ (2,401,436)	\$ (2,375,127)	\$ (2,663,405)	\$ (2,564,667)
741,969	791,411	882,454	707,872	625,547	626,978
<u>\$ (1,539,901)</u>	<u>\$ (1,387,365)</u>	<u>\$ (1,518,982)</u>	<u>\$ (1,667,255)</u>	<u>\$ (2,037,858)</u>	<u>\$ (1,937,689)</u>
\$ 1,411,924	\$ 1,377,806	\$ 1,392,306	\$ 1,395,907	\$ 1,599,652	\$ 1,676,596
413,178	611,447	368,225	392,387	374,303	410,832
257,114	288,525	308,925	377,765	467,895	447,958
6,874	5,237	4,491	6,212	8,488	12,698
26,515	5,665	7,540	3,685	-	-
10,896	32,228	18,180	3,447	150	73,625
535,428	533,294	530,987	528,612	526,265	524,398
<u>2,661,929</u>	<u>2,854,202</u>	<u>2,630,654</u>	<u>2,708,015</u>	<u>2,976,753</u>	<u>3,146,107</u>
7,758	4,728	4,128	5,683	8,912	13,803
92,996	93,069	114,449	124,840	125,068	125,052
819	-	-	-	-	-
<u>(535,428)</u>	<u>(533,294)</u>	<u>(530,987)</u>	<u>(528,612)</u>	<u>(526,265)</u>	<u>(524,398)</u>
<u>(433,855)</u>	<u>(435,497)</u>	<u>(412,410)</u>	<u>(398,089)</u>	<u>(392,285)</u>	<u>(385,543)</u>
<u>\$ 2,228,074</u>	<u>\$ 2,418,705</u>	<u>\$ 2,218,244</u>	<u>\$ 2,309,926</u>	<u>\$ 2,584,468</u>	<u>\$ 2,760,564</u>
\$ 380,059	\$ 675,426	\$ 229,218	\$ 332,888	\$ 313,348	\$ 581,440
308,114	355,914	470,044	309,783	233,262	241,435
<u>\$ 688,173</u>	<u>\$ 1,031,340</u>	<u>\$ 699,262</u>	<u>\$ 642,671</u>	<u>\$ 546,610</u>	<u>\$ 822,875</u>

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

	Fiscal Year			
	2008	2009	2010	2011
Nonspendable Fund Balance:				
Inventory	\$ 29,795	\$ 29,344	\$ 26,518	\$ 30,346
Prepaid Items	4,517	-	15,865	-
Total Nonspendable Fund Balance	<u>34,312</u>	<u>29,344</u>	<u>42,383</u>	<u>30,346</u>
Restricted Fund Balance:				
PEG Capital Fee	-	-	-	-
Public Safety	51,929	58,152	64,496	68,401
Debt Service	34,247	47,506	902	-
Crime Control	-	-	-	-
Total Restricted Fund Balance	<u>86,176</u>	<u>105,658</u>	<u>65,398</u>	<u>68,401</u>
Committed Fund Balance:				
Capital Projects	300,000	2,798,295	1,413,941	196,095
Total Committed Fund Balance	<u>300,000</u>	<u>2,798,295</u>	<u>1,413,941</u>	<u>196,095</u>
Unassigned Fund Balance	<u>1,574,934</u>	<u>1,595,275</u>	<u>1,300,058</u>	<u>1,500,155</u>
Total Governmental Funds	<u>\$ 1,995,422</u>	<u>\$ 4,528,572</u>	<u>\$ 2,821,780</u>	<u>\$ 1,794,997</u>

TABLE 3

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 39,334	\$ 38,751	\$ 37,213	\$ 25,341	\$ 28,031	\$ 41,094
1,815	1,800	20,476	-	24,056	-
41,149	40,551	57,689	25,341	52,087	41,094
20,687	36,989	52,377	72,470	90,531	106,971
73,790	49,564	48,806	47,774	41,560	33,625
172,626	21,630	7,799	5,181	5,352	24,590
-	-	-	11,342	70,038	78,730
267,103	108,183	108,982	136,767	207,481	243,916
-	-	-	-	-	-
-	-	-	-	-	-
1,838,398	2,481,307	2,413,631	2,649,935	2,562,130	2,557,474
\$ 2,146,650	\$ 2,630,041	\$ 2,580,302	\$ 2,812,043	\$ 2,821,698	\$ 2,842,484

