

CITY OF KIRBY, TEXAS

**ANNUAL
FINANCIAL REPORT**

**FISCAL YEAR ENDED
SEPTEMBER 30, 2020**





CITY OF KIRBY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2020

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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

JOE SALAZAR

MIKE MARTIN

SYLVIA APODACA

THOMAS HERNANDEZ

CITY MANAGER

MONIQUE L. VERNON

ATTORNEY

MARC SCHNALL, LANGLEY & BANACK



Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the City Council
City of Kirby, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Kirby, Texas, as of and for the year ended September 30, 2020, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, major funds, and aggregate remaining 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, 2020, 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, 2020, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and 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 inquiries 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', basic financial statements. The comparative financial statements, the statistical section, and the Schedule of Expenditures of Federal Awards are presented for purposes of additional analysis as required by Title 2 of the U.S. Code of Federal Regulations (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) 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 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.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2021 on our consideration of the City of Kirby, Texas' 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 this 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. This report is an integral part of an audit performed in accordance with *Government Auditing Standards*, in considering the City of Kirby, Texas' internal control over financial reporting and compliance.



Armstrong, Vaughan & Associates, P.C.

March 11, 2021



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, 2020. Please read it in conjunction with the City’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

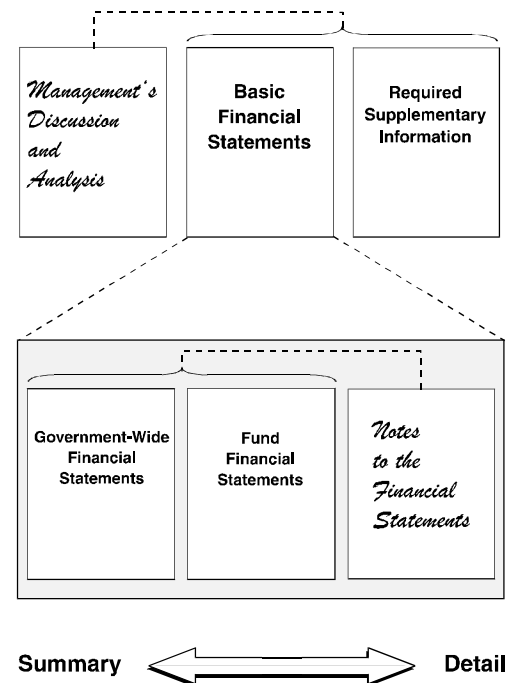
- The City’s total combined net position was approximately \$16.1 million at September 30, 2020.
- During the year, the City’s expenses were \$1.6 million less than the \$6.8 million generated in taxes, other revenues for governmental activities, grants, and transfers.
- The General Fund reported a fund balance of \$2.2 million at the end of the fiscal year which represents a \$5 thousand increase over the previous fiscal year.
- The City’s Waterworks/Sewer Fund reported a \$259 thousand increase in net position over the previous fiscal year. Net position at September 30, 2020 was \$6.1 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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



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

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

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

Government-Wide Statements

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

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

- Over time, increases or decreases in the City's net position is an indicator of whether its financial health is improving or deteriorating, respectively.

- To assess the overall health of the City, one needs to consider additional non-financial factors such as changes in the City's tax base.

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

Fund Financial Statements

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

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

The City has the following kinds of funds:

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The total cost of all programs and services was \$6.81 million. Of these costs, 76% were for primary government activities, while the Water/Sewer utility accounted for the remaining balance.

Net Position: The City's combined net position was \$16.1 million at September 30, 2020. (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 2020-2019
	2020	2019	2020	2019	2020	2019	
<i>Current Assets:</i>							
Cash and cash equivalents	\$ 2,105	\$ 2,027	\$ 2,408	\$ 2,505	\$ 4,513	\$ 4,532	-0.4%
Receivables:							
Taxes	159	133	-	-	159	133	19.5%
Accounts	132	138	245	270	377	408	-7.6%
EMS	228	129	-	-	228	129	76.7%
Due from Other Governments	595	338	-	-	595	338	76.0%
Internal Balances	(58)	129	58	(129)	-	-	0.0%
Inventories	31	32	23	28	54	60	-10.0%
Prepaid Items	-	-	31	31	31	31	0.0%
Restricted Assets:							
Cash and Investments	6,580	7,000	217	203	6,797	7,203	-5.6%
<i>Total Current Assets:</i>	<u>9,772</u>	<u>9,926</u>	<u>2,982</u>	<u>2,908</u>	<u>12,754</u>	<u>12,834</u>	<u>-0.6%</u>
<i>Non-Current Assets:</i>							
<i>Total Non-Current Assets:</i>	<u>9,137</u>	<u>7,622</u>	<u>3,635</u>	<u>3,468</u>	<u>12,772</u>	<u>11,090</u>	<u>15.2%</u>
Total Assets	<u>18,909</u>	<u>17,548</u>	<u>6,617</u>	<u>6,376</u>	<u>25,526</u>	<u>23,924</u>	<u>6.7%</u>
<i>Total Deferred Outflows</i>	<u>692</u>	<u>848</u>	<u>82</u>	<u>97</u>	<u>774</u>	<u>945</u>	<u>-18.1%</u>
<i>Current Liabilities:</i>							
Accounts Payable	667	565	240	264	907	829	9.4%
Accrued Vacation	113	133	14	17	127	150	-15.3%
Accrued Interest	19	20	-	-	19	20	-5.0%
Payable from Restricted Assets:							
Customer Deposits	-	-	187	183	187	183	2.2%
Due within One Year	360	343	-	-	360	343	5.0%
<i>Total Current Liabilities</i>	<u>1,159</u>	<u>1,061</u>	<u>441</u>	<u>464</u>	<u>1,600</u>	<u>1,525</u>	<u>4.9%</u>
<i>Long-Term Liabilities:</i>							
Bonds, Obligations	6,595	6,954	-	-	6,595	6,954	-5.2%
Net Other Post Employment Benefits Liability	116	83	14	10	130	93	39.8%
Net Pension Liability	1,025	1,570	120	174	1,145	1,744	-34.3%
<i>Total Long-Term Liabilities</i>	<u>7,736</u>	<u>8,607</u>	<u>134</u>	<u>184</u>	<u>7,870</u>	<u>8,791</u>	<u>-10.5%</u>
<i>Total Liabilities</i>	<u>8,895</u>	<u>9,668</u>	<u>575</u>	<u>648</u>	<u>9,470</u>	<u>10,316</u>	<u>-8.2%</u>
<i>Total Deferred Inflows</i>	<u>672</u>	<u>283</u>	<u>74</u>	<u>35</u>	<u>746</u>	<u>318</u>	<u>191.0%</u>
<i>Net Position:</i>							
Invested in Capital Assets	8,551	7,023	3,635	3,468	12,186	10,491	16.2%
Restricted for:							
Special Projects	286	272	-	-	286	272	5.1%
Debt Service	43	53	-	-	43	53	-18.9%
Unrestricted	1,154	1,097	2,415	2,323	3,569	3,420	4.4%
<i>Total Net Position</i>	<u>\$ 10,034</u>	<u>\$ 8,445</u>	<u>\$ 6,050</u>	<u>\$ 5,791</u>	<u>\$ 16,084</u>	<u>\$ 14,236</u>	<u>13.0%</u>

Changes in net position. The City's total revenues were \$8.7 million. A significant portion, 30.2%, of the City's revenue comes from property taxes, 41.2% comes from charges for services (Water, Court, EMS, etc), while only 10.9% relates to Franchise and Sales taxes.

Governmental Activities

- Property tax rates decreased slightly to 0.728626.
- Property tax revenue increased to \$2.61 million in the current year vs. \$2.24 million in the prior year; this is a result of an increase in the valuation of taxable property.
- The cost of all *governmental* activities this year was approximately \$5.2 million. The amount that our taxpayers paid for these activities through property taxes was \$2.61 million. Some of the cost was paid by those who directly benefited from the programs in the amount of \$1.34 million and an additional \$1.29 million by grants and contributions.

Business-Type Activities

- Operating revenues of the City's Water & Sewer business-type activities decreased to \$2.2 million in the current year, with a decrease of \$4 thousand or .2%. Operating expenses not including transfers to other funds decreased from \$1.67 million in the prior year to \$1.64 million in the current year, a decrease of \$23 thousand or 1.4%.

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

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2020	2019	2020	2019	2020	2019	2018-2019
Primary Government:							
City Council	\$ 9	\$ 11	\$ -	\$ -	\$ 9	\$ 11	-18.2%
City Administration	434	415	-	-	434	415	4.6%
Police Protection	1,509	1,477	-	-	1,509	1,477	2.2%
Municipal Court	92	117	-	-	92	117	-21.4%
Fire/EMS Protection	1,572	1,526	-	-	1,572	1,526	3.0%
Animal Services	207	201	-	-	207	201	3.0%
Parks and Pool	167	178	-	-	167	178	-6.2%
Streets and Shops	154	264	-	-	154	264	-41.7%
Crime Control	51	38	-	-	51	38	34.2%
General City Operations	750	819	1,643	1,666	2,393	2,485	-3.7%
Interest on Long-Term Debt	225	246	-	-	225	246	-8.5%
Total Government Activities	<u>5,170</u>	<u>5,292</u>	<u>1,643</u>	<u>1,666</u>	<u>6,813</u>	<u>6,958</u>	<u>-52.7%</u>
Program Revenues:							
Charges for Services	1,340	1,265	2,233	2,237	3,573	3,502	2.0%
Operating Grants & Contributions	47	12	-	-	47	12	291.7%
Capital Grants & Contributions	1,242	288	-	-	1,242	288	331.3%
General Revenues:							
General Property Tax	2,613	2,236	-	-	2,613	2,236	16.9%
Sales Taxes	572	468	-	-	572	468	22.2%
Franchise Taxes	376	401	-	-	376	401	-6.2%
Investment Earning	85	206	24	47	109	253	-56.9%
Miscellaneous	5	12	-	11	5	23	-78.3%
Transfers	480	480	(480)	(480)	-	-	0.0%
Capital Contributions	-	-	125	125	125	125	0.0%
Total Revenues and Transfers	<u>6,760</u>	<u>5,368</u>	<u>1,902</u>	<u>1,940</u>	<u>8,662</u>	<u>7,308</u>	<u>522.6%</u>
Change in Net Position	<u>\$ 1,590</u>	<u>\$ 76</u>	<u>\$ 259</u>	<u>\$ 274</u>	<u>\$ 1,849</u>	<u>\$ 350</u>	<u>428.3%</u>

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

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

	Total Cost of Services		% Change 2020-2019	Net Cost of Services		% Change 2020-2019
	2020	2019		2020	2019	
General Government	\$ 443	\$ 427	3.7%	\$ 304	\$ 282	7.8%
Police Protection & Court	1,601	1,594	0.4%	1,410	1,317	7.1%
Fire/EMS Protection	1,572	1,526	3.0%	678	809	-16.2%
Animal Services	207	201	3.0%	196	190	3.2%
Parks and Recreation	167	178	-6.2%	69	110	100%
Highways and Streets	154	264	-41.7%	(1,142)	(83)	100.0%
Crime Control	51	38	34.2%	51	38	34.2%
General City Operations	750	818	-8.3%	750	818	-8.3%
Water and Sewer	1,643	1,666	-1.4%	590	571	3.3%
Debt Service - Interest & Fiscal Charges	225	246	-8.5%	225	246	-8.5%

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Revenues from governmental fund types totaled \$6.6 million for the current year vs. \$5.4 million in the prior year, an increase of \$1.27 million. Expenditures from governmental fund types totaled \$7.03 million for the current year vs. \$5.95 million in the prior year, an increase of \$1.08 million or 18%, primarily due to capital projects. The general fund balance increased by \$5 thousand from \$2.15 million in the prior year to \$2.16 million in the current year. Of this amount \$1.9 million is unassigned and represents 4 months of average operating expenditures in reserve. Long term debt and capital leases paid during the year totaled \$329 thousand in principal and \$249 thousand in interest.

General Fund Budgetary Highlights

The city revised its original budget a few times, to adjust for changes resulting in an overall decrease of \$52 thousand in revenues and a decrease of \$936 thousand in expenses. Expenditures for the year were \$826 thousand less than the final budgeted amount.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2020, the City had invested \$33.9 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 \$2.4 million or 7.5 % over last year.

