

CITY OF KIRBY, TEXAS

**ANNUAL
FINANCIAL REPORT**

**FISCAL YEAR ENDED
SEPTEMBER 30, 2016**



CITY OF KIRBY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2016

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CITY OF KIRBY, TEXAS

PRINCIPAL OFFICERS

CITY OFFICIALS

MAYOR	TIMOTHY J. WILSON
MAYOR PRO-TEM	STEPHANIE FAULKNER
CITY COUNCIL	JERRY LEHMAN
	DEBRA WISLON
	JOHN PIERCE
	ROGER ROMENS
	MIKE GRANT
CITY MANAGER	MONIQUE L.VERNON
ATTORNEY	MARC SCHNALL, LANGLEY & BANACK
AUDITOR	ARMSTRONG, VAUGHAN & ASSOCIATES, P.C.

SHAREHOLDERS:

Nancy L. Vaughan, CPA
Deborah F. Fraser, CPA
Phil S. Vaughan, CPA



Armstrong, Vaughan & Associates, P.C.
Certified Public Accountants

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, 2016, 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, 2016, 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.
February 1, 2017

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, 2016. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

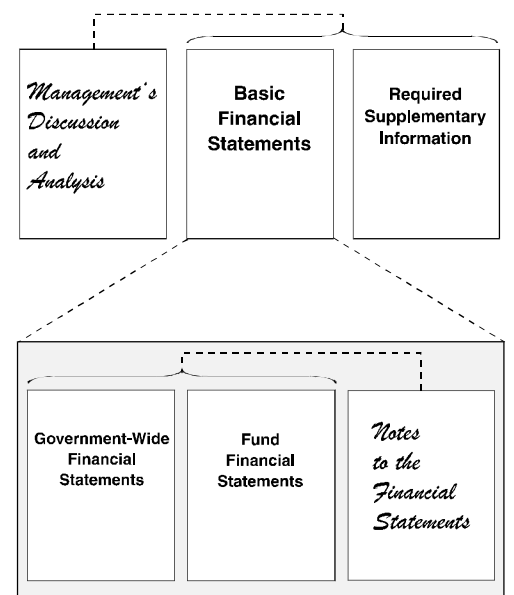
- The City's total combined net position was approximately \$11.6 million at September 30, 2016.
- During the year, the City's expenses were \$313 thousand less than the \$3.7 million generated in taxes, other revenues for governmental activities and transfers.
- The General Fund reported a fund balance of \$2.8 million at the end of the fiscal year which represents a \$49 thousand decrease over the previous fiscal year.
- The City's Waterworks/Sewer Fund reported a \$233 thousand increase in net position over the previous fiscal year. Net position at September 30, 2016 was \$5.0 million.
- The City did not issue any new bonds during the fiscal year ending September 30, 2016.

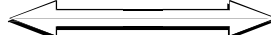
OVERVIEW OF THE FINANCIAL STATEMENTS

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 \$5.41 million. Of these costs, 72% were for primary government activities, while the Water/Sewer utility accounted for the balance.

Net Position: The City's combined net position was \$11.6 million at September 30, 2016. (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 2016-2015
	2016	2015	2016	2015	2016	2015	
<i>Current Assets:</i>							
Cash and cash equivalents	\$ 2,671	\$ 2,627	\$ 2,803	\$ 3,329	\$ 5,475	\$ 5,956	-8.1%
Receivables:							
Taxes	114	79	-	-	114	79	43.4%
Accounts	123	117	257	287	378	404	-6.3%
EMS	122	88	-	-	122	88	38.9%
Due from Other Governments	215	217	-	-	215	217	-1.3%
Internal Balances	(21)	75	21	(75)	-	-	0.0%
Inventories	28	25	10	3	38	28	35.4%
Prepaid Items	24	-	35	31	59	31	90.4%
Restricted Assets:							
Cash and Investments	-	-	186	181	186	181	2.6%
<i>Total Current Assets:</i>	<u>3,275</u>	<u>3,228</u>	<u>3,312</u>	<u>3,756</u>	<u>6,586</u>	<u>6,984</u>	<u>-5.7%</u>
<i>Non-Current Assets:</i>							
<i>Total Non-Current Assets:</i>	<u>6,095</u>	<u>6,020</u>	<u>2,194</u>	<u>1,648</u>	<u>8,289</u>	<u>7,668</u>	<u>8.1%</u>
Total Assets	<u>9,369</u>	<u>9,248</u>	<u>5,506</u>	<u>5,404</u>	<u>14,875</u>	<u>14,652</u>	<u>1.5%</u>
<i>Deferred Outflows:</i>							
Pension Related Outflows	<u>576</u>	<u>208</u>	<u>70</u>	<u>23</u>	<u>647</u>	<u>231</u>	<u>100.0%</u>
<i>Total Deferred Outflows</i>	<u>576</u>	<u>208</u>	<u>70</u>	<u>23</u>	<u>647</u>	<u>231</u>	<u>100.0%</u>
<i>Current Liabilities:</i>							
Accounts Payable	178	249	174	321	353	570	-38.1%
Accrued Vacation	82	79	26	21	108	100	7.8%
Accrued Interest	2	3	-	-	2	3	-29.1%
Deferred Revenue	41	-	-	-	41	-	100.0%
Payable from Restricted Assets:							
Customer Deposits	-	-	172	169	172	169	1.7%
<i>Total Current Liabilities</i>	<u>303</u>	<u>331</u>	<u>372</u>	<u>511</u>	<u>675</u>	<u>842</u>	<u>-19.9%</u>
<i>Long-Term Liabilities:</i>							
Bonds, Obligations	1,701	1,919	-	-	1,701	1,919	-11.4%
Net Pension Liability	1,323	837	155	93	1,479	930	59.0%
<i>Total Long-Term Liabilities</i>	<u>3,024</u>	<u>2,756</u>	<u>155</u>	<u>93</u>	<u>3,180</u>	<u>2,849</u>	<u>47.6%</u>
<i>Total Liabilities</i>	<u>3,327</u>	<u>3,087</u>	<u>528</u>	<u>604</u>	<u>3,856</u>	<u>3,691</u>	<u>4.5%</u>
<i>Deferred Inflows:</i>							
Pension Related Inflows	<u>78</u>	<u>141</u>	<u>8</u>	<u>16</u>	<u>86</u>	<u>157</u>	<u>-45.5%</u>
<i>Total Deferred Inflows</i>	<u>78</u>	<u>141</u>	<u>8</u>	<u>16</u>	<u>86</u>	<u>157</u>	<u>-45.5%</u>
<i>Net Position:</i>							
Invested in Capital Assets	4,393	4,100	2,193	1,647	6,587	5,747	14.6%
Restricted for:							
Special Projects	132	120	-	-	132	120	10.1%
Debt Service	12	9	-	-	12	9	34.1%
Unrestricted	2,005	1,998	2,847	3,160	4,852	5,158	-5.9%
<i>Total Net Position</i>	<u>\$ 6,541</u>	<u>\$ 6,227</u>	<u>\$ 5,041</u>	<u>\$ 4,807</u>	<u>\$ 11,582</u>	<u>\$ 11,034</u>	<u>5.0%</u>

Changes in net position. The City's total revenues were \$5.9 million. A significant portion, 27.1%, of the City's revenue comes from property taxes, 57.7% comes from charges for services (Water, Court, EMS, etc), while only 5.5% relates to Franchise and Sales taxes.

Governmental Activities

- Property tax rates remained constant at 0.729376.
- Property tax revenue increased to \$1.6 million in the current year vs. \$1.4 million in the prior year.
- The cost of all *governmental* activities this year was approximately \$3.9 million. The amount that our taxpayers paid for these activities through property taxes was \$1.6 million. Some of the cost was paid by those who directly benefited from the programs in the amount of \$1.2 million and an additional \$18 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 decrease of \$20 thousand or 1.0%. Operating expenses not including transfers to other funds increased from \$1.44 million in the prior year to \$1.49 million in the current year, an increase of \$56 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
	2016	2015	2016	2015	2016	2015	2016-2015
Primary Government:							
City Council	15	17	-	-	15	17	-13.9%
City Administration	350	308	-	-	350	308	13.7%
Police Protection	1,187	1,168	-	-	1,187	1,168	1.6%
Municipal Court	79	78	-	-	79	78	0.8%
Fire/EMS Protection	1,119	1,024	-	-	1,119	1,024	9.3%
Animal Services	162	185	-	-	162	185	-12.2%
Parks and Pool	121	157	-	-	121	157	-22.9%
Streets and Shops	244	199	-	-	244	199	22.5%
Crime Control	4	13	-	-	4	13	-69.8%
General City Operations	592	580	1,491	1,435	2,084	2,015	3.4%
Interest on Long-Term Debt	44	55	-	-	44	55	-20.7%
Total Government Activities	3,918	3,783	1,491	1,435	5,408	5,219	-88.2%
Program Revenues:							
Charges for Services	1,235	1,185	2,102	2,128	3,337	3,313	0.7%
Operating Grants & Contributions	13	99	15	15	28	114	-75.8%
Capital Grants & Contributions	5	123	-	-	5	123	-95.8%
General Revenues:							
General Property Tax	1,600	1,396	-	-	1,600	1,396	14.6%
Sales Taxes	468	378	-	-	468	378	23.8%
Franchise Taxes	374	392	-	-	374	392	-4.5%
Investment Earning	8	6	9	6	17	12	45.0%
Miscellaneous	-	4	-	-	-	4	-100.0%
Transfers	526	529	(526)	(529)	-	-	0.0%
Capital Contributions	-	-	125	125	125	125	0.1%
Total Revenues and Transfers	4,231	4,111	1,725	1,745	5,954	5,857	-191.9%
Change in Net Position	313	328	233	310	546	638	-14.3%

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			Net Cost of Services		
	2016	2015	% Change 2016-2015	2016	2015	% Change 2016-2015
General Government	\$ 365	\$ 324	12.6%	\$ 235	\$ 184	27.8%
Police Protection & Court	1,266	1,246	1.6%	1,051	935	12.4%
Fire/EMS Protection	1,119	1,024	9.3%	357	294	21.6%
Animal Services	162	185	-12.2%	139	147	-4.7%
Parks and Recreation	121	157	-22.9%	99	142	-29.9%
Highways and Streets	244	199	22.5%	143	26	449.4%
Crime Control	4	13	-69.8%	(4)	(13)	-69.7%
General City Operations	592	580	2.1%	592	580	2.2%
Water and Sewer	1,491	1,435	3.9%	(626)	(708)	-11.5%
Debt Service - Interest & Fiscal Charges	44	55	-20.7%	44	55	-20.5%

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Revenues from governmental fund types totaled \$3.64 million for the current year vs. \$3.62 million in the prior year, an increase of \$14 thousand. Expenditures from governmental fund types totaled \$4.42 million for the current year vs. \$4.4 million in the prior year, an increase of \$21 thousand or 4.7%. The general fund balance decreased by \$49 thousand from \$2.8 million in the prior year to \$2.75 million in the current year. Of this amount \$2.6 million is unassigned and represents 10 months of average operating expenditures in reserve. Long term debt and capital leases paid during the year totaled \$485,386 in principal and \$69,153 in interest.

General Fund Budgetary Highlights

The city revised its original budget several times, to adjust for changes resulting in an overall decrease of \$2.6 million in revenues and \$3.2 million 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 2016, the City had invested \$27 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 \$1.2 million or 4.7 % over last year.

