

**CITY OF KIRBY, TEXAS**

**ANNUAL  
FINANCIAL REPORT**

**FISCAL YEAR ENDED  
SEPTEMBER 30, 2018**





CITY OF KIRBY, TEXAS  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

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CITY OF KIRBY, TEXAS

PRINCIPAL OFFICERS

CITY OFFICIALS

MAYOR

LISA B. PIERCE

MAYOR PRO-TEM

KIMBERLY MCGEHEE-ALDRICH

CITY COUNCIL

MIKE GRANT

DEBRA WISLON

JOHN PIERCE

SYLVIA APODACA

JERRY LEHMAN

CITY MANAGER

MONIQUE L.VERNON

ATTORNEY

MARC SCHNALL, LANGLEY & BANACK



Armstrong, Vaughan & Associates, P. C.

Deborah F. Fraser

Phil S. Vaughan

Nancy L. Vaughan

Certified Public Accountants

Kimberly J. Roach

## 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, 2018, 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 adverse audit opinion on the reporting entity and unmodified audit opinions on the governmental activities, business-type activities, and major funds of the primary government.

### ***Basis for Adverse Opinion on the Reporting Entity***

The financial statements referred to above include only the primary government of the City of Kirby, Texas, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the City of Kirby, Texas' legal entity. The financial statements do not include the financial data for the Kirby Senior Center Corporation, one of the City of Kirby, Texas' legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the City of Kirby, Texas' primary government.

### ***Adverse Opinion on the Reporting Entity***

In our opinion, because of the significance of the matter described in the Basis for Adverse Opinion on the Reporting Entity paragraph, the primary government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of the City of Kirby, Texas, as of September 30, 2018, the changes in its financial position or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. The City of Kirby, Texas has not issued separate reporting entity financial statements, however separate financial statements are available for the Kirby Senior Center Corporation.

### ***Unmodified Opinions on the Governmental Activities, Business-Type Activities, and each Major Fund***

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, and each major fund for the primary government of the City of Kirby, Texas, as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note A22 of the financial statements, in October 2017, the City adopted new accounting guidance from the Governmental Accounting Standards Board Statement No. 75 related to accounting for post-employment benefits other than pensions (OPEB). This resulted in a restatement of prior year balances. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules of changes and contributions for net pension liability and net other post-employment benefits liability, 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*

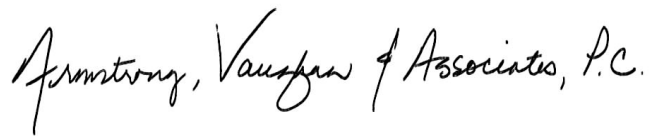
Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Kirby, Texas', financial statements. The comparative financial statements, the schedule of expenditures of federal awards required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The comparative financial statements and the schedule of expenditures of federal awards 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, except for the supplementary information related to the exclusion of the Kirby Senior Center Corporation, the comparative financial statements and the schedule of expenditures of federal awards are 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.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated February 4, 2019 on our consideration of City of Kirby, Texas's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Kirby, Texas's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Armstrong, Vaughan & Associates, P.C.".

Armstrong, Vaughan & Associates, P.C.

February 4, 2019



## 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, 2018. Please read it in conjunction with the City's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

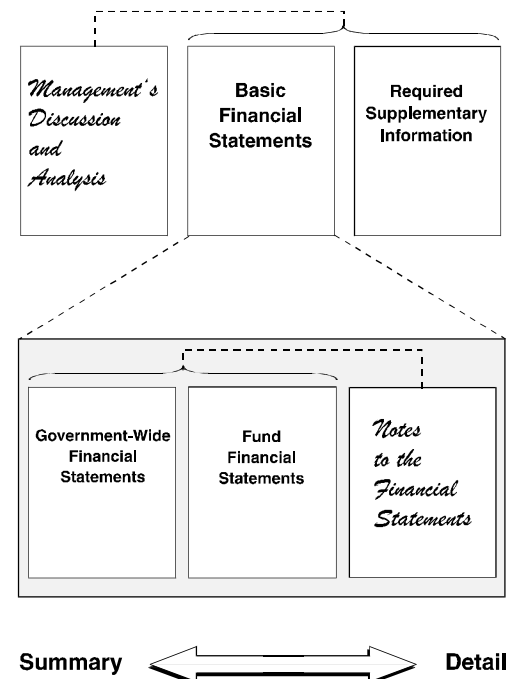
- The City's total combined net position was approximately \$13.9 million at September 30, 2018.
- During the year, the City's expenses were \$1.3 million less than the \$5.9 million generated in taxes, other revenues for governmental activities, grants, and transfers.
- The General Fund reported a fund balance of \$2.69 million at the end of the fiscal year which represents a \$47 thousand decrease over the previous fiscal year.
- The City's Waterworks/Sewer Fund reported a \$244 thousand increase in net position over the previous fiscal year. Net position at September 30, 2018 was \$5.5 million.
- The City issued \$6,715,000 in general obligation bonds during the fiscal year ending September 30, 2018 for the purpose of constructing street, sidewalk, and drainage improvements within the City.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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



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

<b>Figure A-2. Major Features of the District's Government-wide and Fund Financial Statements</b>			
<i>Type of Statements</i>	<b>Fund Statements</b>		
	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 \$6.17 million. Of these costs, 74% were for primary government activities, while the Water/Sewer utility accounted for the remaining balance.

Net Position: The City's combined net position was \$13.9 million at September 30, 2018. (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 2018-*2017
	2018	*2017	2018	*2017	2018	*2017	
<i>Current Assets:</i>							
Cash and cash equivalents	\$ 9,163	\$ 2,469	\$ 2,398	\$ 2,445	\$ 11,561	\$ 4,914	135.3%
Receivables:							
Taxes	134	121	-	-	134	121	10.6%
Accounts	135	134	303	299	437	433	1.1%
EMS	134	120	-	-	134	120	11.7%
Due from Other Governments	520	472	-	-	520	472	10.1%
Internal Balances	224	86	(224)	(86)	-	-	0.0%
Inventories	57	41	28	7	85	48	78.0%
Prepaid Items	-	-	31	31	31	31	0.0%
Restricted Assets:							
Cash and Investments	120	-	194	189	314	189	66.2%
<i>Total Current Assets:</i>	<u>10,486</u>	<u>3,443</u>	<u>2,731</u>	<u>2,884</u>	<u>13,216</u>	<u>6,327</u>	<u>108.9%</u>
<i>Total Non-Current Assets:</i>	<u>7,293</u>	<u>6,225</u>	<u>3,308</u>	<u>2,848</u>	<u>10,601</u>	<u>9,073</u>	<u>16.8%</u>
<i>Total Assets</i>	<u>17,779</u>	<u>9,668</u>	<u>6,039</u>	<u>5,732</u>	<u>23,817</u>	<u>15,401</u>	<u>54.7%</u>
<i>Deferred Outflows:</i>							
Other Post Employment							
Benefit Outflows	7	-	1	-	8	-	100.0%
Pension Related Outflows	375	480	40	53	415	533	-22.2%
<i>Total Deferred Outflows</i>	<u>382</u>	<u>480</u>	<u>41</u>	<u>53</u>	<u>423</u>	<u>533</u>	<u>-20.6%</u>
<i>Current Liabilities:</i>							
Accounts Payable	547	360	217	160	765	520	47.0%
Accrued Vacation	103	94	11	15	115	109	5.1%
Accrued Interest	22	1	-	-	22	1	1475.2%
Payable from Restricted Assets:							
Customer Deposits	-	-	179	175	179	175	2.6%
<i>Total Current Liabilities</i>	<u>672</u>	<u>455</u>	<u>408</u>	<u>350</u>	<u>1,081</u>	<u>805</u>	<u>34.2%</u>
<i>Long-Term Liabilities:</i>							
Bonds, Obligations	7,733	1,189	-	-	7,733	1,189	550.4%
Net Other Post Employment							
Benefits Liability	83	68	10	9	93	77	20.9%
Net Pension Liability	959	1,337	101	149	1,060	1,486	-28.7%
<i>Total Long-Term Liabilities</i>	<u>8,776</u>	<u>2,594</u>	<u>111</u>	<u>158</u>	<u>8,885</u>	<u>2,752</u>	<u>222.8%</u>
<i>Total Liabilities</i>	<u>9,448</u>	<u>3,049</u>	<u>519</u>	<u>508</u>	<u>9,966</u>	<u>3,557</u>	<u>180.2%</u>
<i>Deferred Inflows:</i>							
Pension Related Inflows	344	44	43	5	387	49	689.2%
<i>Total Deferred Inflows</i>	<u>344</u>	<u>44</u>	<u>43</u>	<u>5</u>	<u>387</u>	<u>49</u>	<u>689.2%</u>
<i>Net Position:</i>							
Invested in Capital Assets	6,405	5,036	3,308	2,848	9,713	7,884	23.2%
Restricted for:							
Special Projects	235	219	-	-	235	219	7.1%
Debt Service	31	25	-	-	31	25	25.5%
Unrestricted	1,698	1,775	2,210	2,424	3,908	4,199	-6.9%
<i>Total Net Position</i>	<u>\$ 8,369</u>	<u>\$ 7,055</u>	<u>\$ 5,518</u>	<u>\$ 5,272</u>	<u>\$ 13,887</u>	<u>\$ 12,327</u>	<u>12.7%</u>

\*Comparative information restated for adoption of GASB Statement No. 75. See Note A22 for more detail.

**Changes in net position.** The City's total revenues were \$7.7 million. A significant portion, 25.7%, of the City's revenue comes from property taxes, 46.7% comes from charges for services (Water, Court, EMS, etc), while only 11.4% relates to Franchise and Sales taxes.

## Governmental Activities

- Property tax rates remained constant at 0.729376.
- Property tax revenue increased to \$1.99 million in the current year vs. \$1.67 million in the prior year; this is a result of the boundary adjustment agreement between the cities of Kirby and San Antonio.
- The cost of all *governmental* activities this year was approximately \$4.6 million. The amount that our taxpayers paid for these activities through property taxes was \$1.99 million. Some of the cost was paid by those who directly benefited from the programs in the amount of \$1.47 million and an additional \$1 million 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 an increase of \$19 thousand or 0.9%. Operating expenses not including transfers to other funds increased from \$1.5 million in the prior year to \$1.57 million in the current year, an increase of \$76 thousand or 5%.

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

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2018	2017	2018	2017	2018	2017	2017-2018
Primary Government:							
City Council	\$ 10	\$ 9	\$ -	\$ -	\$ 10	\$ 9	8.1%
City Administration	411	375	-	-	411	375	9.7%
Police Protection	1,360	1,200	-	-	1,360	1,200	13.4%
Municipal Court	80	67	-	-	80	67	19.9%
Fire/EMS Protection	1,164	1,174	-	-	1,164	1,174	-0.8%
Animal Services	182	174	-	-	182	174	4.4%
Parks and Pool	171	180	-	-	171	180	-5.1%
Streets and Shops	343	289	-	-	343	289	18.6%
Crime Control	7	18	-	-	7	18	-60.6%
General City Operations	690	595	1,574	1,498	2,264	2,093	8.2%
Interest on Long-Term Debt	182	30	-	-	182	30	507.7%
Total Government Activities	<u>4,600</u>	<u>4,111</u>	<u>1,574</u>	<u>1,498</u>	<u>6,174</u>	<u>5,609</u>	<u>523.4%</u>
Program Revenues:							
Charges for Services	1,470	1,355	2,144	2,125	3,613	3,480	3.8%
Operating Grants & Contributions	19	13	-	-	19	13	46.6%
Capital Grants & Contributions	1,010	178	-	-	1,010	178	467.2%
General Revenues:							
General Property Tax	1,988	1,677	-	-	1,988	1,677	18.5%
Sales Taxes	461	448	-	-	461	448	2.9%
Franchise Taxes	424	411	-	-	424	411	3.2%
Investment Earning	48	12	29	14	76	26	197.4%
Miscellaneous	16	74	-	-	16	74	-78.1%
Transfers	480	524	(480)	(524)	-	-	0.0%
Capital Contributions	-	-	125	125	125	125	-0.1%
Total Revenues and Transfers	<u>5,915</u>	<u>4,692</u>	<u>1,818</u>	<u>1,740</u>	<u>7,732</u>	<u>6,432</u>	<u>661.5%</u>
Change in Net Position	<u>\$ 1,315</u>	<u>\$ 581</u>	<u>\$ 244</u>	<u>\$ 242</u>	<u>\$ 1,558</u>	<u>\$ 823</u>	<u>89.4%</u>

Note: The year 2017 has not been restated for adoption of GASB Statement No. 75., as information is not available. See Note A22 for more detail.

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

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

	Total Cost of Services			% Change 2018-2017	Net Cost of Services			% Change 2018-2017
	2018	2017			2018	2017		
General Government	\$ 421	\$ 385		9.4%	\$ 283	\$ 250		13.1%
Police Protection & Court	1,441	1,267		13.7%	1,206	1,031		17.0%
Fire/EMS Protection	1,164	1,174		-0.8%	448	496		-9.7%
Animal Services	182	174		4.4%	158	156		1.3%
Parks and Recreation	171	180		-5.1%	-	(11)		-100.0%
Highways and Streets	343	289		18.6%	(872)	-		100.0%
Crime Control	7	18		-60.6%	(7)	(18)		-60.6%
General City Operations	690	595		15.9%	(690)	(595)		15.9%
Water and Sewer	1,574	1,498		5.1%	(570)	(627)		-9.1%
Debt Service - Interest & Fiscal Charges	182	30		507.7%	182	30		507.7%

Note: The year 2017 has not been restated for adoption of GASB Statement No. 75., as information is not available. See Note A22 for more detail.

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Revenues from governmental fund types totaled \$5.4 million for the current year vs. \$4.14 million in the prior year, an increase of \$1.25 million. Bond proceeds totaling \$6.7 million were received during the year. Expenditures from governmental fund types totaled \$6.04 million for the current year vs. \$4.68 million in the prior year, an increase of \$1.36 million or 29%, primarily due to capital projects. The general fund balance decreased by \$47 thousand from \$2.7 million in the prior year to \$2.69 million in the current year. Of this amount \$2.5 million is unassigned and represents 8 months of average operating expenditures in reserve. Long term debt and capital leases paid during the year totaled \$440,800 in principal and \$37,184 in interest. Additionally, \$140,017 in bond issue costs were paid during the year.

### General Fund Budgetary Highlights

The city revised its original budget several times, to adjust for changes resulting in an overall increase of \$233 thousand in revenues and decrease of \$109 thousand in expenses. Expenditures for the year were \$2.9 million less than the final budgeted amount.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of fiscal year 2018, the City had invested \$30 million in a broad range of capital assets, including land, equipment, buildings, vehicles, infrastructure, and software (See Table A-4). This amount represents a net increase of \$2 million or 7.4 % over last year.

