

CITY OF KIRBY, TEXAS

**ANNUAL
FINANCIAL REPORT**

**FISCAL YEAR ENDED
SEPTEMBER 30, 2022**





CITY OF KIRBY, TEXAS
 ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED SEPTEMBER 30, 2022

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CITY OF KIRBY, TEXAS

PRINCIPAL OFFICERS

CITY OFFICIALS

MAYOR

KIMBERLY MCGEHEE-ALDRICH

CITY COUNCIL

DEBRA WALCZYK

MIKE MARTIN

SYLVIA APODACA

JANESHIA GRIDER

SUSAN STREET

CHRISTOPHER GARZA

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 Audit of the Financial Statements

Opinions

We have audited the 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, 2022, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City of Kirby, Texas's primary government as listed in the table of contents.

Unmodified Opinions on the Governmental Activities, Business-Type Activities, Major Funds, and Aggregate Remaining Fund Information

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information for the primary government of the City of Kirby, Texas, as of September 30, 2022, 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.

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, 2022, 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.

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Kirby, Texas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

Matters Giving Rise to 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's legal entity. The financial statements do not include financial data for the Kirby Senior Center Corporation, one of the City of Kirby, Texas's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial data of City of Kirby, Texas's primary government.

Responsibilities of Management for the Financial Statements

The City of Kirby, Texas's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Kirby, Texas's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 City of Kirby, Texas's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Kirby, Texas's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Kirby, Texas's primary government basic financial statements. The comparative financial statements are presented for purposes of additional analysis and are not a required part of the primary government's basic financial statements.

The comparative financial statements are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic 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 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2023 on our consideration of the City of Kirby, Texas's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely 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 the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Kirby, Texas's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Armstrong, Vaughan & Associates, P.C." The signature is written in a cursive, flowing style.

Armstrong, Vaughan & Associates, P.C.

June 29, 2023



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, 2022. Please read it in conjunction with the City’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

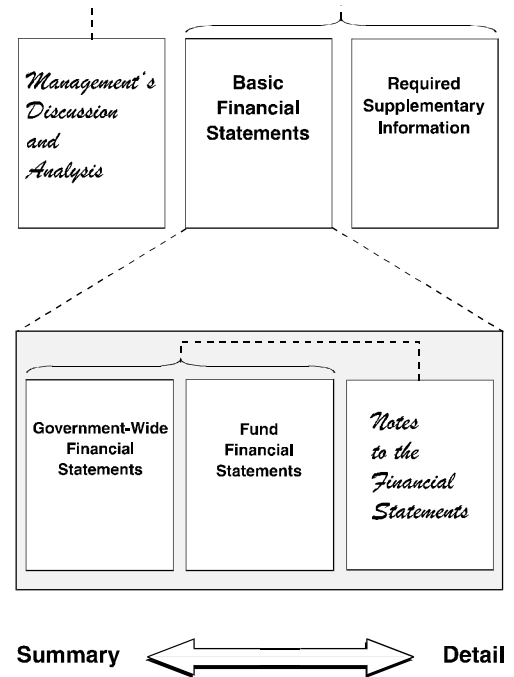
- The City’s total combined net position was approximately \$18.2 million at September 30, 2022.
- During the year, the City’s governmental activities expenses were \$763 thousand less than the \$5.5 million generated in taxes, other revenues for governmental activities, grants, and transfers.
- The General Fund reported a fund balance of \$3.1 million at the end of the fiscal year which represents a \$352 thousand increase over the previous fiscal year.
- The City’s Waterworks/Sewer Fund reported a \$171 thousand decrease in net position over the previous fiscal year. Net position at September 30, 2022 was \$5.8 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			
Fund Statements			
<i>Type of Statements</i>	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 \$6.78 million. Of these costs, 70% were for primary government activities, while the Water/Sewer utility accounted for the remaining balance.

Net Position: The City’s combined net position was \$18.2 million at September 30, 2022. (See Table A-1).

