



Armstrong, Vaughan *e3* Associates, P.C.

Certified Public Accountants

City of Kirby Annual Financial Report

Year Ended September 30, 2020



What is in the Annual Financial Report

- Introduction
- Independent Auditor's Report
- Management Discussion & Analysis
- Government-Wide Financial Statements
- Fund Financial Statements
- Notes to the Financial Statements
- Required Supplementary Information
- Supplemental Individual Financial Statements
- Statistical Section
- Compliance Section (Single Audit)



Independent Auditor's Report (Pg 1)

- Audit Standards to follow
 - Generally Accepted Auditing Standards
 - Government Auditing Standards (Single Audit)
- Purpose
 - To form an independent opinion on whether the financial statements are presented in accordance with Generally Accepted Accounting Principles (GAAP).



Independent Auditor's Report (Continued)

- Independent opinion on the financial statements
 - Audit is “adverse” overall
 - Due to not including the Kirby Senior Center financials
- Independent opinion on the financial statements
 - Audit for city financial is “unmodified”
 - This is the best opinion that can be given for an independent audit. It means we have no modifying statements in our opinion letter.
- Independent opinion on the Schedule of Expenditures of Federal Awards (SEFA)
 - Audit for SEFA presentation is “unmodified”
 - It means we have no modifying statements in our opinion letter
 - Also noted no deficiencies



Management Discussion & Analysis (Pg 4)

- Financial Highlights
- Overview of the Financial Statements
- Government-wide Financial Analysis
- Financial Analysis of the City's Funds
- Budgetary Highlights
- Capital Assets and Debt
- Requests for Information

Financial Highlights (Pg 7 & 8)

- Government-Wide Financial Statement
 - Governmental Activities
 - Assets of the City exceeded its liabilities by \$10 million at September 30, 2020.
 - Net position increased by \$1.6 million primarily due to increases in ad valorem and sales tax collections and capital grants and contributions
 - Business Type Activities
 - Waterworks/Sewer Fund
 - Assets of the Waterworks/Sewer Fund exceeded its liabilities by \$6.1 million at September 30, 2020.
 - Unrestricted Net Position increased by \$92 thousand to \$2.4 million at September 30, 2020.



Financial Highlights (Continued – Pg 14)

NET POSITION	Governmental Activities	Business-Type Activities	Total
Net Investment in Capital Assets	\$ 8,551,440	\$ 3,635,218	\$ 12,186,658
Restricted for:			
Debt Service Fund	43,045	-	43,045
PEG Capital Fees	154,099	-	154,099
Public Safety	131,966	-	131,966
Unrestricted (Deficit)	<u>1,154,205</u>	<u>2,415,154</u>	<u>3,569,359</u>
TOTAL NET POSITION	<u><u>\$ 10,034,755</u></u>	<u><u>\$ 6,050,372</u></u>	<u><u>\$ 16,085,127</u></u>



Financial Highlights (Continued – Pg 17)

- Fund Financial Statements
 - The General Fund’s fund balance at the end of the 2020 fiscal year was \$2.15 million and the combined fund balance for all funds was \$8.7 million.
 - Unassigned Fund Balance for the General Fund was \$1.9 million or approximately 3 months average operating expenditures.
 - Fund balance for the General Fund increased by \$4.5 thousand.
 - The combined fund balance decreased by \$388 thousand
 - Due to Capital Projects Fund



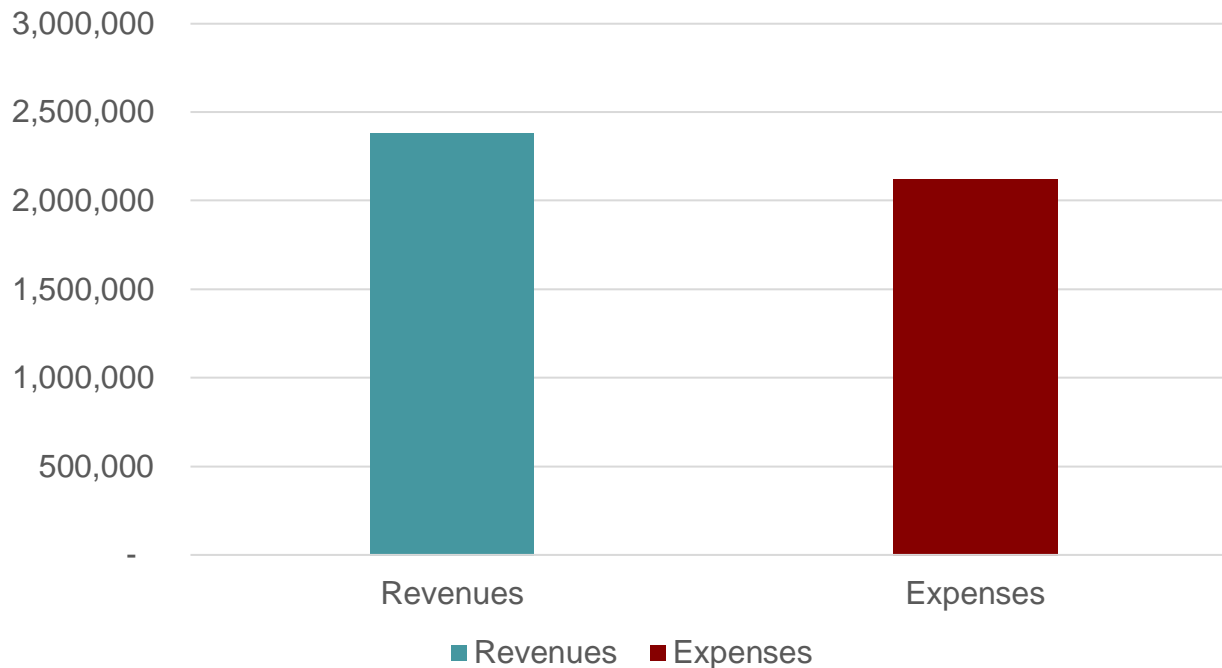
Financial Highlights (Continued – Pg 17)