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

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2018	2017	2018	2017	2018	2017	2018-2017
Land	\$ 836	\$ 836	\$ 7	\$ 7	\$ 843	\$ 843	0.0%
Buildings and Improvements	5,150	4,553	-	-	5,150	4,553	13.1%
Vehicles	3,378	3,189	546	458	3,924	3,647	7.6%
Infrastructure	12,693	12,122	-	-	12,693	12,122	4.7%
Software	79	79	42	42	121	121	0.0%
Construction in Progress	610	531	9	36	619	567	9.2%
Utility Plant	-	-	7,127	6,529	7,127	6,529	9.2%
Totals at Historical Cost	22,746	21,310	7,732	7,072	30,478	28,382	7.4%
Total Accumulated Depreciation	(15,454)	(15,084)	(4,424)	(4,224)	(19,877)	(19,308)	2.9%
Net Capital Assets	<u>\$ 7,293</u>	<u>\$ 6,226</u>	<u>\$ 3,308</u>	<u>\$ 2,848</u>	<u>\$ 10,602</u>	<u>\$ 9,074</u>	<u>16.8%</u>

The city purchased various pieces of equipment in regard to the police department, fire department, streets reconstruction, and waterworks department. Two large street reconstruction projects, the hike and bike trail, and a large water main replacement were also completed during the year. Detailed information about the City's capital assets is presented in the note to the financial statements.

### Long Term Debt

At year-end the City had \$7.7 million in bonds and capital leases outstanding and \$103 thousand in compensated absences in the governmental and \$11 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
	2018	2017	2018	2017	2018	2017	2018-2017
Bonds Payable and Capital Lease	\$ 7,733	\$ 1,189	\$ -	\$ -	\$ 7,733	\$ 1,189	550.4%
Vacation Payable	103	94	11	15	115	109	5.4%
Total Bonds & Notes Payable	<u>\$ 7,836</u>	<u>\$ 1,283</u>	<u>\$ 11</u>	<u>\$ 15</u>	<u>\$ 7,848</u>	<u>\$ 1,298</u>	<u>504.6%</u>

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Binz-Engleman Road Project is expected to continue in 2019 with funding of \$2 million to be received.
- Hickory Hill Street Reconstruction is expected to begin in 2019 with a cost of \$582 thousand and will be partially paid by a CDBG grant.

These indicators were taken into account when adopting the general fund budget for 2018/2019. The property taxes rate will remain at 0.729376/\$100 as a result of the approved budget. This will result in \$2,009,175 of projected property tax revenues. General Fund Revenues (includes transfers from other funds) budgeted for 2018/2019 total \$6,686,879. General Fund Expenditures (includes transfers to other funds) budgeted for 2018/2019 total \$7,606,167.

## **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, 2018

	Primary Government		
	Governmental	Business-Type	
ASSETS	Activities	Activities	Total
<i>Current Assets:</i>			
Cash and Investments	\$ 9,162,773	\$ 2,398,062	\$ 11,560,835
Receivables (net of allowances for uncollectibles)			
Taxes	133,770	-	133,770
Accounts	134,777	303,431	438,208
EMS Charges	134,032	-	134,032
Due from Other Governments	519,714	-	519,714
Internal Balances	224,191	(224,191)	-
Inventories	57,047	27,830	84,877
Prepaid Items	-	31,353	31,353
Restricted Assets:			
Cash and Investments	119,854	193,965	313,819
<i>Total Current Assets</i>	<u>10,486,158</u>	<u>2,730,450</u>	<u>13,216,608</u>
<i>Capital Assets:</i>			
Land	836,120	7,005	843,125
Buildings & Improvements	5,150,097	-	5,150,097
Utility Plant and Easements	-	7,126,873	7,126,873
Transportation & Equipment	3,377,835	546,351	3,924,186
Infrastructure	12,693,482	-	12,693,482
Software	78,790	42,000	120,790
Construction in Progress	609,968	9,290	619,258
Accumulated Depreciation and Amortization	(15,453,546)	(4,423,529)	(19,877,075)
<i>Total Capital Assets</i>	<u>7,292,746</u>	<u>3,307,990</u>	<u>10,600,736</u>
<b>TOTAL ASSETS</b>	<u>17,778,904</u>	<u>6,038,440</u>	<u>23,817,344</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Other Post Employment Benefit Outflows	6,849	860	7,709
Deferred Pension Related Outflows	<u>374,589</u>	<u>40,167</u>	<u>414,756</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 381,438</u>	<u>\$ 41,027</u>	<u>\$ 422,465</u>

See accompanying notes to basic financial statements.



CITY OF KIRBY, TEXAS  
STATEMENT OF NET POSITION (CONTINUED)  
SEPTEMBER 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>LIABILITIES</b>			
<i>Current Liabilities:</i>			
Withdrawals in Excess of Deposits	\$ -	\$ -	\$ -
Accounts Payable and Other Current Liabilities	546,776	217,030	763,806
Accrued Vacation Leave Payable	103,398	11,473	114,871
Accrued Interest Payable	22,320	-	22,320
Payable from Restricted Assets:			
Customer Deposits	-	179,040	179,040
Due within One Year	435,497	-	435,497
<i>Total Current Liabilities</i>	<u>1,107,991</u>	<u>407,543</u>	<u>1,515,534</u>
<i>Long-Term Liabilities:</i>			
Due in more than One Year	7,297,188	-	7,297,188
Net Other Post Employment Benefits Liability	82,740	10,386	93,126
Net Pension Liability	959,200	101,289	1,060,489
<i>Total Long-Term Liabilities:</i>	<u>8,339,128</u>	<u>111,675</u>	<u>8,450,803</u>
<b>TOTAL LIABILITIES</b>	<u>9,447,119</u>	<u>519,218</u>	<u>9,966,337</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Pension Related Inflows	<u>344,143</u>	<u>42,572</u>	<u>386,715</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>344,143</u>	<u>42,572</u>	<u>386,715</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	6,405,061	3,307,990	9,713,051
Restricted for:			
Debt Service Fund	31,174	-	31,174
PEG Capital Fees	122,556	-	122,556
Public Safety	112,332	-	112,332
Kirby Senior Center	-	-	-
Unrestricted (Deficit)	<u>1,697,957</u>	<u>2,209,687</u>	<u>3,907,644</u>
<b>TOTAL NET POSITION</b>	<u>\$ 8,369,080</u>	<u>\$ 5,517,677</u>	<u>\$ 13,886,757</u>

See accompanying notes to basic financial statements.

CITY OF KIRBY, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Functions and Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
City Council	\$ 9,725	\$ -	\$ -	\$ -
City Administration	411,408	137,426	-	-
Police Protection	1,360,462	206,402	19,064	-
Municipal Court	80,364	10,020	-	-
Fire/EMS Protection	1,164,356	716,628	-	-
Animal Services	181,596	23,584	-	-
Parks and Pool	170,789	170,474	-	-
Streets and Shops	342,784	205,074	-	1,009,589
Crime Control	7,085	-	-	-
General City Operations	689,511	-	-	-
Interest on Long-Term Debt	182,314	-	-	-
Total Governmental Activities	4,600,394	1,469,608	19,064	1,009,589
Business-Type Activities				
Water\Sewer Utility	1,573,653	2,143,638	-	-
Total Business-Type Activities	1,573,653	2,143,638	-	-
Total Primary Government	6,174,047	3,613,246	19,064	1,009,589
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				
Prior Period Adjustment				
Net Position at End of Year				

See accompanying notes to basic financial statements.

Net (Expense) Revenue and Changes in Net Position  
Primary Government

Governmental Activities	Business-Type Activities	Total
\$ (9,725)	\$ -	\$ (9,725)
(273,982)	-	(273,982)
(1,134,996)	-	(1,134,996)
(70,344)	-	(70,344)
(447,728)	-	(447,728)
(158,012)	-	(158,012)
(315)	-	(315)
871,879	-	871,879
(7,085)	-	(7,085)
(689,511)	-	(689,511)
(182,314)	-	(182,314)
<u>(2,102,133)</u>	<u>-</u>	<u>(2,102,133)</u>
<u>-</u>	<u>569,985</u>	<u>569,985</u>
<u>-</u>	<u>569,985</u>	<u>569,985</u>
<u>(2,102,133)</u>	<u>569,985</u>	<u>(1,532,148)</u>
1,987,771	-	1,987,771
424,334	-	424,334
460,789	-	460,789
47,660	28,778	76,438
-	124,888	124,888
16,208	-	16,208
<u>2,936,762</u>	<u>153,666</u>	<u>3,090,428</u>
<u>480,000</u>	<u>(480,000)</u>	<u>-</u>
1,314,629	243,651	1,558,280
7,122,259	5,282,538	12,404,797
(67,808)	(8,512)	(76,320)
<u>\$ 8,369,080</u>	<u>\$ 5,517,677</u>	<u>\$ 13,886,757</u>

CITY OF KIRBY, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2018

	Major Fund General Fund	Major Fund Debt Service	Major Fund Capital Projects Fund
<b>ASSETS</b>			
Cash and Investments	\$ 2,199,549	\$ 41,089	\$ 6,854,847
Receivables (net of allowances for uncollectibles):			
Property Taxes	126,434	7,336	-
EMS Charges	134,032	-	-
Accounts	134,777	-	-
Restricted Cash	119,854	-	-
Due from Other Governments	509,377	-	-
Due from Other Funds	218,822	5,069	-
Inventory of Supplies, At Cost	57,047	-	-
<b>TOTAL ASSETS</b>	<u>\$ 3,499,892</u>	<u>\$ 53,494</u>	<u>\$ 6,854,847</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>			
<i>Liabilities:</i>			
Accounts Payable	\$ 423,949	\$ -	\$ -
Accrued Expenditures	122,827	-	-
Due to Other Funds	-	-	100
<i>Total Liabilities</i>	<u>546,776</u>	<u>-</u>	<u>100</u>
<i>Deferred Inflows of Resources:</i>			
Unavailable EMS Revenues	134,032	-	-
Unavailable Tax Revenues	126,435	7,336	-
<i>Total Deferred Inflows of Resources</i>	<u>260,467</u>	<u>7,336</u>	<u>-</u>
<i>Fund Balances:</i>			
Nonspendable:			
Inventory	57,047	-	-
Restricted for:			
PEG Capital Fees	122,556	-	-
Public Safety	34,307	-	-
Debt Service	-	46,158	-
Capital Projects	-	-	6,854,747
Crime Control	-	-	-
Unassigned	2,478,739	-	-
<i>Total Fund Balances</i>	<u>2,692,649</u>	<u>46,158</u>	<u>6,854,747</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 3,499,892</u>	<u>\$ 53,494</u>	<u>\$ 6,854,847</u>

See accompanying notes to basic financial statements.

<u>Nonmajor Fund</u>	<u>Total</u>
<u>Crime</u>	<u>Governmental</u>
<u>Control</u>	<u>Funds</u>
\$ 67,288	\$ 9,162,773
-	133,770
-	134,032
-	134,777
-	119,854
10,337	519,714
400	224,291
-	57,047
<u>\$ 78,025</u>	<u>\$ 10,486,258</u>
\$ -	\$ 423,949
-	122,827
-	100
<u>-</u>	<u>546,876</u>
-	134,032
-	133,771
<u>-</u>	<u>267,803</u>
-	57,047
-	122,556
-	34,307
-	46,158
-	6,854,747
78,025	78,025
-	2,478,739
<u>78,025</u>	<u>9,671,579</u>
<u>\$ 78,025</u>	<u>\$ 10,486,258</u>

CITY OF KIRBY, TEXAS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2018

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS	\$ 9,671,579
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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.	7,292,746
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are unearned in the funds.	267,803
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Compensated absences are not due and payable in the current period and, therefore, not reported in the funds.	(103,398)
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, not reported in the funds.	(7,732,685)
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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	(959,200)	
Pension Related Deferred Outflows	374,589	
Pension Related Deferred Inflows	<u>(344,143)</u>	(928,754)

Net Other Post Employment Benefit (OPEB) Liabilities (and related deferred inflows and outflows of resources) do not consume current financial resources and are not reported in governmental funds.

Net OPEB Liability	(82,740)	
OPEB Related Deferred Outflows	<u>6,849</u>	(75,891)

Accrued interest payable on long-term-bonds is not due and payable in the current period and, therefore, not reported in the funds.	<u>(22,320)</u>
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TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	<u><u>\$ 8,369,080</u></u>
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CITY OF KIRBY, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Major Fund</u>	<u>Major Fund</u>	<u>Major Fund</u>
	General	Debt	Capital Projects
	Fund	Service	Fund
<b>REVENUES</b>			
Taxes	\$ 2,261,842	\$ 112,954	\$ -
Franchise Fees	424,334	-	-
Licenses and Permits	413,684	-	-
Intergovernmental	10,245	-	-
Fines and Penalties	214,227	-	-
Charges for Services	827,423	-	-
Grants	1,018,408	-	-
Miscellaneous	35,378	13,483	9,747
<b>TOTAL REVENUES</b>	<u>5,205,541</u>	<u>126,437</u>	<u>9,747</u>
<b>EXPENDITURES</b>			
<i>Current:</i>			
City Council	9,726	-	-
City Administration	394,542	-	-
Police Protection	1,214,035	-	-
Municipal Court	79,173	-	-
Fire\EMS Protection	984,990	-	-
Animal Services	187,723	-	-
Parks and Pool	146,470	-	-
Streets and Shops	311,711	-	-
Crime Control	-	-	-
General City Operations	389,952	-	-
Capital Projects/Outlay	1,645,831	-	-
<i>Debt Service:</i>			
Principal	105,800	335,000	-
Interest and Fiscal Charges	15,315	21,869	-
Bond Issue Costs	-	-	140,017
<b>TOTAL EXPENDITURES</b>	<u>5,485,268</u>	<u>356,869</u>	<u>140,017</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (279,727)</u>	<u>\$ (230,432)</u>	<u>\$ (130,270)</u>

See accompanying notes to basic financial statements.



<u>Nonmajor Fund</u>	<u>Total</u>
<u>Crime</u>	<u>Governmental</u>
<u>Control</u>	<u>Funds</u>
\$ 61,328	\$ 2,436,124
-	424,334
-	413,684
-	10,245
-	214,227
-	827,423
-	1,018,408
50	58,658
<u>61,378</u>	<u>5,403,103</u>
-	9,726
-	394,542
-	1,214,035
-	79,173
-	984,990
-	187,723
-	146,470
-	311,711
62,083	62,083
-	389,952
-	1,645,831
-	440,800
-	37,184
-	140,017
<u>62,083</u>	<u>6,044,237</u>
<u>\$ (705)</u>	<u>\$ (641,134)</u>

CITY OF KIRBY, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Major Fund</u>	<u>Major Fund</u>	<u>Major Fund</u>
	General	Debt	Capital Projects
	Fund	Service	Fund
<b>OTHER FINANCING</b>			
<b>SOURCES (USES)</b>			
Issuance of General Obligation Bonds	\$ -	\$ -	\$ 6,715,000
Premium on Bonds Issued	-	-	270,017
Transfers In	480,000	252,000	-
Transfers Out	(252,000)	-	-
Proceeds from Sale of Assets	5,212	-	-
<b>TOTAL OTHER</b>			
<b>FINANCING SOURCES</b>			
<b>(USES)</b>	<u>233,212</u>	<u>252,000</u>	<u>6,985,017</u>
Net Change in Fund Balance	(46,515)	21,568	6,854,747
<b>Fund Balances at</b>			
<b>Beginning of Year</b>	<u>2,739,164</u>	<u>24,590</u>	<u>-</u>
<b>Fund Balances at End of Year</b>	<u><u>\$ 2,692,649</u></u>	<u><u>\$ 46,158</u></u>	<u><u>\$ 6,854,747</u></u>

See accompanying notes to basic financial statements.