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

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2020	2019	2020	2019	2020	2019	2020-2019
Land	\$ 836	\$ 836	\$ 7	\$ 7	\$ 843	\$ 843	0.0%
Buildings and Improvements	5,150	5,150	-	-	5,150	5,150	0.0%
Vehicles	3,324	3,445	745	717	4,069	4,162	-2.2%
Infrastructure	13,486	12,757	-	-	13,486	12,757	5.7%
Software	132	88	42	42	174	130	0.0%
Construction in Progress	2,523	1,275	-	-	2,523	1,275	97.9%
Utility Plant	-	-	7,661	7,235	7,661	7,235	5.9%
Totals at Historical Cost	25,451	23,551	8,455	8,001	33,906	31,552	7.5%
Total Accumulated Depreciation	(16,314)	(15,929)	(4,820)	(4,533)	(21,134)	(20,462)	3.3%
Net Capital Assets	<u>\$ 9,137</u>	<u>\$ 7,622</u>	<u>\$ 3,635</u>	<u>\$ 3,468</u>	<u>\$ 12,773</u>	<u>\$ 11,090</u>	<u>15.2%</u>

The city purchased various pieces of equipment in regard to the police department, fire department, streets reconstruction, and waterworks department. Two street reconstruction projects 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 \$7.0 million in bonds and capital leases outstanding and \$113 thousand in compensated absences in the governmental and \$14 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
	2020	2019	2020	2019	2020	2019	2020-2019
Bonds Payable and Capital Lease	\$ 6,955	\$ 7,297	\$ -	\$ -	\$ 6,955	\$ 7,297	-4.7%
Vacation Payable	113	133	14	17	127	150	-15.3%
Total Bonds & Notes Payable	<u>\$ 7,068</u>	<u>\$ 7,430</u>	<u>\$ 14</u>	<u>\$ 17</u>	<u>\$ 7,082</u>	<u>\$ 7,447</u>	<u>-4.9%</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Ackerman Road Project is expected to begin in 2021 and last 24 months. The total estimated cost is \$6.8 million funded by the 2018 series bond.
- Borchers Drive Reconstruction Project is expected to begin in 2021 with a total estimated cost of \$388,350 partially paid by a CDBG grant.

These indicators were taken into account when adopting the general fund budget for 2020/2021. The property taxes rate will decrease to 0.698942/\$100 as a result of the approved budget. This will result in \$2,340,363 of projected property tax revenues. General Fund Revenues (includes transfers from other funds) budgeted for 2020/2021 total \$4,569,830. General Fund Expenditures (includes transfers to other funds) budgeted for 2020/2021 total \$5,041,678.

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, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
<i>Current Assets:</i>			
Cash and Investments	\$ 2,104,605	\$ 2,407,503	\$ 4,512,108
Receivables (net of allowances for uncollectibles)			
Taxes	159,103	-	159,103
Accounts	132,437	244,796	377,233
EMS Charges	228,006	-	228,006
Due from Other Governments	594,928	-	594,928
Internal Balances	(57,941)	57,941	-
Inventories	30,604	23,374	53,978
Prepaid Items	-	31,353	31,353
Restricted Assets:			
Cash and Investments	6,580,039	216,755	6,796,794
<i>Total Current Assets</i>	<u>9,771,781</u>	<u>2,981,722</u>	<u>12,753,503</u>
<i>Capital Assets:</i>			
Land	836,120	7,005	843,125
Buildings & Improvements	5,150,097	-	5,150,097
Utility Plant and Easements	-	7,660,565	7,660,565
Transportation & Equipment	3,323,550	745,258	4,068,808
Infrastructure	13,485,628	-	13,485,628
Software	132,426	42,000	174,426
Construction in Progress	2,523,874	-	2,523,874
Accumulated Depreciation and Amortization	(16,314,189)	(4,819,610)	(21,133,799)
<i>Total Capital Assets</i>	<u>9,137,506</u>	<u>3,635,218</u>	<u>12,772,724</u>
TOTAL ASSETS	<u>18,909,287</u>	<u>6,616,940</u>	<u>25,526,227</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Other Post Employment Benefit Outflows	25,749	2,706	28,455
Deferred Pension Related Outflows	665,746	78,716	744,462
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 691,495</u>	<u>\$ 81,422</u>	<u>\$ 772,917</u>

See accompanying notes to basic financial statements.

CITY OF KIRBY, TEXAS
STATEMENT OF NET POSITION (CONTINUED)
SEPTEMBER 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
<i>Current Liabilities:</i>			
Accounts Payable and Other Current Liabilities	\$ 666,346	\$ 240,359	\$ 906,705
Accrued Vacation Leave Payable	113,423	13,524	126,947
Accrued Interest Payable	19,310	-	19,310
Payable from Restricted Assets:			
Customer Deposits	-	186,945	186,945
Due within One Year	359,874	-	359,874
<i>Total Current Liabilities</i>	<u>1,158,953</u>	<u>440,828</u>	<u>1,599,781</u>
<i>Long-Term Liabilities:</i>			
Due in more than One Year	6,594,548	-	6,594,548
Net Other Post Employment Benefits Liability	116,237	13,691	129,928
Net Pension Liability	1,024,504	119,729	1,144,233
<i>Total Long-Term Liabilities:</i>	<u>7,735,289</u>	<u>133,420</u>	<u>7,868,709</u>
TOTAL LIABILITIES	<u>8,894,242</u>	<u>574,248</u>	<u>9,468,490</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Other Post Employment Benefit Inflows	6,159	754	6,913
Deferred Pension Related Inflows	665,626	72,988	738,614
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>671,785</u>	<u>73,742</u>	<u>745,527</u>
NET POSITION			
Net Investment in Capital Assets	8,551,440	3,635,218	12,186,658
Restricted for:			
Debt Service Fund	43,045	-	43,045
PEG Capital Fees	154,099	-	154,099
Public Safety	131,966	-	131,966
Unrestricted (Deficit)	1,154,205	2,415,154	3,569,359
TOTAL NET POSITION	<u>\$ 10,034,755</u>	<u>\$ 6,050,372</u>	<u>\$ 16,085,127</u>

See accompanying notes to basic financial statements.

CITY OF KIRBY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Functions and Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
City Council	\$ 9,356	\$ -	\$ -	\$ -
City Administration	433,537	102,362	36,474	-
Police Protection	1,508,866	172,974	10,669	-
Municipal Court	92,398	7,934	-	-
Fire/EMS Protection	1,572,144	889,087	-	5,356
Animal Services	206,809	10,385	-	-
Parks and Pool	166,932	97,651	-	-
Streets and Shops	153,803	59,609	-	1,236,545
Crime Control	51,462	-	-	-
General City Operations	749,957	-	-	-
Interest on Long-Term Debt	225,141	-	-	-
Total Governmental Activities	5,170,405	1,340,002	47,143	1,241,901
Business-Type Activities				
Water\Sewer Utility	1,642,852	2,232,641	-	-
Total Business-Type Activities	1,642,852	2,232,641	-	-
Total Primary Government	\$ 6,813,257	\$ 3,572,643	\$ 47,143	\$ 1,241,901
General Revenues:				
Taxes				
General Property Taxes				
Franchise Taxes				
Sales Taxes				
Interest and Investment Earnings				
Capital Improvement Fee				
Miscellaneous				
Total General Revenues				
Transfers				
Change in Net Position				
Net Position at Beginning of Year				
Net Position at End of Year				

See accompanying notes to basic financial statements.

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

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (9,356)	\$ -	\$ (9,356)
(294,701)	-	(294,701)
(1,325,223)	-	(1,325,223)
(84,464)	-	(84,464)
(677,701)	-	(677,701)
(196,424)	-	(196,424)
(69,281)	-	(69,281)
1,142,351	-	1,142,351
(51,462)	-	(51,462)
(749,957)	-	(749,957)
(225,141)	-	(225,141)
<u>(2,541,359)</u>	<u>-</u>	<u>(2,541,359)</u>
<u>-</u>	<u>589,789</u>	<u>589,789</u>
<u>-</u>	<u>589,789</u>	<u>589,789</u>
<u>(2,541,359)</u>	<u>589,789</u>	<u>(1,951,570)</u>
2,613,336	-	2,613,336
375,514	-	375,514
572,346	-	572,346
84,771	24,253	109,024
-	124,882	124,882
5,389	-	5,389
<u>3,651,356</u>	<u>149,135</u>	<u>3,800,491</u>
<u>480,000</u>	<u>(480,000)</u>	<u>-</u>
1,589,997	258,924	1,848,921
8,444,758	5,791,448	14,236,206
<u>\$ 10,034,755</u>	<u>\$ 6,050,372</u>	<u>\$ 16,085,127</u>

CITY OF KIRBY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

	<u>Major Fund</u> General Fund	<u>Major Fund</u> Debt Service	<u>Major Fund</u> Capital Projects Fund
ASSETS			
Cash and Investments	\$ 2,003,969	\$ 19,133	\$ -
Receivables (net of allowances for uncollectibles):			
Property Taxes	130,649	28,455	-
EMS Charges	228,006	-	-
Accounts	132,437	-	-
Restricted Cash	143,711	-	6,436,328
Due from Other Governments	580,153	-	-
Due from Other Funds	-	14,767	-
Inventory of Supplies, At Cost	30,604	-	-
TOTAL ASSETS	<u><u>\$ 3,249,529</u></u>	<u><u>\$ 62,355</u></u>	<u><u>\$ 6,436,328</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE			
<i>Liabilities:</i>			
Accounts Payable	\$ 505,228	\$ -	\$ 5,792
Accrued Expenditures	151,252	-	-
Due to Other Funds	72,854	-	-
<i>Total Liabilities</i>	<u>729,334</u>	<u>-</u>	<u>5,792</u>
<i>Deferred Inflows of Resources:</i>			
Unavailable EMS Revenues	228,006	-	-
Unavailable Tax Revenues	137,039	29,760	-
<i>Total Deferred Inflows of Resources</i>	<u>365,045</u>	<u>29,760</u>	<u>-</u>
<i>Fund Balances:</i>			
Nonspendable:			
Inventory	30,604	-	-
Restricted for:			
PEG Capital Fees	154,099	-	-
Court Security	39,617	-	-
Debt Service	-	32,595	-
Capital Projects	-	-	6,430,536
Crime Control	-	-	-
Unassigned	1,930,830	-	-
<i>Total Fund Balances</i>	<u>2,155,150</u>	<u>32,595</u>	<u>6,430,536</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u><u>\$ 3,249,529</u></u>	<u><u>\$ 62,355</u></u>	<u><u>\$ 6,436,328</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>
\$ 81,502	\$ 2,104,604
-	159,104
-	228,006
-	132,437
-	6,580,039
14,775	594,928
146	14,913
-	30,604
<u>\$ 96,423</u>	<u>\$ 9,844,635</u>
\$ 4,074	\$ 515,094
-	151,252
-	72,854
<u>4,074</u>	<u>739,200</u>
-	228,006
-	166,799
<u>-</u>	<u>394,805</u>
-	30,604
-	154,099
-	39,617
-	32,595
-	6,430,536
92,349	92,349
-	1,930,830
<u>92,349</u>	<u>8,710,630</u>
<u>\$ 96,423</u>	<u>\$ 9,844,635</u>

CITY OF KIRBY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS			\$ 8,710,630
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.			9,137,506
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unearned in the funds.			394,805
Compensated absences are not due and payable in the current period and, therefore, not reported in the funds.			(113,423)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, not reported in the funds.			(6,954,422)
Net pension liabilities (and related deferred outflows and inflows of resources) do not provide current financial resources and are not reported in the funds.			
Net Pension Liability	(1,024,504)		
Pension Related Deferred Outflows	665,746		
Pension Related Deferred Inflows	<u>(665,626)</u>	(1,024,384)	
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	(116,237)		
OPEB Related Deferred Outflows	25,749		
OPEB Related Deferred Inflows	<u>(6,159)</u>	(96,647)	
Accrued interest payable on long-term-bonds is not due and payable in the current period and, therefore, not reported in the funds.			<u>(19,310)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES			<u>\$ 10,034,755</u>

See accompanying notes to basic financial statements.