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

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2016	2015	2016	2015	2016	2015	2016-2015
Land	\$ 836	\$ 836	\$ 7	\$ 7	\$ 843	\$ 843	0.0%
Buildings and Improvements	4,498	4,454	-	-	4,498	4,454	1.0%
Vehicles	3,001	2,850	458	394	3,459	3,244	6.6%
Infrastructure	12,122	12,122	-	-	12,122	12,122	0.0%
Software	79	79	42	42	121	121	-0.2%
Construction in Progress	274	-	23	-	297	-	100.0%
Utility Plant	-	-	5,680	5,025	5,680	5,025	13.0%
Totals at Historical Cost	20,809	20,341	6,210	5,468	27,021	25,809	4.7%
Total Accumulated Depreciation	(14,715)	(14,321)	(4,015)	(3,820)	(18,730)	(18,141)	3.2%
Net Capital Assets	<u>\$ 6,094</u>	<u>\$ 6,020</u>	<u>\$ 2,194</u>	<u>\$ 1,648</u>	<u>\$ 8,289</u>	<u>\$ 7,668</u>	<u>8.1%</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 \$1.8 million in bonds and capital leases outstanding and \$82 thousand in compensated absences in the governmental and \$26 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
	2016	2015	2016	2015	2016	2015	2016-2015
Bonds Payable and Capital Lease	\$ 1,701	\$ 1,919	\$ -	\$ -	\$ 1,701	\$ 1,919	-11.4%
Vacation Payable	82	79	26	20	108	99	9.2%
Total Bonds & Notes Payable	<u>\$ 1,783</u>	<u>\$ 1,998</u>	<u>\$ 26</u>	<u>\$ 20</u>	<u>\$ 1,809</u>	<u>\$ 2,018</u>	<u>-10.3%</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Hiking and Biking Trail Project at Friendship Park is expected to begin in next year with Federal *funding of \$491,000*
- Binz-Engleman Road Project is expected to begin in 2016 with funding of \$2,000,000 to be received.
- John Sterling Park Improvement cost of \$81,000, partially paid by CDBG Grant.
- Pageland/Theodor Street Reconstruction cost of \$252,389 will be partially paid by a CDBG grant.

These indicators were taken into account when adopting the general fund budget for 2016/2017. The property taxes rate will remain at 0.729376/\$100 as a result of the approved budget. This will result in \$1,582,567 of projected property tax revenues. General Fund Revenues (includes transfers from other funds) budgeted for 2016/2017 total \$6,836,690. General Fund Expenditures (includes transfers to other funds) budgeted for 2016/2017 total \$7,869,460.

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, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Kirby Senior Center Corporation
ASSETS				
<i>Current Assets:</i>				
Cash and Investments	\$ 2,671,318	\$ 2,803,244	\$ 5,474,562	\$ 4,333
Receivables (net of allowances for uncollectibles)				
Taxes	113,665	-	113,665	-
Accounts	122,878	256,550	379,428	13,725
EMS Charges	121,748	-	121,748	-
Other	-	-	-	981
Due from Other Governments	214,878	-	214,878	7,450
Internal Balances	(21,095)	21,095	-	-
Inventories	28,031	9,833	37,864	-
Prepaid Items	24,056	35,110	59,166	2,106
Restricted Assets:				
Cash and Investments	-	185,745	185,745	-
<i>Total Current Assets</i>	<u>3,275,479</u>	<u>3,311,577</u>	<u>6,587,056</u>	<u>28,595</u>
<i>Capital Assets:</i>				
Land	836,120	7,005	843,125	-
Buildings & Improvements	4,496,815	-	4,496,815	253,026
Utility Plant and Easements	-	5,680,126	5,680,126	-
Transportation & Equipment	3,001,218	457,951	3,459,169	187,566
Infrastructure	12,122,018	-	12,122,018	-
Software	78,790	42,000	120,790	-
Construction in Progress	274,139	22,580	296,719	-
Accumulated Depreciation and Amortization	(14,715,187)	(4,015,273)	(18,730,460)	(382,210)
<i>Total Capital Assets</i>	<u>6,093,913</u>	<u>2,194,389</u>	<u>8,288,302</u>	<u>58,382</u>
TOTAL ASSETS	<u>9,369,392</u>	<u>5,505,966</u>	<u>14,875,358</u>	<u>86,977</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Pension Related Outflows	<u>576,143</u>	<u>70,374</u>	<u>646,517</u>	<u>-</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 576,143</u>	<u>\$ 70,374</u>	<u>\$ 646,517</u>	<u>\$ -</u>

See accompanying notes to basic financial statements.

CITY OF KIRBY, TEXAS
STATEMENT OF NET POSITION (CONTINUED)
SEPTEMBER 30, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Kirby Senior Center Corporation
LIABILITIES				
<i>Current Liabilities:</i>				
Accounts Payable and Other Current Liabilities	\$ 177,631	\$ 174,044	\$ 351,675	\$ 19,141
Accrued Vacation Leave Payable	82,007	26,139	108,146	-
Accrued Interest Payable	2,192	-	2,192	-
Unearned Revenue	40,737	-	40,737	-
Payable from Restricted Assets:				
Customer Deposits	-	172,070	172,070	-
<i>Total Current Liabilities</i>	<u>302,567</u>	<u>372,253</u>	<u>674,820</u>	<u>19,141</u>
<i>Long-Term Liabilities:</i>				
Due within One Year	507,640	-	507,640	6,669
Due in more than One Year	1,193,432	-	1,193,432	23,144
Net Pension Liability	1,323,119	155,402	1,478,521	-
<i>Total Long-Term Liabilities:</i>	<u>3,024,191</u>	<u>155,402</u>	<u>3,179,593</u>	<u>29,813</u>
TOTAL LIABILITIES	<u>3,326,758</u>	<u>527,655</u>	<u>3,854,413</u>	<u>48,954</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Pension Related Inflows	77,958	7,582	85,540	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>77,958</u>	<u>7,582</u>	<u>85,540</u>	<u>-</u>
NET POSITION				
Net Investment in Capital Assets	4,392,841	2,194,389	6,587,230	28,569
Restricted for:				
Debt Service Fund	11,070	-	11,070	-
PEG Capital Fees	90,531	-	90,531	-
Public Safety	41,560	-	41,560	-
Kirby Senior Center	-	-	-	658
Unrestricted	2,004,817	2,846,714	4,851,531	8,796
TOTAL NET POSITION	<u>\$ 6,540,819</u>	<u>\$ 5,041,103</u>	<u>\$ 11,581,922</u>	<u>\$ 38,023</u>

See accompanying notes to basic financial statements.

CITY OF KIRBY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Functions and Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
City Council	\$ 14,640	\$ -	\$ -	\$ -
City Administration	350,302	129,184	-	-
Police Protection	1,187,043	194,596	11,262	-
Municipal Court	78,609	9,335	-	-
Fire/EMS Protection	1,119,147	757,284	-	5,225
Animal Services	162,342	21,612	1,720	-
Parks and Pool	120,971	22,009	-	-
Streets and Shops	243,800	100,983	-	-
Crime Control	3,932	-	-	-
General City Operations	592,236	-	-	-
Interest on Long-Term Debt	43,593	-	-	-
<i>Total Governmental Activities</i>	<u>3,916,615</u>	<u>1,235,003</u>	<u>12,982</u>	<u>5,225</u>
Business-Type Activities				
Water/Sewer Utility	<u>1,491,352</u>	<u>2,102,299</u>	<u>14,600</u>	<u>-</u>
<i>Total Business-Type Activities</i>	<u>1,491,352</u>	<u>2,102,299</u>	<u>14,600</u>	<u>-</u>
Total Primary Government	<u>5,407,967</u>	<u>3,337,302</u>	<u>27,582</u>	<u>5,225</u>
Component Unit:				
Kirby Senior Center Corp.	<u>258,110</u>	<u>239,383</u>	<u>-</u>	<u>-</u>
Total Component Unit	<u>\$ 258,110</u>	<u>\$ 239,383</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 Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Kirby Senior Center Corporation
\$ (14,640)	\$ -	\$ (14,640)	\$ -
(221,118)	-	(221,118)	-
(981,185)	-	(981,185)	-
(69,274)	-	(69,274)	-
(356,638)	-	(356,638)	-
(139,010)	-	(139,010)	-
(98,962)	-	(98,962)	-
(142,817)	-	(142,817)	-
(3,932)	-	(3,932)	-
(592,236)	-	(592,236)	-
(43,593)	-	(43,593)	-
<u>(2,663,405)</u>	<u>-</u>	<u>(2,663,405)</u>	<u>-</u>
<u>-</u>	<u>625,547</u>	<u>625,547</u>	<u>-</u>
<u>-</u>	<u>625,547</u>	<u>625,547</u>	<u>-</u>
<u>(2,663,405)</u>	<u>625,547</u>	<u>(2,037,858)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(18,727)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(18,727)</u>
1,599,652	-	1,599,652	-
374,303	-	374,303	-
467,895	-	467,895	-
8,488	8,912	17,400	-
-	125,068	125,068	-
150	-	150	-
<u>2,450,488</u>	<u>133,980</u>	<u>2,584,468</u>	<u>-</u>
<u>526,265</u>	<u>(526,265)</u>	<u>-</u>	<u>-</u>
313,348	233,262	546,610	(18,727)
6,227,471	4,807,841	11,035,312	56,750
<u>\$ 6,540,819</u>	<u>\$ 5,041,103</u>	<u>\$ 11,581,922</u>	<u>\$ 38,023</u>

CITY OF KIRBY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	Major Fund General Fund	Major Fund Debt Service	Nonmajor Fund Crime Control	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 2,606,425	\$ 5,241	\$ 59,652	\$ 2,671,318
Receivables (net of allowances for uncollectibles):				
Property Taxes	105,755	7,910	-	113,665
EMS Charges	121,748	-	-	121,748
Accounts	122,878	-	-	122,878
Due from Other Governments	204,642	-	10,236	214,878
Due from Other Funds	-	111	150	261
Inventory of Supplies, At Cost	28,031	-	-	28,031
Prepaid Items	24,056	-	-	24,056
TOTAL ASSETS	<u>\$ 3,213,535</u>	<u>\$ 13,262</u>	<u>\$ 70,038</u>	<u>\$ 3,296,835</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE				
<i>Liabilities:</i>				
Accounts Payable	\$ 75,527	\$ -	\$ -	\$ 75,527
Accrued Expenditures	102,104	-	-	102,104
Unearned Revenue	40,737	-	-	40,737
Due to Other Funds	21,356	-	-	21,356
<i>Total Liabilities</i>	<u>239,724</u>	<u>-</u>	<u>-</u>	<u>239,724</u>
<i>Deferred Inflows of Resources:</i>				
Unavailable EMS Revenues	121,748	-	-	121,748
Unavailable Revenues	105,755	7,910	-	113,665
<i>Total Deferred Inflows of Resources</i>	<u>227,503</u>	<u>7,910</u>	<u>-</u>	<u>235,413</u>
<i>Fund Balances:</i>				
Nonspendable:				
Inventory	52,087	-	-	52,087
Restricted for:				
PEG Capital Fees	90,531	-	-	90,531
Public Safety	41,560	-	-	41,560
Debt Service	-	5,352	-	5,352
Crime Control	-	-	70,038	70,038
Unassigned	2,562,130	-	-	2,562,130
<i>Total Fund Balances</i>	<u>2,746,308</u>	<u>5,352</u>	<u>70,038</u>	<u>2,821,698</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 3,213,535</u>	<u>\$ 13,262</u>	<u>\$ 70,038</u>	<u>\$ 3,296,835</u>

See accompanying notes to basic financial statements.