Table A-1
City's Net Position
(In thousands dollars)

	Governmental		Business-Type		Total		Total
	Activities		Activities				Percentage
	2022	2021	2022	2021	2022	2021	Change Based on Actual 2022-2021
<i>Current Assets:</i>							
Cash and Investments	\$ 4,466	\$ 3,388	\$ 2,909	\$ 2,631	\$ 7,375	\$ 6,019	22.5%
Receivables:							
Taxes	184	183	-	-	184	183	0.5%
Accounts	141	128	89	246	230	374	-38.5%
EMS	53	195	-	-	53	195	-72.8%
Due from Other Governments	322	900	-	-	322	900	-64.2%
Internal Balances	370	123	(370)	(123)	-	-	0.0%
Inventories	43	44	29	26	72	70	2.9%
Prepaid Items	26	-	31	31	57	31	83.9%
Restricted Assets:							
Cash and Investments	6,602	6,579	243	228	6,845	6,807	0.6%
<i>Total Current Assets:</i>	<u>12,207</u>	<u>11,540</u>	<u>2,931</u>	<u>3,039</u>	<u>15,138</u>	<u>14,579</u>	<u>3.8%</u>
<i>Non-Current Assets:</i>							
<i>Total Non-Current Assets:</i>	9,422	9,476	3,407	3,630	12,829	13,106	-2.1%
Total Assets	<u>21,629</u>	<u>21,016</u>	<u>6,338</u>	<u>6,669</u>	<u>27,967</u>	<u>27,685</u>	<u>1.0%</u>
<i>Total Deferred Outflows</i>	215	530	26	65	241	595	-59.5%
<i>Current Liabilities:</i>							
Accounts Payable	192	642	186	328	378	970	-61.0%
Accrued Vacation	104	103	13	13	117	116	0.9%
Accrued Interest	18	18	-	-	18	18	0.0%
Unearned Revenue	1,925	1,081	-	-	1,925	1,081	78.1%
Payable from Restricted Assets:							
Customer Deposits	-	-	201	195	201	195	3.1%
Due within One Year	347	335	-	-	347	335	3.6%
<i>Total Current Liabilities</i>	<u>2,586</u>	<u>2,179</u>	<u>400</u>	<u>536</u>	<u>2,986</u>	<u>2,715</u>	<u>10.0%</u>
<i>Long-Term Liabilities:</i>							
Bonds, Obligations	5,912	6,259	-	-	5,912	6,259	-5.5%
Net Other Post Employment							
Benefits Liability	167	148	19	17	186	165	12.7%
Net Pension Liability	219	828	28	100	247	928	-73.4%
<i>Total Long-Term Liabilities</i>	<u>6,298</u>	<u>7,235</u>	<u>47</u>	<u>117</u>	<u>6,345</u>	<u>7,352</u>	<u>-13.7%</u>
<i>Total Liabilities</i>	<u>8,884</u>	<u>9,414</u>	<u>447</u>	<u>653</u>	<u>9,331</u>	<u>10,067</u>	<u>-7.3%</u>
<i>Total Deferred Inflows</i>	647	583	71	65	718	648	10.8%
<i>Net Position:</i>							
Invested in Capital Assets	9,536	9,273	3,407	3,630	12,943	12,903	0.3%
Restricted for:							
Special Projects	333	323	-	-	333	323	3.1%
Debt Service	226	203	-	-	226	203	11.3%
Unrestricted	2,217	1,750	2,438	2,386	4,655	4,136	12.5%
Total Net Position	<u>\$ 12,312</u>	<u>\$ 11,549</u>	<u>\$ 5,845</u>	<u>\$ 6,016</u>	<u>\$ 18,157</u>	<u>\$ 17,565</u>	<u>3.4%</u>

Changes in net position. The City's total revenues were \$7.4 million. A significant portion, 39.2%, of the City's revenue comes from property taxes, 36.6% comes from charges for services (Water, Court, EMS, etc), while only 16.6% relates to Franchise and Sales taxes.

Governmental Activities

- Property tax rates decreased to 0.685667.
- Property tax revenue increased to \$2.89 million in the current year vs. \$2.63 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 \$4.77 million. The amount that our taxpayers paid for these activities through property taxes was \$2.89 million. Some of the cost was paid by those who directly benefited from the programs in the amount of \$584 thousand and an additional \$346 thousand by grants and contributions.

Business-Type Activities

- Operating revenues of the City's Water & Sewer business-type activities increased to \$2.15 million in the current year, with an increase of \$181 thousand or 9.2%. Operating expenses not including transfers to other funds decreased from \$2.26 million in the prior year to \$2.11 million in the current year, a decrease of \$144 thousand or 6.4%.