CITY OF KIRBY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Major Fund</u> General Fund	<u>Major Fund</u> Debt Service	<u>Major Fund</u> Capital Projects Fund
REVENUES			
Taxes	\$ 2,597,278	\$ 475,159	\$ -
Franchise Fees	375,514	-	-
Licenses and Permits	182,549	-	-
Intergovernmental	9,150	-	-
Fines and Penalties	179,093	-	-
Charges for Services	883,678	-	-
Grants	1,279,894	-	-
Miscellaneous	36,331	123	60,187
TOTAL REVENUES	<u>5,543,487</u>	<u>475,282</u>	<u>60,187</u>
EXPENDITURES			
<i>Current:</i>			
City Council	9,356	-	-
City Administration	397,582	-	-
Police Protection	1,375,310	-	-
Municipal Court	93,459	-	-
Fire\EMS Protection	1,400,409	-	-
Animal Services	188,761	-	-
Parks and Pool	168,317	-	-
Streets and Shops	156,518	-	-
Crime Control	-	-	-
General City Operations	427,421	-	-
Capital Projects/Outlay	1,722,652	-	430,853
<i>Debt Service:</i>			
Principal	79,265	250,000	-
Interest and Fiscal Charges	9,788	239,475	-
TOTAL EXPENDITURES	<u>6,028,838</u>	<u>489,475</u>	<u>430,853</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (485,351)</u>	<u>\$ (14,193)</u>	<u>\$ (370,666)</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>
\$ 79,052	\$ 3,151,489
-	375,514
-	182,549
-	9,150
-	179,093
-	883,678
-	1,279,894
86	96,727
<u>79,138</u>	<u>6,158,094</u>
-	9,356
-	397,582
-	1,375,310
-	93,459
-	1,400,409
-	188,761
-	168,317
-	156,518
81,572	81,572
-	427,421
-	2,153,505
-	329,265
-	249,263
<u>81,572</u>	<u>7,030,738</u>
<u>\$ (2,434)</u>	<u>\$ (872,644)</u>

CITY OF KIRBY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Major Fund</u> General Fund	<u>Major Fund</u> Debt Service	<u>Major Fund</u> Capital Projects Fund
OTHER FINANCING SOURCES (USES)			
Transfers In	\$ 480,000	\$ (5,411)	\$ -
Transfers Out	5,411	-	-
Proceeds from Sale of Assets	4,536	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>489,947</u>	<u>(5,411)</u>	<u>-</u>
Net Change in Fund Balance	4,596	(19,604)	(370,666)
Fund Balances at Beginning of Year	<u>2,150,554</u>	<u>52,199</u>	<u>6,801,202</u>
Fund Balances at End of Year	<u><u>\$ 2,155,150</u></u>	<u><u>\$ 32,595</u></u>	<u><u>\$ 6,430,536</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>	
\$ -		\$ 474,589	
-		5,411	
-		4,536	
-		484,536	
(2,434)		(388,108)	
94,783		9,098,738	
<u>\$ 92,349</u>		<u>\$ 8,710,630</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, 2020

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ (388,108)

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. 1,498,454

In the Statement of Activities, only the gain or loss on the disposal of a capital asset is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in the net position differs from the change in fund balance by the net book value of disposed assets. 15,630

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 133,399

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, whereas these amounts are amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term-debt and related items.

Repayment of Principal	250,000	
Amortization of Bond Premium	13,501	
Repayment of Capital Lease Principal	79,265	342,766

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. (20,201)

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. (12,516)

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	19,739	
Accrued Interest	834	20,573

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES \$ 1,589,997

See accompanying notes to basic financial statements.



CITY OF KIRBY, TEXAS
STATEMENT OF NET POSITION – PROPRIETARY FUND
SEPTEMBER 30, 2020

	Business-Type Activities Waterworks\Sewer Fund
ASSETS	
<i>Current Assets:</i>	
Cash and Investments	\$ 2,407,503
Receivables (net of allowances for uncollectibles):	
Accounts	244,796
Inventories	23,374
Prepaid Items	31,353
Due From Other Funds	57,941
<i>Total Current Assets</i>	<u>2,764,967</u>
<i>Restricted Assets:</i>	
Cash and Investments	<u>216,755</u>
<i>Total Restricted Assets</i>	<u>216,755</u>
<i>Capital Assets:</i>	
Land	7,005
Utility Plant and Easements	7,660,565
Transportation & Equipment	745,258
Software	42,000
Accumulated Depreciation	<u>(4,819,610)</u>
<i>Capital Assets, net of accumulated depreciation</i>	<u>3,635,218</u>
TOTAL ASSETS	<u>6,616,940</u>
DEFERRED OUTFLOWS	
Deferred Other Post Employment Benefit Outflows	2,706
Deferred Pension Related Outflows	<u>78,716</u>
TOTAL DEFERRED OUTFLOWS	<u>\$ 81,422</u>

See accompanying notes to basic financial statements.

CITY OF KIRBY, TEXAS
STATEMENT OF NET POSITION – PROPRIETARY FUND (CONTINUED)
SEPTEMBER 30, 2020

	Business-Type Activities Waterworks\Sewer Fund
LIABILITIES	
<i>Current Liabilities:</i>	
Accounts Payable	\$ 240,359
Accrued Compensated Absences	13,524
Due to Other Funds	-
<i>Total Current Liabilities</i>	<u>253,883</u>
<i>Current Liabilities Payable from Restricted Assets:</i>	
Customer Deposits	<u>186,945</u>
<i>Total Current Liabilities Payable from Restricted Assets</i>	<u>186,945</u>
<i>Noncurrent Liabilities:</i>	
Net Other Post Employment Benefits Liability	13,691
Net Pension Liability	<u>119,729</u>
<i>Total Noncurrent Liabilities</i>	<u>133,420</u>
TOTAL LIABILITIES	<u>574,248</u>
DEFERRED INFLOWS	
Deferred Other Post Employment Benefit Inflows	754
Deferred Pension Related Inflows	<u>72,988</u>
TOTAL DEFERRED INFLOWS	<u>73,742</u>
NET POSITION	
Net Investment in Capital Assets	3,635,218
Unrestricted	<u>2,415,154</u>
TOTAL NET POSITION	<u><u>\$ 6,050,372</u></u>

See accompanying notes to basic financial statements.

CITY OF KIRBY, TEXAS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Business-Type Activities
	Waterworks\Sewer Fund
OPERATING REVENUES	
Charges for Utility Service	\$ 2,232,641
TOTAL OPERATING REVENUES	<u>2,232,641</u>
OPERATING EXPENSES	
Salaries and Benfits	318,465
Supplies	79,997
Maintenance and Repairs	140,378
Contractual Services	782,271
Miscellaneous	34,882
Depreciation	286,859
TOTAL OPERATING EXPENSES	<u>1,642,852</u>
OPERATING INCOME (LOSS)	<u>589,789</u>
NONOPERATING REVENUES (EXPENSES)	
Interest Income	24,253
Capital Improvement Fee	124,882
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>149,135</u>
Net Income (Loss) Before Contributions and Transfers	738,924
Transfers In (Out)	<u>(480,000)</u>
CHANGE IN NET POSITION	258,924
NET POSITION AT BEGINNING OF YEAR	<u>5,791,448</u>
NET POSITION AT END OF YEAR	<u><u>\$ 6,050,372</u></u>

See accompanying notes to basic financial statements.

CITY OF KIRBY, TEXAS
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Business-Type Activities Waterworks\Sewer Fund
Cash Flows From Operating Activities:	
Cash Received From Customers	\$ 2,258,269
Cash Paid for Employee Wages & Benefits	(318,391)
Cash Paid to Suppliers for Goods & Services	(1,056,738)
Net Cash Provided (Used) by Operating Activities	883,140
Cash Flows From Noncapital Financing Activities:	
Customer Deposits Received (Returned)	4,105
Interfund Payables (Receivables)	(186,595)
Transfers From (To) Other Funds	(480,000)
Net Cash Provided (Used) by Noncapital Financing Activities	(662,490)
Cash Flows From Capital and Related Financing Activities:	
Purchase/Construction of Capital Assets	(453,834)
Capital Improvement Fee	124,882
Net Cash Provided (Used) by Capital and Related Financing Activities	(328,952)
Cash Flows From Investing Activities:	
Investment Interest Received	24,253
Net Cash Provided (Used) by Investing Activities	24,253
Net Increase (Decrease) in Cash and Investments	(84,049)
Cash and Investments at Beginning of Year:	
Cash and Investments	2,504,841
Restricted Cash and Investments	203,466
	<u>2,708,307</u>
Cash and Investments at End of Year:	
Cash and Investments	2,407,503
Restricted Cash and Investments	216,755
	<u><u>\$ 2,624,258</u></u>

See accompanying notes to basic financial statements.

CITY OF KIRBY, TEXAS
STATEMENT OF CASH FLOWS - PROPRIETARY FUND (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Business-Type Activities Waterworks\Sewer Fund
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating Income	\$ 589,789
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation	286,859
(Increase) Decrease in Operating Assets:	
Accounts Receivable	25,628
Inventory	4,776
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	(23,986)
Accrued Wages & Benefits	(3,081)
Net Other Post Employment Benefits Liability	1,237
Net Pension Liability	1,918
Total Adjustments to Reconcile Operating Activities	293,351
Net Cash Provided (Used) by Operating Activities	\$ 883,140

See accompanying notes to basic financial statements.

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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 some maintenance to help maintain the facility. 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, 2019 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. 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, 2020

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***. These funds are 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, 2020

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, 2020

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.

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

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

6. ACCOUNTS RECEIVABLE (Continued)

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

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

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.

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

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

11. CAPITAL ASSETS

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets, are reported in the applicable governmental or business type activities column in the government-wide financial statements.

Capital assets such as equipment are defined as assets with a cost of \$5,000 or more. Infrastructure assets include City-owned streets, sidewalks, curbs and bridges. Capital assets are recorded at historical costs if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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.

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

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

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.

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.

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

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

16. PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS (OPEB)

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

For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The Total OPEB Liability, deferred inflows and outflows of resources, and OPEB expense, have been determined on the same basis as they are reported by TMRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

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 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.

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

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

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.

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.

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, 2020, all of the City's deposits were fully collateralized. Of the bank balance, \$250,000 was covered by federal deposit insurance and the City's depository had a pledged letter of credit having a value of \$4,000,000 as collateral for the City's deposits.

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

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, 2020, 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, 2020:

	<u>Fair Value</u>	<u>Maturity in Days</u>
TexPool	\$ 9,027,723	36
Total Investments	<u>\$ 9,027,723</u>	

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

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, 2020, 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, 2020

NOTE B – DEPOSITS AND INVESTMENTS (Continued)

5. Investment Accounting Policy

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

6. Public Funds Investment Pools

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

NOTE C -- RECEIVABLES

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

	<u>Governmental Funds</u>		<u>Proprietary Fund</u>	
	<u>General</u>	<u>Debt</u>	<u>Waterworks\</u>	
	<u>Fund</u>	<u>Service</u>	<u>Sewer Fund</u>	<u>Total</u>
<i>Receivables:</i>				
Property Taxes	\$ 145,755	\$ 31,735	\$ -	\$ 177,490
Less Allowance for Uncollectibles	(15,106)	(3,280)	-	(18,386)
Franchise Taxes	76,454	-	-	76,454
EMS Services	1,140,031	-	-	1,140,031
Less Allowance for Uncollectibles	(912,025)	-	-	(912,025)
Customer Accounts	-	-	289,562	289,562
Less Allowance for Uncollectibles	-	-	(44,766)	(44,766)
Other	55,983	-	-	55,983
Net Total Receivables	<u>\$ 491,092</u>	<u>\$ 28,455</u>	<u>\$ 244,796</u>	<u>\$ 764,343</u>

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

NOTE D -- 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, 2020, restricted cash consists of \$143,711 of public, educational, and governmental fees held for return to franchise entity, \$216,755 of customer meter deposits, and \$6,436,328 of funds restricted for capital projects.