<u>Nonmajor Fund</u>		<u>Total</u>	
<u>Crime</u>		<u>Governmental</u>	
<u>Control</u>		<u>Funds</u>	
\$ -		\$ 6,715,000	
-		270,017	
-		732,000	
-		(252,000)	
-		5,212	
-		7,470,229	
(705)		6,829,095	
78,730		2,842,484	
<u>\$ 78,025</u>		<u>\$ 9,671,579</u>	

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, 2018

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 6,829,095

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. 1,067,911

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 26,708

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.

Principal Proceeds from Bonds Issued	(6,715,000)	
Premium Proceeds from Bonds Issued	(270,017)	
Repayment of Principal	335,000	
Amortization of Bond Premium	475	
Repayment of Capital Lease Principal	<u>105,800</u>	(6,543,742)

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. (26,880)

Governmental funds report required contributions to Other Post Employment Benefits (OPEB) as expenditures. However, in the Statement of Activities the expense for the OPEB is recorded based on the actuarially determined cost of the plan. This is the amount that contributions differed from the actuarially determined OPEB expense. (8,083)

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	(9,477)	
Accrued Interest	<u>(20,903)</u>	<u>(30,380)</u>

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES \$ 1,314,629

See accompanying notes to basic financial statements.



CITY OF KIRBY, TEXAS  
STATEMENT OF NET POSITION – PROPRIETARY FUND  
SEPTEMBER 30, 2018

	Business-Type Activities Waterworks\Sewer Fund
<b>ASSETS</b>	
<i>Current Assets:</i>	
Cash and Investments	\$ 2,398,062
Receivables (net of allowances for uncollectibles):	
Accounts	303,431
Inventories	27,830
Prepaid Items	31,353
<i>Total Current Assets</i>	<u>2,760,676</u>
<i>Restricted Assets:</i>	
Cash and Investments	<u>193,965</u>
<i>Total Restricted Assets</i>	<u>193,965</u>
<i>Capital Assets:</i>	
Land	7,005
Utility Plant and Easements	7,126,873
Transportation & Equipment	546,351
Software	42,000
Construction in Progress	9,290
Accumulated Depreciation	<u>(4,423,529)</u>
<i>Capital Assets, net of accumulated depreciation</i>	<u>3,307,990</u>
<b>TOTAL ASSETS</b>	<u>6,262,631</u>
<b>DEFERRED OUTFLOWS</b>	
Deferred Other Post Employment Benefit Outflows	860
Deferred Pension Related Outflows	<u>40,167</u>
<b>TOTAL DEFERRED OUTFLOWS</b>	<u>\$ 41,027</u>

CITY OF KIRBY, TEXAS  
STATEMENT OF NET POSITION – PROPRIETARY FUND (CONTINUED)  
SEPTEMBER 30, 2018

	Business-Type Activities Waterworks\Sewer Fund
<b>LIABILITIES</b>	
<i>Current Liabilities:</i>	
Accounts Payable	\$ 217,030
Accrued Compensated Absences	11,473
Due to Other Funds	224,191
<i>Total Current Liabilities</i>	<u>452,694</u>
<i>Current Liabilities Payable from Restricted Assets:</i>	
Customer Deposits	<u>179,040</u>
<i>Total Current Liabilities Payable from Restricted Assets</i>	<u>179,040</u>
<i>Noncurrent Liabilities:</i>	
Net Other Post Employment Benefits Liability	10,386
Net Pension Liability	101,289
<i>Total Noncurrent Liabilities</i>	<u>111,675</u>
<b>TOTAL LIABILITIES</b>	<u>743,409</u>
<b>DEFERRED INFLOWS</b>	
Deferred Pension Related Inflows	<u>42,572</u>
<b>TOTAL DEFERRED INFLOWS</b>	<u>42,572</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	3,307,990
Unrestricted	<u>2,209,687</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 5,517,677</u></u>

CITY OF KIRBY, TEXAS  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
PROPRIETARY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Business-Type Activities
	Waterworks\Sewer Fund
<b>OPERATING REVENUES</b>	
Charges for Utility Service	\$ 2,143,638
<b>TOTAL OPERATING REVENUES</b>	<u>2,143,638</u>
<b>OPERATING EXPENSES</b>	
Salaries and Benfits	329,606
Supplies	47,773
Maintenance and Repairs	116,280
Contractual Services	823,510
Miscellaneous	56,792
Depreciation	199,692
<b>TOTAL OPERATING EXPENSES</b>	<u>1,573,653</u>
<b>OPERATING INCOME (LOSS)</b>	<u>569,985</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest Income	28,778
Capital Improvement Fee	124,888
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>153,666</u>
<b>Net Income (Loss) Before Contributions and Transfers</b>	723,651
Transfers In (Out)	<u>(480,000)</u>
<b>CHANGE IN NET POSITION</b>	243,651
<b>NET POSITION AT BEGINNING OF YEAR</b>	<u>5,282,538</u>
Prior Period Adjustment	(8,512)
<b>NET POSITION AT END OF YEAR</b>	<u><u>\$ 5,517,677</u></u>



CITY OF KIRBY, TEXAS  
STATEMENT OF CASH FLOWS - PROPRIETARY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Business-Type Activities Waterworks\Sewer Fund
<b>Cash Flows From Operating Activities:</b>	
Cash Received From Customers	\$ 2,138,855
Cash Paid for Employee Wages & Benefits	(329,071)
Cash Paid to Suppliers for Goods & Services	(1,008,177)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>801,607</b>
<b>Cash Flows From Noncapital Financing Activities:</b>	
Customer Deposits Received (Returned)	4,460
Interfund Payables (Receivables)	137,821
Transfers From (To) Other Funds	(480,000)
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>(337,719)</b>
<b>Cash Flows From Capital and Related Financing Activities:</b>	
Purchase/Construction of Capital Assets	(659,198)
Capital Improvement Fee	124,888
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(534,310)</b>
<b>Cash Flows From Investing Activities:</b>	
Investment Interest Received	28,778
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>28,778</b>
<b>Net Increase (Decrease) in Cash and Investments</b>	<b>(41,644)</b>
<b>Cash and Investments at Beginning of Year:</b>	
Cash and Investments	2,444,838
Restricted Cash and Investments	188,833
	2,633,671
<b>Cash and Investments at End of Year:</b>	
Cash and Investments	2,398,062
Restricted Cash and Investments	193,965
	\$ 2,592,027

CITY OF KIRBY, TEXAS  
STATEMENT OF CASH FLOWS - PROPRIETARY FUND (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Business-Type Activities
	Waterworks\Sewer Fund
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>	
Operating Income	\$ 569,985
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation	199,692
(Increase) Decrease in Operating Assets:	
Accounts Receivable	(4,783)
Inventory	(21,158)
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	57,336
Accrued Wages & Benefits	(3,854)
Net Other Post Employment Benefits Liability	1,014
Net Pension Liability	3,375
<b>Total Adjustments to Reconcile Operating Activities</b>	<b>231,622</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 801,607</b>

CITY OF KIRBY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018

**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**

In evaluating how to define the government for financial purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement 14, "The Financial Reporting Entity" and GASB Statement 39 "Determining Whether Certain Organizations are Component Units". The definition of the reporting entity is based primarily on the concept of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. The City has two component units, the Kirby Senior Center and the Kirby Crime Control District.

*Component Units*

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 City has elected not to present a discrete presentation of those financial statements in the City's annual financial report. Copies of the individual audit of the Kirby Senior Center for the year ended September 30, 2017 can be obtained from City Hall.

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, 2018

**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, Debt Service Fund, and Capital Projects 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, 2018

**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 Capital Projects Fund** is used to account for all funds collected and disbursed for street, sidewalk, and drainage improvements and other capital projects.

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.

CITY OF KIRBY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2018

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

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

2. (Continued)

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.

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.

Certain cash balances (such as debt service collections) are restricted for specific purposes. Unless that purpose is narrower than the purpose of the fund, cash is reported as unrestricted.

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.

CITY OF KIRBY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2018

**NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

6. ACCOUNTS RECEIVABLE (CONTINUED)

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.

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.

9. PREPAID ITEMS

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

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”.

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.

CITY OF KIRBY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2018

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

**11. CAPITAL ASSETS (Continued)**

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.

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**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category: deferred pension and OPEB related outflows reported on the government- wide and proprietary statements. The deferred pension and OPEB related outflows result from contributions made after the measurement date and changes in assumptions.

Deferred inflows of resources represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resource (revenue) until that time. The deferred pension related inflows result from differences between expected and actual experiences and differences in between expected and actual investment return.

**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, 2018

**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

Unavailable revenue is reported only in the governmental funds balance sheet under a modified accrual basis of reporting. Unavailable revenues from EMS and property taxes are recognized when they become 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 and property tax revenues not expected to be available for the current period are reflected as unavailable revenue as an inflow of resources in the period the amounts become available.

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

15. LONG-TERM OBLIGATIONS

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

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

16. PENSIONS

The net pension liability, deferred inflows and outflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS), and additions to and deductions from TMRS's fiduciary net position have been determined on the same basis as they are reported by TMRS.

CITY OF KIRBY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2018

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

16. PENSIONS (Continued)

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.

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, 2018

**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. ADOPTION OF GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT**

In accordance with GASB Statement No. 75, the City has recorded a prior period adjustment to recognize the Other Post Employment Benefits Liability as described in Note J, below. The OPEB liability was allocated between the general and utility funds to restate beginning balances as noted as prior period adjustment on the financial statements.

**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, 2018, the carrying amount of the primary government's (the City) cash on hand was \$625 and deposits in bank were \$2,553,386 and the book balance was \$2,502,439. Of the bank balance, \$250,000 was covered by federal deposit insurance and the City's depository had pledged securities having a book value of \$3,068,448 and market value of \$2,917,107 as collateral for the City's deposits. All of the City's cash was fully collateralized.

CITY OF KIRBY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2018

**NOTE B -- DEPOSITS AND INVESTMENTS (Continued)**

2. Investments

The City is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the City adhered to the requirements of the Act with the exception of one item. One of the investment officers did obtain the public funds investment act training within a two year period. However, the training was completed as of the date of this report. Additionally, investment practices of the City were in accordance with local policies.

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

3. Fair Value Measurement

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

As of September 30, 2018, the City's recurring fair value measurement assets consist of Texas Local Government Investment Pools. These investments are valued using prices quoted in active markets for those securities (Level 1).

The following table summarizes the assets for which fair values are determined on a recurring basis as of September 30, 2018:

	<u>Fair Value</u>	<u>Maturity in Days</u>
TexPool	\$ 9,371,590	32
Total Investments	<u>\$ 9,371,590</u>	

CITY OF KIRBY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2018

**NOTE B -- DEPOSITS AND INVESTMENTS (Continued)**

4. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

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

At September 30, 2018, the City's investments were all in TexPool a public funds investment pool where all securities held maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service.

b. Custodial Credit Risk

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

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

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

c. Concentration of Credit Risk

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

d. Interest Rate Risk

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

e. Foreign Currency Risk

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

CITY OF KIRBY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2018

**NOTE B -- DEPOSITS AND INVESTMENTS (Continued)**

5. Investment Accounting Policy

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

6. Public Funds Investment Pools

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

**NOTE C -- RESTRICTED CASH**

Cash is reported as restricted when it has restrictions on its use narrower than the purpose of the fund in which it is reported. As of September 30, 2018, restricted cash consists of \$119,854 of public, educational, and governmental fees held for return to franchise entity, and \$193,965 of customer meter deposits.

**NOTE D -- 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:

	Governmental Funds		Proprietary Fund	
	General Fund	Debt Service	Waterworks\ Sewer Fund	Total
<i>Receivables:</i>				
Property Taxes	\$ 142,201	\$ 8,251	\$ -	\$ 150,452
Less Allowance for Uncollectibles	(15,767)	(915)	-	(16,682)
Franchise Taxes	89,084	-	-	89,084
EMS Services	670,160	-	-	670,160
Less Allowance for Uncollectibles	(536,128)	-	-	(536,128)
Customer Accounts	-	-	335,635	335,635
Less Allowance for Uncollectibles	-	-	(32,204)	(32,204)
Other	45,693	-	-	45,693
Net Total Receivables	<u>\$ 395,243</u>	<u>\$ 7,336</u>	<u>\$ 303,431</u>	<u>\$ 706,010</u>

CITY OF KIRBY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2018

**NOTE E -- 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, 2017, upon which the fiscal 2018 levy was based, was \$286,838,073 (i.e., market value less exemptions). The estimated market value was \$321,971,949, making the taxable value 89.0% of the estimated market value.