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

	Governmental		Business-Type		Total		Total
	Activities		Activities				Percentage
	2022	2021	2022	2021	2022	2021	Change
Primary Government:							
City Council	\$ 16	\$ 10	\$ -	\$ -	\$ 16	\$ 10	60.0%
City Administration	334	356	-	-	334	356	-6.2%
Police Protection	1,287	1,395	-	-	1,287	1,395	-7.7%
Municipal Court	87	76	-	-	87	76	14.5%
Fire/EMS Protection	1,330	1,622	-	-	1,330	1,622	-18.0%
Animal Services	118	140	-	-	118	140	-15.7%
Parks and Pool	178	138	-	-	178	138	29.0%
Streets and Shops	212	316	-	-	212	316	-32.9%
Crime Control	95	28	-	-	95	28	239.3%
General City Operations	904	804	2,011	1,833	2,915	2,637	10.5%
Interest on Long-Term Debt	203	215	-	-	203	215	-5.6%
Total Government Activities	4,764	5,100	2,011	1,833	6,775	6,933	267.2%
Program Revenues:							
Charges for Services	584	1,571	2,114	2,258	2,698	3,829	-29.5%
Operating Grants & Contributions	337	14	-	-	337	14	2307.1%
Capital Grants & Contributions	9	699	-	-	9	699	-98.7%
General Revenues:							
General Property Tax	2,891	2,631	-	-	2,891	2,631	9.9%
Sales Taxes	792	676	-	-	792	676	17.2%
Franchise Taxes	432	376	-	-	432	376	14.9%
Investment Earning	63	16	18	7	81	23	252.2%
Miscellaneous	4	31	-	8	4	39	-89.7%
Transfers	417	600	(417)	(600)	-	-	0.0%
Capital Contributions	-	-	126	125	126	125	0.8%
Total Revenues and Transfers	5,529	6,614	1,841	1,798	7,370	8,412	2384.1%
Change in Net Position	\$ 765	\$ 1,514	\$ (170)	\$ (35)	\$ 595	\$ 1,479	-59.8%

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

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

	Total Cost of Services			Net Cost of Services		
	2022	2021	% Change 2022-2021	2022	2021	% Change 2022-2021
General Government	\$ 350	\$ 366	-4.4%	\$ 83	\$ 271	-69.4%
Police Protection & Court	1,374	1,470	-6.5%	1,081	1,244	-13.1%
Fire/EMS Protection	1,330	1,622	-18.0%	1,211	756	60.2%
Animal Services	118	140	-15.7%	109	128	-14.8%
Parks and Recreation	178	138	29.0%	7	(174)	100%
Highways and Streets	212	316	-32.9%	142	(456)	100.0%
Crime Control	95	28	239.3%	95	28	239.3%
General City Operations	904	804	12.4%	904	804	12.4%
Water and Sewer	2,011	1,833	9.7%	(103)	425	-124.2%
Debt Service - Interest & Fiscal Charges	203	215	-5.6%	203	215	-5.6%

FINANCIAL ANALYSIS OF THE CITY’S FUNDS

Revenues from governmental fund types totaled \$5.27 million for the current year vs. \$6.63 million in the prior year, a decrease of \$949 thousand. Expenditures from governmental fund types totaled \$5.27 million for the current year vs. \$5.90 million in the prior year, a decrease of \$634 thousand or 11%, primarily due to capital projects in the prior year and current year decrease in Fire/EMS Protections expenditure. The general fund balance increased by \$352 thousand from \$2.74 million in the prior year to \$3.09 million in the current year. Of this amount \$2.82 million is unassigned and represents 8.6 months of average operating expenditures in reserve. Long term debt and notes payable paid during the year totaled \$322 thousand in principal and \$223 thousand in interest.

General Fund Budgetary Highlights

The city revised its original budget a few times, to adjust for changes resulting in an overall increase of \$202 thousand in revenues and an increase of \$244 thousand in expenditures. Expenditures for the year were \$897 thousand less than the final budgeted amount.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2022, the City had invested \$35.6 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 \$638 thousand or 1.8% over last year.