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, 2019, upon which the fiscal 2020 levy was based, was \$368,634,403 (i.e., market value less exemptions). The estimated market value was \$406,485,874, making the taxable value 90.7% 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, 2020, was \$.728626 per \$100 of assessed value, which means that the City has a tax margin of \$1.771374 for each \$100 value and could increase its annual tax levy by approximately \$6,529,894 based upon the present assessed valuation of \$368,634,403 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, 2020, balances of interfund amounts receivable or payable have been recorded as follows:

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

NOTE F -- INTERFUND RECEIVABLE/PAYABLE (Continued)

	Due From	Due To	Purpose
Primary Government:			
Water Sewer Fund/General Fund	\$ 58,602	\$ 58,602	Reimbursement
Debt Service Fund/General Fund	14,767	14,767	Reimbursement
General Fund/Crime Control Fund	515	515	Reimbursement
Crime Control/Water Sewer Fund	661	661	Reimbursement
	<u>\$ 74,545</u>	<u>\$ 74,545</u>	

NOTE G -- CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2020, was as follows:

<u>Governmental Activities</u>	Balance 10/1/2019	Additions/ Transfer In	Disposals/ Transfer Out	Balance 9/30/2020
Land	\$ 836,120	\$ -	\$ -	\$ 836,120
Buildings and Improvements	5,150,097	-	-	5,150,097
Transportation & Equipment	3,444,894	93,631	(214,975)	3,323,550
Infrastructure	12,757,233	728,395	-	13,485,628
Software	88,250	44,176	-	132,426
Construction in Progress	1,275,481	1,976,788	(728,395)	2,523,874
	<u>23,552,075</u>	<u>2,842,990</u>	<u>(943,370)</u>	<u>25,451,695</u>
Less Accumulated Depreciation				
Buildings and Improvements	(2,012,187)	(155,907)	-	(2,168,094)
Transportation & Equipment	(2,260,939)	(270,075)	199,345	(2,331,669)
Infrastructure	(11,575,423)	(155,746)	-	(11,731,169)
Software	(80,104)	(3,153)	-	(83,257)
	<u>(15,928,653)</u>	<u>(584,881)</u>	<u>199,345</u>	<u>(16,314,189)</u>
Governmental Capital Assets, Net	<u>\$ 7,623,422</u>	<u>\$ 2,258,109</u>	<u>\$ (744,025)</u>	<u>\$ 9,137,506</u>
<u>Business-Type Activities</u>				
Land	\$ 7,005	\$ -	\$ -	\$ 7,005
Utility Plant	7,234,722	425,843	-	7,660,565
Transportation & Equipment	717,267	27,991	-	745,258
Software	42,000	-	-	42,000
Totals at Historical Cost	<u>8,000,994</u>	<u>453,834</u>	<u>-</u>	<u>8,454,828</u>
Less Accumulated Depreciation				
Buildings and Improvements	(90,761)	(12,759)	-	(103,520)
Utility Plant	(4,046,402)	(187,734)	-	(4,234,136)
Transportation & Equipment	(353,588)	(86,366)	-	(439,954)
Software	(42,000)	-	-	(42,000)
	<u>(4,532,751)</u>	<u>(286,859)</u>	<u>-</u>	<u>(4,819,610)</u>
Business-Type Capital Assets, Net	<u>\$ 3,468,243</u>	<u>\$ 166,975</u>	<u>\$ -</u>	<u>\$ 3,635,218</u>

Land and Construction in Progress are not depreciated.

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

NOTE G -- CAPITAL ASSETS (Continued)

Depreciation expense was charged to the governmental functions as follows:

City Administration	\$ 9,369
Fire Protection\EMS	156,760
Police Protection	91,564
Public Works	310,107
Animal Services	17,081
Total Depreciation Expense - Governmental Activities	<u>\$ 584,881</u>

NOTE H -- LONG-TERM DEBT

Primary Government

Long-term debt and obligations payable at September 30, 2020, comprise the following individual issues:

\$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 \$116,104.	\$ 210,231
\$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 \$177,751.	36,175
\$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%. This general obligation is not a direct placement.	<u>6,465,000</u>
Total Governmental Long-Term Obligations	<u>\$ 6,711,406</u>

The annual requirements to amortize all long-term bonded debt and obligations outstanding as of September 30, 2020, including interest payments, are as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2021	\$ 260,000	\$ 226,525	\$ 486,525
2022	270,000	215,925	485,925
2023	280,000	204,925	484,925
2024	290,000	193,525	483,525
2025	300,000	181,725	481,725
2026-2030	1,695,000	724,450	2,419,450
2031-2035	1,995,000	423,131	2,418,131
2036-2038	1,375,000	78,106	1,453,106
	<u>\$ 6,465,000</u>	<u>\$ 2,248,312</u>	<u>\$ 8,713,312</u>

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

NOTE H -- LONG-TERM DEBT (Continued)

Future payments under the capital leases are as follows:

Year Ending September 30,	Lease Payments
2021	\$ 93,824
2022	56,654
2023	56,654
2024	56,652
Total	263,784
Less: Amount Representing Interest	(17,378)
	<u>\$ 246,406</u>

Changes in Long-Term Liabilities

<u>Governmental Activities</u>	Balance 10/1/2019	Additions	Reductions	Balance 9/30/2020	Due Within One Year
General Obligation Bonds, 2018	\$ 6,715,000	\$ -	\$ (250,000)	\$ 6,465,000	\$ 260,000
Premium	256,517	-	(13,501)	243,016	13,501
Capital Leases	325,671	-	(79,266)	246,405	86,373
Compensated Absences	133,162	113,423	(133,162)	113,423	113,423
Total Governmental Activities	<u>\$ 7,430,350</u>	<u>\$ 113,423</u>	<u>\$ (475,929)</u>	<u>\$ 7,067,844</u>	<u>\$ 473,297</u>
 <u>Business-Type Activities</u>					
Compensated Absences	\$ 16,605	\$ 13,524	\$ (16,605)	\$ 13,524	\$ 13,524
Total Business-Type Activities	<u>16,605</u>	<u>13,524</u>	<u>(16,605)</u>	<u>13,524</u>	<u>13,524</u>
 Total Primary Government	 <u>\$ 7,446,955</u>	 <u>\$ 126,947</u>	 <u>\$ (492,534)</u>	 <u>\$ 7,081,368</u>	 <u>\$ 486,821</u>

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

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.

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, valuations and measurement dates, the following employees were covered by the benefit terms:

	2019	2018
Inactive employees or beneficiaries currently receiving benefits	33	30
Inactive employees entitled to but not yet receiving benefits	90	88
Active employees	59	59
	<u>182</u>	<u>177</u>

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

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, 2020, 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 14.65% and 14.77% in calendar years 2019 and 2020, respectively. The City's contributions to TMRS for the year ended September 30, 2020 were \$367,832, 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, 2019, 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, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Salary Increases	3.50%, including inflation
Investment Rate of Return*	6.75%

* Presented net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for active, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

NOTE I -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

5. Actuarial Assumptions (Continued)

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post retirement mortality assumption for Annuity Purchase Rates (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Global Equity	30.00%	5.30%
Core Fixed Income	10.00%	1.25%
Non-Core Fixed Income	20.00%	4.14%
Real Return	10.00%	3.85%
Real Estate	10.00%	4.00%
Absolute Return	10.00%	3.48%
Private Equity	10.00%	7.75%
	<u>100.00%</u>	

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

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, 2019:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2018	\$ 9,059,927	\$ 7,316,603	\$ 1,743,324
Changes for the year:			
Service Cost	450,986	-	450,986
Interest	615,384	-	615,384
Change of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	(43,979)	-	(43,979)
Changes of Assumptions	44,497	-	44,497
Contributions - Employer	-	366,423	(366,423)
Contributions - Employee	-	175,092	(175,092)
Net Investment Income	-	1,131,048	(1,131,048)
Benefit Payments, Including Refunds of Employee Contributions	(337,240)	(337,240)	-
Administrative Expense	-	(6,391)	6,391
Other Changes	-	(193)	193
Net Changes	729,648	1,328,739	(599,091)
Balance at December 31, 2019	\$ 9,789,575	\$ 8,645,342	\$ 1,144,233

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 (Asset)	\$ 2,660,670	\$ 1,144,233	\$ (79,427)

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

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.

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

For the year ended September 30, 2020, the City recognized pension expense of \$389,930. Also as of September 30, 2020, 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	\$ 125	\$ 45,771
Changes in Actuarial Assumptions	30,678	-
Differences Between Projected and Actual Investment Earnings	436,085	692,843
Contributions Subsequent to the Measurement Date	277,574	-
	<u>\$ 744,462</u>	<u>\$ 738,614</u>

Deferred outflows of resources in the amount of \$277,574 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, 2020. 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,

2020	\$ (87,389)
2021	(75,011)
2022	18,111
2023	(127,437)
	<u>\$ (271,726)</u>

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

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, the valuations and measurement dates, consisted of:

	2019	2018
Inactive Employees or Beneficiaries Currently Receiving Benefits	18	17
Inactive Employees Entitled to but Not Yet Receiving Benefits	8	5
Active Employees	59	59
Total	<u>85</u>	<u>81</u>

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

	Total SDBF Contribution Rate	Retiree Portion of SDBF Contribution Rate
For the Plan Year Ended December 31,		
2019	0.11%	0.02%
2020	0.12%	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, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. For calculating the OPEB liability and OPEB contribution rates, the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements. Based on the size of the city, rates are multiplied by an additional factor of 100.0%. These assumptions are summarized below:

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

NOTE J -- OTHER POST EMPLOYMENT BENEFIT (Continued)

Inflation	2.50%
Salary Increases	3.50% to 11.50% Including Inflation
Discount Rate	3.75% (Based on Fidelity's 20-Year Municipal GO AA Index)
Administrative Expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality Rates - Service Retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality Rates - Disabled Retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the 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.
Note:	The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

The City's Total OPEB Liability (TOL), based on the above actuarial factors, as of December 31, 2019, the measurement and actuarial valuation date, was calculated as follows:

	Total OPEB Liability
Balance at December 31, 2018	<u>\$ 92,872</u>
Changes for the year:	
Service Cost	7,004
Interest on Total OPEB Liability	3,566
Change of Benefit Terms	-
Difference Between Expected and Actual Experience	1,693
Changes of Assumptions or Other Inputs	25,293
Benefit Payments	<u>(500)</u>
Net Changes	<u>37,056</u>
Balance at December 31, 2019	<u><u>\$ 129,928</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, 2020

NOTE J -- OTHER POST EMPLOYMENT BENEFIT (Continued)

The following presents the TOL of the City, calculated using the discount rate of 2.75% as well as what the City's TOL would be if it were calculated using a discount rate that is 1-percentage point lower (1.75%) and 1-percentage point higher (3.75%) than the current rate:

	Discount Rate 1.75%	Discount Rate 2.75%	Discount Rate 3.75%
Total OPEB Liability	\$ 163,054	\$ 129,928	\$ 105,118

For the year ended September 30, 2020, the City recognized OPEB expense of \$2,933 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
Differences Between Expected and Actual Experience	\$ 1,453	\$ 1,293
Changes in Assumptions and Other Inputs	26,626	5,620
Contributions Subsequent to the Measurement Date	376	-
	<u>\$ 28,455</u>	<u>\$ 6,913</u>

Deferred outflows of resources in the amount of \$376 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, 2020. 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,	
2019	\$ 3,682
2020	3,682
2021	3,682
2022	3,680
2023	2,452
Thereafter	3,988
	<u>\$ 21,166</u>

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

NOTE K -- TRANSFERS

Transfers during the year ended September 30, 2020, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Purpose</u>
Primary Government:			
Debt Service/General Fund	\$ 5,411	\$ 5,411	Funding for Debt Payments
General Fund/Water Sewer Fund	480,000	480,000	Transfer in Lieu of Taxes
	<u>\$ 485,411</u>	<u>\$ 485,411</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 2020, 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 April 30, 2025.

As of September 30, 2019, the City of Kirby had outstanding contracts with Ford Engineering, Inc. and San Antonio Contractors for Binz Engleman street reconstruction for a cost of \$274,076 and \$2,199,696, respectively, of which \$258,363 and \$1,830,230, respectively, was incurred to date by the end of the fiscal year. The City expects the remaining cost to be incurred during fiscal year 2021.