CITY OF KIRBY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS			\$ 2,821,698
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.			6,093,913
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unearned in the funds.			235,413
Compensated absences are not due and payable in the current period and, therefore, not reported in the funds.			(82,007)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, not reported in the funds.			(1,701,072)
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	1,323,119		
Pension Related Deferred Outflows	(576,143)		
Pension Related Deferred Inflows	<u>77,958</u>		(824,934)
Accrued interest payable on long-term-bonds is not due and payable in the current period and, therefore, not reported in the funds.			<u>(2,192)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES			<u><u>\$ 6,540,819</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, 2016

	Major Fund General Fund	Major Fund Debt Service	Nonmajor Fund Crime Control	Total Governmental Funds
REVENUES				
Taxes	\$ 1,864,934	\$ 105,303	\$ 62,212	\$ 2,032,449
Franchise Fees	374,303	-	-	374,303
Licenses and Permits	163,113	-	-	163,113
Intergovernmental	9,524	-	-	9,524
Fines and Penalties	201,310	-	-	201,310
Charges for Services	836,697	-	-	836,697
Grants	8,284	-	-	8,284
Miscellaneous	8,595	28	417	9,040
TOTAL REVENUES	<u>3,466,760</u>	<u>105,331</u>	<u>62,629</u>	<u>3,634,720</u>
EXPENDITURES				
<i>Current:</i>				
City Council	14,640	-	-	14,640
City Administration	320,787	-	-	320,787
Police Protection	997,070	-	-	997,070
Municipal Court	75,378	-	-	75,378
Fire\EMS Protection	897,342	-	-	897,342
Animal Services	159,783	-	-	159,783
Parks and Pool	116,663	-	-	116,663
Streets and Shops	239,064	-	-	239,064
Crime Control	-	-	3,933	3,933
General City Operations	348,991	-	-	348,991
Capital Projects/Outlay	697,727	-	-	697,727
<i>Debt Service:</i>				
Principal	100,386	385,000	-	485,386
Interest and Fiscal Charges	20,728	48,425	-	69,153
TOTAL EXPENDITURES	<u>3,988,559</u>	<u>433,425</u>	<u>3,933</u>	<u>4,425,917</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (521,799)</u>	<u>\$ (328,094)</u>	<u>\$ 58,696</u>	<u>\$ (791,197)</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, 2016

	Major Fund General Fund	Major Fund Debt Service	Nonmajor Fund Crime Control	Total Governmental Funds
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 480,000	\$ 328,265	\$ -	\$ 808,265
Transfers Out	(282,000)	-	-	(282,000)
Proceeds from Sale of Assets	2,750	-	-	2,750
Proceeds from Issuance of Capital Lease	271,837	-	-	271,837
TOTAL OTHER FINANCING SOURCES (USES)	<u>472,587</u>	<u>328,265</u>	<u>-</u>	<u>800,852</u>
Net Change in Fund Balance	(49,212)	171	58,696	9,655
Fund Balances at Beginning of Year	<u>2,795,520</u>	<u>5,181</u>	<u>11,342</u>	<u>2,812,043</u>
Fund Balances at End of Year	<u>\$ 2,746,308</u>	<u>\$ 5,352</u>	<u>\$ 70,038</u>	<u>\$ 2,821,698</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, 2016

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$	9,655
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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.		74,437
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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.		68,982
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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	385,000		
Amortization of Bond Premium	4,489		
Proceeds from Lease	(271,837)		
Repayment of Capital Lease Principal	100,386		218,038

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.		(55,146)
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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	(2,961)		
Accrued Interest	343		(2,618)

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES	\$	313,348
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CITY OF KIRBY, TEXAS
STATEMENT OF NET POSITION – PROPRIETARY FUND
SEPTEMBER 30, 2016

	Business-Type Activities Waterworks\Sewer Fund
ASSETS	
<i>Current Assets:</i>	
Cash and Investments	\$ 2,803,244
Receivables (net of allowances for uncollectibles):	
Accounts	256,550
Due from Other Funds	21,095
Inventories	9,833
Prepaid Items	35,110
<i>Total Current Assets</i>	<u>3,125,832</u>
<i>Restricted Assets:</i>	
Cash and Investments	<u>185,745</u>
<i>Total Restricted Assets</i>	<u>185,745</u>
<i>Capital Assets:</i>	
Land	7,005
Utility Plant and Easements	5,680,126
Transportation & Equipment	457,951
Software	42,000
Construction in Progress	22,580
Accumulated Depreciation	<u>(4,015,273)</u>
<i>Capital Assets, net of accumulated depreciation</i>	<u>2,194,389</u>
TOTAL ASSETS	<u>5,505,966</u>
DEFERRED OUTFLOWS	
Deferred Pension Related Outflows	<u>70,374</u>
TOTAL DEFERRED OUTFLOWS	<u>\$ 70,374</u>

See accompanying notes to basic financial statements.

CITY OF KIRBY, TEXAS
STATEMENT OF NET POSITION – PROPRIETARY FUND (CONTINUED)
SEPTEMBER 30, 2016

	Business-Type Activities Waterworks\Sewer Fund
LIABILITIES	
<i>Current Liabilities:</i>	
Accounts Payable	\$ 174,044
Accrued Compensated Absences	26,139
<i>Total Current Liabilities</i>	<u>200,183</u>
<i>Current Liabilities Payable from Restricted Assets:</i>	
Customer Deposits	172,070
<i>Total Current Liabilities Payable from Restricted Assets</i>	<u>172,070</u>
<i>Noncurrent Liabilities:</i>	
Net Pension Liability	155,402
<i>Total Noncurrent Liabilities</i>	<u>155,402</u>
TOTAL LIABILITIES	<u>527,655</u>
DEFERRED INFLOWS	
Deferred Pension Related Inflows	<u>7,582</u>
TOTAL DEFERRED INFLOWS	<u>7,582</u>
NET POSITION	
Net Investment in Capital Assets	2,194,389
Unrestricted	<u>2,846,714</u>
TOTAL NET POSITION	<u><u>\$ 5,041,103</u></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, 2016

	Business-Type Activities
	Waterworks\Sewer Fund
OPERATING REVENUES	
Charges for Utility Service	\$ 2,116,899
TOTAL OPERATING REVENUES	<u>2,116,899</u>
OPERATING EXPENSES	
Salaries and Benfits	318,999
Supplies	63,357
Maintenance and Repairs	93,256
Contractual Services	784,294
Miscellaneous	36,163
Depreciation	195,283
TOTAL OPERATING EXPENSES	<u>1,491,352</u>
OPERATING INCOME (LOSS)	<u>625,547</u>
NONOPERATING REVENUES (EXPENSES)	
Interest Income	8,912
Capital Improvement Fee	125,068
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>133,980</u>
Net Income (Loss) Before Contributions and Transfers	759,527
Transfers In (Out)	<u>(526,265)</u>
CHANGE IN NET POSITION	233,262
NET POSITION AT BEGINNING OF YEAR	<u>4,807,841</u>
NET POSITION AT END OF YEAR	<u><u>\$ 5,041,103</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, 2016

	Business-Type Activities Waterworks\Sewer Fund
Cash Flows From Operating Activities:	
Cash Received From Customers	\$ 2,147,206
Cash Paid for Employee Wages & Benefits	(305,906)
Cash Paid to Suppliers for Goods & Services	(1,134,516)
Net Cash Provided (Used) by Operating Activities	<u>706,784</u>
Cash Flows From Noncapital Financing Activities:	
Customer Deposits Received (Returned)	2,730
Interfund Payables (Receivables)	(96,189)
Transfers From (To) Other Funds	(526,265)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(619,724)</u>
Cash Flows From Capital and Related Financing Activities:	
Purchase/Construction of Capital Assets	(742,127)
Capital Improvement Fee	125,068
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(617,059)</u>
Cash Flows From Investing Activities:	
Investment Interest Received	8,912
Net Cash Provided (Used) by Investing Activities	<u>8,912</u>
Net Increase (Decrease) in Cash and Investments	<u>(521,087)</u>
Cash and Investments at Beginning of Year:	
Cash and Investments	3,328,808
Restricted Cash and Investments	181,267
	<u>3,510,075</u>
Cash and Investments at End of Year:	
Cash and Investments	2,803,244
Restricted Cash and Investments	185,745
	<u>\$ 2,988,989</u>

See accompanying notes to basic financial statements.

CITY OF KIRBY, TEXAS
STATEMENT OF CASH FLOWS - PROPRIETARY FUND (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Business-Type Activities Waterworks\Sewer Fund
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating Income	\$ 625,547
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation	195,283
(Increase) Decrease in Operating Assets:	
Accounts Receivable	30,307
Inventory	(6,646)
Prepaid Items	(3,757)
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	(147,043)
Accrued Wages & Benefits	6,015
Net Pension Liability	7,078
Total Adjustments to Reconcile Operating Activities	81,237
Net Cash Provided (Used) by Operating Activities	\$ 706,784

See accompanying notes to basic financial statements.

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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, 2016

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, 2016

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, 2016

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, 2016

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, 2016

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, 2016

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, as well as issuance costs, are amortized over the life of the bond.

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

16. PENSIONS

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

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

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, 2016

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, 2015 comparative information to conform to the September 30, 2016 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, 2016, the carrying amount of the primary government's (the City) cash on hand was \$525 and deposits in bank were \$3,627,134 and the book balance was \$3,198,892. 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 \$4,020,892 and market value of \$4,051,572 as collateral for the City's deposits. All of the City's cash was fully collateralized.

As of September 30, 2016, the Kirby Senior Center Corporation's (Component Unit) deposits had a carrying value of \$4,233 and the bank balance was \$4,857. The Center also had \$100 cash on hand. The deposits of the Kirby Senior Center were entirely insured by FDIC coverage.

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

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. Additionally, investment practices of the City were in accordance with local policies.

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

The City's investments at September 30, 2016 are as shown below:

	<u>Reported Value</u>	<u>Fair Value</u>
TexPool	\$ 2,461,416	\$ 2,461,416
Total Investments	<u>\$ 2,461,416</u>	<u>\$ 2,461,416</u>

3. Analysis of Specific Deposit and Investment Risks

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

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, 2016, 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.

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE B -- DEPOSITS AND INVESTMENTS (Continued)

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

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.

4. Investment Accounting Policy

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

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE B -- DEPOSITS AND INVESTMENTS (Continued)

5. Public Funds Investment Pools

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

NOTE C -- RECEIVABLES

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

	<u>Governmental Funds</u>		<u>Proprietary Fund</u>	
	<u>General Fund</u>	<u>Debt Service</u>	<u>Waterworks\ Sewer Fund</u>	<u>Total</u>
<i>Receivables:</i>				
Property Taxes	\$ 119,439	\$ 8,934	\$ -	\$ 128,373
Less Allowance for Uncollectibles	(13,684)	(1,024)	-	(14,708)
Franchise Taxes	79,242	-	-	79,242
EMS Services	608,742	-	-	608,742
Less Allowance for Uncollectibles	(486,994)	-	-	(486,994)
Customer Accounts	-	-	276,550	276,550
Less Allowance for Uncollectibles	-	-	(20,000)	(20,000)
Other	43,636	-	-	43,636
Net Total Receivables	<u>\$ 350,381</u>	<u>\$ 7,910</u>	<u>\$ 256,550</u>	<u>\$ 614,841</u>

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, 2015, upon which the fiscal 2016 levy was based, was \$195,499,932 (i.e., market value less exemptions). The estimated market value was \$223,789,170, making the taxable value 87.4% of the estimated market value.