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

	Governmental		Business-Type		Total		Total
	Activities		Activities				Percentage
	2022	2021	2022	2021	2022	2021	Change
							2022-2021
Land	\$ 836	\$ 836	\$ 7	\$ 7	\$ 843	\$ 843	0.0%
Buildings and Improvements	5,228	5,179	-	-	5,228	5,179	0.9%
Vehicles and Equipment	3,615	3,249	809	803	4,424	4,052	9.2%
Infrastructure	16,364	16,349	-	-	16,364	16,349	0.1%
Software	132	132	42	42	174	174	0.0%
Construction in Progress	581	463	-	17	581	480	21.0%
Utility Plant	-	-	7,962	7,861	7,962	7,861	1.3%
Totals at Historical Cost	26,756	26,208	8,820	8,730	35,576	34,938	1.8%
Total Accumulated Depreciation	(17,335)	(16,733)	(5,413)	(5,100)	(22,748)	(21,833)	4.2%
Net Capital Assets	\$ 9,421	\$ 9,475	\$ 3,407	\$ 3,630	\$ 12,829	\$ 13,105	-2.1%

The city purchased various pieces of equipment in regard to the police department, fire department, streets reconstruction, and waterworks department. Detailed information about the City's capital assets is presented in the note to the financial statements.

Long Term Debt

At year-end the City had \$6.26 million in bonds and Notes Payable outstanding and \$104 thousand in compensated absences in the governmental and \$13 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		Business-Type		Total		Total
	Activities		Activities				Percentage
	2022	2021	2022	2021	2022	2021	Change
							2022-2021
Bonds Payable and Capital Lease	\$ 6,259	\$ 6,594	\$ -	\$ -	\$ 6,259	\$ 6,594	-5.1%
Vacation Payable	104	103	13	13	117	116	0.9%
Total Bonds & Notes Payable	\$ 6,363	\$ 6,697	\$ 13	\$ 13	\$ 6,376	\$ 6,710	-5.0%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The Ackerman Road Project was awarded in September 2022. The total estimated cost is \$10,000,000. The project is anticipated to last 24 months.
- Alan Shepard Reconstruction Project is expected to be complete in early 2023 with a total estimated cost of \$785,000.

These indicators were taken into account when adopting the general fund budget for 2022/2023. The property taxes rate will decrease from 0.685667/\$100 to 0614126/\$100 as a result of the approved budget. This will result in \$3,194,000 of projected property tax revenues. General Fund Revenues (includes transfers from other funds) budgeted for 2022/2023 total \$5,370,768. General Fund Expenditures (includes transfers to other funds) budgeted for 2022/2023 total \$5,962,916.

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, 2022

ASSETS	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<i>Current Assets:</i>			
Cash and Investments	\$ 4,466,198	\$ 2,909,488	\$ 7,375,686
Receivables (net of allowances for uncollectibles)			
Taxes	183,781	-	183,781
Accounts	140,516	88,585	229,101
EMS Charges	53,442	-	53,442
Due from Other Governments	322,086	-	322,086
Internal Balances	370,313	(370,313)	-
Inventories	42,800	28,732	71,532
Prepaid Items	25,662	31,353	57,015
<i>Restricted Assets:</i>			
Cash and Investments	6,602,228	243,033	6,845,261
<i>Total Current Assets</i>	12,207,026	2,930,878	15,137,904
 <i>Capital Assets:</i>			
Land	836,120	7,005	843,125
Buildings & Improvements	5,228,014	-	5,228,014
Utility Plant and Easements	-	7,962,006	7,962,006
Transportation & Equipment	3,614,540	809,325	4,423,865
Infrastructure	16,364,079	-	16,364,079
Software	132,426	42,000	174,426
Construction in Progress	581,605	-	581,605
Accumulated Depreciation and Amortization	(17,335,475)	(5,413,301)	(22,748,776)
<i>Total Capital Assets</i>	9,421,309	3,407,035	12,828,344
 TOTAL ASSETS	 21,628,335	 6,337,913	 27,966,248
 DEFERRED OUTFLOWS OF RESOURCES			
Deferred Other Post Employment Benefit Outflows	34,534	3,479	38,013
Deferred Pension Related Outflows	180,009	22,998	203,007
 TOTAL DEFERRED OUTFLOWS OF RESOURCES	 \$ 214,543	 \$ 26,477	 \$ 241,020

See accompanying notes to basic financial statements.