	<u>Major Fund</u> General Fund	<u>Major Fund</u> Debt Service	<u>Major Fund</u> Capital Projects Fund	<u>Nonmajor Fund</u> Crime Control	<u>Total</u> Governmental Funds
<i>Fund Balances:</i>					
Nonspendable:					
Inventory	\$ 30,604	\$ -	\$ -	\$ -	\$ 30,604
Restricted for:					
PEG Capital Fees	154,099	-	-	-	154,099
Court Security	39,617	-	-	-	39,617
Debt Service	-	32,595	-	-	32,595
Capital Projects	-	-	6,430,536	-	6,430,536
Crime Control	-	-	-	92,349	92,349
Unassigned	<u>1,930,830</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,930,830</u>
 <i>Total Fund Balances</i>	 <u>\$2,155,150</u>	 <u>\$ 32,595</u>	 <u>\$ 6,430,536</u>	 <u>\$ 92,349</u>	 <u>\$ 8,710,630</u>

Financial Highlights (Continued – Pg 27)

- Business-Type Activities

- Waterworks/Sewer Fund net position increased by \$258 thousand



Expenses include transfers to other funds in the amount of \$480,000.



General Fund – Budget and Actual (Pg 57)

	Budget Amounts		2020	Variance	2019
	Original	Final	Actual Amounts	Favorable (Unfavorable)	Actual Amounts
REVENUES					
Taxes	\$ 2,390,822	\$ 2,498,479	\$ 2,597,278	\$ 98,799	\$ 2,273,779
Franchise Fees	325,000	398,400	375,514	(22,886)	400,883
Licenses and Fees	148,200	131,510	182,549	51,039	161,377
Intergovernmental Revenues	9,800	9,800	9,150	(650)	10,592
Charges for Services	899,000	957,810	883,678	(74,132)	846,066
Grants	1,985,412	1,699,286	1,279,894	(419,392)	289,249
Fines and Penalties	220,000	220,028	179,093	(40,935)	262,518
Miscellaneous	25,202	35,907	36,331	424	46,106
TOTAL REVENUES	6,003,436	5,951,220	5,543,487	(407,733)	4,290,570
EXPENDITURES:					
<i>City Council:</i>					
Salaries/Expenses	8,410	8,410	6,783	1,627	6,517
Supplies	2,500	2,500	2,341	159	1,764
Meeting and Travel	4,000	4,000	232	3,768	2,967
<i>Total City Council</i>	14,910	14,910	9,356	5,554	11,248
<i>City Administration:</i>					
Salaries & Benefits	358,000	359,702	356,282	3,420	351,282
Maintenance	9,685	9,685	9,437	248	7,993
Contract Services	28,500	29,700	25,105	4,595	22,064
Miscellaneous	12,000	8,170	6,758	1,412	10,076
<i>Total City Administration</i>	408,185	407,257	397,582	9,675	391,415
<i>Police Protection:</i>					
Salaries & Benefits	1,219,025	1,219,350	1,222,649	(3,299)	1,176,134
Supplies	55,600	60,945	51,407	9,538	52,603
Maintenance	88,064	103,684	78,711	24,973	78,362
Contract Services	23,500	18,000	17,102	898	17,154
Miscellaneous	11,800	5,870	5,441	429	7,646
<i>Total Police Protection</i>	\$ 1,397,989	\$ 1,407,849	\$ 1,375,310	\$ 32,539	\$ 1,331,899



General Fund – Budget and Actual (Cont. – Pg 58)