The City is permitted by the Constitution of the State of Texas to levy taxes up to \$2.50 per \$100 of taxable assessed valuation for all governmental purposes. Pursuant to a decision of the Attorney General of the State of Texas, up to \$1.50 per \$100 of assessed valuation may be used for the payment of long-term debt. The combined tax rate to finance general governmental services, including the payment of principal and interest on long-term debt, for the year ended September 30, 2018, 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 \$5,078,824 based upon the present assessed valuation of \$286,838,073 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 F -- 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, 2018, balances of interfund amounts receivable or payable have been recorded as follows:

	Due From	Due To	Purpose
<b>Primary Government:</b>			
General Fund/Water Sewer Fund	\$ 223,061	\$ 223,061	Reimbursement
General Fund/Capital Projects	100	100	Reimbursement
General Fund/Crime Control	731	731	Reimbursement
Debt Service/General Fund	5,069	5,069	Pooled tax collections
Crime Control/ Water Sewer Fund	1,130	1,130	Reimbursement
	<u>\$ 230,091</u>	<u>\$ 230,091</u>	

CITY OF KIRBY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2018

**NOTE G -- CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2018, was as follows:

<i>Governmental Activities</i>	Balance 10/1/2017	Additions/ Transfer In	Disposals/ Transfer Out	Balance 9/30/2018
Land	\$ 836,120	\$ -	\$ -	\$ 836,120
Buildings and Improvements	4,552,875	597,222	-	5,150,097
Transportation & Equipment	3,188,591	366,625	(177,381)	3,377,835
Infrastructure	12,122,018	571,464	-	12,693,482
Software	78,790	-	-	78,790
Construction in Progress	530,906	376,934	(297,872)	609,968
	<u>21,309,300</u>	<u>1,912,245</u>	<u>(475,253)</u>	<u>22,746,292</u>
Less Accumulated Depreciation				
Buildings and Improvements	(1,700,863)	(154,498)	-	(1,855,361)
Transportation & Equipment	(2,006,675)	(249,532)	177,381	(2,078,826)
Infrastructure	(11,298,136)	(142,433)	-	(11,440,569)
Software	(78,790)	-	-	(78,790)
	<u>(15,084,464)</u>	<u>(546,463)</u>	<u>177,381</u>	<u>(15,453,546)</u>
Governmental Capital Assets, Net	<u>\$ 6,224,836</u>	<u>\$ 1,365,782</u>	<u>\$ (297,872)</u>	<u>\$ 7,292,746</u>
<i>Business-Type Activities</i>				
Land	\$ 7,005	\$ -	\$ -	\$ 7,005
Utility Plant	6,529,390	597,483	-	7,126,873
Transportation & Equipment	457,951	88,400	-	546,351
Software	42,000	-	-	42,000
Construction in Progress	35,975	375,654	(402,339)	9,290
Totals at Historical Cost	<u>7,072,321</u>	<u>1,061,537</u>	<u>(402,339)</u>	<u>7,731,519</u>
Less Accumulated Depreciation				
Buildings and Improvements	(87,506)	-	-	(87,506)
Utility Plant	(3,687,736)	(174,360)	-	(3,862,096)
Transportation & Equipment	(406,595)	(25,332)	-	(431,927)
Software	(42,000)	-	-	(42,000)
	<u>(4,223,837)</u>	<u>(199,692)</u>	<u>-</u>	<u>(4,423,529)</u>
Business-Type Capital Assets, Net	<u>\$ 2,848,484</u>	<u>\$ 861,845</u>	<u>\$ (402,339)</u>	<u>\$ 3,307,990</u>

Land and Construction in Progress are not depreciated.

Depreciation expense was charged to the governmental functions as follows:

City Administration	\$ 9,368
Fire Protection\EMS	168,780
Police Protection	72,358
Public Works	283,066
Animal Services	12,891
Total Depreciation Expense - Governmental Activities	<u>\$ 546,463</u>



CITY OF KIRBY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2018

**NOTE H -- LONG-TERM DEBT**

**Primary Government**

Long-term debt and obligations payable at September 30, 2018, 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%	\$ 345,000
\$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 \$77,403.	306,185
\$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 \$105,016.	96,483
\$6,715,000 General Obligation Bonds, Series 2018 payable in annual installments of \$250,000 to \$475,000 through 2038; interest at 3.00% to 4.00%	<u>6,715,000</u>
<b><i>Total Governmental Long-Term Obligations</i></b>	<b><u><u>\$ 7,462,668</u></u></b>

The annual requirements to amortize all long-term bonded debt and obligations outstanding as of September 30, 2018, including interest payments, are as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2019	\$ 345,000	\$ 124,331	\$ 469,331
2020	250,000	115,863	365,863
2021	260,000	110,663	370,663
2022	270,000	105,263	375,263
2023	280,000	99,663	379,663
2024-2028	1,570,000	408,313	1,978,313
2029-2033	1,875,000	257,988	2,132,988
2034-2038	2,210,000	84,338	2,294,338
	<u><u>\$ 7,060,000</u></u>	<u><u>\$ 1,306,419</u></u>	<u><u>\$ 8,366,419</u></u>

CITY OF KIRBY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2018

**NOTE H -- LONG-TERM DEBT (Continued)**

Future payments under the capital leases are as follows:

Year Ending September 30,	Lease Payments
2019	\$ 89,050
2020	89,050
2021	93,824
2022	56,654
2023	56,654
2024	56,653
Total	441,885
Less: Amount Representing Interest	(39,217)
	<u>\$ 402,668</u>

**Changes in Long-Term Liabilities**

<u>Governmental Activities</u>	Balance 10/1/2017	Additions	Reductions	Balance 9/30/2018	Due Within One Year
General Obligation Bonds, 2018	\$ -	\$ 6,715,000	\$ -	\$ 6,715,000	\$ -
Premium	-	270,017	-	270,017	13,501
Certificates of Obligation, 2009	680,000	-	(335,000)	345,000	345,000
Premium	475	-	(475)	-	-
Capital Leases	508,468	-	(105,800)	402,668	76,996
Compensated Absences	93,921	103,398	(93,921)	103,398	103,398
Total Governmental Activities	<u>\$ 1,282,864</u>	<u>\$ 7,088,415</u>	<u>\$ (535,196)</u>	<u>\$ 7,836,083</u>	<u>\$ 538,895</u>
 <u>Business-Type Activities</u>					
Compensated Absences	\$ 15,327	\$ 11,473	\$ (15,327)	\$ 11,473	\$ 11,473
Total Business-Type Activities	<u>15,327</u>	<u>11,473</u>	<u>(15,327)</u>	<u>11,473</u>	<u>11,473</u>
 Total Primary Government	 <u>\$ 1,298,191</u>	 <u>\$ 7,099,888</u>	 <u>\$ (550,523)</u>	 <u>\$ 7,847,556</u>	 <u>\$ 550,368</u>

CITY OF KIRBY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2018

**NOTE I -- EMPLOYEES' RETIREMENT SYSTEMS**

Texas Municipal Retirement System

**1. Plan Description**

The City participates as one of 883 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the state of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the system with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Service Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tmr.com](http://www.tmr.com).

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

**2. Benefits Provided**

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

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

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

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	28
Inactive employees entitled to but not yet receiving benefits	87
Active employees	54
	<hr/>
	169
	<hr/>

CITY OF KIRBY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2018

**NOTE I -- 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, 2018, 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 14.35% and 14.43% in calendar years 2017 and 2018, respectively. The City's contributions to TMRS for the year ended September 30, 2018 were \$304,695, 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, 2017, 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, 2017 actuarial valuation was determined using the following actuarial assumptions:

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

\* Presented net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Health Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

CITY OF KIRBY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2018

**NOTE I -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)**

**5. Actuarial Assumptions (Continued)**

Actuarial assumptions used in the December 31, 2017 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding the expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.50%	4.55%
International Equity	17.50%	6.35%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	3.90%
Real Return	10.00%	3.80%
Real Estate	10.00%	4.50%
Absolute Return	10.00%	3.75%
Private Equity	5.00%	7.50%
	<u>100.00%</u>	

CITY OF KIRBY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2018

**NOTE I -- 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 as of December 31, 2017:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2016	\$ 7,932,104	\$ 6,445,889	\$ 1,486,215
Changes for the year:			
Service Cost	350,481	-	350,481
Interest	537,217	-	537,217
Change of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	2,495	-	2,495
Changes of Assumptions	-	-	-
Contributions - Employer	-	287,066	(287,066)
Contributions - Employee	-	140,032	(140,032)
Net Investment Income	-	893,686	(893,686)
Benefit Payments, Including Refunds of Employee Contributions	(297,135)	(297,135)	-
Administrative Expense	-	(4,630)	4,630
Other Changes	-	(235)	235
Net Changes	593,058	1,018,784	(425,726)
Balance at December 31, 2017	\$ 8,525,162	\$ 7,464,673	\$ 1,060,489

**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	\$ 2,835,970	\$ 1,060,489	\$ (6,852)

CITY OF KIRBY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2018

**NOTE I -- 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](http://www.tmrs.com).

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

For the year ended September 30, 2018, the City recognized pension expense of \$335,008. Also as of September 30, 2018, 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	\$ 10,846	\$ 19,956
Changes in Actuarial Assumptions	3,565	-
Differences Between Projected and Actual Investment Earnings	170,360	366,759
Contributions Subsequent to the Measurement Date	229,985	-
	<u>\$ 414,756</u>	<u>\$ 386,715</u>

Deferred outflows of resources in the amount of \$229,985 is related to pensions resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liability for the year ending December 31, 2018. 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,	
2018	\$ (149)
2019	(18,375)
2020	(91,704)
2021	(91,716)
	<u>\$ (201,944)</u>

CITY OF KIRBY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2018

**NOTE J -- 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.

Membership in the plan at December 31, 2017, the valuation and measurement date, consisted of:

	<u>2017</u>
Inactive Employees or Beneficiaries Currently Receiving Benefits	17
Inactive Employees Entitled to but Not Yet Receiving Benefits	4
Active Employees	<u>54</u>
Total	<u><u>75</u></u>

The SDBF required contribution rates, based on these assumptions, are as follows:

	<u>Total SDBF Contribution Rate</u>	<u>Retiree Portion of SDBF Contribution Rate</u>
For the Plan Year Ended December 31,		
2017	0.12%	0.01%
2018	0.14%	0.02%

These contribution rates are based on actuarial assumptions developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method. These assumptions are summarized below:



CITY OF KIRBY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2018

**NOTE J -- OTHER POST EMPLOYMENT BENEFIT (CONTINUED)**

**Methods and Assumptions Used to Determine Contribution Rates:**

Inflation	2.50%
Salary Increases	3.50% to 10.50% Including Inflation
Discount Rate	3.31% (Based on Fidelity's 20-Year Municipal GO AA Index)
Administrative Expenses	All administrative expenses are paid thru the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality Rates - Service Retirees	RP2000 Combined Mortality Table with blue Collar Adjustment with male rates multiplied by 109% and femal rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality Rates - Disabled Retirees	RP2000 Combined Mortality Table with blue Collar Adjustment with male rates multiplied by 109% and femal rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

The City's Total OPEB Liability (TOL), based on the above actuarial factors, as of December 31, 2017, the measurement and actuarial valuation date, was calculated as follows:

	Total OPEB Liability
Balance at December 31, 2016	<u>\$ 76,320</u>
Changes for the year:	
Service Cost	5,401
Interest on Total OPEB Liability	2,983
Change of Benefit Terms	-
Difference Between Expected and Actual Experience	-
Changes of Assumptions or Other Inputs	8,622
Benefit Payments	<u>(200)</u>
Net Changes	<u>16,806</u>
Balance at December 31, 2017	<u><u>\$ 93,126</u></u>

There is no separate trust maintained to fund this TOL. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75 to pay related benefits.

CITY OF KIRBY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2018

**NOTE J -- OTHER POST EMPLOYMENT BENEFIT (CONTINUED)**

The following presents the TOL of the City, calculated using the discount rate of 3.31% as well as what the City's TOL would be if it were calculated using a discount rate that is 1-percentage point lower (2.31%) and 1-percentage point higher (4.31%) than the current rate:

	Discount Rate 2.31%	Discount Rate 3.31%	Discount Rate 4.31%
Total OPEB Liability	\$ 115,265	\$ 93,126	\$ 76,127

For the year ended September 30, 2018, the City recognized OPEB expense of \$9,616 and reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions and Other Inputs	\$ 7,390	\$ -
Contributions Subsequent to the Measurement Date	319	-
	<u>\$ 7,709</u>	<u>\$ -</u>

Deferred outflows of resources in the amount of \$319 is related to OPEB benefits resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liability for the plan year ended December 31, 2017. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Year ended December 31,	
2018	\$ 1,232
2019	1,232
2020	1,232
2021	1,232
2022	1,232
Thereafter	1,230
	<u>\$ 7,390</u>

CITY OF KIRBY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2018

**NOTE K -- TRANSFERS**

Transfers during the year ended September 30, 2018, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Purpose</u>
<b>Primary Government:</b>			
Debt Service/General Fund	\$ 252,000	\$ 252,000	Funding for Debt Payments
General Fund/Water Sewer Fund	480,000	480,000	Transfer in Lieu of Taxes
	<u>\$ 732,000</u>	<u>\$ 732,000</u>	

**NOTE L -- 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.

As of September 30, 2018, the City of Kirby had an outstanding contract with Ford Engineering, Inc. for engineering fees for Binz Englemen street reconstruction for a total cost of \$274,076, of which \$225,963 was incurred by the end of the fiscal year. The City expects the remaining cost to be incurred during fiscal year 2019.

As of September 30, 2018, the City of Kirby had an outstanding contract with San Antonio Contractors for the Binz Engleman street reconstruction for a total cost of \$2,199,696, of which \$366,278 was incurred by the end of the fiscal year. The City expects the remaining cost to be incurred during fiscal year 2019.

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.

CITY OF KIRBY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2018

**NOTE M -- SUBSEQUENT EVENT**

Subsequent to year end, the City of Kirby had entered into a contract with Ace. Co. for pavement of the public works yard for a total cost of \$98,867. The City expects the cost to be incurred during fiscal year 2019.

**NOTE N -- 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, 2018 were \$123,501 for property and casualty and workers compensation coverage.

**NOTE O -- PRIOR PERIOD ADJUSTMENT**

In accordance with GASB Statement No. 75, the City has recorded a prior period adjustment to recognize the Other Post-Employment Benefit (OPEB) liability as described in Note A22, above. The OPEB liability at September 30, 2017 was allocated between the general fund and the water/sewer fund resulting in a prior period adjustment to restate the beginning fund balances as of September 30, 2017 as follows:

	General Fund	Waterworks/ Sewer Fund	Total
Beginning Fund Balance/Net Position, as Previously Reported	\$ 7,122,259	\$ 5,282,538	\$ 12,404,797
Understated OPEB Liability	(67,808)	(8,512)	(76,320)
Beginning Fund Balance/Net Position, Restated	<u>\$ 7,054,451</u>	<u>\$ 5,274,026</u>	<u>\$ 12,328,477</u>

## 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
- Schedule of Contributions – Defined Benefit Pension Plan
- Schedule of Changes – Total Other Post Employment Benefit 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, 2018

	Budget Amounts		2018 Actual Amounts	Variance Favorable (Unfavorable)	2017 Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Taxes	\$ 2,148,960	\$ 2,190,800	\$ 2,261,842	\$ 71,042	\$ 2,035,519
Franchise Fees	376,725	428,725	424,334	(4,391)	410,832
Licenses and Fees	176,200	297,200	413,684	116,484	336,376
Intergovernmental Revenues	9,800	9,800	10,245	445	10,821
Charges for Services	813,000	813,000	827,423	14,423	798,743
Grants	2,973,357	2,980,857	1,018,408	(1,962,449)	180,745
Fines and Penalties	227,700	227,881	214,227	(13,654)	222,141
Miscellaneous	14,200	24,700	35,378	10,678	66,260
<b>TOTAL REVENUES</b>	<u>6,739,942</u>	<u>6,972,963</u>	<u>5,205,541</u>	<u>(1,767,422)</u>	<u>4,061,437</u>
<b>EXPENDITURES:</b>					
<i>City Council:</i>					
Salaries/Expenses	92	4,936	4,925	11	3,840
Supplies	2,500	2,500	2,329	171	1,959
Meeting and Travel	5,000	5,000	2,472	2,528	3,303
<i>Total City Council</i>	<u>7,592</u>	<u>12,436</u>	<u>9,726</u>	<u>2,710</u>	<u>9,102</u>
<i>City Administration:</i>					
Salaries & Benefits	344,022	350,204	344,181	6,023	293,011
Maintenance	8,300	8,300	8,185	115	7,805
Contract Services	26,500	42,000	35,075	6,925	20,557
Miscellaneous	8,100	8,600	7,101	1,499	8,855
<i>Total City Administration</i>	<u>386,922</u>	<u>409,104</u>	<u>394,542</u>	<u>14,562</u>	<u>330,228</u>
<i>Police Protection:</i>					
Salaries & Benefits	1,078,220	1,103,773	1,072,342	31,431	934,420
Supplies	71,900	66,600	48,782	17,818	42,029
Maintenance	81,054	97,754	77,380	20,374	60,753
Contract Services	17,500	15,500	8,159	7,341	6,711
Miscellaneous	9,600	9,600	7,372	2,228	7,228
<i>Total Police Protection</i>	<u>\$ 1,258,274</u>	<u>\$ 1,293,227</u>	<u>\$ 1,214,035</u>	<u>\$ 79,192</u>	<u>\$ 1,051,141</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, 2018