CITY OF KIRBY, TEXAS
STATEMENT OF NET POSITION (CONTINUED)
SEPTEMBER 30, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
<i>Current Liabilities:</i>			
Accounts Payable and Other Current Liabilities	\$ 191,681	\$ 187,098	\$ 378,779
Accrued Vacation Leave Payable	103,708	13,524	117,232
Accrued Interest Payable	17,544	-	17,544
Unearned Revenue	1,925,442	-	1,925,442
<i>Payable from Restricted Assets:</i>			
Customer Deposits	-	200,830	200,830
Due within One Year	346,829	-	346,829
<i>Total Current Liabilities</i>	<u>2,585,204</u>	<u>401,452</u>	<u>2,986,656</u>
<i>Long-Term Liabilities:</i>			
Due in more than One Year	5,912,479	-	5,912,479
Net Other Post Employment Benefits Liability	166,596	19,120	185,716
Net Pension Liability	219,368	27,577	246,945
<i>Total Long-Term Liabilities:</i>	<u>6,298,443</u>	<u>46,697</u>	<u>6,345,140</u>
TOTAL LIABILITIES	<u>8,883,647</u>	<u>448,149</u>	<u>9,331,796</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Related Inflows	<u>647,072</u>	<u>71,211</u>	<u>718,283</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>647,072</u>	<u>71,211</u>	<u>718,283</u>
NET POSITION			
Net Investment in Capital Assets	9,536,496	3,407,035	12,943,531
<i>Restricted for:</i>			
Debt Service Fund	225,744	-	225,744
PEG Capital Fees	182,840	-	182,840
Public Safety	150,398	-	150,398
Unrestricted (Deficit)	<u>2,216,681</u>	<u>2,437,995</u>	<u>4,654,676</u>
TOTAL NET POSITION	<u>\$ 12,312,159</u>	<u>\$ 5,845,030</u>	<u>\$ 18,157,189</u>

See accompanying notes to basic financial statements.

CITY OF KIRBY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

<u>Functions and Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental Activities:				
City Council	\$ 15,860	\$ -	\$ -	\$ -
City Administration	334,277	27,358	240,267	-
Police Protection	1,287,190	187,821	96,868	-
Municipal Court	87,051	8,610	-	-
Fire/EMS Protection	1,330,004	109,595	-	9,210
Animal Services	118,457	9,029	-	-
Parks and Pool	178,142	171,570	-	-
Streets and Shops	212,199	69,758	-	-
Crime Control	95,157	-	-	-
General City Operations	904,008	-	-	-
Interest on Long-Term Debt	203,424	-	-	-
<i>Total Governmental Activities</i>	<u>4,765,769</u>	<u>583,741</u>	<u>337,135</u>	<u>9,210</u>
Business-Type Activities				
Water/Sewer Utility	<u>2,011,331</u>	<u>2,113,863</u>	<u>-</u>	<u>-</u>
<i>Total Business-Type Activities</i>	<u>2,011,331</u>	<u>2,113,863</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u><u>\$ 6,777,100</u></u>	<u><u>\$ 2,697,604</u></u>	<u><u>\$ 337,135</u></u>	<u><u>\$ 9,210</u></u>
General Revenues:				
Taxes				
General Property Taxes				
Franchise Taxes				
Sales Taxes				
Interest and Investment Earnings				
Capital Improvement Fee				
Miscellaneous				
Total General Revenues				
Transfers				
Change in Net Position				
Net Position at Beginning of Year				
Net Position at End of Year				

See accompanying notes to basic financial statements.

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

Governmental Activities	Business-Type Activities	Total
\$ (15,860)	\$ -	\$ (15,860)
(66,652)	-	(66,652)
(1,002,501)	-	(1,002,501)
(78,441)	-	(78,441)
(1,211,199)	-	(1,211,199)
(109,428)	-	(109,428)
(6,572)	-	(6,572)
(142,441)	-	(142,441)
(95,157)	-	(95,157)
(904,008)	-	(904,008)
(203,424)	-	(203,424)
<u>(3,835,683)</u>	<u>-</u>	<u>(3,835,683)</u>
-	102,532	102,532
-	102,532	102,532
<u>(3,835,683)</u>	<u>102,532</u>	<u>(3,733,151)</u>
2,891,161	-	2,891,161
431,611	-	431,611
791,811	-	791,811
63,447	17,790	81,237
-	125,500	125,500
4,085	-	4,085
<u>4,182,115</u>	<u>143,290</u>	<u>4,325,405</u>
416,925	(416,925)	-
763,357	(171,103)	592,254
<u>11,548,802</u>	<u>6,016,133</u>	<u>17,564,935</u>
<u>\$ 12,312,159</u>	<u>\$ 5,845,030</u>	<u>\$ 18,157,189</u>