As of September 30, 2019, the City of Kirby had outstanding contracts with M&S Engineering for the 2018 bond street reconstruction projects for a cost of \$585,000 (Phase 2), of which \$186,200 was incurred to date by the end of the fiscal year. The City expects the remaining cost to be incurred during fiscal year 2021.

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, 2020

NOTE M – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various natures. The City contracts with the Texas Municipal League (TML) to provide insurance coverage for property and casualty, and workers compensation. TML is a multi-employer group that provides for a combination of risk sharing among pool participants and stop loss coverage. Contributions are set annually by the provider. Liability by the City is generally limited to the contributed amounts. Annual contributions for the year ended September 30, 2020 were \$143,630 for property and casualty and workers compensation coverage.

REQUIRED SUPPLEMENTARY INFORMATION

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

- Budgetary Comparison Schedule – General Fund
- Schedule of Changes – Net Pension Liability and Related Ratios
- 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
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

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

CITY OF KIRBY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2020

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

CITY OF KIRBY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2020

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

CITY OF KIRBY, TEXAS
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
SEPTEMBER 30, 2020

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, 2020 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 SIX PLAN YEARS

	Total Pension Liability					
	2014	2015	2016	2017	2018	2019
Service Cost	\$ 288,443	\$ 307,109	\$ 330,096	\$ 350,481	\$ 383,357	\$ 450,986
Interest (on the Total Pension Liability)	448,141	469,554	500,963	537,217	575,534	615,384
Changes of Benefit Terms	-	-	-	-	-	-
Difference between Expected and Actual Experience	(226,720)	107,091	(47,866)	2,495	(43,290)	(43,979)
Change of Assumptions	-	41,761	-	-	-	44,497
Benefit Payments, Including Refunds of Employee Contributions	(195,540)	(231,052)	(215,438)	(297,135)	(380,836)	(337,240)
Net Change in Total Pension Liability	314,324	694,463	567,755	593,058	534,765	729,648
Total Pension Liability - Beginning	6,355,562	6,669,886	7,364,349	7,932,104	8,525,162	9,059,927
Total Pension Liability - Ending	<u>\$ 6,669,886</u>	<u>\$ 7,364,349</u>	<u>\$ 7,932,104</u>	<u>\$ 8,525,162</u>	<u>\$ 9,059,927</u>	<u>\$ 9,789,575</u>
	Plan Fiduciary Net Position					
	2014	2015	2016	2017	2018	2019
Contributions - Employer	\$ 236,057	\$ 245,466	\$ 249,282	\$ 287,066	\$ 310,406	\$ 366,423
Contributions - Employee	133,118	128,421	133,103	140,032	150,589	175,092
Net Investment Income	301,418	8,470	397,848	893,686	(223,682)	1,131,048
Benefit Payments, Including Refunds of Employee Contributions	(195,540)	(231,052)	(215,438)	(297,135)	(380,836)	(337,240)
Administrative Expense	(3,147)	(5,159)	(4,492)	(4,630)	(4,321)	(6,391)
Other	(259)	(255)	(242)	(235)	(226)	(193)
Net Change in Plan Fiduciary Net Position	471,647	145,891	560,061	1,018,784	(148,070)	1,328,739
Plan Fiduciary Net Position - Beginning	5,268,290	5,739,937	5,885,828	6,445,889	7,464,673	7,316,603
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>	<u>\$ 7,316,603</u>	<u>\$ 8,645,342</u>
Net Pension Liability (Asset) - Ending	\$ 929,949	\$ 1,478,521	\$ 1,486,215	\$ 1,060,489	\$ 1,743,324	\$ 1,144,233
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	86.06%	79.92%	81.26%	87.56%	80.76%	88.31%
Covered Employee Payroll	\$ 1,901,691	\$ 1,834,580	\$ 1,901,472	\$ 2,000,460	\$ 2,151,275	\$ 2,501,311
Net Pension Liability as a Percentage of Covered Employee Payroll	48.90%	80.59%	78.16%	53.01%	81.04%	45.75%

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

	2015	2016	2017	2018	2019	2020
Actuarially Determined Contribution	\$ 239,844	\$ 256,566	\$ 273,610	\$ 304,695	\$ 356,629	\$ 367,832
Contributions in Relation to the Actuarially Determined Contribution	239,844	256,566	273,610	304,695	356,629	367,832
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 1,829,346	\$ 1,946,470	\$ 1,947,107	\$ 2,114,425	\$ 2,442,701	\$ 2,495,407
Contributions as a Percentage of Covered Employee Payroll	13.11%	13.18%	14.05%	14.41%	14.60%	14.74%

Valuation Date:

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	26 Years
Asset Valuation Method	10 Year Smoothed Market; 12% 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 2019 valuation pursuant to an experience study of the period 2014-2018.
Mortality	<p>Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.</p> <p>Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.</p>

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 THREE CALENDAR YEARS

Total OPEB Liability			
	2017	2018	2019
Service Cost	\$ 5,401	\$ 6,669	\$ 7,004
Interest on Total OPEB Liability	2,983	3,186	3,566
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	-	(1,811)	1,693
Change in Assumptions or Other Inputs	8,622	(7,868)	25,293
Benefit Payments	(200)	(430)	(500)
Net Change in Total OPEB Liability	16,806	(254)	37,056
Total OPEB Liability - Beginning	76,320	93,126	92,872
Total OPEB Liability - Ending	\$ 93,126	\$ 92,872	\$ 129,928
Covered Employee Payroll	\$ 2,000,460	\$ 2,151,275	\$ 2,501,311
Total OPEB Liability as a Percentage of Covered Employee Payroll	4.66%	4.32%	5.19%

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 11.50% Including Inflation
Discount Rate	3.75% (Based on Fidelity's 20-Year Municipal GO AA Index)
Administrative Expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality Rates - Service Retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality Rates - Disabled Retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the 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.

Note: The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.



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, 2020 AND 2019

ASSETS	2020	2019
Cash and Investments	\$ 2,003,969	\$ 1,885,796
Receivables, Net of Allowances for Uncollectibles:		
Property Taxes	130,649	112,062
EMS Charges	228,006	128,799
Accounts	132,437	138,252
Restricted Cash	143,711	135,889
Due from Other Governments	580,153	326,727
Due from Other Funds	-	128,654
Inventory of Supplies, At Cost	30,604	32,092
TOTAL ASSETS	\$ 3,249,529	\$ 2,888,271
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
<i>Liabilities:</i>		
Accounts Payable	\$ 505,228	\$ 344,498
Accrued Expenditures	151,252	152,358
Due to Other Funds	72,854	-
<i>Total Liabilities</i>	<u>729,334</u>	<u>496,856</u>
<i>Deferred Inflows of Resources:</i>		
Unavailable EMS Revenue	228,006	128,799
Unavailable Tax Revenue	137,039	112,062
<i>Total Deferred Inflows of Resources</i>	<u>365,045</u>	<u>240,861</u>
<i>Fund Balance:</i>		
Nonspendable:		
Inventory of Supplies	30,604	32,092
Restricted for:		
Court Security	39,617	39,155
PEG Capital Fees	154,099	138,328
Unassigned	1,930,830	1,940,979
<i>Total Fund Balance</i>	<u>2,155,150</u>	<u>2,150,554</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 3,249,529	\$ 2,888,271

CITY OF KIRBY, TEXAS
COMPARATIVE BALANCE SHEETS
DEBT SERVICE FUND
SEPTEMBER 30, 2020 AND 2019

ASSETS	2020	2019
Cash and Investments	\$ 19,133	\$ 52,199
Taxes Receivable	28,455	20,544
Due From Other Funds	<u>14,767</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 62,355</u>	<u>\$ 72,743</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
<i>Deferred Inflows of Resources:</i>		
Unavailable Tax Revenue	<u>\$ 29,760</u>	<u>\$ 20,544</u>
<i>Total Deferred Inflows of Resources</i>	<u>29,760</u>	<u>20,544</u>
<i>Fund Balance:</i>		
Restricted Fund Balance	<u>32,595</u>	<u>52,199</u>
<i>Total Fund Balance</i>	<u>32,595</u>	<u>52,199</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 62,355</u>	<u>\$ 72,743</u>

CITY OF KIRBY, TEXAS
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
DEBT SERVICE FUND
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2020 AND 2019

REVENUES	2020	2019
Taxes	\$ 475,159	\$ 366,722
Interest	<u>123</u>	<u>112</u>
TOTAL REVENUES	<u>475,282</u>	<u>366,834</u>
EXPENDITURES		
Principal Payments on General Obligation Bonds	250,000	345,000
Interest Payments on General Obligation Bonds	236,725	258,937
Fiscal Agent Fees	<u>2,750</u>	<u>2,750</u>
TOTAL EXPENDITURES	<u>489,475</u>	<u>606,687</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(14,193)</u>	<u>(239,853)</u>
OTHER FINANCING SOURCES (USES)		
Transfers In	<u>(5,411)</u>	245,894
TOTAL OTHER FINANCING SOURCES (USES)	<u>(5,411)</u>	<u>245,894</u>
Net Change in Fund Balance	(19,604)	6,041
Fund Balances at Beginning of Year	<u>52,199</u>	<u>46,158</u>
Fund Balances at End of Year	<u>\$ 32,595</u>	<u>\$ 52,199</u>

CITY OF KIRBY, TEXAS
COMPARATIVE BALANCE SHEETS
CAPITAL PROJECTS FUND
SEPTEMBER 30, 2020 AND 2019

ASSETS	<u>2020</u>	<u>2019</u>
Restricted Cash and Investments	<u>\$ 6,436,328</u>	<u>\$ 6,864,012</u>
TOTAL ASSETS	<u><u>\$ 6,436,328</u></u>	<u><u>\$ 6,864,012</u></u>
 LIABILITIES AND FUND BALANCE		
Accounts Payable	<u>\$ 5,792</u>	<u>\$ 62,810</u>
<i>Total Liabilities</i>	<u>5,792</u>	<u>62,810</u>
Restricted Fund Balance	<u>6,430,536</u>	<u>6,801,202</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 6,436,328</u></u>	<u><u>\$ 6,864,012</u></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, 2020 AND 2019

REVENUES	<u>2020</u>	<u>2019</u>
Interest	\$ 60,187	\$ 159,900
Miscellaneous	<u>-</u>	<u>7,655</u>
TOTAL REVENUES	<u>60,187</u>	<u>167,555</u>
 EXPENDITURES		
Supplies	-	90
Capital Outlay	<u>430,853</u>	<u>221,010</u>
TOTAL EXPENDITURES	<u>430,853</u>	<u>221,100</u>
 Net Change in Fund Balance	 (370,666)	 (53,545)
 Fund Balance at Beginning of Year	 <u>6,801,202</u>	 <u>6,854,747</u>
Fund Balance at End of Year	<u>\$ 6,430,536</u>	<u>\$ 6,801,202</u>

CITY OF KIRBY, TEXAS
COMPARATIVE BALANCE SHEETS
CRIME CONTROL FUND
SEPTEMBER 30, 2020 AND 2019

ASSETS	2020	2019
Cash and Investments	\$ 81,502	\$ 88,850
Due From Other Governments	14,775	11,152
Due From Other Funds	<u>146</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 96,423</u>	<u>\$ 100,002</u>
 LIABILITIES AND FUND BALANCE		
<i>Liabilities:</i>		
Accounts Payable	<u>\$ 4,074</u>	<u>\$ 5,219</u>
<i>Total Liabilities</i>	<u>4,074</u>	<u>5,219</u>
<i>Fund Balance:</i>		
Restricted Fund Balance	<u>92,349</u>	<u>94,783</u>
<i>Total Fund Balance</i>	<u>92,349</u>	<u>94,783</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 96,423</u>	<u>\$ 100,002</u>

CITY OF KIRBY, TEXAS
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
CRIME CONTROL FUND
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2020 AND 2019

REVENUES	2020	2019
	<u> </u>	<u> </u>
Taxes	\$ 79,052	\$ 64,498
Interest	86	76
Miscellaneous	<u>-</u>	<u>355</u>
TOTAL REVENUES	<u>79,138</u>	<u>64,929</u>
 EXPENDITURES		
Salaries	1,552	1,694
Supplies	36,773	72
Contract Services	4,659	7,707
Miscellaneous	8,476	4,098
Capital Outlay	<u>30,112</u>	<u>34,600</u>
TOTAL EXPENDITURES	<u>81,572</u>	<u>48,171</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>(2,434)</u>	 <u>16,758</u>
 Fund Balances at Beginning of Year	 <u>94,783</u>	 <u>78,025</u>
 Fund Balances at End of Year	 <u>\$ 92,349</u>	 <u>\$ 94,783</u>