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE D -- PROPERTY TAX CALENDAR (Continued)

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, 2016, was \$.729376 per \$100 of assessed value, which means that the City has a tax margin of \$1.770624 for each \$100 value and could increase its annual tax levy by approximately \$3,721,140 based upon the present assessed valuation of \$210,159,825 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, 2016, balances of interfund amounts receivable or payable have been recorded as follows:

	Due From	Due To
<i>Primary Government</i>		
General Fund:		
Waterworks/Sewer	\$ -	\$ 21,245
Debt Service	-	111
	<u>-</u>	<u>21,356</u>
Debt Service:		
General Fund	111	-
	<u>111</u>	<u>-</u>
Crime Control:		
General Fund	150	-
	<u>150</u>	<u>-</u>
Waterworks/Sewer Fund:		
General Fund	21,245	-
Crime Control	-	150
	<u>21,245</u>	<u>150</u>
Totals	<u>\$ 21,506</u>	<u>\$ 21,506</u>

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE F -- CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2016, was as follows:

<i>Governmental Activities</i>	Balance 10/1/2015	Additions/ Transfer In	Disposals/ Transfer Out	Balance 9/30/2016
Land	\$ 836,120	\$ -	\$ -	\$ 836,120
Buildings and Improvements	4,453,473	43,342	-	4,496,815
Transportation & Equipment	2,850,290	347,327	(196,399)	3,001,218
Infrastructure	12,122,018	-	-	12,122,018
Software	78,790	-	-	78,790
Construction in Progress	-	274,139	-	274,139
	<u>20,340,691</u>	<u>664,808</u>	<u>(196,399)</u>	<u>20,809,100</u>
Less Accumulated Depreciation				
Buildings and Improvements	(1,410,587)	(142,510)	-	(1,553,097)
Transportation & Equipment	(1,815,563)	(292,173)	196,399	(1,911,337)
Infrastructure	(11,047,791)	(139,930)	-	(11,187,721)
Software	(47,274)	(15,758)	-	(63,032)
	<u>(14,321,215)</u>	<u>(590,371)</u>	<u>196,399</u>	<u>(14,715,187)</u>
Governmental Capital Assets, Net	<u>\$ 6,019,476</u>	<u>\$ 74,437</u>	<u>\$ -</u>	<u>\$ 6,093,913</u>
<i>Business-Type Activities</i>				
Land	\$ 7,005	\$ -	\$ -	\$ 7,005
Utility Plant	5,024,762	655,364	-	5,680,126
Transportation & Equipment	393,769	64,182	-	457,951
Software	42,000	-	-	42,000
Construction in Progress	-	22,580	-	22,580
Totals at Historical Cost	<u>5,467,536</u>	<u>742,126</u>	<u>-</u>	<u>6,209,662</u>
Less Accumulated Depreciation				
Buildings and Improvements	(87,506)	-	-	(87,506)
Utility Plant	(3,364,632)	(146,894)	-	(3,511,526)
Transportation & Equipment	(342,652)	(39,989)	-	(382,641)
Software	(25,200)	(8,400)	-	(33,600)
	<u>(3,819,990)</u>	<u>(195,283)</u>	<u>-</u>	<u>(4,015,273)</u>
Business-Type Capital Assets, Net	<u>\$ 1,647,546</u>	<u>\$ 546,843</u>	<u>\$ -</u>	<u>\$ 2,194,389</u>

Land and Construction in Progress are not depreciated.

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE F -- CAPITAL ASSETS (Continued)

Depreciation expense was charged to the governmental functions as follows:

City Administration	\$ 24,152
Fire Protection\EMS	165,482
Police Protection	158,330
Public Works	239,081
Animal Services	<u>3,326</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 590,371</u></u>

NOTE G -- LONG-TERM DEBT

Primary Government

Long-term debt and obligations payable at September 30, 2016, comprise the following individual issues:

\$2,970,000 Combination Tax and Revenue Certificates of Obligation, Series 2009 payable in annual installments of \$235,000 to \$345,000 through 2019; interest at 2.25% to 3.75%	\$ 1,000,000
\$715,000 General Obligation Refunding Bonds, Series 2009 payable in annual installments of \$125,000 to \$65,000 through 2017; interest at 2.25% to 3.0%	85,000
\$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.	396,506
\$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.	60,997
\$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>153,605</u>
<i>Total Governmental Long-Term Obligations</i>	<u><u>\$ 1,696,108</u></u>

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE G -- LONG-TERM DEBT (Continued)

The annual requirements to amortize all long-term bonded debt and obligations outstanding as of September 30, 2016, including interest payments, are as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2017	\$ 405,000	\$ 32,481	\$ 437,481
2018	335,000	19,219	354,219
2019	345,000	6,469	351,469
	<u>\$ 1,085,000</u>	<u>\$ 58,169</u>	<u>\$ 1,143,169</u>

Future payments under the capital leases are as follows:

Year Ending September 30,	Lease Payments
2017	\$ 121,114
2018	121,113
2019	89,050
2020	89,051
2021 through 2024	263,783
	<u>684,111</u>
Less: Amount Representing Interest	<u>(73,003)</u>
	<u>\$ 611,108</u>

Changes in Long-Term Liabilities

<i>Governmental Activities</i>	Balance 10/1/2015	Additions	Reductions	Balance 9/30/2016	Due Within One Year
General Obligation Refunding	\$ 160,000	\$ -	\$ (75,000)	\$ 85,000	\$ 85,000
Premium	955	-	(240)	715	-
Certificates of Obligation, 2009	1,310,000	-	(310,000)	1,000,000	320,000
Premium	8,498	-	(4,249)	4,249	-
Capital Leases	439,658	281,836	(110,386)	611,108	102,640
Compensated Absences	79,046	82,007	(79,046)	82,007	82,007
Total Governmental Activities	<u>\$ 1,998,157</u>	<u>\$ 363,843</u>	<u>\$ (578,921)</u>	<u>\$ 1,783,079</u>	<u>\$ 589,647</u>
<i>Business-Type Activities</i>					
Compensated Absences	<u>\$ 20,124</u>	<u>\$ 26,139</u>	<u>\$ (20,124)</u>	<u>\$ 26,139</u>	<u>\$ 26,139</u>
Total Business-Type Activities	<u>20,124</u>	<u>26,139</u>	<u>(20,124)</u>	<u>26,139</u>	<u>26,139</u>
Total Primary Government	<u>\$ 2,018,281</u>	<u>\$ 389,982</u>	<u>\$ (599,045)</u>	<u>\$ 1,809,218</u>	<u>\$ 615,786</u>

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE H -- EMPLOYEES' RETIREMENT SYSTEMS

Texas Municipal Retirement System

1. Plan Description

The City participates as one of 866 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the state of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the system with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

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

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, 2015 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	21
Inactive employees entitled to but not yet receiving benefits	73
Active employees	52
	<hr/>
	146
	<hr/>

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

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, 2016, 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 13.38% and 13.11% in calendar years 2015 and 2016, respectively. The City's contributions to TMRS for the year ended September 30, 2016 were \$256,566, 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, 2015, 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, 2015 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Salary Increases	3.50% to 10.50%, 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, 2016

NOTE H -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

5. Actuarial Assumptions (Continued)

Actuarial assumptions used in the December 31, 2015 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 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding the expected inflation. In determining their best estimated 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%	6.10%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	3.65%
Real Return	10.00%	4.03%
Real Estate	10.00%	5.00%
Absolute Return	10.00%	4.00%
Private Equity	5.00%	8.00%
	<u>100.00%</u>	

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

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, 2015:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2014	\$ 6,669,886	\$ 5,739,937	\$ 929,949
Changes for the year:			
Service Cost	307,109	-	307,109
Interest	469,554	-	469,554
Change of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	107,091	-	107,091
Changes of Assumptions	41,761	-	41,761
Contributions - Employer	-	245,466	(245,466)
Contributions - Employee	-	128,421	(128,421)
Net Investment Income	-	8,470	(8,470)
Benefit Payments, Including Refunds of Employee Contributions	(231,052)	(231,052)	-
Administrative Expense	-	(5,159)	5,159
Other Changes	-	(255)	255
Net Changes	694,463	145,891	548,572
Balance at December 31, 2015	\$ 7,364,349	\$ 5,885,828	\$ 1,478,521

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	\$ 2,661,584	\$ 1,478,521	\$ 523,749

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

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, 2016, the City recognized pension expense of \$318,790. Also as of September 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Economic Experience	\$ 74,441	\$ 85,540
Changes in Actuarial Assumptions	29,029	-
Differences Between Projected and Actual Investment Earnings	355,079	-
Contributions Subsequent to the Measurement Date	187,968	-
	<u>\$ 646,517</u>	<u>\$ 85,540</u>

Deferred outflows of resources in the amount of \$187,968 is related to pensions resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liability for the year ending September 30, 2016. 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,	
2016	\$ 66,929
2017	122,569
2018	104,845
2019	78,666
	<u>\$ 373,009</u>

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

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, 2016, 2015 and 2014 were \$2,387, \$2,378, and \$2,375, respectively, and were equal to the required contributions each year.

NOTE J -- TRANSFERS

Transfers during the year ended September 30, 2016, were as follows:

	Transfers In	Transfers Out	Purpose
Primary Government:			
Debt Service	\$ 46,265	\$ -	Funding for Debt Payments
Debt Service	282,000	-	Funding for Debt Payments
General Fund	480,000	-	Transfer in Lieu of Taxes
General Fund	-	282,000	Funding for Debt Payments
Waterworks/Sewer Fund	-	46,265	Funding for Debt Payments
Waterworks/Sewer Fund	-	480,000	Transfer in Lieu of Taxes
	<u>\$ 808,265</u>	<u>\$ 808,265</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, 2016

NOTE K -- COMMITMENTS AND CONTINGENCIES (Continued)

Grants

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

NOTE L -- RELATED PARTY

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

NOTE M -- RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various natures. The City contracts with the Texas Municipal League (TML) to provide insurance coverage for property and casualty, and workers compensation. TML is a multi-employer group that provides for a combination of risk sharing among pool participants and stop loss coverage. Contributions are set annually by the provider. Liability by the City is generally limited to the contributed amounts. Annual contributions for the year ended September 30, 2016 were \$115,811 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, 2016

	Budget Amounts		2016 Actual Amounts	Variance Favorable (Unfavorable)	2015 Actual Amounts
	Original	Final			
REVENUES					
Taxes	\$ 1,761,088	\$ 1,761,088	\$ 1,864,934	\$ 103,846	\$ 1,678,747
Franchise Fees	376,725	392,225	374,303	(17,922)	392,387
Licenses and Fees	163,700	163,700	163,113	(587)	120,472
Intergovernmental Revenues	9,800	9,800	9,524	(276)	9,927
Charges for Services	823,500	823,500	836,697	13,197	848,030
Grants	2,607,035	7,400	8,284	884	212,387
Fines and Penalties	222,600	222,600	201,310	(21,290)	215,934
Miscellaneous	11,100	11,100	8,595	(2,505)	15,892
TOTAL REVENUES	<u>5,975,548</u>	<u>3,391,413</u>	<u>3,466,760</u>	<u>75,347</u>	<u>3,493,776</u>
EXPENDITURES:					
<i>City Council:</i>					
Salaries/Expenses	8,488	8,488	8,398	90	8,485
Supplies	1,500	5,800	5,539	261	1,937
Meeting and Travel	5,000	2,500	703	1,797	6,162
<i>Total City Council</i>	<u>14,988</u>	<u>16,788</u>	<u>14,640</u>	<u>2,148</u>	<u>16,584</u>
<i>City Administration:</i>					
Salaries & Benefits	283,419	284,919	286,842	(1,923)	254,567
Supplies	1,000	1,000	976	24	758
Maintenance	8,300	8,800	8,618	182	9,005
Contract Services	20,000	19,000	14,784	4,216	15,195
Miscellaneous	10,100	10,100	9,567	533	14,057
<i>Total City Administration</i>	<u>322,819</u>	<u>323,819</u>	<u>320,787</u>	<u>3,032</u>	<u>293,582</u>
<i>Police Protection:</i>					
Salaries & Benefits	926,123	926,123	892,325	33,798	828,864
Supplies	67,180	54,000	38,819	15,181	39,636
Maintenance	48,900	55,000	49,775	5,225	46,286
Contract Services	18,500	19,500	10,578	8,922	19,789
Miscellaneous	8,400	8,400	5,573	2,827	5,981
<i>Total Police Protection</i>	<u>\$ 1,069,103</u>	<u>\$ 1,063,023</u>	<u>\$ 997,070</u>	<u>\$ 65,953</u>	<u>\$ 940,556</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, 2016