CITY OF KIRBY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022

	<u>Major Fund</u> General <u>Fund</u>	<u>Major Fund</u> Debt Service	<u>Major Fund</u> Capital Projects Fund
ASSETS			
Cash and Investments	\$ 4,289,612	\$ 98,723	\$ -
Receivables (net of allowances for uncollectibles):			
Property Taxes	152,421	31,360	-
EMS Charges	53,442	-	-
Accounts	140,516	-	-
Restricted Cash	182,840	-	6,419,388
Due from Other Governments	295,386	-	-
Due from Other Funds	256,421	113,205	-
Prepaid Expenses	-	-	-
Inventory of Supplies, At Cost	42,800	-	-
	<u>42,800</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 5,413,438</u>	<u>\$ 243,288</u>	<u>\$ 6,419,388</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE			
<i>Liabilities:</i>			
Accounts Payable	\$ 54,501	\$ -	\$ -
Accrued Expenditures	135,958	-	-
<i>Total Liabilities</i>	<u>190,459</u>	<u>-</u>	<u>-</u>
<i>Deferred Inflows of Resources:</i>			
Unavailable Revenues	1,925,442	-	-
Unavailable EMS Revenues	53,442	-	-
Unavailable Tax Revenues	152,421	31,360	-
<i>Total Deferred Inflows of Resources</i>	<u>2,131,305</u>	<u>31,360</u>	<u>-</u>
<i>Fund Balances:</i>			
Nonspendable:			
Prepaid Expenses	-	-	-
Inventory	42,800	-	-
Restricted for:			
PEG Capital Fees	182,840	-	-
Court Security	46,369	-	-
Debt Service	-	211,928	-
Capital Projects	-	-	6,419,388
Crime Control	-	-	-
Unassigned	2,819,665	-	-
	<u>2,819,665</u>	<u>-</u>	<u>-</u>
<i>Total Fund Balances</i>	<u>3,091,674</u>	<u>211,928</u>	<u>6,419,388</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 5,413,438</u>	<u>\$ 243,288</u>	<u>\$ 6,419,388</u>

See accompanying notes to basic financial statements.

<u>Nonmajor Fund</u> <u>Crime</u> <u>Control</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
\$ 77,864	\$ 4,466,199
-	183,781
-	53,442
-	140,516
-	6,602,228
26,700	322,086
687	370,313
25,662	25,662
-	42,800
<u>\$ 130,913</u>	<u>\$ 12,207,027</u>

\$ 1,222	\$ 55,723
-	135,958
<u>1,222</u>	<u>191,681</u>

-	1,925,442
-	53,442
-	183,781
<u>-</u>	<u>2,162,665</u>

25,662	25,662
-	42,800
-	182,840
-	46,369
-	211,928
-	6,419,388
104,029	104,029
-	2,819,665
<u>129,691</u>	<u>9,852,681</u>

<u>\$ 130,913</u>	<u>\$ 12,207,027</u>
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CITY OF KIRBY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS		\$ 9,852,681
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.		9,421,309
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unearned in the funds.		237,222
Compensated absences are not due and payable in the current period and, therefore, not reported in the funds.		(103,708)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, not reported in the funds.		(6,259,308)
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	(219,368)	
Pension Related Deferred Outflows	180,009	
Pension Related Deferred Inflows	<u>(647,072)</u>	(686,431)
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	(166,596)	
OPEB Related Deferred Outflows	<u>34,534</u>	(132,062)
Accrued interest payable on long-term-bonds is not due and payable in the current period and, therefore, not reported in the funds.		<u>(17,544)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		<u>\$ 12,312,159</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, 2022