	Budget Amounts		2020	Variance	2019
	Original	Final	Actual Amounts	Favorable (Unfavorable)	Actual Amounts
EXPENDITURES (CONTINUED)					
<i>Municipal Court:</i>					
Salaries & Benefits	\$ 51,150	\$ 51,150	\$ 48,660	\$ 2,490	\$ 43,559
Supplies	2,000	2,000	674	1,326	1,444
Maintenance	8,850	8,850	8,256	594	8,318
Contract Services	33,200	41,200	35,869	5,331	36,027
<i>Total Municipal Court</i>	95,200	103,200	93,459	9,741	89,348
<i>Fire/EMS Protection:</i>					
Salaries & Benefits	1,413,945	1,403,390	1,251,744	151,646	1,149,173
Supplies	68,900	71,300	66,128	5,172	44,021
Maintenance	73,000	70,880	67,055	3,825	66,449
Contract Services	9,000	8,988	8,988	-	9,507
Miscellaneous	10,000	7,400	6,494	906	8,372
<i>Total Fire/EMS Protection</i>	1,574,845	1,561,958	1,400,409	161,549	1,277,522
<i>Animal Services:</i>					
Salaries & Benefits	158,500	142,545	143,808	(1,263)	150,655
Supplies	19,200	18,750	15,862	2,888	10,713
Maintenance	10,150	17,255	13,771	3,484	8,141
Contract Services	20,000	17,500	15,320	2,180	6,856
Miscellaneous	4,000	-	-	-	1,843
<i>Total Animal Services</i>	211,850	196,050	188,761	7,289	178,208
<i>Parks and Pools:</i>					
Salaries & Benefits	81,500	82,640	79,666	2,974	72,288
Supplies	18,900	18,900	12,686	6,214	11,130
Maintenance	34,800	33,660	29,802	3,858	44,779
Contract Services	47,100	47,100	46,163	937	42,097
Miscellaneous	1,000	1,000	-	1,000	-
<i>Total Parks and Pools</i>	\$ 183,300	\$ 183,300	\$ 168,317	\$ 14,983	\$ 170,294



General Fund – Budget and Actual (Cont. – Pg 59)

	Budget Amounts		2020	Variance	2019	
	Original	Final	Actual Amounts	Favorable (Unfavorable)	Actual Amounts	
EXPENDITURES (CONTINUED)						
<i>Streets and Shop:</i>						
Salaries & Benefits	\$ 163,650	\$ 117,125	\$ 100,207	\$ 16,918	\$ 138,879	
Supplies	47,500	48,000	29,877	18,123	55,774	
Maintenance	89,570	18,680	6,581	12,099	31,514	
Contract Services	28,000	25,500	19,853	5,647	33,389	
Miscellaneous	1,000	1,000	-	1,000	-	
<i>Total Streets and Shop</i>	<u>329,720</u>	<u>210,305</u>	<u>156,518</u>	<u>53,787</u>	<u>259,556</u>	
<i>General City Operations:</i>						
Supplies	45,500	24,330	25,701	(1,371)	45,510	
Maintenance	10,000	8,420	8,627	(207)	9,973	
Contract Services	399,250	404,915	389,442	15,473	459,884	
Miscellaneous	4,200	3,630	3,651	(21)	3,832	
<i>Total General City Operations</i>	<u>458,950</u>	<u>441,295</u>	<u>427,421</u>	<u>13,874</u>	<u>519,199</u>	
<i>Capital Outlay</i>	<u>3,027,398</u>	<u>2,240,142</u>	<u>1,722,652</u>	<u>517,490</u>	<u>753,123</u>	On going street Project
<i>Debt Service:</i>						
Principal	79,266	79,266	79,265	1	76,997	
Interest	9,788	9,788	9,788	-	12,057	
<i>Total Debt Service</i>	<u>89,054</u>	<u>89,054</u>	<u>89,053</u>	<u>1</u>	<u>89,054</u>	
TOTAL EXPENDITURES	<u>7,791,401</u>	<u>6,855,320</u>	<u>6,028,838</u>	<u>826,482</u>	<u>5,070,866</u>	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,787,965)</u>	<u>(904,100)</u>	<u>(485,351)</u>	<u>418,749</u>	<u>(780,296)</u>	-
OTHER FINANCING SOURCES (USES)						
Transfers In	480,000	480,000	480,000	-	480,000	
Transfers Out	-	-	5,411	5,411	(245,894)	
Proceeds from Sale of Assets	10,000	10,000	4,536	(5,464)	4,095	
TOTAL OTHER FINANCING SOURCES (USES)	<u>490,000</u>	<u>490,000</u>	<u>489,947</u>	<u>(53)</u>	<u>238,201</u>	
Net Change in Fund Balance	<u>(1,297,965)</u>	<u>(414,100)</u>	<u>4,596</u>	<u>418,696</u>	<u>(542,095)</u>	
Fund Balance - Beginning of Year	<u>2,150,554</u>	<u>2,150,554</u>	<u>2,150,554</u>	<u>-</u>	<u>2,692,649</u>	-
Fund Balance - End of Year	<u>\$ 852,589</u>	<u>\$ 1,736,454</u>	<u>\$ 2,155,150</u>	<u>\$ 418,696</u>	<u>\$ 2,150,554</u>	-13



Single Audit (Pg 104)

- Required when federal funds of \$750 thousand is expended in a fiscal year.
- Resulted in an unmodified opinion and no deficiencies were noted.



Letters on Conduct of Audit

- Accounting Policies
- Accounting Estimates
- Difficulties
- Misstatements
- Disagreements
- Management Representations
- Consultations with other Independent Accountants
- Compliance with the Public Funds Investment Act
- No Deficiencies in Internal Controls were Noted



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QUESTIONS?

CONTACT INFORMATION

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