	Budget Amounts		2018	Variance	2017
	Original	Final	Actual	Favorable	Actual
			Amounts	(Unfavorable)	Amounts
EXPENDITURES (CONTINUED)					
Municipal Court:					
Salaries & Benefits	\$ 45,476	\$ 45,976	\$ 37,172	\$ 8,804	\$ 23,779
Supplies	1,500	1,500	1,082	418	757
Maintenance	7,930	8,230	7,965	265	7,630
Contract Services	38,800	38,000	32,954	5,046	31,956
Total Municipal Court	93,706	93,706	79,173	14,533	64,122
Fire/EMS Protection:					
Salaries & Benefits	865,844	880,244	864,292	15,952	863,989
Supplies	60,920	53,120	48,565	4,555	45,198
Maintenance	68,084	68,584	59,604	8,980	61,086
Contract Services	9,775	9,775	9,580	195	9,580
Miscellaneous	7,800	4,800	2,949	1,851	5,920
Total Fire/EMS Protection	1,012,423	1,016,523	984,990	31,533	985,773
Animal Services:					
Salaries & Benefits	189,592	159,239	153,615	5,624	121,250
Supplies	17,000	12,000	6,187	5,813	17,862
Maintenance	6,750	6,750	3,443	3,307	5,613
Contract Services	55,000	55,000	23,404	31,596	52,086
Miscellaneous	2,000	2,000	1,074	926	1,698
Total Animal Services	270,342	234,989	187,723	47,266	198,509
Parks and Pools:					
Salaries & Benefits	107,729	76,675	65,245	11,430	84,835
Supplies	42,985	21,277	14,720	6,557	23,149
Maintenance	35,025	35,025	23,605	11,420	35,892
Contract Services	-	45,000	42,900	2,100	-
Miscellaneous	2,500	1,000	-	1,000	1,540
Total Parks and Pools	\$ 188,239	\$ 178,977	\$ 146,470	\$ 32,507	\$ 145,416

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, 2018

	Budget Amounts		2018 Actual Amounts	Variance Favorable (Unfavorable)	2017 Actual Amounts
	Original	Final			
<b>EXPENDITURES (CONTINUED)</b>					
<i>Streets and Shop:</i>					
Salaries & Benefits	\$ 161,695	\$ 161,695	\$ 146,410	\$ 15,285	\$ 134,136
Supplies	42,400	42,400	24,578	17,822	21,138
Maintenance	124,670	124,670	21,584	103,086	25,904
Contract Services	40,500	60,500	118,218	(57,718)	75,423
Miscellaneous	1,000	1,000	921	79	290
<i>Total Streets and Shop</i>	<u>370,265</u>	<u>390,265</u>	<u>311,711</u>	<u>78,554</u>	<u>256,891</u>
<i>General City Operations:</i>					
Supplies	50,500	50,500	29,162	21,338	29,736
Maintenance	9,000	9,000	7,777	1,223	8,166
Contract Services	360,128	370,590	347,291	23,299	311,599
Miscellaneous	4,200	4,200	5,722	(1,522)	3,716
<i>Total General City Operations</i>	<u>423,828</u>	<u>434,290</u>	<u>389,952</u>	<u>44,338</u>	<u>353,217</u>
<i>Capital Outlay</i>	<u>4,130,909</u>	<u>4,187,653</u>	<u>1,645,831</u>	<u>2,541,822</u>	<u>675,192</u>
<i>Debt Service:</i>					
Principal	109,251	109,251	105,800	3,451	102,640
Interest	11,865	11,865	15,315	(3,450)	18,474
<i>Total Debt Service</i>	<u>121,116</u>	<u>121,116</u>	<u>121,115</u>	<u>1</u>	<u>121,114</u>
<b>TOTAL EXPENDITURES</b>	<u>8,263,616</u>	<u>8,372,286</u>	<u>5,485,268</u>	<u>2,887,018</u>	<u>4,190,705</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(1,523,674)</u>	<u>(1,399,323)</u>	<u>(279,727)</u>	<u>1,119,596</u>	<u>(129,268)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	480,000	480,000	480,000	-	480,000
Transfers Out	(252,000)	(252,000)	(252,000)	-	(391,754)
Proceeds from Sale of Assets	10,002	10,002	5,212	(4,790)	33,878
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>238,002</u>	<u>238,002</u>	<u>233,212</u>	<u>(4,790)</u>	<u>122,124</u>
<b>Net Change in Fund Balance</b>	<u>(1,285,672)</u>	<u>(1,161,321)</u>	<u>(46,515)</u>	<u>1,114,806</u>	<u>(7,144)</u>
<b>Fund Balance - Beginning of Year</b>	<u>2,739,164</u>	<u>2,739,164</u>	<u>2,739,164</u>	<u>-</u>	<u>2,746,308</u>
<b>Fund Balance - End of Year</b>	<u>\$ 1,453,492</u>	<u>\$ 1,577,843</u>	<u>\$ 2,692,649</u>	<u>\$ 1,114,806</u>	<u>\$ 2,739,164</u>



CITY OF KIRBY, TEXAS  
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL  
SEPTEMBER 30, 2018

**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, 2018 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 FOUR PLAN YEARS

Total Pension Liability				
	2014	2015	2016	2017
Service Cost	\$ 288,443	\$ 307,109	\$ 330,096	\$ 350,481
Interest (on the Total Pension Liability)	448,141	469,554	500,963	537,217
Changes of Benefit Terms	-	-	-	-
Difference between Expected and Actual Experience	(226,720)	107,091	(47,866)	2,495
Change of Assumptions	-	41,761	-	-
Benefit Payments, Including Refunds of Employee Contributions	(195,540)	(231,052)	(215,438)	(297,135)
Net Change in Total Pension Liability	314,324	694,463	567,755	593,058
Total Pension Liability - Beginning	6,355,562	6,669,886	7,364,349	7,932,104
Total Pension Liability - Ending	<u>\$ 6,669,886</u>	<u>\$ 7,364,349</u>	<u>\$ 7,932,104</u>	<u>\$ 8,525,162</u>
Plan Fiduciary Net Position				
	2014	2015	2016	2017
Contributions - Employer	\$ 236,057	\$ 245,466	\$ 249,282	\$ 287,066
Contributions - Employee	133,118	128,421	133,103	140,032
Net Investment Income	301,418	8,470	397,848	893,686
Benefit Payments, Including Refunds of Employee Contributions	(195,540)	(231,052)	(215,438)	(297,135)
Administrative Expense	(3,147)	(5,159)	(4,492)	(4,630)
Other	(259)	(255)	(242)	(235)
Net Change in Plan Fiduciary Net Position	471,647	145,891	560,061	1,018,784
Plan Fiduciary Net Position - Beginning	5,268,290	5,739,937	5,885,828	6,445,889
Plan Fiduciary Net Position - Ending	<u>\$ 5,739,937</u>	<u>\$ 5,885,828</u>	<u>\$ 6,445,889</u>	<u>\$ 7,464,673</u>
Net Pension Liability (Asset) - Ending	\$ 929,949	\$ 1,478,521	\$ 1,486,215	\$ 1,060,489
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	86.06%	79.92%	81.26%	87.56%
Covered Employee Payroll	\$ 1,901,691	\$ 1,834,580	\$ 1,901,472	\$ 2,000,460
Net Pension Liability as a Percentage of Covered Employee Payroll	48.90%	80.59%	78.16%	53.01%

Note: Information for this schedule is being accumulated prospectively until a ten year period is available.

CITY OF KIRBY, TEXAS  
CONTRIBUTIONS – DEFINED BENEFIT PENSION PLAN  
LAST FOUR FISCAL YEARS

	2015	2016	2017	2018
Actuarially Determined Contribution	\$ 239,844	\$ 256,566	\$ 273,610	\$ 304,695
Contributions in Relation to the Actuarially Determined Contribution	239,844	256,566	273,610	304,695
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 1,829,346	\$ 1,946,470	\$ 1,947,107	\$ 2,114,425
Contributions as a Percentage of Covered Employee Payroll	13.11%	13.18%	14.05%	14.41%

Note: Information for this schedule is being accumulated prospectively until a ten year period is available.

**Valuation Date:**

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

### Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	28 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.

**Other Information:**

Notes There were no benefit changes during the year.

CITY OF KIRBY, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES –TOTAL OTHER POST EMPLOYMENT BENEFIT LIABILITY AND  
RELATED RATIOS  
LAST CALANDAR YEAR

Total OPEB Liability	2017
Service Cost	\$ 5,401
Interest on Total OPEB Liability	2,983
Changes of Benefit Terms	-
Difference between Expected and Actual Experience	-
Change in Assumptions or Other Inputs	8,622
Benefit Payments	(200)
Net Change in Total OPEB Liability	16,806
Total OPEB Liability - Beginning	76,320
Total OPEB Liability - Ending	<u>\$ 93,126</u>
 Covered Employee Payroll	 \$ 2,000,460
 Total OPEB Liability as a Percentage of Covered Employee Payroll	 4.66%

Note: Information for this schedule is being accumulated prospectively until a ten year period is available.

**Valuation Date:**

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

**Methods and Assumptions Used to Determine Contribution Rates:**

Inflation	2.50%
Salary Increases	3.50% to 10.50% Including Inflation
Discount Rate	3.31% (Based on Fidelity's 20-Year Municipal GO AA Index)
Administrative Expenses	All administrative expenses are paid throu the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality Rates - Service Retirees	RP2000 Combined Mortality Table with blue Collar Adjustment with male rates multiplied by 109% and femal rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality Rates - Disabled Retirees	RP2000 Combined Mortality Table with blue Collar Adjustment with male rates multiplied by 109% and femal rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

**Other Information:**

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75 to pay related benefits.



## 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 – Capital Projects Fund
- Comparative Statements – Crime Control
- Comparative Statements – Proprietary Waterworks/Sewer Fund

CITY OF KIRBY, TEXAS  
COMPARATIVE BALANCE SHEETS  
GENERAL FUND  
SEPTEMBER 30, 2018 AND 2017

<b>ASSETS</b>	<b>2018</b>	<b>2017</b>
Cash and Investments	\$ 2,199,549	\$ 2,279,526
Receivables, Net of Allowances for Uncollectibles:		
Property Taxes	126,434	119,659
EMS Charges	134,032	119,759
Accounts	134,777	134,172
Restricted Cash	119,854	95,207
Due from Other Governments	509,377	462,822
Due from Other Funds	218,822	86,312
Inventory of Supplies, At Cost	57,047	41,094
<b>TOTAL ASSETS</b>	<b>\$ 3,499,892</b>	<b>\$ 3,338,551</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>		
<i>Liabilities:</i>		
Accounts Payable	\$ 423,949	\$ 250,575
Accrued Expenditures	122,827	109,394
<i>Total Liabilities</i>	<u>546,776</u>	<u>359,969</u>
<i>Deferred Inflows of Resources:</i>		
Unavailable EMS Revenue	134,032	119,759
Unavailable Tax Revenue	126,435	119,659
<i>Total Deferred Inflows of Resources</i>	<u>260,467</u>	<u>239,418</u>
<i>Fund Balance:</i>		
Nonspendable:		
Inventory of Supplies	57,047	41,094
Restricted for:		
Court Security	34,689	34,007
Court Technology	(382)	(382)
PEG Capital Fees	122,556	106,971
Unassigned	2,478,739	2,557,474
<i>Total Fund Balance</i>	<u>2,692,649</u>	<u>2,739,164</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<b>\$ 3,499,892</b>	<b>\$ 3,338,551</b>





CITY OF KIRBY, TEXAS  
COMPARATIVE BALANCE SHEETS  
DEBT SERVICE FUND  
SEPTEMBER 30, 2018 AND 2017

<b>ASSETS</b>	<b><u>2018</u></b>	<b><u>2017</u></b>
Cash and Investments	\$ 41,089	\$ 24,533
Taxes Receivable	7,336	1,675
Due From Other Funds	<u>5,069</u>	<u>58</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 53,494</u></b>	<b><u>\$ 26,266</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>		
<i>Deferred Inflows of Resources:</i>		
Unavailable Tax Revenue	<u>\$ 7,336</u>	<u>\$ 1,676</u>
<i>Total Deferred Inflows of Resources</i>	<u>7,336</u>	<u>1,676</u>
<i>Fund Balance:</i>		
Restricted Fund Balance	<u>46,158</u>	<u>24,590</u>
<i>Total Fund Balance</i>	<u>46,158</u>	<u>24,590</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<b><u>\$ 53,494</u></b>	<b><u>\$ 26,266</u></b>

CITY OF KIRBY, TEXAS  
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
DEBT SERVICE FUND  
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2018 AND 2017

REVENUES	<u>2018</u>	<u>2017</u>
Taxes	\$ 112,954	\$ 23,192
Interest	<u>13,483</u>	<u>25</u>
<b>TOTAL REVENUES</b>	<u>126,437</u>	<u>23,217</u>
<b>EXPENDITURES</b>		
Principal Payments on General Obligation Bonds	335,000	405,000
Interest Payments on General Obligation Bonds	19,219	32,481
Fiscal Agent Fees	<u>2,650</u>	<u>2,650</u>
<b>TOTAL EXPENDITURES</b>	<u>356,869</u>	<u>440,131</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(230,432)</u>	<u>(416,914)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers In	<u>252,000</u>	436,152
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>252,000</u>	<u>436,152</u>
<b>Net Change in Fund Balance</b>	21,568	19,238
<b>Fund Balances at Beginning of Year</b>	<u>24,590</u>	<u>5,352</u>
<b>Fund Balances at End of Year</b>	<u><u>\$ 46,158</u></u>	<u><u>\$ 24,590</u></u>

CITY OF KIRBY, TEXAS  
COMPARATIVE BALANCE SHEETS  
CAPITAL PROJECTS FUND  
SEPTEMBER 30, 2018 AND 2017

<b>ASSETS</b>	<b>2018</b>	<b>2017</b>
Cash and Investments	<u>\$ 6,854,847</u>	<u>\$ -</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 6,854,847</b></u>	<u><b>\$ -</b></u>
<b>LIABILITIES AND FUND BALANCE</b>		
Due to Other Funds	<u>\$ 100</u>	<u>\$ -</u>
<i>Total Liabilities</i>	<u>100</u>	<u>-</u>
Restricted Fund Balance	<u>6,854,747</u>	<u>-</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><b>\$ 6,854,847</b></u>	<u><b>\$ -</b></u>