	Budget Amounts		2016 Actual Amounts	Variance Favorable (Unfavorable)	2015 Actual Amounts
	Original	Final			
EXPENDITURES (CONTINUED)					
<i>Municipal Court:</i>					
Salaries & Benefits	\$ 43,435	\$ 43,435	\$ 37,079	\$ 6,356	\$ 35,140
Supplies	1,500	1,500	303	1,197	940
Maintenance	7,930	7,930	7,606	324	7,363
Contract Services	43,100	43,100	30,390	12,710	33,031
<i>Total Municipal Court</i>	<u>95,965</u>	<u>95,965</u>	<u>75,378</u>	<u>20,587</u>	<u>76,474</u>
<i>Fire/EMS Protection:</i>					
Salaries & Benefits	861,651	861,651	817,318	44,333	761,784
Supplies	54,340	45,340	35,703	9,637	49,879
Maintenance	47,700	47,700	31,968	15,732	38,189
Contract Services	9,500	9,500	9,444	56	9,313
Miscellaneous	6,700	6,700	2,909	3,791	4,984
<i>Total Fire/EMS Protection</i>	<u>979,891</u>	<u>970,891</u>	<u>897,342</u>	<u>73,549</u>	<u>864,149</u>
<i>Animal Services:</i>					
Salaries & Benefits	129,164	129,164	98,143	31,021	123,764
Supplies	23,308	24,808	21,070	3,738	18,734
Maintenance	5,450	20,650	19,572	1,078	2,692
Contract Services	20,000	20,000	20,000	-	33,996
Miscellaneous	2,200	2,200	998	1,202	389
<i>Total Animal Services</i>	<u>180,122</u>	<u>196,822</u>	<u>159,783</u>	<u>37,039</u>	<u>179,575</u>
<i>Parks and Pools:</i>					
Salaries & Benefits	101,115	101,115	80,471	20,644	112,227
Supplies	21,000	21,000	14,080	6,920	16,892
Maintenance	29,525	29,525	21,677	7,848	28,320
Miscellaneous	1,500	1,500	435.00	1,065	-
<i>Total Parks and Pools</i>	<u>\$ 153,140</u>	<u>\$ 153,140</u>	<u>\$ 116,663</u>	<u>\$ 36,477</u>	<u>\$ 157,439</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, 2016

	Budget Amounts		2016 Actual Amounts	Variance Favorable (Unfavorable)	2015 Actual Amounts
	Original	Final			
EXPENDITURES (CONTINUED)					
<i>Streets and Shop:</i>					
Salaries & Benefits	\$ 145,173	\$ 148,973	\$ 123,385	\$ 25,588	\$ 110,598
Supplies	30,770	36,020	27,790	8,230	25,174
Maintenance	50,950	47,450	41,675	5,775	32,198
Contract Services	35,500	35,500	45,742	(10,242)	35,434
Miscellaneous	500	500	472	28	375
<i>Total Streets and Shop</i>	<u>262,893</u>	<u>268,443</u>	<u>239,064</u>	<u>29,379</u>	<u>203,779</u>
<i>General City Operations:</i>					
Supplies	27,000	26,200	20,783	5,417	22,664
Maintenance	9,000	10,509	8,914	1,595	12,044
Contract Services	333,650	348,260	316,536	31,724	312,118
Miscellaneous	3,200	3,200	2,758	442	2,723
<i>Total General City Operations</i>	<u>372,850</u>	<u>388,169</u>	<u>348,991</u>	<u>39,178</u>	<u>349,549</u>
<i>Capital Outlay</i>	<u>3,997,114</u>	<u>770,255</u>	<u>697,727</u>	<u>72,528</u>	<u>818,371</u>
<i>Debt Service:</i>					
Principal	109,637	112,407	100,386	12,021	44,110
Interest	20,728	20,728	20,728	-	12,544
<i>Total Debt Service</i>	<u>130,365</u>	<u>133,135</u>	<u>121,114</u>	<u>12,021</u>	<u>56,654</u>
TOTAL EXPENDITURES	<u>7,579,250</u>	<u>4,380,450</u>	<u>3,988,559</u>	<u>391,891</u>	<u>3,956,712</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,603,702)</u>	<u>(989,037)</u>	<u>(521,799)</u>	<u>467,238</u>	<u>(462,936)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	480,000	480,000	480,000	-	480,000
Transfers Out	(282,000)	(282,000)	(282,000)	-	(281,500)
Proceeds from Sale of Assets	10,000	10,000	2,750	(7,250)	3,685
Proceeds from Debt	281,836	281,836	271,837	(9,999)	483,768
TOTAL OTHER FINANCING SOURCES (USES)	<u>489,836</u>	<u>489,836</u>	<u>472,587</u>	<u>(17,249)</u>	<u>685,953</u>
Net Change in Fund Balance	<u>(1,113,866)</u>	<u>(499,201)</u>	<u>(49,212)</u>	<u>449,989</u>	<u>223,017</u>
Fund Balance - Beginning of Year	<u>2,795,520</u>	<u>2,795,520</u>	<u>2,795,520</u>	<u>-</u>	<u>2,572,503</u>
Fund Balance - End of Year	<u>\$ 1,681,654</u>	<u>\$ 2,296,319</u>	<u>\$ 2,746,308</u>	<u>\$ 449,989</u>	<u>\$ 2,795,520</u>

CITY OF KIRBY, TEXAS
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
SEPTEMBER 30, 2016

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, 2016 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 TWO CALENDAR YEARS

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

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

Schedule of Contributions:

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

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	30 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, 2016 AND 2015

ASSETS	2016	2015
Cash and Investments	\$ 2,606,425	\$ 2,605,617
Receivables, Net of Allowances for Uncollectibles:		
Property Taxes	105,755	72,780
EMS Charges	121,748	87,865
Accounts	122,878	116,969
Due from Other Governments	204,642	209,481
Due from Other Funds	-	87,464
Inventory of Supplies, At Cost	28,031	25,341
Prepaid Items	24,056	-
TOTAL ASSETS	\$ 3,213,535	\$ 3,205,517
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
<i>Liabilities:</i>		
Accounts Payable	\$ 75,527	\$ 128,519
Accrued Expenditures	102,104	120,419
Deferred Revenue	40,737	-
Due to Other Funds	21,356	414
<i>Total Liabilities</i>	<u>239,724</u>	<u>249,352</u>
<i>Deferred Inflows of Resources:</i>		
Unavailable EMS Revenue	121,748	87,865
Unavailable Tax Revenue	105,755	72,780
<i>Total Deferred Inflows of Resources</i>	<u>227,503</u>	<u>160,645</u>
<i>Fund Balance:</i>		
Nonspendable:		
Inventory of Supplies and Prepaid Items	52,087	25,341
Restricted for:		
Court Security	37,617	39,321
Court Technology	3,943	8,453
PEG Capital Fees	90,531	72,470
Unassigned	2,562,130	2,649,935
<i>Total Fund Balance</i>	<u>2,746,308</u>	<u>2,795,520</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 3,213,535	\$ 3,205,517

CITY OF KIRBY, TEXAS
COMPARATIVE BALANCE SHEETS
DEBT SERVICE FUND
SEPTEMBER 30, 2016 AND 2015

ASSETS	<u>2016</u>	<u>2015</u>
Cash and Investments	\$ 5,241	\$ 4,767
Taxes Receivable	7,910	5,787
Due From Other Funds	<u>111</u>	<u>414</u>
TOTAL ASSETS	<u>\$ 13,262</u>	<u>\$ 10,968</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
<i>Deferred Inflows of Resources:</i>		
Unavailable Tax Revenue	<u>\$ 7,910</u>	<u>\$ 5,787</u>
<i>Total Deferred Inflows of Resources</i>	<u>7,910</u>	<u>5,787</u>
<i>Fund Balance:</i>		
Restricted Fund Balance	<u>5,352</u>	<u>5,181</u>
<i>Total Fund Balance</i>	<u>5,352</u>	<u>5,181</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 13,262</u>	<u>\$ 10,968</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, 2016 AND 2015

REVENUES	<u>2016</u>	<u>2015</u>
Taxes	\$ 105,303	\$ 102,448
Interest	<u>28</u>	<u>35</u>
TOTAL REVENUES	<u>105,331</u>	<u>102,483</u>
EXPENDITURES		
Principal Payments on General Obligation Bonds	385,000	375,000
Interest Payments on General Obligation Bonds	45,625	57,413
Fiscal Agent Fees	<u>2,800</u>	<u>2,800</u>
TOTAL EXPENDITURES	<u>433,425</u>	<u>435,213</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(328,094)</u>	<u>(332,730)</u>
OTHER FINANCING SOURCES (USES)		
Transfers In	<u>328,265</u>	<u>330,112</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>328,265</u>	<u>330,112</u>
Net Change in Fund Balance	171	(2,618)
Fund Balances at Beginning of Year	<u>5,181</u>	<u>7,799</u>
Fund Balances at End of Year	<u>\$ 5,352</u>	<u>\$ 5,181</u>

CITY OF KIRBY, TEXAS
COMPARATIVE BALANCE SHEETS
CRIME CONTROL FUND
SEPTEMBER 30, 2016 AND 2015

ASSETS	2016	2015
Cash and Investments	\$ 59,652	\$ 16,347
Due From Other Governments	10,236	7,365
Due to Other Funds	150	-
TOTAL ASSETS	\$ 70,038	\$ 23,712
LIABILITIES AND FUND BALANCE		
<i>Liabilities:</i>		
Due to Other Funds	\$ -	\$ 12,370
<i>Total Liabilities</i>	-	12,370
<i>Fund Balance:</i>		
Restricted Fund Balance	70,038	11,342
<i>Total Fund Balance</i>	70,038	11,342
TOTAL LIABILITIES AND FUND BALANCE	\$ 70,038	\$ 23,712

CITY OF KIRBY, TEXAS
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
CRIME CONTROL FUND
SEPTEMBER 30, 2016 AND 2015

REVENUES	2016	2015
Taxes	\$ 62,212	\$ 24,140
Donations	400	-
Interest	17	1
TOTAL REVENUES	62,629	24,141
EXPENDITURES		
Supplies	141	328
Salaries	1,769	720
Contract Services	2,023	3,734
Miscellaneous	-	8,017
TOTAL EXPENDITURES	3,933	12,799
Excess (Deficiency) of Revenues Over (Under) Expenditures	58,696	11,342
Fund Balances at Beginning of Year	11,342	-
Fund Balances at End of Year	\$ 70,038	\$ 11,342

CITY OF KIRBY, TEXAS
COMPARATIVE STATEMENT OF NET POSITION
PROPRIETARY FUND
WATERWORKS AND SEWER SYSTEM
SEPTEMBER 30, 2016 AND 2015