CITY OF KIRBY, TEXAS
COMPARATIVE STATEMENT OF NET POSITION
PROPRIETARY FUND
WATERWORKS AND SEWER SYSTEM
SEPTEMBER 30, 2020 AND 2019

ASSETS	2020	2019
<i>Current Assets:</i>		
Cash and Investments	\$ 2,407,503	\$ 2,504,841
Receivables - Customers	289,562	314,618
Allowance for Uncollectibles	(44,766)	(44,194)
Inventory of Supplies, at cost	23,374	28,150
Prepaid Items	31,353	31,353
Due From Other Funds	57,941	-
<i>Total Current Assets</i>	<u>2,764,967</u>	<u>2,834,768</u>
<i>Restricted Assets:</i>		
Cash and Investments	<u>216,755</u>	<u>203,466</u>
<i>Total Restricted Assets</i>	<u>216,755</u>	<u>203,466</u>
<i>Capital Assets:</i>		
Utility Plant and Infrastructure	7,660,565	7,234,722
Transportation, Furniture and Equipment	745,258	717,267
Software	42,000	42,000
Total Depreciable and Amortizable Fixed Assets	<u>8,447,823</u>	<u>7,993,989</u>
Less Accumulated Depreciation and Amortization	<u>(4,819,610)</u>	<u>(4,532,751)</u>
Total Depreciable Fixed Assets, Net of Accumulated Depreciation and Amortization	3,628,213	3,461,238
Land	7,005	7,005
<i>Total Capital Assets</i>	<u>3,635,218</u>	<u>3,468,243</u>
TOTAL ASSETS	<u>6,616,940</u>	<u>6,506,477</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Other Post Employment Benefit Outflows	2,706	735
Deferred Pension Related Outflows	<u>78,716</u>	<u>95,987</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 81,422</u>	<u>\$ 96,722</u>

CITY OF KIRBY, TEXAS
COMPARATIVE STATEMENT OF NET POSITION
PROPRIETARY FUND
WATERWORKS AND SEWER SYSTEM (CONTINUED)
SEPTEMBER 30, 2020 AND 2019

LIABILITIES	2020	2019
<i>Current Liabilities (Payable from Current Assets):</i>		
Accounts Payable	\$ 240,359	\$ 264,345
Accrued Vacation Leave Payable	13,524	16,605
Due to Other Funds	-	128,654
<i>Total Current Liabilities</i> <i>(Payable from Current Assets)</i>	<u>253,883</u>	<u>409,604</u>
<i>Current Liabilities (Payable from Restricted Assets):</i>		
Customer Deposits	<u>186,945</u>	<u>182,840</u>
<i>Total Current Liabilities</i> <i>(Payable from Restricted Assets)</i>	<u>186,945</u>	<u>182,840</u>
<i>Noncurrent Liabilities:</i>		
Net Other Post Employment Benefits Liability	13,691	10,359
Net Pension Liability	<u>119,729</u>	<u>173,589</u>
<i>Total Noncurrent Liabilities</i>	<u>133,420</u>	<u>183,948</u>
TOTAL LIABILITIES	<u>574,248</u>	<u>776,392</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Other Post Employment Benefit Inflows	754	878
Deferred Pension Related Inflows	<u>72,988</u>	<u>34,481</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>73,742</u>	<u>35,359</u>
NET POSITION		
Net Investment in Capital Assets	3,635,218	3,468,243
Unrestricted	<u>2,415,154</u>	<u>2,323,205</u>
TOTAL NET POSITION	<u>\$ 6,050,372</u>	<u>\$ 5,791,448</u>

CITY OF KIRBY, TEXAS
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND – WATERWORKS AND SEWER SYSTEM
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Operating Revenues		
Charges for Utility Service	\$ 2,232,641	\$ 2,236,901
Total Operating Revenues	<u>2,232,641</u>	<u>2,236,901</u>
Operating Expenses Before Depreciation		
Salaries and Benefits	318,465	373,789
Supplies	79,997	71,975
Maintenance	140,378	82,629
Contractual Services	782,271	826,416
Miscellaneous	34,882	76,628
Total Operating Expenses Before Depreciation	<u>1,355,993</u>	<u>1,431,437</u>
Operating Income Before Depreciation	876,648	805,464
Depreciation	286,859	234,475
Operating Income (Loss)	<u>589,789</u>	<u>570,989</u>
Other Income (Expense):		
Miscellaneous Income	24,253	46,732
Gain on Sale of Property and Equipment	-	11,138
Capital Improvement Fee	124,882	124,912
Total Other Income (Expense)	<u>149,135</u>	<u>182,782</u>
Net Income (Loss) Before Contributions and Transfers	738,924	753,771
Transfer Out	<u>(480,000)</u>	<u>(480,000)</u>
NET CHANGE IN NET ASSETS	258,924	273,771
Net Assets at Beginning of Year	<u>5,791,448</u>	<u>5,517,677</u>
Net Assets at End of Year	<u>\$ 6,050,372</u>	<u>\$ 5,791,448</u>

CITY OF KIRBY, TEXAS
COMPARATIVE STATEMENTS OF CASH FLOWS
PROPRIETARY FUND – WATERWORKS AND SEWER SYSTEM
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities:		
Cash Received From Customers	\$ 2,258,269	\$ 2,269,908
Cash Paid for Employee Wages & Benefits	(318,391)	(359,292)
Cash Paid to Suppliers for Goods & Services	<u>(1,056,738)</u>	<u>(1,010,653)</u>
Net Cash Provided (Used) by Operating Activities	<u>883,140</u>	<u>899,963</u>
Cash Flows From Noncapital Financing Activities:		
Customer Deposits Received (Returned)	4,105	3,800
Interfund Payables (Receivables)	(186,595)	(95,537)
Transfers From (To) Other Funds	<u>(480,000)</u>	<u>(480,000)</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(662,490)</u>	<u>(571,737)</u>
Cash Flows From Capital and Related Financing Activities:		
Purchase/Construction of Capital Assets	(453,834)	(394,728)
Proceeds from Sale of Property and Equipment	-	11,138
Capital Improvement Fee	<u>124,882</u>	<u>124,912</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(328,952)</u>	<u>(258,678)</u>
Cash Flows From Investing Activities:		
Investment Interest Received	<u>24,253</u>	<u>46,732</u>
Net Cash Provided (Used) by Investing Activities	<u>24,253</u>	<u>46,732</u>
 Net Increase (Decrease) in Cash and Investments	 <u>(84,049)</u>	 <u>116,280</u>
Cash and Investments at Beginning of Year:		
Cash and Investments	2,504,841	2,398,062
Restricted Cash and Investments	<u>203,466</u>	<u>193,965</u>
	<u>2,708,307</u>	<u>2,592,027</u>
 Cash and Investments at End of Year:		
Cash and Investments	2,407,503	2,504,841
Restricted Cash and Investments	<u>216,755</u>	<u>203,466</u>
	<u><u>\$ 2,624,258</u></u>	<u><u>\$ 2,708,307</u></u>

CITY OF KIRBY, TEXAS
COMPARATIVE STATEMENTS OF CASH FLOWS (CONTINUED)
PROPRIETARY FUND – WATERWORKS AND SEWER SYSTEM
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:		
Operating Income	\$ 589,789	\$ 570,989
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation	286,859	234,475
(Increase) Decrease in Operating Assets:		
Accounts Receivable, Net	25,628	33,007
Inventory	4,776	(320)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(23,986)	47,315
Accrued Wages & Benefits	(3,081)	5,132
Net Other Post Employment Benefits Liability	1,237	976
Net Pension Liability	<u>1,918</u>	<u>8,389</u>
Total Adjustments to Reconcile Operating Activities	<u>293,351</u>	<u>328,974</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 883,140</u></u>	<u><u>\$ 899,963</u></u>

STATISTICAL SECTION

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

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

Contents

Financial Trends – Tables 1 through 5

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

Revenue Capacity – Tables 6 through 9

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

Debt Capacity – Tables 10 through 12

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

Demographic and Economic Information – Tables 13 and 14

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

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

	Fiscal Year			
	2011	2012	2013	2014
<i>Governmental Activities:</i>				
Net Investment in Capital Assets	\$ 3,711,161	\$ 3,503,881	\$ 3,724,502	\$ 4,008,917
Restricted	68,401	269,750	111,846	113,823
Unrestricted	1,653,141	2,039,131	2,651,840	2,594,666
<i>Total Governmental Activities Net Position</i>	<u>\$ 5,432,703</u>	<u>\$ 5,812,762</u>	<u>\$ 6,488,188</u>	<u>\$ 6,717,406</u>
<i>Business-Type Activities</i>				
Net Investment in Capital Assets	\$ 1,287,799	\$ 1,222,067	\$ 1,567,593	\$ 1,638,382
Unrestricted	2,167,613	2,541,459	2,551,847	2,951,101
<i>Total Business-Type Activities Net Position</i>	<u>\$ 3,455,412</u>	<u>\$ 3,763,526</u>	<u>\$ 4,119,440</u>	<u>\$ 4,589,483</u>
<i>Primary Government:</i>				
Net Investment in Capital Assets	\$ 4,998,960	\$ 4,725,948	\$ 5,292,095	\$ 5,647,299
Restricted	68,401	269,750	111,846	113,823
Unrestricted	3,820,754	4,580,590	5,203,687	5,545,767
<i>Total Primary Government Net Position</i>	<u>\$ 8,888,115</u>	<u>\$ 9,576,288</u>	<u>\$ 10,607,628</u>	<u>\$ 11,306,889</u>

Note: Years 2011-2014 and 2011-2017 have not been restated for adoption of GASB No. 68 and 75, respectively.

TABLE 1

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 4,100,365	\$ 4,392,841	\$ 5,035,893	\$ 6,405,061	\$ 7,022,580	\$ 8,551,440
128,677	143,161	244,175	266,062	324,865	329,110
1,998,429	2,004,817	1,842,191	1,697,957	1,097,313	1,154,205
<u>\$ 6,227,471</u>	<u>\$ 6,540,819</u>	<u>\$ 7,122,259</u>	<u>\$ 8,369,080</u>	<u>\$ 8,444,758</u>	<u>\$ 10,034,755</u>
\$ 1,647,546	\$ 2,194,389	\$ 2,848,484	\$ 3,307,990	\$ 3,468,243	\$ 3,635,218
3,160,295	2,846,714	2,434,054	2,209,687	2,323,205	2,415,154
<u>\$ 4,807,841</u>	<u>\$ 5,041,103</u>	<u>\$ 5,282,538</u>	<u>\$ 5,517,677</u>	<u>\$ 5,791,448</u>	<u>\$ 6,050,372</u>
\$ 5,747,911	\$ 6,587,230	\$ 7,884,377	\$ 9,713,051	\$ 10,490,823	\$ 12,186,658
128,677	143,161	244,175	266,062	324,865	329,110
5,158,724	4,851,531	4,276,245	3,907,644	3,420,518	3,569,359
<u>\$ 11,035,312</u>	<u>\$ 11,581,922</u>	<u>\$ 12,404,797</u>	<u>\$ 13,886,757</u>	<u>\$ 14,236,206</u>	<u>\$ 16,085,127</u>