CITY OF KIRBY, TEXAS  
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
CAPITAL PROJECTS FUND  
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2018 AND 2017

<b>REVENUES</b>	<b>2018</b>	<b>2017</b>
Interest	<u>\$ 9,747</u>	<u>\$ -</u>
<b>TOTAL REVENUES</b>	<u><b>9,747</b></u>	<u><b>-</b></u>
 <b>EXPENDITURES</b>		
Bond Issuance Costs and Fees	<u><b>140,017</b></u>	<u><b>-</b></u>
<b>TOTAL EXPENDITURES</b>	<u><b>140,017</b></u>	<u><b>-</b></u>
 <b>OTHER FINANCING SOURCES (USES)</b>		
Issuance of General Obligation Bonds	<u><b>6,715,000</b></u>	<u><b>-</b></u>
Premium on Bonds Issued	<u><b>270,017</b></u>	<u><b>-</b></u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u><b>6,985,017</b></u>	<u><b>-</b></u>
 <b>Net Change in Fund Balance</b>	<b>6,854,747</b>	<b>-</b>
 <b>Fund Balance at Beginning of Year</b>	<u><b>-</b></u>	<u><b>-</b></u>
<b>Fund Balance at End of Year</b>	<u><u><b>\$ 6,854,747</b></u></u>	<u><u><b>\$ -</b></u></u>

CITY OF KIRBY, TEXAS  
COMPARATIVE BALANCE SHEETS  
CRIME CONTROL FUND  
SEPTEMBER 30, 2018 AND 2017

<b>ASSETS</b>	<b>2018</b>	<b>2017</b>
Cash and Investments	\$ 67,288	\$ 69,653
Due From Other Governments	10,337	9,518
Due From Other Funds	<u>400</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 78,025</u></b>	<b><u>\$ 79,171</u></b>
<b>LIABILITIES AND FUND BALANCE</b>		
<i>Liabilities:</i>		
Accounts Payable	\$ -	\$ 441
<i>Total Liabilities</i>	<u>-</u>	<u>441</u>
<i>Fund Balance:</i>		
Restricted Fund Balance	<u>78,025</u>	<u>78,730</u>
<i>Total Fund Balance</i>	<u>78,025</u>	<u>78,730</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$ 78,025</u></b>	<b><u>\$ 79,171</u></b>

CITY OF KIRBY, TEXAS  
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
CRIME CONTROL FUND  
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2018 AND 2017

<b>REVENUES</b>	<u><b>2018</b></u>	<u><b>2017</b></u>
Taxes	\$ 61,328	\$ 58,174
Interest	<u>50</u>	<u>31</u>
<b>TOTAL REVENUES</b>	<u><b>61,378</b></u>	<u><b>58,205</b></u>
 <b>EXPENDITURES</b>		
Salaries	1,292	1,327
Supplies	37	12
Maintenance	90	-
Contract Services	4,192	3,554
Miscellaneous	1,474	3,977
Capital Outlay	<u>54,998</u>	<u>40,643</u>
<b>TOTAL EXPENDITURES</b>	<u><b>62,083</b></u>	<u><b>49,513</b></u>
 <b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	 <u><b>(705)</b></u>	 <u><b>8,692</b></u>
 <b>Fund Balances at Beginning of Year</b>	 <u><b>78,730</b></u>	 <u><b>70,038</b></u>
 <b>Fund Balances at End of Year</b>	 <u><u><b>\$ 78,025</b></u></u>	 <u><u><b>\$ 78,730</b></u></u>

CITY OF KIRBY, TEXAS  
COMPARATIVE STATEMENT OF NET POSITION  
PROPRIETARY FUND  
WATERWORKS AND SEWER SYSTEM  
SEPTEMBER 30, 2018 AND 2017

<b>ASSETS</b>	<b>2018</b>	<b>2017*</b>
<i>Current Assets:</i>		
Cash and Investments	\$ 2,398,062	\$ 2,444,838
Receivables - Customers	335,635	318,847
Allowance for Uncollectibles	(32,204)	(20,199)
Inventory of Supplies, at cost	27,830	6,672
Prepaid Items	31,353	31,353
<i>Total Current Assets</i>	<u>2,760,676</u>	<u>2,781,511</u>
<i>Restricted Assets:</i>		
Cash and Investments	193,965	188,833
<i>Total Restricted Assets</i>	<u>193,965</u>	<u>188,833</u>
<i>Capital Assets:</i>		
Utility Plant and Infrastructure	7,126,873	6,529,390
Transportation, Furniture and Equipment	546,351	457,951
Software	42,000	42,000
Total Depreciable and Amortizable Fixed Assets	<u>7,715,224</u>	<u>7,029,341</u>
Less Accumulated Depreciation and Amortization	<u>(4,423,529)</u>	<u>(4,223,837)</u>
Total Depreciable Fixed Assets, Net of Accumulated Depreciation and Amortization	3,291,695	2,805,504
Land	7,005	7,005
Construction in Progress	9,290	35,975
<i>Total Capital Assets</i>	<u>3,307,990</u>	<u>2,848,484</u>
<b>TOTAL ASSETS</b>	<u>6,262,631</u>	<u>5,818,828</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Other Post Employment Benefit Outflows	860	-
Deferred Pension Related Outflows	40,167	53,342
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 41,027</u>	<u>\$ 53,342</u>



CITY OF KIRBY, TEXAS  
COMPARATIVE STATEMENT OF NET POSITION  
PROPRIETARY FUND  
WATERWORKS AND SEWER SYSTEM (CONTINUED)  
SEPTEMBER 30, 2018 AND 2017

<b>LIABILITIES</b>	<b>2018</b>	<b>2017*</b>
<i>Current Liabilities (Payable from Current Assets):</i>		
Accounts Payable	\$ 217,030	\$ 159,694
Accrued Vacation Leave Payable	11,473	15,327
Due to Other Funds	224,191	86,370
<i>Total Current Liabilities</i> <i>(Payable from Current Assets)</i>	<u>452,694</u>	<u>261,391</u>
<i>Current Liabilities (Payable from Restricted Assets):</i>		
Customer Deposits	179,040	174,580
<i>Total Current Liabilities</i> <i>(Payable from Restricted Assets)</i>	<u>179,040</u>	<u>174,580</u>
<i>Noncurrent Liabilities:</i>		
Net Other Post Employment Benefits Liability	10,386	8,512
Net Pension Liability	101,289	148,770
<i>Total Noncurrent Liabilities</i>	<u>111,675</u>	<u>157,282</u>
<b>TOTAL LIABILITIES</b>	<u>743,409</u>	<u>593,253</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Pension Related Inflows	42,572	4,891
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>42,572</u>	<u>4,891</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	3,307,990	2,848,484
Unrestricted	2,209,687	2,425,542
<b>TOTAL NET POSITION</b>	<u>\$ 5,517,677</u>	<u>\$ 5,274,026</u>

\*Comparative information restated for adoption of GASB Statement No. 75. See Note A22 for more detail.

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, 2018 AND 2017

	<u>2018</u>	<u>2017*</u>
<b>Operating Revenues</b>		
Charges for Utility Service	\$ 2,143,638	\$ 2,124,664
<b>Total Operating Revenues</b>	<u>2,143,638</u>	<u>2,124,664</u>
<b>Operating Expenses Before Depreciation</b>		
Salaries and Benefits	329,606	279,947
Supplies	47,773	75,688
Maintenance	116,280	76,749
Contractual Services	823,510	826,148
Miscellaneous	56,792	30,590
<b>Total Operating Expenses Before Depreciation</b>	<u>1,373,961</u>	<u>1,289,122</u>
Operating Income Before Depreciation	769,677	835,542
Depreciation	199,692	208,564
Operating Income (Loss)	<u>569,985</u>	<u>626,978</u>
<b>Other Income (Expense):</b>		
Miscellaneous Income	28,778	13,803
Capital Improvement Fee	124,888	125,052
<b>Total Other Income (Expense)</b>	<u>153,666</u>	<u>138,855</u>
<b>Net Income (Loss) Before Contributions and Transfers</b>	723,651	765,833
Transfer Out	<u>(480,000)</u>	<u>(524,398)</u>
<b>NET CHANGE IN NET ASSETS</b>	243,651	241,435
<b>Net Assets at Beginning of Year</b>	<u>5,274,026</u>	<u>5,032,591</u>
<b>Net Assets at End of Year</b>	<u>\$ 5,517,677</u>	<u>\$ 5,274,026</u>

\*Comparative information restated for adoption of GASB Statement No. 75. See Note A22 for more detail.

CITY OF KIRBY, TEXAS  
COMPARATIVE STATEMENTS OF CASH FLOWS  
PROPRIETARY FUND – WATERWORKS AND SEWER SYSTEM  
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2018 AND 2017

	<u>2018</u>	<u>2017*</u>
<b>Cash Flows From Operating Activities:</b>		
Cash Received From Customers	\$ 2,138,855	\$ 2,082,566
Cash Paid for Employee Wages & Benefits	(329,071)	(283,050)
Cash Paid to Suppliers for Goods & Services	<u>(1,008,177)</u>	<u>(1,016,607)</u>
<b>Net Cash Provided (Used) by     Operating Activities</b>	<u>801,607</u>	<u>782,909</u>
<b>Cash Flows From Noncapital Financing Activities:</b>		
Customer Deposits Received (Returned)	4,460	2,510
Interfund Payables (Receivables)	137,821	107,465
Transfers From (To) Other Funds	<u>(480,000)</u>	<u>(524,398)</u>
<b>Net Cash Provided (Used) by     Noncapital Financing Activities</b>	<u>(337,719)</u>	<u>(414,423)</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>		
Purchase/Construction of Capital Assets	(659,198)	(862,659)
Capital Improvement Fee	<u>124,888</u>	<u>125,052</u>
<b>Net Cash Provided (Used) by Capital     and Related Financing Activities</b>	<u>(534,310)</u>	<u>(737,607)</u>
<b>Cash Flows From Investing Activities:</b>		
Investment Interest Received	<u>28,778</u>	<u>13,803</u>
<b>Net Cash Provided (Used) by     Investing Activities</b>	<u>28,778</u>	<u>13,803</u>
 <b>Net Increase (Decrease) in Cash     and Investments</b>	 <u>(41,644)</u>	 <u>(355,318)</u>
<b>Cash and Investments at Beginning of Year:</b>		
Cash and Investments	2,444,838	2,803,244
Restricted Cash and Investments	<u>188,833</u>	<u>185,745</u>
	<u>2,633,671</u>	<u>2,988,989</u>
<b>Cash and Investments at End of Year:</b>		
Cash and Investments	2,398,062	2,444,838
Restricted Cash and Investments	<u>193,965</u>	<u>188,833</u>
	<u><u>\$ 2,592,027</u></u>	<u><u>\$ 2,633,671</u></u>

\*Comparative information restated for adoption of GASB Statement No. 75. See Note A22 for more detail.

CITY OF KIRBY, TEXAS  
COMPARATIVE STATEMENTS OF CASH FLOWS (CONTINUED)  
PROPRIETARY FUND – WATERWORKS AND SEWER SYSTEM  
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2018 AND 2017

	<u>2018</u>	<u>2017*</u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>		
Operating Income	\$ 569,985	\$ 626,978
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation	199,692	208,564
(Increase) Decrease in Operating Assets:		
Accounts Receivable, Net	(4,783)	(42,098)
Inventory	(21,158)	3,161
Prepaid Items	-	3,757
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	57,336	(14,350)
Accrued Wages & Benefits	(3,854)	(10,812)
Net Other Post Employment Benefits Liability	1,014	-
Net Pension Liability	3,375	7,709
<b>Total Adjustments to Reconcile Operating Activities</b>	<u>231,622</u>	<u>155,931</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u><u>\$ 801,607</u></u>	<u><u>\$ 782,909</u></u>

\*Comparative information restated for adoption of GASB Statement No. 75. See Note A22 for more detail.

## 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			
	2009	2010	2011	2012
<i>Governmental Activities:</i>				
Net Investment in Capital Assets	\$ 3,520,405	\$ 3,373,876	\$ 3,711,161	\$ 3,503,881
Restricted	113,104	73,058	68,401	269,750
Unrestricted	1,116,000	1,561,630	1,653,141	2,039,131
<i>Total Governmental Activities Net Position</i>	<u>\$ 4,749,509</u>	<u>\$ 5,008,564</u>	<u>\$ 5,432,703</u>	<u>\$ 5,812,762</u>
<i>Business-Type Activities</i>				
Net Investment in Capital Assets	\$ 1,507,686	\$ 1,385,679	\$ 1,287,799	\$ 1,222,067
Unrestricted	1,644,565	1,727,282	2,167,613	2,541,459
<i>Total Business-Type Activities Net Position</i>	<u>\$ 3,152,251</u>	<u>\$ 3,112,961</u>	<u>\$ 3,455,412</u>	<u>\$ 3,763,526</u>
<i>Primary Government:</i>				
Net Investment in Capital Assets	\$ 4,759,555	\$ 4,998,960	\$ 4,998,960	\$ 4,725,948
Restricted	73,058	68,401	68,401	269,750
Unrestricted	3,288,912	3,820,754	3,820,754	4,580,590
<i>Total Primary Government Net Position</i>	<u>\$ 7,901,760</u>	<u>\$ 8,121,525</u>	<u>\$ 8,888,115</u>	<u>\$ 9,576,288</u>

Note: Years 2009-2014 have not been restated for adoption of GASB No. 68.

\*Note – GASB Statement No. 75 has been prospectively implemented in year-end 2018.