ASSETS	2016	2015
<i>Current Assets:</i>		
Cash and Investments	\$ 2,803,244	\$ 3,328,808
Receivables - Customers	276,550	306,857
Allowance for Uncollectibles	(20,000)	(20,000)
Due from Other Funds	21,095	-
Inventory of Supplies, at cost	9,833	3,187
Prepaid Items	35,110	31,353
<i>Total Current Assets</i>	<u>3,125,832</u>	<u>3,650,205</u>
<i>Restricted Assets:</i>		
Cash and Investments	185,745	181,267
<i>Total Restricted Assets</i>	<u>185,745</u>	<u>181,267</u>
<i>Capital Assets:</i>		
Utility Plant and Infrastructure	5,680,126	5,024,762
Transportation, Furniture and Equipment	457,951	393,769
Software	42,000	42,000
Total Depreciable and Amortizable Fixed Assets	<u>6,180,077</u>	<u>5,460,531</u>
Less Accumulated Depreciation and Amortization	<u>(4,015,273)</u>	<u>(3,819,990)</u>
Total Depreciable Fixed Assets, Net of Accumulated Depreciation and Amortization	2,164,804	1,640,541
Land	7,005	7,005
Construction in Progress	22,580	-
<i>Total Capital Assets</i>	<u>2,194,389</u>	<u>1,647,546</u>
TOTAL ASSETS	<u>5,505,966</u>	<u>5,479,018</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Pension Related Outflows	70,374	23,076
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 70,374</u>	<u>\$ 23,076</u>

CITY OF KIRBY, TEXAS
COMPARATIVE STATEMENT OF NET POSITION
PROPRIETARY FUND
WATERWORKS AND SEWER SYSTEM (CONTINUED)
SEPTEMBER 30, 2016 AND 2015

LIABILITIES	2016	2015
<i>Current Liabilities (Payable from Current Assets):</i>		
Accounts Payable	\$ 174,044	\$ 321,087
Accrued Vacation Leave Payable	26,139	20,124
Due to Other Funds	-	75,094
<i>Total Current Liabilities</i> <i>(Payable from Current Assets)</i>	<u>200,183</u>	<u>416,305</u>
<i>Current Liabilities (Payable from Restricted Assets):</i>		
Customer Deposits	<u>172,070</u>	<u>169,340</u>
<i>Total Current Liabilities</i> <i>(Payable from Restricted Assets)</i>	<u>172,070</u>	<u>169,340</u>
<i>Noncurrent Liabilities:</i>		
Net Pension Liability	<u>155,402</u>	<u>92,995</u>
<i>Total Noncurrent Liabilities</i>	<u>155,402</u>	<u>92,995</u>
TOTAL LIABILITIES	<u>527,655</u>	<u>678,640</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Pension Related Inflows	<u>7,582</u>	<u>15,613</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>7,582</u>	<u>15,613</u>
NET POSITION		
Net Investment in Capital Assets	2,194,389	1,647,546
Unrestricted	<u>2,846,714</u>	<u>3,160,295</u>
TOTAL NET POSITION	<u>\$ 5,041,103</u>	<u>\$ 4,807,841</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, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Operating Revenues		
Charges for Utility Service	\$ 2,116,899	\$ 2,142,967
Total Operating Revenues	<u>2,116,899</u>	<u>2,142,967</u>
Operating Expenses Before Depreciation		
Salaries and Benefits	318,999	255,327
Supplies	63,357	71,243
Maintenance	93,256	96,755
Contractual Services	784,294	779,228
Miscellaneous	36,163	39,583
Total Operating Expenses Before Depreciation	<u>1,296,069</u>	<u>1,242,136</u>
Operating Income Before Depreciation	820,830	900,831
Depreciation	195,283	192,959
Operating Income (Loss)	<u>625,547</u>	<u>707,872</u>
Other Income (Expense):		
Miscellaneous Income	8,912	5,683
Capital Improvement Fee	125,068	124,840
Total Other Income (Expense)	<u>133,980</u>	<u>130,523</u>
Net Income (Loss) Before Contributions and Transfers	759,527	838,395
Transfer Out	<u>(526,265)</u>	<u>(528,612)</u>
NET CHANGE IN NET ASSETS	233,262	309,783
Net Assets at Beginning of Year	<u>4,807,841</u>	<u>4,498,058</u>
Net Assets at End of Year	<u>\$ 5,041,103</u>	<u>\$ 4,807,841</u>

CITY OF KIRBY, TEXAS
COMPARATIVE STATEMENTS OF CASH FLOWS
PROPRIETARY FUND – WATERWORKS AND SEWER SYSTEM
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Cash Flows From Operating Activities:		
Cash Received From Customers	\$ 2,147,206	\$ 2,176,659
Cash Paid for Employee Wages & Benefits	(305,906)	(254,167)
Cash Paid to Suppliers for Goods & Services	<u>(1,134,516)</u>	<u>(767,054)</u>
Net Cash Provided (Used) by		
Operating Activities	<u>706,784</u>	<u>1,155,438</u>
Cash Flows From Noncapital		
Financing Activities:		
Customer Deposits Received (Returned)	2,730	3,400
Interfund Payables (Receivables)	(96,189)	(11,281)
Transfers From (To) Other Funds	<u>(526,265)</u>	<u>(528,612)</u>
Net Cash Provided (Used) by		
Noncapital Financing Activities	<u>(619,724)</u>	<u>(536,493)</u>
Cash Flows From Capital and		
Related Financing Activities:		
Purchase/Construction of Capital Assets	(742,126)	(202,122)
Capital Improvement Fee	<u>125,068</u>	<u>124,840</u>
Net Cash Provided (Used) by Capital		
and Related Financing Activities	<u>(617,058)</u>	<u>(77,282)</u>
Cash Flows From Investing Activities:		
Investment Interest Received	<u>8,912</u>	<u>5,683</u>
Net Cash Provided (Used) by		
Investing Activities	<u>8,912</u>	<u>5,683</u>
 Net Increase (Decrease) in Cash		
and Investments	<u>(521,086)</u>	<u>547,346</u>
Cash and Investments at Beginning		
of Year:		
Cash and Investments	3,328,808	2,784,251
Restricted Cash and Investments	<u>181,267</u>	<u>178,478</u>
	<u>3,510,075</u>	<u>2,962,729</u>
 Cash and Investments at End 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>

CITY OF KIRBY, TEXAS
COMPARATIVE STATEMENTS OF CASH FLOWS (CONTINUED)
PROPRIETARY FUND – WATERWORKS AND SEWER SYSTEM
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:		
Operating Income	\$ 625,547	\$ 707,872
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation	195,283	192,958
(Increase) Decrease in Operating Assets:		
Accounts Receivable, Net	30,307	33,692
Inventory	(6,646)	5,854
Prepaid Items	(3,757)	-
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(147,043)	216,223
Accrued Wages & Benefits	6,015	4,732
Net Pension Liability	7,078	(5,893)
Total Adjustments to Reconcile Operating Activities	<u>81,237</u>	<u>447,566</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 706,784</u></u>	<u><u>\$ 1,155,438</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			
	2007	2008	2009	2010
<i>Governmental Activities:</i>				
Net Investment in Capital Assets	\$ 2,139,002	\$ 2,130,610	\$ 3,520,405	\$ 3,373,876
Restricted	115,142	93,741	113,104	73,058
Unrestricted	1,841,483	1,904,787	1,116,000	1,561,630
<i>Total Governmental Activities Net Position</i>	<u>\$ 4,095,627</u>	<u>\$ 4,129,138</u>	<u>\$ 4,749,509</u>	<u>\$ 5,008,564</u>
<i>Business-Type Activities</i>				
Net Investment in Capital Assets	\$ 1,546,608	\$ 1,644,524	\$ 1,507,686	\$ 1,385,679
Restricted	386,414	-	-	-
Unrestricted	959,517	1,403,923	1,644,565	1,727,282
<i>Total Business-Type Activities Net Position</i>	<u>\$ 2,892,539</u>	<u>\$ 3,048,447</u>	<u>\$ 3,152,251</u>	<u>\$ 3,112,961</u>
<i>Primary Government:</i>				
Net Investment in Capital Assets	\$ 3,685,610	\$ 3,775,134	\$ 5,028,091	\$ 4,759,555
Restricted	501,556	93,741	113,104	73,058
Unrestricted	2,801,000	3,308,710	2,760,565	3,288,912
<i>Total Primary Government Net Position</i>	<u>\$ 6,988,166</u>	<u>\$ 7,177,585</u>	<u>\$ 7,901,760</u>	<u>\$ 8,121,525</u>

Note: Years 2007-2014 have not been restated for adoption of GASB No. 68.

TABLE 1

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 3,711,161	\$ 3,503,881	\$ 3,724,502	\$ 4,008,917	\$ 4,100,365	\$ 4,392,841
68,401	269,750	111,846	113,823	128,677	143,161
1,653,141	2,039,131	2,651,840	2,594,666	1,998,429	2,004,817
<u>\$ 5,432,703</u>	<u>\$ 5,812,762</u>	<u>\$ 6,488,188</u>	<u>\$ 6,717,406</u>	<u>\$ 6,227,471</u>	<u>\$ 6,540,819</u>
\$ 1,287,799	\$ 1,222,067	\$ 1,567,593	\$ 1,638,382	\$ 1,647,546	\$ 2,194,389
-	-	-	-	-	-
2,167,613	2,541,459	2,551,847	2,951,101	3,160,295	2,846,714
<u>\$ 3,455,412</u>	<u>\$ 3,763,526</u>	<u>\$ 4,119,440</u>	<u>\$ 4,589,483</u>	<u>\$ 4,807,841</u>	<u>\$ 5,041,103</u>
\$ 4,998,960	\$ 4,725,948	\$ 5,292,095	\$ 5,647,299	\$ 5,747,911	\$ 6,587,230
68,401	269,750	111,846	113,823	128,677	143,161
3,820,754	4,580,590	5,203,687	5,545,767	5,158,724	4,851,531
<u>\$ 8,888,115</u>	<u>\$ 9,576,288</u>	<u>\$ 10,607,628</u>	<u>\$ 11,306,889</u>	<u>\$ 11,035,312</u>	<u>\$ 11,581,922</u>

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

	Fiscal Year			
	2007	2008	2009	2010
Expenses				
<i>Governmental Activities:</i>				
City Council	\$ 17,402	\$ 18,600	\$ 10,913	\$ 13,035
City Administration	210,413	226,639	234,191	252,006
Police Protection	674,312	767,997	733,091	746,036
Municipal Court	40,670	47,789	46,978	47,410
Fire/EMS Protection	499,142	537,553	625,798	756,804
Animal Services	-	-	-	-
Parks and Pools	166,340	213,586	205,810	226,169
Streets and Shops	470,469	456,972	436,945	455,625
Crime Control	-	-	-	-
General City Operations	406,706	484,539	579,986	592,870
Capital Outlay	17,853	41,475	8,514	-
Interest on Long-Term Debt	56,080	50,236	30,261	151,444
<i>Total Governmental Activities Expenses</i>	<u>2,559,387</u>	<u>2,845,386</u>	<u>2,912,487</u>	<u>3,241,399</u>
<i>Business-Type Activities:</i>				
Waterworks and Sewer	860,940	904,172	947,852	915,616
<i>Total Business-Type Activities</i>	<u>860,940</u>	<u>904,172</u>	<u>947,852</u>	<u>915,616</u>
Total Primary Government Expenses	<u>\$ 3,420,327</u>	<u>\$ 3,749,558</u>	<u>\$ 3,860,339</u>	<u>\$ 4,157,015</u>
Program Revenues				
<i>Governmental Activities:</i>				
Charges for service:				
City Administration	\$ 62,982	\$ 55,828	\$ 51,532	\$ 51,005
Police Protection	166,102	174,623	147,747	149,728
Municipal Court	11,484	12,508	10,767	10,611
Fire/EMS Protection	45,300	58,876	575,255	632,174
Animal Services	-	-	-	-
Parks and Pools	11,927	21,988	31,985	36,124
Streets and Shops	37,161	84,671	59,840	37,109
Operating Grants and Contributions	30,440	41,569	20,931	16,662
Capital Grants and Contributions	100,000	63,000	163,513	101,943
<i>Total Governmental Activities</i>				
<i>Program Revenues</i>	<u>465,396</u>	<u>513,063</u>	<u>1,061,570</u>	<u>1,035,356</u>
<i>Business-Type Activities:</i>				
Charges for Service:				
Waterworks and Sewer	1,473,684	1,501,748	1,573,058	1,336,960
Operating Grants and Contributions	-	-	-	-
<i>Total Business-Type Activities</i>				
<i>Program Revenues</i>	<u>1,473,684</u>	<u>1,501,748</u>	<u>1,573,058</u>	<u>1,336,960</u>
Total Primary Government				
Program Revenues	<u>\$ 1,939,080</u>	<u>\$ 2,014,811</u>	<u>\$ 2,634,628</u>	<u>\$ 2,372,316</u>

Note: Years 2007-2014 have not been restated for adoption of GASB No. 68.