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

	Fiscal Year			
	2011	2012	2013	2014
Expenses				
<i>Governmental Activities:</i>				
City Council	\$ 19,242	\$ 17,540	\$ 15,371	\$ 14,998
City Administration	235,470	248,585	274,783	364,335
Police Protection	778,573	870,709	986,230	1,130,297
Municipal Court	48,573	44,921	68,588	85,913
Fire/EMS Protection	766,844	816,193	869,188	1,021,875
Animal Services	-	86,858	119,469	187,405
Parks and Pools	181,837	155,248	181,654	175,536
Streets and Shops	505,304	452,711	466,804	238,368
Crime Control	-	-	-	-
Capital Outlay	-	-	-	-
General City Operations	624,083	647,438	641,586	590,052
Interest on Long-Term Debt	108,130	99,568	154,771	66,215
<i>Total Governmental Activities Expenses</i>	<u>3,268,056</u>	<u>3,439,771</u>	<u>3,778,444</u>	<u>3,874,994</u>
<i>Business-Type Activities:</i>				
Waterworks and Sewer	978,886	1,089,654	1,214,855	1,280,736
<i>Total Business-Type Activities</i>	<u>978,886</u>	<u>1,089,654</u>	<u>1,214,855</u>	<u>1,280,736</u>
Total Primary Government Expenses	<u>\$ 4,246,942</u>	<u>\$ 4,529,425</u>	<u>\$ 4,993,299</u>	<u>\$ 5,155,730</u>
Program Revenues				
<i>Governmental Activities:</i>				
Charges for service:				
City Administration	\$ 73,069	\$ 80,926	\$ 139,635	\$ 173,287
Police Protection	137,715	194,071	207,637	226,322
Municipal Court	9,625	14,771	11,935	13,115
Fire/EMS Protection	550,315	682,424	725,217	649,039
Animal Services	-	37,915	28,774	24,668
Parks and Pools	33,589	30,956	47,143	48,406
Streets and Shops	60,648	96,746	149,818	58,639
Operating Grants and Contributions	51,126	15,241	118,184	58,914
Capital Grants and Contributions	209,665	4,851	171,325	221,168
<i>Total Governmental Activities</i>				
<i>Program Revenues</i>	<u>1,125,752</u>	<u>1,157,901</u>	<u>1,599,668</u>	<u>1,473,558</u>
<i>Business-Type Activities:</i>				
Charges for Service:				
Waterworks and Sewer	1,734,385	1,831,623	2,006,266	2,148,590
Operating Grants and Contributions	-	-	-	14,600
<i>Total Business-Type Activities</i>				
<i>Program Revenues</i>	<u>1,734,385</u>	<u>1,831,623</u>	<u>2,006,266</u>	<u>2,163,190</u>
Total Primary Government				
Program Revenues	<u>\$ 2,860,137</u>	<u>\$ 2,989,524</u>	<u>\$ 3,605,934</u>	<u>\$ 3,636,748</u>

Note: Years 2011-2014 and 2011-2017 have not been restated for adoption of GASB No. 68 and 75, respectively.

TABLE 2

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 16,584	\$ 14,640	\$ 9,102	\$ 9,725	\$ 11,247	\$ 9,356
307,722	350,302	375,472	411,408	415,317	433,537
1,168,328	1,187,043	1,199,691	1,360,462	1,477,042	1,508,866
77,507	78,609	66,948	80,364	116,761	92,398
1,024,146	1,119,147	1,174,209	1,164,356	1,525,672	1,572,144
185,112	162,342	174,050	181,596	200,954	206,809
156,870	120,971	180,450	170,789	177,890	166,932
198,816	243,800	289,198	342,784	264,477	153,803
12,800	3,932	17,923	7,085	38,281	51,462
-	-	-	-	90	-
580,041	592,236	594,593	689,511	818,170	749,957
54,755	43,593	29,867	182,314	246,010	225,141
<u>3,782,681</u>	<u>3,916,615</u>	<u>4,111,503</u>	<u>4,600,394</u>	<u>5,291,911</u>	<u>5,170,405</u>
<u>1,435,095</u>	<u>1,491,352</u>	<u>1,497,686</u>	<u>1,573,653</u>	<u>1,665,912</u>	<u>1,642,852</u>
<u>1,435,095</u>	<u>1,491,352</u>	<u>1,497,686</u>	<u>1,573,653</u>	<u>1,665,912</u>	<u>1,642,852</u>
<u>\$ 5,217,776</u>	<u>\$ 5,407,967</u>	<u>\$ 5,609,189</u>	<u>\$ 6,174,047</u>	<u>\$ 6,957,823</u>	<u>\$ 6,813,257</u>
\$ 139,334	\$ 129,184	\$ 133,921	\$ 137,426	\$ 144,806	\$ 102,362
207,467	194,596	213,476	206,402	251,136	172,974
11,372	9,335	11,018	10,020	13,302	7,934
724,899	757,284	678,215	716,628	712,078	889,087
32,685	21,612	17,164	23,584	11,344	10,385
14,714	22,009	191,036	170,474	67,894	97,651
54,769	100,983	110,441	205,074	64,169	59,609
98,901	12,982	13,108	19,064	12,132	47,143
123,413	5,225	178,457	1,009,589	287,710	1,241,901
<u>1,407,554</u>	<u>1,253,210</u>	<u>1,546,836</u>	<u>2,498,261</u>	<u>1,564,571</u>	<u>2,629,046</u>
2,128,367	2,102,299	2,124,664	2,143,638	2,236,901	2,232,641
14,600	14,600	-	-	-	-
<u>2,142,967</u>	<u>2,116,899</u>	<u>2,124,664</u>	<u>2,143,638</u>	<u>2,236,901</u>	<u>2,232,641</u>
<u>\$ 3,550,521</u>	<u>\$ 3,370,109</u>	<u>\$ 3,671,500</u>	<u>\$ 4,641,899</u>	<u>\$ 3,801,472</u>	<u>\$ 4,861,687</u>

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

	Fiscal Year			
	2011	2012	2013	2014
Net (Expenses) Revenue				
Governmental Activities	\$ (2,142,304)	\$ (2,281,870)	\$ (2,178,776)	\$ (2,401,436)
Business-Type Activities	755,499	741,969	791,411	882,454
Total Primary Government Net Expenses	<u>\$ (1,386,805)</u>	<u>\$ (1,539,901)</u>	<u>\$ (1,387,365)</u>	<u>\$ (1,518,982)</u>
Governmental Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes:				
Property Taxes	\$ 1,410,167	\$ 1,411,924	\$ 1,377,806	\$ 1,392,306
Franchise Taxes	325,773	413,178	611,447	368,225
Sales Taxes	244,409	257,114	288,525	308,925
Interest and Investment Earnings	10,127	6,874	5,237	4,491
Gain on Sale of Property and Equipment	27,494	26,515	5,665	7,540
Miscellaneous	11,032	10,896	32,228	18,180
Transfers	537,441	535,428	533,294	530,987
Total Governmental Activities	<u>2,566,443</u>	<u>2,661,929</u>	<u>2,854,202</u>	<u>2,630,654</u>
Business-Type Activities:				
Interest and Investment Earnings	4,590	7,758	4,728	4,128
Capital Improvement Fee	92,838	92,996	93,069	114,449
Gain on Sale of Property and Equipment	26,965	819	-	-
Transfers	(537,441)	(535,428)	(533,294)	(530,987)
Total Business-Type Activities	<u>(413,048)</u>	<u>(433,855)</u>	<u>(435,497)</u>	<u>(412,410)</u>
Total Primary Government	<u>\$ 2,153,395</u>	<u>\$ 2,228,074</u>	<u>\$ 2,418,705</u>	<u>\$ 2,218,244</u>
Changes In Net Position				
Government Activities	\$ 424,139	\$ 380,059	\$ 675,426	\$ 229,218
Business-Type Activities	342,451	308,114	355,914	470,044
Total Primary Government	<u>\$ 766,590</u>	<u>\$ 688,173</u>	<u>\$ 1,031,340</u>	<u>\$ 699,262</u>

Note: Years 2011-2014 and 2011-2017 have not been restated for adoption of GASB No. 68 and 75, respectively.

TABLE 2 (Continued)

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ (2,375,127)	\$ (2,663,405)	\$ (2,564,667)	\$ (2,102,133)	\$ (3,727,340)	\$ (2,541,359)
707,872	625,547	626,978	569,985	570,989	589,789
<u>\$ (1,667,255)</u>	<u>\$ (2,037,858)</u>	<u>\$ (1,937,689)</u>	<u>\$ (1,532,148)</u>	<u>\$ (3,156,351)</u>	<u>\$ (1,951,570)</u>
\$ 1,395,907	\$ 1,599,652	\$ 1,676,596	\$ 1,987,771	\$ 2,235,886	\$ 2,613,336
392,387	374,303	410,832	424,334	400,883	375,514
377,765	467,895	447,958	460,789	467,948	572,346
6,212	8,488	12,698	47,660	206,040	84,771
3,685	-	-	-	-	-
3,447	150	73,625	16,208	12,261	5,389
528,612	526,265	524,398	480,000	480,000	480,000
<u>2,708,015</u>	<u>2,976,753</u>	<u>3,146,107</u>	<u>3,416,762</u>	<u>3,803,018</u>	<u>4,131,356</u>
5,683	8,912	13,803	28,778	46,732	24,253
124,840	125,068	125,052	124,888	124,912	124,882
-	-	-	-	11,138	-
<u>(528,612)</u>	<u>(526,265)</u>	<u>(524,398)</u>	<u>(480,000)</u>	<u>(480,000)</u>	<u>(480,000)</u>
<u>(398,089)</u>	<u>(392,285)</u>	<u>(385,543)</u>	<u>(326,334)</u>	<u>(297,218)</u>	<u>(330,865)</u>
<u>\$ 2,309,926</u>	<u>\$ 2,584,468</u>	<u>\$ 2,760,564</u>	<u>\$ 3,090,428</u>	<u>\$ 3,505,800</u>	<u>\$ 3,800,491</u>
\$ 332,888	\$ 313,348	\$ 581,440	\$ 1,314,629	\$ 75,678	\$ 1,589,997
309,783	233,262	241,435	243,651	273,771	258,924
<u>\$ 642,671</u>	<u>\$ 546,610</u>	<u>\$ 822,875</u>	<u>\$ 1,558,280</u>	<u>\$ 349,449</u>	<u>\$ 1,848,921</u>

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

	Fiscal Year			
	2011	2012	2013	2014
Nonspendable Fund Balance:				
Inventory	\$ 30,346	\$ 39,334	\$ 38,751	\$ 37,213
Prepaid Items	-	1,815	1,800	20,476
Total Nonspendable Fund Balance	<u>30,346</u>	<u>41,149</u>	<u>40,551</u>	<u>57,689</u>
Restricted Fund Balance:				
PEG Capital Fee	-	20,687	36,989	52,377
Public Safety	68,401	73,790	49,564	48,806
Debt Service	-	172,626	21,630	7,799
Capital Projects	196,095	-	-	-
Crime Control	-	-	-	-
Total Restricted Fund Balance	<u>264,496</u>	<u>267,103</u>	<u>108,183</u>	<u>108,982</u>
Unassigned Fund Balance	<u>1,500,155</u>	<u>1,838,398</u>	<u>2,481,307</u>	<u>2,413,631</u>
Total Governmental Funds	<u>\$ 1,794,997</u>	<u>\$ 2,146,650</u>	<u>\$ 2,630,041</u>	<u>\$ 2,580,302</u>

TABLE 3

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 25,341	\$ 28,031	\$ 41,094	\$ 57,047	\$ 32,092	\$ 30,604
-	24,056	-	-	-	-
25,341	52,087	41,094	57,047	32,092	30,604
72,470	90,531	106,971	122,556	138,328	154,099
47,774	41,560	33,625	34,307	39,155	39,617
5,181	5,352	24,590	46,158	52,199	32,595
-	-	-	6,854,747	6,801,202	6,430,536
11,342	70,038	78,730	78,025	94,783	92,349
136,767	207,481	243,916	7,135,793	7,125,667	6,749,196
2,649,935	2,562,130	2,557,474	2,478,739	1,940,979	1,930,830
\$ 2,812,043	\$ 2,821,698	\$ 2,842,484	\$ 9,671,579	\$ 9,098,738	\$ 8,710,630