TABLE 1

Fiscal Year					
2013	2014	2015	2016	2017 *	2018
\$ 3,724,502	\$ 4,008,917	\$ 4,100,365	\$ 4,392,841	\$ 5,035,893	\$ 6,405,061
111,846	113,823	128,677	143,161	244,175	266,062
2,651,840	2,594,666	1,998,429	2,004,817	1,842,191	1,697,957
<u>\$ 6,488,188</u>	<u>\$ 6,717,406</u>	<u>\$ 6,227,471</u>	<u>\$ 6,540,819</u>	<u>\$ 7,122,259</u>	<u>\$ 8,369,080</u>
\$ 1,567,593	\$ 1,638,382	\$ 1,647,546	\$ 2,194,389	\$ 2,848,484	\$ 3,307,990
2,551,847	2,951,101	3,160,295	2,846,714	2,434,054	2,209,687
<u>\$ 4,119,440</u>	<u>\$ 4,589,483</u>	<u>\$ 4,807,841</u>	<u>\$ 5,041,103</u>	<u>\$ 5,282,538</u>	<u>\$ 5,517,677</u>
\$ 5,292,095	\$ 5,647,299	\$ 5,747,911	\$ 6,587,230	\$ 7,884,377	\$ 9,713,051
111,846	113,823	128,677	143,161	244,175	266,062
5,203,687	5,545,767	5,158,724	4,851,531	4,276,245	3,907,644
<u>\$ 10,607,628</u>	<u>\$ 11,306,889</u>	<u>\$ 11,035,312</u>	<u>\$ 11,581,922</u>	<u>\$ 12,404,797</u>	<u>\$ 13,886,757</u>

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

	Fiscal Year			
	2009	2010	2011	2012
<b>Expenses</b>				
<i>Governmental Activities:</i>				
City Council	\$ 10,913	\$ 13,035	\$ 19,242	\$ 17,540
City Administration	234,191	252,006	235,470	248,585
Police Protection	733,091	746,036	778,573	870,709
Municipal Court	46,978	47,410	48,573	44,921
Fire/EMS Protection	625,798	756,804	766,844	816,193
Animal Services	-	-	-	86,858
Parks and Pools	205,810	226,169	181,837	155,248
Streets and Shops	436,945	455,625	505,304	452,711
Crime Control	-	-	-	-
General City Operations	579,986	592,870	624,083	647,438
Capital Outlay	8,514	-	-	-
Interest on Long-Term Debt	30,261	151,444	108,130	99,568
<i>Total Governmental Activities Expenses</i>	<u>2,912,487</u>	<u>3,241,399</u>	<u>3,268,056</u>	<u>3,439,771</u>
<i>Business-Type Activities:</i>				
Waterworks and Sewer	947,852	915,616	978,886	1,089,654
<i>Total Business-Type Activities</i>	<u>947,852</u>	<u>915,616</u>	<u>978,886</u>	<u>1,089,654</u>
Total Primary Government Expenses	<u>\$ 3,860,339</u>	<u>\$ 4,157,015</u>	<u>\$ 4,246,942</u>	<u>\$ 4,529,425</u>
<b>Program Revenues</b>				
<i>Governmental Activities:</i>				
Charges for service:				
City Administration	\$ 51,532	\$ 51,005	\$ 73,069	\$ 80,926
Police Protection	147,747	149,728	137,715	194,071
Municipal Court	10,767	10,611	9,625	14,771
Fire/EMS Protection	575,255	632,174	550,315	682,424
Animal Services	-	-	-	37,915
Parks and Pools	31,985	36,124	33,589	30,956
Streets and Shops	59,840	37,109	60,648	96,746
Operating Grants and Contributions	20,931	16,662	51,126	15,241
Capital Grants and Contributions	163,513	101,943	209,665	4,851
<i>Total Governmental Activities</i>				
<i>Program Revenues</i>	<u>1,061,570</u>	<u>1,035,356</u>	<u>1,125,752</u>	<u>1,157,901</u>
<i>Business-Type Activities:</i>				
Charges for Service:				
Waterworks and Sewer	1,573,058	1,336,960	1,734,385	1,831,623
Operating Grants and Contributions	-	-	-	-
<i>Total Business-Type Activities</i>				
<i>Program Revenues</i>	<u>1,573,058</u>	<u>1,336,960</u>	<u>1,734,385</u>	<u>1,831,623</u>
Total Primary Government				
Program Revenues	<u>\$ 2,634,628</u>	<u>\$ 2,372,316</u>	<u>\$ 2,860,137</u>	<u>\$ 2,989,524</u>

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

\*Note – GASB Statement No. 75 has been prospectively implemented in year-end 2018.



TABLE 2

Fiscal Year					
2013	2014	2015	2016	2017	* 2018
\$ 15,371	\$ 14,998	\$ 16,584	\$ 14,640	\$ 9,102	\$ 9,725
274,783	364,335	307,722	350,302	375,472	411,408
986,230	1,130,297	1,168,328	1,187,043	1,199,691	1,360,462
68,588	85,913	77,507	78,609	66,948	80,364
869,188	1,021,875	1,024,146	1,119,147	1,174,209	1,164,356
119,469	187,405	185,112	162,342	174,050	181,596
181,654	175,536	156,870	120,971	180,450	170,789
466,804	238,368	198,816	243,800	289,198	342,784
-	-	12,800	3,932	17,923	7,085
641,586	590,052	580,041	592,236	594,593	689,511
-	-	-	-	-	-
154,771	66,215	54,755	43,593	29,867	182,314
3,778,444	3,874,994	3,782,681	3,916,615	4,111,503	4,600,394
1,214,855	1,280,736	1,435,095	1,491,352	1,497,686	1,573,653
1,214,855	1,280,736	1,435,095	1,491,352	1,497,686	1,573,653
\$ 4,993,299	\$ 5,155,730	\$ 5,217,776	\$ 5,407,967	\$ 5,609,189	\$ 6,174,047
\$ 139,635	\$ 173,287	\$ 139,334	\$ 129,184	\$ 133,921	\$ 137,426
207,637	226,322	207,467	194,596	213,476	206,402
11,935	13,115	11,372	9,335	11,018	10,020
725,217	649,039	724,899	757,284	678,215	716,628
28,774	24,668	32,685	21,612	17,164	23,584
47,143	48,406	14,714	22,009	191,036	170,474
149,818	58,639	54,769	100,983	110,441	205,074
118,184	58,914	98,901	12,982	13,108	19,064
171,325	221,168	123,413	5,225	178,457	1,009,589
1,599,668	1,473,558	1,407,554	1,253,210	1,546,836	2,498,261
2,006,266	2,148,590	2,128,367	2,102,299	2,124,664	2,143,638
-	14,600	14,600	14,600	-	-
2,006,266	2,163,190	2,142,967	2,116,899	2,124,664	2,143,638
\$ 3,605,934	\$ 3,636,748	\$ 3,550,521	\$ 3,370,109	\$ 3,671,500	\$ 4,641,899

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

	Fiscal Year			
	2009	2010	2011	2012
<b>Net (Expenses) Revenue</b>				
Governmental Activities	\$ (1,370,917)	\$ (1,726,043)	\$ (2,142,304)	\$ (2,281,870)
Business-Type Activities	145,206	(58,656)	755,499	741,969
Total Primary Government Net Expenses	<u>\$ (1,225,711)</u>	<u>\$ (1,784,699)</u>	<u>\$ (1,386,805)</u>	<u>\$ (1,539,901)</u>
<b>Governmental Revenues and Other Changes in Net Position</b>				
Governmental Activities:				
Taxes:				
Property Taxes	\$ 1,360,442	\$ 1,331,558	\$ 1,410,167	\$ 1,411,924
Franchise Taxes	295,794	317,950	325,773	413,178
Sales Taxes	223,563	240,646	244,409	257,114
Interest and Investment Earnings	34,231	28,103	10,127	6,874
Gain on Sale of Property and Equipment	-	-	27,494	26,515
Miscellaneous	21,700	15,868	11,032	10,896
Transfers	535,558	530,973	537,441	535,428
Total Governmental Activities	<u>2,471,288</u>	<u>2,465,098</u>	<u>2,566,443</u>	<u>2,661,929</u>
Business-Type Activities:				
Interest and Investment Earnings	14,156	6,152	4,590	7,758
Capital Improvement Fee	-	64,187	92,838	92,996
Gain on Sale of Property and Equipment	-	-	26,965	819
Transfers	(535,558)	(530,973)	(537,441)	(535,428)
Total Business-Type Activities	<u>(521,402)</u>	<u>(460,634)</u>	<u>(413,048)</u>	<u>(433,855)</u>
Total Primary Government	<u>\$ 1,949,886</u>	<u>\$ 2,004,464</u>	<u>\$ 2,153,395</u>	<u>\$ 2,228,074</u>
<b>Changes In Net Position</b>				
Government Activities	\$ 620,371	\$ 259,055	\$ 424,139	\$ 380,059
Business-Type Activities	103,804	(39,290)	342,451	308,114
Total Primary Government	<u>\$ 724,175</u>	<u>\$ 219,765</u>	<u>\$ 766,590</u>	<u>\$ 688,173</u>

Note: Years 2009-2014 have not been restated for adoption of GASB No. 68.

\*Note – GASB Statement No. 75 has been prospectively implemented in year-end 2018.

TABLE 2 (Continued)

Fiscal Year					
2013	2015	2015	2016	2017	* 2018
\$ (2,178,776)	\$ (2,401,436)	\$ (2,375,127)	\$ (2,663,405)	\$ (2,564,667)	\$ (2,102,133)
791,411	882,454	707,872	625,547	626,978	569,985
<u>\$ (1,387,365)</u>	<u>\$ (1,518,982)</u>	<u>\$ (1,667,255)</u>	<u>\$ (2,037,858)</u>	<u>\$ (1,937,689)</u>	<u>\$ (1,532,148)</u>
\$ 1,377,806	\$ 1,392,306	\$ 1,395,907	\$ 1,599,652	\$ 1,676,596	\$ 1,987,771
611,447	368,225	392,387	374,303	410,832	424,334
288,525	308,925	377,765	467,895	447,958	460,789
5,237	4,491	6,212	8,488	12,698	47,660
5,665	7,540	3,685	-	-	-
32,228	18,180	3,447	150	73,625	16,208
533,294	530,987	528,612	526,265	524,398	480,000
<u>2,854,202</u>	<u>2,630,654</u>	<u>2,708,015</u>	<u>2,976,753</u>	<u>3,146,107</u>	<u>3,416,762</u>
4,728	4,128	5,683	8,912	13,803	28,778
93,069	114,449	124,840	125,068	125,052	124,888
-	-	-	-	-	-
<u>(533,294)</u>	<u>(530,987)</u>	<u>(528,612)</u>	<u>(526,265)</u>	<u>(524,398)</u>	<u>(480,000)</u>
<u>(435,497)</u>	<u>(412,410)</u>	<u>(398,089)</u>	<u>(392,285)</u>	<u>(385,543)</u>	<u>(326,334)</u>
<u>\$ 2,418,705</u>	<u>\$ 2,218,244</u>	<u>\$ 2,309,926</u>	<u>\$ 2,584,468</u>	<u>\$ 2,760,564</u>	<u>\$ 3,090,428</u>
\$ 675,426	\$ 229,218	\$ 332,888	\$ 313,348	\$ 581,440	\$ 1,314,629
355,914	470,044	309,783	233,262	241,435	243,651
<u>\$ 1,031,340</u>	<u>\$ 699,262</u>	<u>\$ 642,671</u>	<u>\$ 546,610</u>	<u>\$ 822,875</u>	<u>\$ 1,558,280</u>

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

	Fiscal Year			
	2009	2010	2011	2012
Nonspendable Fund Balance:				
Inventory	\$ 29,344	\$ 26,518	\$ 30,346	\$ 39,334
Prepaid Items	-	15,865	-	1,815
Total Nonspendable Fund Balance	29,344	42,383	30,346	41,149
Restricted Fund Balance:				
PEG Capital Fee	-	-	-	20,687
Public Safety	58,152	64,496	68,401	73,790
Debt Service	47,506	902	-	172,626
Capital Projects	2,798,295	1,413,941	196,095	-
Crime Control	-	-	-	-
Total Restricted Fund Balance	2,903,953	1,479,339	264,496	267,103
Unassigned Fund Balance	1,595,275	1,300,058	1,500,155	1,838,398
Total Governmental Funds	\$ 4,528,572	\$ 2,821,780	\$ 1,794,997	\$ 2,146,650

TABLE 3

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 38,751	\$ 37,213	\$ 25,341	\$ 28,031	\$ 41,094	\$ 57,047
1,800	20,476	-	24,056	-	-
40,551	57,689	25,341	52,087	41,094	57,047
36,989	52,377	72,470	90,531	106,971	122,556
49,564	48,806	47,774	41,560	33,625	34,307
21,630	7,799	5,181	5,352	24,590	46,158
-	-	-	-	-	6,854,747
-	-	11,342	70,038	78,730	78,025
108,183	108,982	136,767	207,481	243,916	7,135,793
2,481,307	2,413,631	2,649,935	2,562,130	2,557,474	2,478,739
\$ 2,630,041	\$ 2,580,302	\$ 2,812,043	\$ 2,821,698	\$ 2,842,484	\$ 9,671,579

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

	<b>Fiscal Year</b>			
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>REVENUES</b>				
Taxes	\$ 1,580,332	\$ 1,569,464	\$ 1,655,109	\$ 1,666,493
Franchise Fees	295,794	317,950	325,773	413,178
Licenses and Permits	108,695	88,176	108,290	181,179
Intergovernmental	-	-	-	-
Charges for Services	615,203	672,411	611,744	687,627
Grants	184,444	118,605	51,126	20,092
Fines and Penalties	153,170	156,595	144,555	205,484
Miscellaneous	55,931	43,971	180,382	17,770
<b>TOTAL REVENUES</b>	<b>2,993,569</b>	<b>2,967,172</b>	<b>3,076,979</b>	<b>3,191,823</b>
<b>EXPENDITURES</b>				
Current:				
City Council	10,913	13,035	19,242	17,540
City Administration	229,807	229,765	251,719	226,442
Police Protection	696,317	688,293	723,443	743,231
Municipal Court	46,920	47,136	48,582	46,266
Fire\EMS Protection	607,108	689,451	702,118	676,658
Animal Services	-	-	-	85,434
Parks and Pool	205,132	227,791	176,114	148,437
Streets and Shops	368,169	276,137	243,796	197,599
Crime Control	-	-	-	-
General City Operations	579,336	592,594	625,447	646,990
Capital Projects/Outlay	1,001,718	1,933,458	1,560,732	209,680
Debt Service:				
Principal	120,000	360,000	400,000	365,000
Interest and Fiscal Charges	19,936	147,277	99,675	91,069
Bond Issue Costs	119,272	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>4,004,628</b>	<b>5,204,937</b>	<b>4,850,868</b>	<b>3,454,346</b>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(1,011,059)	(2,237,765)	(1,773,889)	(262,523)
<b>OTHER FINANCING</b>				
<b>SOURCES (USES)</b>				
Transfers In	624,644	834,973	847,441	1,026,558
Transfers Out	(89,086)	(304,000)	(310,000)	(491,130)
Capital Contributions	-	-	209,665	-
Proceeds from Sale of Asset	-	-	-	78,748
Proceeds from Debt Financing	3,718,651	-	-	-
Proceeds from Capital Lease	-	-	-	-
Payments to Refund Agent	(710,000)	-	-	-
<b>TOTAL OTHER FINANCING</b>				
<b>SOURCES (USES)</b>	<b>3,544,209</b>	<b>530,973</b>	<b>747,106</b>	<b>614,176</b>
Net Change in Fund Balance	<u>\$ 2,533,150</u>	<u>\$ (1,706,792)</u>	<u>\$ (1,026,783)</u>	<u>\$ 351,653</u>
<b>Debt Service as a percentage</b>				
<b>of noncapital expenditures</b>	8.63%	15.51%	15.19%	14.06%