TABLE 2

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 19,242	\$ 17,540	\$ 15,371	\$ 14,998	\$ 16,584	\$ 14,640
235,470	248,585	274,783	364,335	307,722	350,302
778,573	870,709	986,230	1,130,297	1,168,328	1,187,043
48,573	44,921	68,588	85,913	77,507	78,609
766,844	816,193	869,188	1,021,875	1,024,146	1,119,147
-	86,858	119,469	187,405	185,112	162,342
181,837	155,248	181,654	175,536	156,870	120,971
505,304	452,711	466,804	238,368	198,816	243,800
-	-	-	-	12,800	3,932
624,083	647,438	641,586	590,052	580,041	592,236
-	-	-	-	-	-
108,130	99,568	154,771	66,215	54,755	43,593
3,268,056	3,439,771	3,778,444	3,874,994	3,782,681	3,916,615
978,886	1,089,654	1,214,855	1,280,736	1,435,095	1,491,352
978,886	1,089,654	1,214,855	1,280,736	1,435,095	1,491,352
\$ 4,246,942	\$ 4,529,425	\$ 4,993,299	\$ 5,155,730	\$ 5,217,776	\$ 5,407,967
\$ 73,069	\$ 80,926	\$ 139,635	\$ 173,287	\$ 139,334	\$ 129,184
137,715	194,071	207,637	226,322	207,467	194,596
9,625	14,771	11,935	13,115	11,372	9,335
550,315	682,424	725,217	649,039	724,899	757,284
-	37,915	28,774	24,668	32,685	21,612
33,589	30,956	47,143	48,406	14,714	22,009
60,648	96,746	149,818	58,639	54,769	100,983
51,126	15,241	118,184	58,914	98,901	12,982
209,665	4,851	171,325	221,168	123,413	5,225
1,125,752	1,157,901	1,599,668	1,473,558	1,407,554	1,253,210
1,734,385	1,831,623	2,006,266	2,148,590	2,128,367	2,102,299
-	-	-	14,600	14,600	14,600
1,734,385	1,831,623	2,006,266	2,163,190	2,142,967	2,116,899
\$ 2,860,137	\$ 2,989,524	\$ 3,605,934	\$ 3,636,748	\$ 3,550,521	\$ 3,370,109

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

	Fiscal Year			
	2007	2008	2009	2010
Net (Expenses) Revenue				
Governmental Activities	\$ (1,661,991)	\$ (1,900,323)	\$ (1,370,917)	\$ (1,726,043)
Business-Type Activities	180,744	165,576	145,206	(58,656)
Total Primary Government Net Expenses	<u>\$ (1,481,247)</u>	<u>\$ (1,734,747)</u>	<u>\$ (1,225,711)</u>	<u>\$ (1,784,699)</u>
Governmental Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes:				
Property Taxes	\$ 1,260,472	\$ 1,260,515	\$ 1,360,442	\$ 1,331,558
Franchise Taxes	270,078	302,026	295,794	317,950
Sales Taxes	227,716	225,300	223,563	240,646
Interest and Investment Earnings	111,048	66,444	34,231	28,103
Gain on Sale of Property and Equipment	-	-	-	-
Miscellaneous	5,448	25,443	21,700	15,868
Transfers	484,746	486,106	535,558	530,973
Total Governmental Activities	<u>2,359,508</u>	<u>2,365,834</u>	<u>2,471,288</u>	<u>2,465,098</u>
Business-Type Activities:				
Interest and Investment Earnings	71,490	44,438	14,156	6,152
Capital Improvement Fee	-	-	-	64,187
Gain on Sale of Property and Equipment	-	-	-	-
Transfers	(484,746)	(486,106)	(535,558)	(530,973)
Total Business-Type Activities	<u>(413,256)</u>	<u>(441,668)</u>	<u>(521,402)</u>	<u>(460,634)</u>
Total Primary Government	<u>\$ 1,946,252</u>	<u>\$ 1,924,166</u>	<u>\$ 1,949,886</u>	<u>\$ 2,004,464</u>
Changes In Net Position				
Government Activities	\$ 265,517	\$ 33,511	\$ 620,371	\$ 259,055
Business-Type Activities	199,488	155,908	103,804	(39,290)
Total Primary Government	<u>\$ 465,005</u>	<u>\$ 189,419</u>	<u>\$ 724,175</u>	<u>\$ 219,765</u>

Note: Years 2007-2014 have not been restated for adoption of GASB No. 68.

TABLE 2 (Continued)

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ (2,142,304)	\$ (2,281,870)	\$ (2,178,776)	\$ (2,401,436)	\$ (2,375,127)	\$ (2,663,405)
755,499	741,969	791,411	882,454	707,872	625,547
<u>\$ (1,386,805)</u>	<u>\$ (1,539,901)</u>	<u>\$ (1,387,365)</u>	<u>\$ (1,518,982)</u>	<u>\$ (1,667,255)</u>	<u>\$ (2,037,858)</u>
\$ 1,410,167	\$ 1,411,924	\$ 1,377,806	\$ 1,392,306	\$ 1,395,907	\$ 1,599,652
325,773	413,178	611,447	368,225	392,387	374,303
244,409	257,114	288,525	308,925	377,765	467,895
10,127	6,874	5,237	4,491	6,212	8,488
27,494	26,515	5,665	7,540	3,685	-
11,032	10,896	32,228	18,180	3,447	150
537,441	535,428	533,294	530,987	528,612	526,265
2,566,443	2,661,929	2,854,202	2,630,654	2,708,015	2,976,753
4,590	7,758	4,728	4,128	5,683	8,912
92,838	92,996	93,069	114,449	124,840	125,068
26,965	819	-	-	-	-
(537,441)	(535,428)	(533,294)	(530,987)	(528,612)	(526,265)
(413,048)	(433,855)	(435,497)	(412,410)	(398,089)	(392,285)
<u>\$ 2,153,395</u>	<u>\$ 2,228,074</u>	<u>\$ 2,418,705</u>	<u>\$ 2,218,244</u>	<u>\$ 2,309,926</u>	<u>\$ 2,584,468</u>
\$ 424,139	\$ 380,059	\$ 675,426	\$ 229,218	\$ 332,888	\$ 313,348
342,451	308,114	355,914	470,044	309,783	233,262
<u>\$ 766,590</u>	<u>\$ 688,173</u>	<u>\$ 1,031,340</u>	<u>\$ 699,262</u>	<u>\$ 642,671</u>	<u>\$ 546,610</u>

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

	Fiscal Year			
	2007	2008	2009	2010
Nonspendable Fund Balance:				
Inventory	\$ 25,987	\$ 29,795	\$ 29,344	\$ 26,518
Prepaid Items	7,947	4,517	-	15,865
Total Nonspendable Fund Balance	<u>33,934</u>	<u>34,312</u>	<u>29,344</u>	<u>42,383</u>
Restricted Fund Balance:				
PEG Capital Fee	-	-	-	-
Public Safety	75,946	51,929	58,152	64,496
Debt Service	31,669	34,247	47,506	902
Crime Control	-	-	-	-
Total Restricted Fund Balance	<u>107,615</u>	<u>86,176</u>	<u>105,658</u>	<u>65,398</u>
Committed Fund Balance:				
Capital Projects	300,000	300,000	2,798,295	1,413,941
Total Committed Fund Balance	<u>300,000</u>	<u>300,000</u>	<u>2,798,295</u>	<u>1,413,941</u>
Unassigned Fund Balance	<u>1,501,588</u>	<u>1,574,934</u>	<u>1,595,275</u>	<u>1,300,058</u>
Total Governmental Funds	<u>\$ 1,943,137</u>	<u>\$ 1,995,422</u>	<u>\$ 4,528,572</u>	<u>\$ 2,821,780</u>

TABLE 3

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 30,346	\$ 39,334	\$ 38,751	\$ 37,213	\$ 25,341	\$ 28,031
-	1,815	1,800	20,476	-	24,056
30,346	41,149	40,551	57,689	25,341	52,087
-	20,687	36,989	52,377	72,470	90,531
68,401	73,790	49,564	48,806	47,774	41,560
-	172,626	21,630	7,799	5,181	5,352
-	-	-	-	11,342	70,038
68,401	267,103	108,183	108,982	136,767	207,481
196,095	-	-	-	-	-
196,095	-	-	-	-	-
1,500,155	1,838,398	2,481,307	2,413,631	2,649,935	2,562,130
\$ 1,794,997	\$ 2,146,650	\$ 2,630,041	\$ 2,580,302	\$ 2,812,043	\$ 2,821,698

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

	Fiscal Year			
	2007	2008	2009	2010
REVENUES				
Taxes	\$ 1,494,414	\$ 1,482,481	\$ 1,580,332	\$ 1,569,464
Franchise Fees	270,078	302,026	295,794	317,950
Licenses and Permits	64,062	122,880	108,695	88,176
Intergovernmental	130,440	-	-	-
Charges for Services	173,462	181,922	615,203	672,411
Grants	-	104,569	184,444	118,605
Fines and Penalties	99,026	103,435	153,170	156,595
Interest	111,048	66,444	34,231	28,103
Miscellaneous	25,718	25,443	21,700	15,868
TOTAL REVENUES	<u>2,368,248</u>	<u>2,389,200</u>	<u>2,993,569</u>	<u>2,967,172</u>
EXPENDITURES				
Current:				
City Council	17,402	18,600	10,913	13,035
City Administration	202,601	216,606	229,807	229,765
Police Protection	621,765	722,348	696,317	688,293
Municipal Court	40,604	47,652	46,920	47,136
Fire\EMS Protection	446,875	482,287	607,108	689,451
Animal Services	-	-	-	-
Parks and Pool	139,269	212,062	205,132	227,791
Streets and Shops	594,717	271,324	368,169	276,137
Crime Control	-	-	-	-
General City Operations	406,703	503,261	579,336	592,594
Capital Projects/Outlay	125,791	188,133	1,001,718	1,933,458
Debt Service:				
Principal	105,000	110,000	120,000	360,000
Interest and Fiscal Charges	56,633	50,748	19,936	147,277
Bond Issue Costs	-	-	119,272	-
TOTAL EXPENDITURES	<u>2,757,360</u>	<u>2,823,021</u>	<u>4,004,628</u>	<u>5,204,937</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>(389,112)</u>	<u>(433,821)</u>	<u>(1,011,059)</u>	<u>(2,237,765)</u>
OTHER FINANCING				
SOURCES (USES)				
Transfers In	484,746	486,106	624,644	834,973
Transfers Out	-	-	(89,086)	(304,000)
Capital Contributions	-	-	-	-
Proceeds from Sale of Asset	-	-	-	-
Proceeds from Debt Financing	-	-	3,718,651	-
Proceeds from Capital Lease	-	-	-	-
Payments to Refund Agent	-	-	(710,000)	-
TOTAL OTHER FINANCING	<u>484,746</u>	<u>486,106</u>	<u>3,544,209</u>	<u>530,973</u>
SOURCES (USES)	<u>484,746</u>	<u>486,106</u>	<u>3,544,209</u>	<u>530,973</u>
Net Change in Fund Balance	<u>\$ 95,634</u>	<u>\$ 52,285</u>	<u>\$ 2,533,150</u>	<u>\$ (1,706,792)</u>
Debt Service as a percentage of noncapital expenditures	6.14%	6.10%	8.63%	15.51%