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

	Fiscal Year			
	2008	2009	2010	2011
REVENUES				
Taxes	\$ 1,482,481	\$ 1,580,332	\$ 1,569,464	\$ 1,655,109
Franchise Fees	302,026	295,794	317,950	325,773
Licenses and Permits	122,880	108,695	88,176	108,290
Intergovernmental	-	-	-	-
Charges for Services	181,922	615,203	672,411	611,744
Grants	104,569	184,444	118,605	51,126
Fines and Penalties	103,435	153,170	156,595	144,555
Interest	66,444	34,231	28,103	10,127
Miscellaneous	25,443	21,700	15,868	170,255
TOTAL REVENUES	2,389,200	2,993,569	2,967,172	3,076,979
EXPENDITURES				
Current:				
City Council	18,600	10,913	13,035	19,242
City Administration	216,606	229,807	229,765	251,719
Police Protection	722,348	696,317	688,293	723,443
Municipal Court	47,652	46,920	47,136	48,582
Fire\EMS Protection	482,287	607,108	689,451	702,118
Animal Services	-	-	-	-
Parks and Pool	212,062	205,132	227,791	176,114
Streets and Shops	271,324	368,169	276,137	243,796
Crime Control	-	-	-	-
General City Operations	503,261	579,336	592,594	625,447
Capital Projects/Outlay	188,133	1,001,718	1,933,458	1,560,732
Debt Service:				
Principal	110,000	120,000	360,000	400,000
Interest and Fiscal Charges	50,748	19,936	147,277	99,675
Bond Issue Costs	-	119,272	-	-
TOTAL EXPENDITURES	2,823,021	4,004,628	5,204,937	4,850,868
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(433,821)	(1,011,059)	(2,237,765)	(1,773,889)
OTHER FINANCING				
SOURCES (USES)				
Transfers In	486,106	624,644	834,973	847,441
Transfers Out	-	(89,086)	(304,000)	(310,000)
Capital Contributions	-	-	-	209,665
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	486,106	3,544,209	530,973	747,106
SOURCES (USES)	486,106	3,544,209	530,973	747,106
Net Change in Fund Balance	<u>\$ 52,285</u>	<u>\$ 2,533,150</u>	<u>\$ (1,706,792)</u>	<u>\$ (1,026,783)</u>
Debt Service as a percentage of noncapital expenditures	6.10%	8.63%	15.51%	15.19%

TABLE 4

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 1,666,493	\$ 1,660,467	\$ 1,692,482	\$ 1,805,335	\$ 2,032,449	\$ 2,116,885
413,178	611,447	368,334	392,387	374,303	410,832
181,179	245,197	151,691	120,472	163,113	336,376
-	-	9,506	9,927	9,524	10,821
687,627	792,848	832,152	848,030	836,697	798,743
20,092	289,509	270,576	212,387	8,284	180,745
205,484	216,749	236,897	215,934	201,310	222,141
6,874	5,237	4,491	4,491	-	-
10,896	32,225	18,180	11,437	9,040	66,316
<u>3,191,823</u>	<u>3,853,679</u>	<u>3,584,309</u>	<u>3,620,400</u>	<u>3,634,720</u>	<u>4,142,859</u>
17,540	15,371	14,999	16,584	14,640	9,102
226,442	237,634	354,310	293,582	320,787	330,228
743,231	806,440	959,275	940,556	997,070	1,051,141
46,266	86,282	83,052	76,474	75,378	64,122
676,658	727,368	859,513	864,149	897,342	985,773
85,434	112,343	182,249	179,575	159,783	198,509
148,437	181,713	173,049	157,439	116,663	145,416
197,599	213,560	240,973	203,779	239,064	256,891
-	-	-	12,799	3,933	49,513
646,990	641,586	365,572	349,549	348,991	353,217
209,680	455,075	503,271	818,371	697,727	675,192
365,000	350,000	365,000	419,110	485,386	507,640
91,069	81,875	71,313	72,757	69,153	53,605
-	-	-	-	-	-
<u>3,454,346</u>	<u>3,909,247</u>	<u>4,172,576</u>	<u>4,404,724</u>	<u>4,425,917</u>	<u>4,680,349</u>
<u>(262,523)</u>	<u>(55,568)</u>	<u>(588,267)</u>	<u>(784,324)</u>	<u>(791,197)</u>	<u>(537,490)</u>
1,026,558	658,294	800,987	810,112	808,265	916,152
(491,130)	(125,000)	(270,000)	(281,500)	(282,000)	(391,754)
-	-	-	-	-	-
78,748	5,665	7,540	3,685	2,750	33,878
-	-	-	-	-	-
-	-	-	483,768	271,837	-
-	-	-	-	-	-
<u>614,176</u>	<u>538,959</u>	<u>538,527</u>	<u>1,016,065</u>	<u>800,852</u>	<u>558,276</u>
<u>\$ 351,653</u>	<u>\$ 483,391</u>	<u>\$ (49,740)</u>	<u>\$ 231,741</u>	<u>\$ 9,655</u>	<u>\$ 20,786</u>
14.06%	12.50%	11.89%	13.71%	14.87%	14.01%