TABLE 4

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 1,660,467	\$ 1,692,482	\$ 1,805,335	\$ 2,032,449	\$ 2,116,885	\$ 2,436,124
611,447	368,334	392,387	374,303	410,832	424,334
245,197	151,691	120,472	163,113	336,376	413,684
-	9,506	9,927	9,524	10,821	10,245
792,848	832,152	848,030	836,697	798,743	827,423
289,509	270,576	212,387	8,284	180,745	1,018,408
216,749	236,897	215,934	201,310	222,141	214,227
37,462	22,671	15,928	9,040	66,316	58,658
<u>3,853,679</u>	<u>3,584,309</u>	<u>3,620,400</u>	<u>3,634,720</u>	<u>4,142,859</u>	<u>5,403,103</u>
15,371	14,999	16,584	14,640	9,102	9,726
237,634	354,310	293,582	320,787	330,228	394,542
806,440	959,275	940,556	997,070	1,051,141	1,214,035
86,282	83,052	76,474	75,378	64,122	79,173
727,368	859,513	864,149	897,342	985,773	984,990
112,343	182,249	179,575	159,783	198,509	187,723
181,713	173,049	157,439	116,663	145,416	146,470
213,560	240,973	203,779	239,064	256,891	311,711
-	-	12,799	3,933	49,513	62,083
641,586	365,572	349,549	348,991	353,217	389,952
455,075	503,271	818,371	697,727	675,192	1,645,831
350,000	365,000	419,110	485,386	507,640	440,800
81,875	71,313	72,757	69,153	53,605	37,184
-	-	-	-	-	140,017
<u>3,909,247</u>	<u>4,172,576</u>	<u>4,404,724</u>	<u>4,425,917</u>	<u>4,680,349</u>	<u>6,044,237</u>
<u>(55,568)</u>	<u>(588,267)</u>	<u>(784,324)</u>	<u>(791,197)</u>	<u>(537,490)</u>	<u>(641,134)</u>
658,294	800,987	810,112	808,265	916,152	732,000
(125,000)	(270,000)	(281,500)	(282,000)	(391,754)	(252,000)
-	-	-	-	-	-
5,665	7,540	3,685	2,750	33,878	5,212
-	-	-	-	-	6,985,017
-	-	483,768	271,837	-	-
-	-	-	-	-	-
<u>538,959</u>	<u>538,527</u>	<u>1,016,065</u>	<u>800,852</u>	<u>558,276</u>	<u>7,470,229</u>
<u>\$ 483,391</u>	<u>\$ (49,740)</u>	<u>\$ 231,741</u>	<u>\$ 9,655</u>	<u>\$ 20,786</u>	<u>\$ 6,829,095</u>
12.50%	11.89%	13.71%	14.87%	14.01%	14.05%

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

TABLE 5

Fiscal Year	Property	Sales & Use	Franchise	Total
2009	\$ 1,248,561	\$ 223,564	\$ 295,794	\$ 1,767,919
2010	1,223,213	240,646	317,950	1,781,809
2011	1,410,700	244,409	325,773	1,980,882
2012	1,409,379	257,114	413,178	2,079,671
2013	1,371,943	288,524	611,447	2,271,914
2014	1,383,557	308,925	368,334	2,060,816
2015	1,427,570	377,765	392,387	2,197,722
2016	1,564,554	467,895	374,303	2,406,752
2017	1,668,927	447,958	410,832	2,527,717
2018	1,975,335	460,789	424,334	2,860,458



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>
2009	\$ 206,036,672	\$ 27,312,315	\$ 16,743,093	\$ 216,605,894	0.623000
2010	192,522,317	27,168,990	20,299,434	199,391,873	0.661649
2011	192,751,740	29,098,965	21,075,635	200,775,070	0.697500
2012	188,340,063	29,646,184	21,451,008	196,535,239	0.710978
2013	183,926,315	29,999,639	22,131,880	191,794,074	0.710978
2014	169,385,572	40,563,440	22,065,197	187,883,815	0.729376
2015	177,474,988	46,085,000	28,060,056	195,499,932	0.729376
2016	189,459,829	52,247,948	31,547,952	210,159,825	0.729376
2017	202,803,676	59,176,222	34,054,128	227,925,770	0.729376
2018	236,686,220	85,285,729	35,133,876	286,838,073	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>
2009	0.623000	1.463	0.289399	0.1359	0.015951	2.52721
2010	0.661649	1.463	0.296187	0.1359	0.015951	2.57269
2011	0.697500	1.463	0.296187	0.1416	0.016652	2.61496
2012	0.710978	1.430	0.296187	0.1416	0.017370	2.59616
2013	0.710978	1.425	0.296187	0.1492	0.017370	2.59869
2014	0.729376	1.425	0.296187	0.1492	0.017500	2.61721
2015	0.729376	1.420	0.297500	0.1492	0.172900	2.76893
2016	0.729376	1.420	0.297500	0.1492	0.017290	2.61337
2017	0.729376	1.470	0.293250	0.1492	0.017290	2.65907
2018	0.729376	1.425	0.291229	0.1492	0.017290	2.61205

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

Taxpayer	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Americold San Antonio Propco, LLC	\$ 21,179,008	1	7.38%			
HEB Grocery Company, LP	18,020,620	2	6.28%			
Kirby Country Oaks, LLC	5,886,270	3	2.05%			
Yes Springfield Meadows, LLC	5,429,000	4	1.89%	\$ 2,217,553	3	1.02%
AJC Rental Corporation	2,438,500	5	0.85%	4,131,438	1	1.91%
Yes Homesales, LLC	1,986,890	6	0.69%			
Siddons Holdings, LLC	1,917,160	7	0.67%			
Schertz Bank & Trust	1,411,460	8	0.49%	1,073,070	5	0.50%
Time Warner Cable	1,384,332	9	0.48%	1,103,420	4	0.51%
Clark Construction of TX, INC	1,148,000	10	0.40%			
Mr. William Harrigan				3,400,520	2	1.57%
Mr. Richard Owen				770,782	6	0.36%
AT&T Telephone				716,610	7	0.33%
Main Street Properties				713,760	8	0.33%
Grace And Grant Properties, LLC				602,590	9	0.28%
Ms. Marie Ann Kalinowski				564,200	10	0.26%
Total	<u>\$ 60,801,240</u>		<u>21.20%</u>	<u>\$ 15,293,943</u>		<u>7.06%</u>

Total taxable assessed value of \$286,838,073

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
2009	\$ 1,347,433	\$ 1,314,199	97.53%	\$ 33,485	\$ 1,347,684	100.02%
2010	1,319,698	1,290,840	97.81%	35,859	1,326,699	100.53%
2011	1,400,849	1,373,604	98.06%	27,000	1,400,604	99.98%
2012	1,398,293	1,370,446	98.01%	26,615	1,397,061	99.91%
2013	1,364,383	1,330,473	97.51%	30,831	1,361,304	99.77%
2014	1,370,843	1,331,545	97.13%	31,912	1,363,457	99.46%
2015	1,426,329	1,381,178	96.83%	24,442	1,405,620	98.55%
2016	1,533,321	1,500,645	97.87%	4,190	1,504,835	98.14%
2017	1,662,953	1,651,564	99.32%	4,682	1,656,246	99.60%
2018	2,092,969	2,073,293	99.06%	-	2,073,293	99.06%

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

CITY OF KIRBY, TEXAS  
RATIOS OF OUTSTANDING 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			
2009	\$ 715,000	\$ 2,970,000	\$ -	\$ -		\$ 3,685,000	429
2010	590,000	2,735,000	-	-		3,325,000	382
2011	460,000	2,465,000	-	-		2,925,000	336
2012	370,000	2,190,000	-	-		2,560,000	297
2013	305,000	1,905,000	-	-		2,210,000	269
2014	235,000	1,610,000	-	-		1,845,000	223
2015	160,000	1,310,000	439,658	-		1,909,658	226
2016	85,000	1,000,000	611,108	-		1,696,108	198
2017	-	680,000	508,468	-		1,188,468	138
2018	6,985,017	345,000	402,668	-		7,732,685	888

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

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

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

TABLE 11

General Bonded Debt Outstanding				Actual Taxable Value of Property	Percentage of Actual Taxable Value of Property	Per Capita*
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Total			
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	160,000	1,310,000	1,470,000	187,883,815	0.78%	177
2015	160,000	1,310,000	1,470,000	195,499,932	0.75%	174
2016	85,000	1,000,000	1,085,000	210,159,825	0.52%	127
2017	-	680,000	680,000	227,925,770	0.30%	79
2018	6,985,017	345,000	7,330,017	286,838,073	2.56%	842

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, 2018

TABLE 12

Taxable Value				<u>\$ 286,838,073</u>
Debt Limit - 10% of taxable value [1]				28,683,807
Amount of Debt Applicable to Debt Limit:				
Total Bonded Debt	\$	7,330,017		
Less Fund Balance in Debt Service Fund		<u>46,158</u>		
Total Amount of Debt Applicable to Debt Limit				<u>7,283,859</u>
Legal Debt Margin				<u>\$ 21,399,948</u>

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Debt Limit	\$ 21,660,589	\$ 19,939,187	\$ 20,077,507	\$ 19,653,524
Total Net Debt Applicable to Limit	(3,637,494)	(3,324,098)	(2,925,000)	(2,384,727)
Legal Debt Margin	<u>\$ 18,023,095</u>	<u>\$ 16,615,089</u>	<u>\$ 17,152,507</u>	<u>\$ 17,268,797</u>

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Debt Limit	\$ 19,179,407	\$ 18,788,382	\$ 19,549,917	\$ 21,015,983
Total Net Debt Applicable to Limit	(2,184,707)	(1,832,360)	(1,461,567)	(1,079,648)
Legal Debt Margin	<u>\$ 16,994,700</u>	<u>\$ 16,956,022</u>	<u>\$ 18,088,350</u>	<u>\$ 19,936,335</u>

	<u>2017</u>	<u>2018</u>
Debt Limit	\$ 22,792,577	\$ 28,683,807
Total Net Debt Applicable to Limit	(655,410)	(7,283,859)
Legal Debt Margin	<u>\$ 22,137,167</u>	<u>\$ 21,399,948</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
2009	8606	\$ 45,265	33.30	1,844	5.9%
2010	8695	46,481	33.30	1,755	5.9%
2011	8695	46,639	33.30	1,748	5.9%
2012	8633	46,639	33.70	1,641	5.8%
2013	8222	48,606	35.90	1,847	6.1%
2014	8289	49,254	35.70	1,775	4.7%
2015	8442	48,545	35.70	1,712	4.2%
2016	8550	48,545	36.70	1,366	3.2%
2017	8640	48,303	39.70	1366	3.2%
2018	8705	44,063	38.20	1475	3.3%

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 NINE YEARS AGO

TABLE 14

Employer	2018			2009		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Lackland Air Force Base	37,000	1	3.12%			
Fort Sam Houston	32,000	2	2.70%			
HEB Food Stores	20,000	3	1.69%	9,942	2	1.37%
USAA	18,305	4	1.54%	13,773	1	1.90%
Randolph Air Force Base	11,000	5	0.93%			
Methodist Healthcare System	9,620	6	0.81%			
City of San Antonio	9,145	7	0.77%			
Baptist Healthcare System	6,383	8	0.54%			
Wells Fargo	5,073	9	0.43%			
Harland Clarke	5,000	10	0.42%			
H.B. Zachry Co.				8,000	3	1.10%
SBC Communications				7,000	4	0.97%
Southwestern Bell				4,589	5	0.63%
Frost National Bank				3,290	6	0.45%
West Telemarketing				3,087	7	0.43%
Taco Cabana				3,000	8	0.41%
Ultramar Diamond Shamrock				2,857	9	0.39%
QVC Network				2,034	10	0.28%
Total	<u>153,526</u>		<u>12.94%</u>	<u>57,572</u>		<u>7.9400%</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



## COMPLIANCE SECTION



REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS*

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
City of Kirby, Texas

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of City of Kirby, Texas, which comprise the statement of financial position as of September 30, 2018, and the related combined statements of activities and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated February 4, 2019.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered City of Kirby, Texas's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Kirby, Texas's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Kirby, Texas's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Kirby, Texas's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we have reported to management of City of Kirby, Texas in a separate letter dated February 4, 2019.

## **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Armstrong, Vaughan & Associates, P.C.

February 4, 2019



REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
City of Kirby, Texas

**Report on Compliance for Each Major Federal Program**

We have audited City of Kirby, Texas's compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of City of Kirby, Texas's major federal programs for the year ended September 30, 2018. City of Kirby, Texas's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of City of Kirby, Texas's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Kirby, Texas's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City of Kirby, Texas's compliance.

***Opinion on Each Major Federal Program***

In our opinion, City of Kirby, Texas complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2018.

## Report on Internal Control over Compliance

Management of City of Kirby, Texas is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Kirby, Texas's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Kirby, Texas's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Armstrong, Vaughan & Associates, P.C.

February 4, 2019

CITY OF KIRBY, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

A. Summary of Auditor's Results

*Financial Statements*

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Any material weaknesses identified?	No
Any significant deficiencies identified?	No
Noncompliance material to the financial statements noted?	No

*Federal Awards*

Internal control over major programs:	
Any material weaknesses identified?	No
Any significant deficiencies identified?	No
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major programs:	
<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

D. Prior Year Findings

NONE



CITY OF KIRBY, TEXAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Entity Number	Federal Expenditures
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<b>Passed Through Bexar County</b>			
Community Development Block Grant Arneson and Scotsman Reconstruction	14.218	B-17-UC-48-0500	\$232,348
Community Development Block Grant Pageland/Theodor	14.218	B-16-UC-48-0500	218,029
Total Community Development Block Grant			<u>450,377</u>
<b>Total Passed Through Bexar County</b>			<u>450,377</u>
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			<u>450,377</u>
<b>U.S. FEDERAL HIGHWAY DEPARTMENT DEVELOPMENT</b>			
<b>Passed Through Texas Department of Transportation</b>			
<b>Highway Planning and Construction</b>			
Friendship Park Hike & Bike Trail	20.205	CSJ 0915-12-518	280,411
<b>Highway Planning and Construction</b>			
Binz Engleman Reconstruction	20.205	CSJ 0915-12-545	278,371
<b>Total Passed Through Texas Department of Transportation</b>			<u>558,782</u>
<b>TOTAL U.S. FEDERAL HIGHWAY DEPARTMENT DEVELOPMENT</b>			<u>558,782</u>
<b>U.S. GENERAL SERVICES ADMINISTRATION</b>			
<b>Passed through Texas Facilities Commission/Federal Surplus Program</b>			
Donation of Federal Surplus Property	39.003	N/A	430
<b>TOTAL FEDERAL PROGRAMS</b>			<u>\$1,009,589</u>

CITY OF KIRBY, TEXAS  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 1 -- BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of City of Kirby, Texas, and is presented in accordance with the requirements of OMB Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

NOTE 2 -- INDIRECT COSTS

City of Kirby, Texas has elected to use the 10% de minimus cost rate, however, they have not charged indirect costs to any of its federal grants for the year ending September 30, 2018.