TABLE 4

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 1,655,109	\$ 1,666,493	\$ 1,660,467	\$ 1,692,482	\$ 1,805,335	\$ 2,032,449
325,773	413,178	611,447	368,334	392,387	374,303
108,290	181,179	245,197	151,691	120,472	163,113
-	-	-	9,506	9,927	9,524
611,744	687,627	792,848	832,152	848,030	836,697
51,126	20,092	289,509	270,576	212,387	8,284
144,555	205,484	216,749	236,897	215,934	201,310
10,127	6,874	5,237	4,491	4,491	-
170,255	10,896	32,225	18,180	11,437	9,040
3,076,979	3,191,823	3,853,679	3,584,309	3,620,400	3,634,720
19,242	17,540	15,371	14,999	16,584	14,640
251,719	226,442	237,634	354,310	293,582	320,787
723,443	743,231	806,440	959,275	940,556	997,070
48,582	46,266	86,282	83,052	76,474	75,378
702,118	676,658	727,368	859,513	864,149	897,342
-	85,434	112,343	182,249	179,575	159,783
176,114	148,437	181,713	173,049	157,439	116,663
243,796	197,599	213,560	240,973	203,779	239,064
-	-	-	-	12,799	3,933
625,447	646,990	641,586	365,572	349,549	348,991
1,560,732	209,680	455,075	503,271	818,371	697,727
400,000	365,000	350,000	365,000	419,110	485,386
99,675	91,069	81,875	71,313	72,757	69,153
-	-	-	-	-	-
4,850,868	3,454,346	3,909,247	4,172,576	4,404,724	4,425,917
(1,773,889)	(262,523)	(55,568)	(588,267)	(784,324)	(791,197)
847,441	1,026,558	658,294	800,987	810,112	808,265
(310,000)	(491,130)	(125,000)	(270,000)	(281,500)	(282,000)
209,665	-	-	-	-	-
-	78,748	5,665	7,540	3,685	2,750
-	-	-	-	-	-
-	-	-	-	483,768	271,837
-	-	-	-	-	-
747,106	614,176	538,959	538,527	1,016,065	800,852
\$ (1,026,783)	\$ 351,653	\$ 483,391	\$ (49,740)	\$ 231,741	\$ 9,655
15.19%	14.06%	12.50%	11.89%	13.71%	14.87%

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

TABLE 5

Fiscal Year	Property	Sales & Use	Franchise	Total
2007	\$ 1,266,698	\$ 227,716	\$ 270,078	\$ 1,764,492
2008	1,257,181	225,300	302,026	1,784,507
2009	1,248,561	223,564	295,794	1,767,919
2010	1,223,213	240,646	317,950	1,781,809
2011	1,410,700	244,409	325,773	1,980,882
2012	1,409,379	257,114	413,178	2,079,671
2013	1,371,943	288,524	611,447	2,271,914
2014	1,383,557	308,925	368,334	2,060,816
2015	1,427,570	377,765	392,387	2,197,722
2016	1,564,554	467,895	374,303	2,406,752

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>
2007	\$ 179,336,207	\$ 28,770,525	\$ 14,836,126	\$ 193,270,606	0.644471
2008	204,127,621	25,094,304	16,044,070	213,177,855	0.588414
2009	206,036,672	27,312,315	16,743,093	216,605,894	0.623000
2010	192,522,317	27,168,990	20,299,434	199,391,873	0.661649
2011	192,751,740	29,098,965	21,075,635	200,775,070	0.697500
2012	188,340,063	29,646,184	21,451,008	196,535,239	0.710978
2013	183,926,315	29,999,639	22,131,880	191,794,074	0.710978
2014	169,385,572	40,563,440	22,065,197	187,883,815	0.729376
2015	177,474,988	46,085,000	28,060,056	195,499,932	0.729376
2016	189,459,829	52,247,948	31,547,952	210,159,825	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>
2007	0.644471	1.636	0.314147	0.1371	0.016045	2.74771
2008	0.588414	1.410	0.295104	0.1346	0.015951	2.44402
2009	0.623000	1.463	0.289399	0.1359	0.015951	2.52721
2010	0.661649	1.463	0.296187	0.1359	0.015951	2.57269
2011	0.697500	1.463	0.296187	0.1416	0.016652	2.61496
2012	0.710978	1.430	0.296187	0.1416	0.017370	2.59616
2013	0.710978	1.425	0.296187	0.1492	0.017370	2.59869
2014	0.729376	1.425	0.296187	0.1492	0.017798	2.61751
2015	0.729376	1.420	0.297500	0.1492	0.172900	2.76893
2016	0.729376	1.420	0.297500	0.1492	0.172900	2.76893

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

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

TABLE 8

<u>Taxpayer</u>	2016			2007		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
CA Texas LLC	5,000,000	1	5.24%			
AJC Rental Corporation	3,735,865	2	3.91%	\$ 5,956,563	1	2.85%
Yes Companies LLC	2,963,670	3	3.10%			
Schertz Bank & Trust	1,250,310	4	1.31%	987,260	5	0.47%
Siddons Holdings LLC	1,145,450	5	1.20%			
Time Warner Cable	1,102,542	6	1.15%	1,488,710	4	0.71%
ARI Inc	987,190	7	1.03%			
Ms. Marie Ann Kalinowski	918,620	8	0.96%	620,134	9	0.31%
James H & Celia G Boriack	875,190	9	0.92%			
Mr. Richard Owen	854,050	10	0.89%	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>\$ 18,832,887</u>		<u>19.72%</u>	<u>\$ 16,829,497</u>		<u>8.05%</u>

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

TABLE 9

Fiscal Year Ended September 30,	Original Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	\$ 1,245,573	\$ 1,214,573	97.51%	\$ 30,697	\$ 1,245,270	99.98%
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%	35,369	1,326,209	100.49%
2011	1,400,849	1,373,604	98.06%	26,522	1,400,126	99.95%
2012	1,398,293	1,370,446	98.01%	25,944	1,396,390	99.86%
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%	31,421	1,362,966	99.43%
2015	1,426,329	1,381,178	96.83%	23,947	1,405,125	98.51%
2016	1,533,321	1,500,645	97.87%	-	1,500,645	97.87%

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

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

TABLE 10

Fiscal Year	Governmental Activities			Business-Type Activity	Total Primary Government	Per Capita*
	General Obligation Bonds	Certificates of Obligation	Capital Leases	Certificates of Obligation		
2007	\$ -	\$ 940,000	\$ -	\$ 70,000	\$ 1,010,000	116
2008	-	830,000	-	-	830,000	97
2009	715,000	2,970,000	-	-	3,685,000	428
2010	590,000	2,735,000	-	-	3,325,000	382
2011	460,000	2,465,000	-	-	2,925,000	336
2012	370,000	2,190,000	-	-	2,560,000	297
2013	305,000	1,905,000	-	-	2,210,000	269
2014	235,000	1,610,000	-	-	1,845,000	223
2015	160,000	1,310,000	439,658	-	1,909,658	226
2016	85,000	1,000,000	611,108	-	1,696,108	198

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

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

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

TABLE 11

General Bonded Debt Outstanding						
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Total	Actual Taxable Value of Property	Percentage of Actual Taxable Value of Property	Per Capita*
2007	\$ -	\$ 1,010,000	\$ 1,010,000	193,270,606	0.52%	108
2008	-	830,000	830,000	213,177,855	0.39%	97
2009	715,000	2,970,000	3,685,000	216,605,894	1.70%	428
2010	590,000	2,735,000	3,325,000	199,391,873	1.67%	382
2011	460,000	2,465,000	2,925,000	200,775,070	1.46%	336
2012	370,000	2,190,000	2,560,000	196,535,239	1.30%	297
2013	305,000	1,905,000	2,210,000	191,794,074	1.15%	269
2014	235,000	1,610,000	1,845,000	187,883,815	0.98%	223
2015	160,000	1,310,000	1,470,000	195,499,932	0.75%	174
2015	85,000	1,000,000	1,085,000	210,159,825	0.52%	127

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, 2016

TABLE 12

Taxable Value	<u>\$ 210,159,825</u>			
Debt Limit - 10% of taxable value [1]	21,015,983			
Amount of Debt Applicable to Debt Limit:				
Total Bonded Debt	\$ 1,085,000			
Less Fund Balance in Debt Service Fund	<u>5,352</u>			
Total Amount of Debt Applicable to Debt Limit	<u>1,079,648</u>			
Legal Debt Margin	<u>\$ 19,936,335</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>
Debt Limit	\$ 21,015,983
Total Net Debt Applicable to Limit	<u>(1,079,648)</u>
Legal Debt Margin	<u>\$ 19,936,335</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
2007	8673	38,919	33.30	1,760	4.1%
2008	8580	45,265	33.30	1,760	5.0%
2009	8606	45,265	33.30	1,844	5.9%
2010	8695	46,481	33.30	1,755	5.9%
2011	8695	46,639	33.30	1,748	5.9%
2012	8633	46,639	33.70	1,641	5.8%
2013	8222	48,606	35.90	1,847	6.1%
2014	8289	49,254	35.70	1,775	4.7%
2015	8442	48,545	35.70	1,712	4.2%
2016	8550	48,545	36.70	1,366	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 SIX YEARS AGO

TABLE 14

Employer	2016			2010		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Lackland Air Force Base	37,097	1	3.64%	28,100	2	2.97%
Fort Sam Houston	32,000	2	3.14%	30,793	1	3.25%
HEB Food Stores	20,000	3	1.96%	14,588	4	1.54%
USAA	17,000	4	1.67%	14,852	3	1.57%
Northside I.S.D.	12,751	5	1.25%	12,597	5	1.33%
Randolph Air Force Base	11,068	6	1.09%	10,700	6	1.13%
North East I.S.D.	10,052	7	0.99%	10,223	7	1.08%
City of San Antonio	9,145	8	0.90%	9,000	8	0.95%
Methodist Healthcare System	8,118	9	0.80%	7,013	10	0.74%
San Antonio ISD	7,000	10	0.69%	7,581	9	0.80%
Total	<u>164,231</u>		<u>16.12%</u>	<u>145,447</u>	N/A	<u>15.36%</u>

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

Source: San Antonio Economic Development Foundation

Note: Data for 2006 was not available; 2010 used instead.