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

TABLE 5

Fiscal Year	Property	Sales & Use	Franchise	Total
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
2016	1,564,554	467,895	374,303	2,406,752
2017	1,668,927	447,958	410,832	2,527,717

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

TABLE 6

<u>Fiscal Year Ended September 30,</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Less: Tax-Exempt Property</u>	<u>Total Taxable Assessed Value*</u>	<u>Total Direct Tax Rate</u>
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
2016	189,459,829	52,247,948	31,547,952	210,159,825	0.729376
2017	202,803,676	59,176,222	34,054,128	227,925,770	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

<u>Fiscal Period</u>	<u>City</u>	<u>Judson School District</u>	<u>Bexar County</u>	<u>Alamo College District</u>	<u>San Antonio RA</u>	<u>Total</u>
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	0.017500	2.61721
2015	0.729376	1.420	0.297500	0.1492	0.172900	2.76893
2016	0.729376	1.420	0.297500	0.1492	0.017290	2.61337
2017	0.729376	1.470	0.293250	0.1492	0.017290	2.65907

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 NINE YEARS AGO

TABLE 8

<u>Taxpayer</u>	<u>2017</u>			<u>2008</u>		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
True Vision Baptist Church of San Antonio	\$ 5,444,319	1	2.39%			
CA Texas LLC	5,000,000	2	2.19%			
Yes Companies LLC	2,963,670	3	1.30%			
Alamo Area Mutual Housing Assn	3,878,200	4	1.70%			
Siddons Holdings LLC	1,145,450	5	0.50%			
AJC Rental Corporation	3,735,865	6	1.64%	\$ 5,956,563	1	2.85%
Turners	2,259,440	7	0.99%			
ARI Inc	987,190	8	0.43%			
Schertz Bank & Trust	1,250,310	9	0.55%	987,260	5	0.47%
Time Warner Cable	1,102,542	10	0.48%	1,488,710	4	0.71%
Ms. Marie Ann Kalinowski				620,134	9	0.31%
James H & Celia G Boriack						
Mr. Richard Owen				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>\$ 22,322,667</u>		<u>9.79%</u>	<u>\$ 16,829,497</u>		<u>8.05%</u>

Total taxable assessed value of \$227,925,770

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
2008	\$ 1,254,704	\$ 1,221,409	97.35%	\$ 35,869	\$ 1,257,278	100.21%
2009	1,347,433	1,314,199	97.53%	33,068	1,347,267	99.99%
2010	1,319,698	1,290,840	97.81%	35,486	1,326,326	100.50%
2011	1,400,849	1,373,604	98.06%	26,641	1,400,245	99.96%
2012	1,398,293	1,370,446	98.01%	26,252	1,396,698	99.89%
2013	1,364,383	1,330,473	97.51%	30,477	1,360,950	99.75%
2014	1,370,843	1,331,545	97.13%	31,540	1,363,085	99.43%
2015	1,426,329	1,381,178	96.83%	23,978	1,405,156	98.52%
2016	1,533,321	1,500,645	97.87%	3,466	1,504,111	98.09%
2017	1,662,953	1,651,564	99.32%	-	1,651,564	99.32%

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		Per Capita*
	General	Certificates	Capital	Certificates	Total	
	Obligation Bonds	of Obligation	Leases	of Obligation	Primary Government	
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
2016	85,000	1,000,000	611,108	-	1,696,108	198
2017	-	680,000	508,468	-	1,188,468	138

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				Actual Taxable Value of Property	Percentage of Actual Taxable Value of Property	Per Capita*
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Total			
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
2016	85,000	1,000,000	1,085,000	210,159,825	0.52%	127
2017	-	680,000	680,000	227,925,770	0.30%	79

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, 2017

TABLE 12

Taxable Value				<u>\$ 227,925,770</u>
Debt Limit - 10% of taxable value [1]				22,792,577
Amount of Debt Applicable to Debt Limit:				
Total Bonded Debt	\$	680,000		
Less Fund Balance in Debt Service Fund		<u>24,590</u>		
Total Amount of Debt Applicable to Debt Limit			<u>655,410</u>	
Legal Debt Margin			<u>\$ 22,137,167</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>

	<u>2016</u>	<u>2017</u>		
Debt Limit	\$ 21,015,983	\$ 22,792,577		
Total Net Debt Applicable to Limit	<u>(1,079,648)</u>	<u>(655,410)</u>		
Legal Debt Margin	<u>\$ 19,936,335</u>	<u>\$ 22,137,167</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
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%
2016	8550	48,545	36.70	1,366	3.2%
2017	8640	48,303	39.70	1366	3.2%

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 SEVEN YEARS AGO

TABLE 14

Employer	2017			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>		<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 2008 was not available; 2010 used instead.