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

	Fiscal Year			
	2011	2012	2013	2014
REVENUES				
Taxes	\$ 1,655,109	\$ 1,666,493	\$ 1,660,467	\$ 1,692,482
Franchise Fees	325,773	413,178	611,447	368,334
Licenses and Permits	108,290	181,179	245,197	151,691
Intergovernmental	-	-	-	9,506
Charges for Services	611,744	687,627	792,848	832,152
Grants	51,126	20,092	289,509	270,576
Fines and Penalties	144,555	205,484	216,749	236,897
Miscellaneous	180,382	17,770	37,462	22,671
TOTAL REVENUES	3,076,979	3,191,823	3,853,679	3,584,309
EXPENDITURES				
Current:				
City Council	19,242	17,540	15,371	14,999
City Administration	251,719	226,442	237,634	354,310
Police Protection	723,443	743,231	806,440	959,275
Municipal Court	48,582	46,266	86,282	83,052
Fire\EMS Protection	702,118	676,658	727,368	859,513
Animal Services	-	85,434	112,343	182,249
Parks and Pool	176,114	148,437	181,713	173,049
Streets and Shops	243,796	197,599	213,560	240,973
Crime Control	-	-	-	-
General City Operations	625,447	646,990	641,586	365,572
Capital Projects/Outlay	1,560,732	209,680	455,075	503,271
Debt Service:				
Principal	400,000	365,000	350,000	365,000
Interest and Fiscal Charges	99,675	91,069	81,875	71,313
Bond Issue Costs	-	-	-	-
TOTAL EXPENDITURES	4,850,868	3,454,346	3,909,247	4,172,576
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>(1,773,889)</u>	<u>(262,523)</u>	<u>(55,568)</u>	<u>(588,267)</u>
OTHER FINANCING				
SOURCES (USES)				
Transfers In	847,441	1,026,558	658,294	800,987
Transfers Out	(310,000)	(491,130)	(125,000)	(270,000)
Capital Contributions	209,665	-	-	-
Proceeds from Sale of Asset	-	78,748	5,665	7,540
Proceeds from Debt Financing	-	-	-	-
Proceeds from Capital Lease	-	-	-	-
TOTAL OTHER FINANCING				
SOURCES (USES)	747,106	614,176	538,959	538,527
Net Change in Fund Balance	<u>\$ (1,026,783)</u>	<u>\$ 351,653</u>	<u>\$ 483,391</u>	<u>\$ (49,740)</u>
Debt Service as a percentage				
of noncapital expenditures	15.19%	14.06%	12.50%	11.89%

TABLE 4

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 1,805,335	\$ 2,032,449	\$ 2,116,885	\$ 2,436,124	\$ 2,704,999	\$ 3,151,489
392,387	374,303	410,832	424,334	400,883	375,514
120,472	163,113	336,376	413,684	161,377	182,549
9,927	9,524	10,821	10,245	10,592	9,150
848,030	836,697	798,743	827,423	846,066	883,678
212,387	8,284	180,745	1,018,408	289,249	1,279,894
215,934	201,310	222,141	214,227	262,518	179,093
15,928	9,040	66,316	58,658	214,206	96,727
3,620,400	3,634,720	4,142,859	5,403,103	4,889,890	6,158,094
16,584	14,640	9,102	9,726	11,248	9,356
293,582	320,787	330,228	394,542	391,415	397,582
940,556	997,070	1,051,141	1,214,035	1,331,899	1,375,310
76,474	75,378	64,122	79,173	89,348	93,459
864,149	897,342	985,773	984,990	1,277,522	1,400,409
179,575	159,783	198,509	187,723	178,208	188,761
157,439	116,663	145,416	146,470	170,294	168,317
203,779	239,064	256,891	311,711	259,556	156,518
12,799	3,933	49,513	62,083	48,171	81,572
349,549	348,991	353,217	389,952	519,201	427,421
818,371	697,727	675,192	1,645,831	974,223	2,153,505
419,110	485,386	507,640	440,800	421,997	329,265
72,757	69,153	53,605	37,184	273,744	249,263
-	-	-	140,017	-	-
4,404,724	4,425,917	4,680,349	6,044,237	5,946,826	7,030,738
(784,324)	(791,197)	(537,490)	(641,134)	(1,056,936)	(872,644)
810,112	808,265	916,152	732,000	725,894	474,589
(281,500)	(282,000)	(391,754)	(252,000)	(245,894)	5,411
-	-	-	-	-	-
3,685	2,750	33,878	5,212	4,095	4,536
-	-	-	6,985,017	-	-
483,768	271,837	-	-	-	-
1,016,065	800,852	558,276	7,470,229	484,095	484,536
\$ 231,741	\$ 9,655	\$ 20,786	\$ 6,829,095	\$ (572,841)	\$ (388,108)
13.71%	14.87%	14.01%	14.05%	13.99%	11.86%

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

TABLE 5

Fiscal Year	Property	Sales & Use	Franchise	Total
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
2019	2,237,051	467,948	400,883	3,105,882
2020	2,579,143	572,346	375,514	3,527,003

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

TABLE 6

Fiscal Year Ended September 30,	Residential Property	Commercial Property	Less: Tax-Exempt Property	Total Taxable Assessed Value*	Total Direct Tax Rate
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
2019	256,483,078	103,453,094	37,083,012	322,853,160	0.729376
2020	285,078,654	121,407,220	37,851,471	368,634,403	0.728626

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>
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
2019	0.729376	1.440	0.277429	0.1492	0.018580	2.61454
2020	0.728626	1.358	0.277429	0.1492	0.018580	2.53219

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	2020			2011		
	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	\$ 21,409,940	1	5.81%			
HEB Grocery Company, LP	19,117,500	2	5.19%			
HEB LP	9,151,370	3	2.48%			
Yes Springfield Meadows, LLC	6,675,510	4	1.81%			
Kirby Country Oaks, LLC	6,300,000	5	1.71%			
Siddons Holdings, LLC	2,440,650	6	0.66%	\$ 1,404,160	4	0.65%
AJC Rental Corporation	2,438,500	7	0.66%	3,656,708	1	1.69%
Turners	2,299,290	8	0.62%			
Yes Homesales, LLC	2,068,700	9	0.56%	2,807,710	3	1.30%
Thompson QT of Texas LLC	2,040,530	10	0.55%			
Schertz Bank & Trust				1,093,780	6	0.50%
Mr. William Harrigan				2,825,000	2	1.30%
Time Warner Cable				1,195,450	5	0.55%
Mr. Richard Owen				770,782	7	0.36%
Main Street Properties				747,400	8	0.35%
Ms. Marie Ann Kalinowski				657,470	9	0.32%
AT&T (Southwestern Bell) Telephone				657,470	10	0.30%
Total	<u>\$ 73,941,990</u>		<u>20.05%</u>	<u>\$ 15,815,930</u>		<u>7.32%</u>

Total taxable assessed value of \$368,634,403

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
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%	4,233	1,504,878	98.15%
2017	1,662,953	1,651,564	99.32%	6,028	1,657,592	99.68%
2018	2,092,969	2,073,293	99.06%	3,554	2,076,847	99.23%
2019	2,356,087	2,347,747	99.65%	2,105	2,349,852	99.74%
2020	2,686,999	2,643,132	98.37%	-	2,643,132	98.37%

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			
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
2019	6,971,517	-	325,671	-		7,297,188	834
2020	6,465,000	-	246,405	-		6,711,405	767

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

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

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

TABLE 11

General Bonded Debt Outstanding						
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Total	Actual Taxable Value of Property	Percentage of Actual Taxable Value of Property	Per Capita*
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
2019	6,971,517	-	6,971,517	322,853,160	2.16%	797
2020	6,465,000	-	6,465,000	368,634,403	1.75%	741

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, 2020

TABLE 12

Taxable Value	<u>\$ 368,634,403</u>			
Debt Limit - 10% of taxable value [1]	36,863,440			
Amount of Debt Applicable to Debt Limit:				
Total Bonded Debt	\$ 6,465,000			
Less Net Position in Debt Service Fund	<u>32,595</u>			
Total Amount of Debt Applicable to Debt Limit	<u>6,432,405</u>			
Legal Debt Margin	<u>\$ 30,431,035</u>			

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Debt Limit	\$ 20,077,507	\$ 19,653,524	\$ 19,179,407	\$ 18,788,382
Total Net Debt Applicable to Limit	<u>(2,925,000)</u>	<u>(2,384,727)</u>	<u>(2,184,707)</u>	<u>(1,832,360)</u>
Legal Debt Margin	<u>\$ 17,152,507</u>	<u>\$ 17,268,797</u>	<u>\$ 16,994,700</u>	<u>\$ 16,956,022</u>

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt Limit	\$ 19,549,917	\$ 21,015,983	\$ 22,792,577	\$ 28,683,807
Total Net Debt Applicable to Limit	<u>(1,461,567)</u>	<u>(1,079,648)</u>	<u>(655,410)</u>	<u>(7,283,859)</u>
Legal Debt Margin	<u>\$ 18,088,350</u>	<u>\$ 19,936,335</u>	<u>\$ 22,137,167</u>	<u>\$ 21,399,948</u>

	<u>2019</u>	<u>2020</u>
Debt Limit	\$ 32,285,316	\$ 36,863,440
Total Net Debt Applicable to Limit	<u>(6,919,318)</u>	<u>(6,432,405)</u>
Legal Debt Margin	<u>\$ 25,365,998</u>	<u>\$ 30,431,035</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
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%
2019	8747	37,781	35.70	1563	3.0%
2020	8723	42,412	37.90	1526	7.7%

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	2020			2011		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Joint Base San Antonio	80,000	1	7.36%			
HEB Food Stores	22,000	2	2.12%	14,588	4	1.48%
USAA	19,000	3	1.83%	14,832	3	1.50%
Northside ISD	13,977	4	1.35%	13,300	5	1.35%
City of San Antonio	13,881	5	1.34%	9,145	8	0.92%
Methodist Healthcare System	9,851	6	0.95%	7,500	10	0.76%
North East ISD	9,001	7	0.87%	10,522	7	1.06%
San Antonio ISD	7,677	8	0.74%	7,581	9	0.77%
Baptist Healthcare System	6,383	9	0.54%			
JPMorgan Chase & Co.	5,000	10	0.48%			
Lackland Air Force Base				37,097	1	3.75%
Fort Sam Houston				32,000	2	3.24%
Randolph Air Force Base				11,068	6	1.12%
Total	<u>186,770</u>		<u>17.58%</u>	<u>157,633</u>		<u>15.95%</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



Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

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, 2020, 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 March 11, 2021.

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.

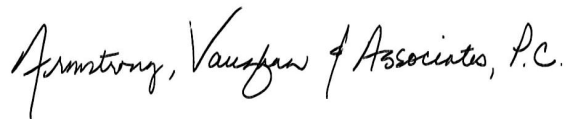
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not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

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.

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

Armstrong, Vaughan & Associates, P.C.

March 11, 2021



Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

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, 2020. 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, 2020.

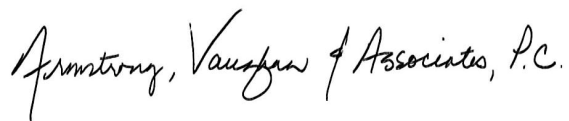
Report on Internal Control over Compliance

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.

March 11, 2021

CITY OF KIRBY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

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, 2020

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Entity Number	Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed Through Bexar County			
Community Development Block Grant			
Hickory Hill Dr	14.218	B-18-UC-48-0500	\$ 420,912
Total Passed Through Bexar County			<u>420,912</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>420,912</u>
U.S. FEDERAL HIGHWAY DEPARTMENT DEVELOPMENT			
Passed Through Texas Department of Transportation			
Highway Planning and Construction			
Binz Engleman Reconstruction	20.205	CSJ 0915-12-545	778,240
Total Passed Through Texas Department of Transportation			<u>778,240</u>
TOTAL U.S. FEDERAL HIGHWAY DEPARTMENT DEVELOPMENT			<u>778,240</u>
U.S. GENERAL SERVICES ADMINISTRATION			
Passed through Texas Facilities Commission/Federal Surplus Program			
Donation of Federal Surplus Property	39.003	N/A	150
Total Passed through Texas Facilities Commission/Federal Surplus Program			<u>150</u>
TOTAL U.S. GENERAL SERVICES ADMINISTRATION			<u>150</u>
U.S. TREASURY			
Passed Through Texas Department of Emergency Management			
Coronavirus Relief Fund	21.019	N/A	36,474
Total Passed through Texas Facilities Commission/Federal Surplus Program			<u>36,474</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>36,474</u>
TOTAL FEDERAL PROGRAMS			<u>\$ 1,235,776</u>

CITY OF KIRBY, TEXAS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 1 -- BASIS OF ACCOUNTING

The Accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the 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

The 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, 2020.