	<u>Major Fund</u>	<u>Major Fund</u>	<u>Major Fund</u>
	General	Debt	Capital Projects
	Fund	Service	Fund
REVENUES			
Taxes	\$ 3,044,360	\$ 522,280	\$ -
Franchise Fees	431,611	-	-
Licenses and Permits	266,115	-	-
Intergovernmental	10,649	-	-
Fines and Penalties	194,016	-	-
Charges for Services	265,405	-	-
Grants	335,695	-	-
Miscellaneous	32,890	214	44,894
TOTAL REVENUES	<u>4,580,741</u>	<u>522,494</u>	<u>44,894</u>
EXPENDITURES			
<i>Current:</i>			
City Council	15,860	-	-
City Administration	362,091	-	-
Police Protection	1,242,260	-	-
Municipal Court	67,541	-	-
Fire\EMS Protection	1,196,583	-	-
Animal Services	101,348	-	-
Parks and Pool	181,052	-	-
Streets and Shops	278,723	-	-
Crime Control	-	-	-
General City Operations	477,127	-	-
Capital Projects/Outlay	679,126	-	25,636
<i>Debt Service:</i>			
Principal	51,739	270,000	-
Interest and Fiscal Charges	4,914	217,825	-
TOTAL EXPENDITURES	<u>4,658,364</u>	<u>487,825</u>	<u>25,636</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (77,623)</u>	<u>\$ 34,669</u>	<u>\$ 19,258</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>
\$ 115,710	\$ 3,682,350
-	431,611
-	266,115
-	10,649
-	194,016
-	265,405
-	335,695
108	78,106
<u>115,818</u>	<u>5,263,947</u>
-	15,860
-	362,091
-	1,242,260
-	67,541
-	1,196,583
-	101,348
-	181,052
-	278,723
95,158	95,158
-	477,127
-	704,762
-	321,739
-	222,739
<u>95,158</u>	<u>5,266,983</u>
<u>\$ 20,660</u>	<u>\$ (3,036)</u>

CITY OF KIRBY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Major Fund	Major Fund	Major Fund
OTHER FINANCING SOURCES (USES)	General Fund	Debt Service	Capital Projects Fund
Transfers In	\$ 612,309	\$ -	\$ -
Transfers Out	(183,075)	(12,309)	-
TOTAL OTHER FINANCING SOURCES (USES)	429,234	(12,309)	-
Net Change in Fund Balance	351,611	22,360	19,258
Fund Balances at Beginning of Year	2,740,063	189,568	6,400,130
Fund Balances at End of Year	\$ 3,091,674	\$ 211,928	\$ 6,419,388

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>
\$ -		\$ 612,309
-		(195,384)
-		416,925
20,660		413,889
<u>109,031</u>		<u>9,438,792</u>
<u>\$ 129,691</u>		<u>\$ 9,852,681</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, 2022

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 413,889

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.

Capital Outlay	590,277	
Depreciation Expense	(639,068)	(48,791)

Proceeds from capital asset dispositions produce current financial resources in the fund statements, while the net gain (loss) is recognized in the Statement of Activities. This is the net book value of capital assets disposed. (5,655)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. (141,172)

The issuance of long-term-debt (e.g. bonds and notes payable) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the net effect of premiums, discounts, and similar items when debt is first issued, where as these amounts are amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term-debt and related items.

Repayment of Principal	270,000	
Amortization of Bond Premium	13,501	
Repayment of Note Payable Principal	51,739	335,240

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. 227,795

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. (18,150)

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	(699)	
Accrued Interest	900	201

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES \$ 763,357



CITY OF KIRBY, TEXAS
STATEMENT OF NET POSITION – PROPRIETARY FUND
SEPTEMBER 30, 2022

	Business-Type Activities
	Waterworks\Sewer Fund
ASSETS	
<i>Current Assets:</i>	
Cash and Investments	\$ 2,909,488
Receivables (net of allowances for uncollectibles):	
Accounts	88,585
Inventories	28,732
Prepaid Items	31,353
<i>Total Current Assets</i>	3,058,158
 <i>Restricted Assets:</i>	
Cash and Investments	243,033
<i>Total Restricted Assets</i>	243,033
 <i>Capital Assets:</i>	
Land	7,005
Utility Plant and Easements	7,962,006
Transportation & Equipment	809,325
Software	42,000
Accumulated Depreciation	(5,413,301)
<i>Capital Assets, net of accumulated depreciation</i>	3,407,035
TOTAL ASSETS	6,708,226
 DEFERRED OUTFLOWS	
Deferred Other Post Employment Benefit Outflows	3,479
Deferred Pension Related Outflows	22,998
TOTAL DEFERRED OUTFLOWS	\$ 26,477

See accompanying notes to basic financial statements.

CITY OF KIRBY, TEXAS
STATEMENT OF NET POSITION – PROPRIETARY FUND (CONTINUED)
SEPTEMBER 30, 2022

	Business-Type Activities
	Waterworks\Sewer Fund
LIABILITIES	
<i>Current Liabilities:</i>	
Accounts Payable	\$ 187,098
Accrued Compensated Absences	13,524
Due to Other Funds	370,313
<i>Total Current Liabilities</i>	570,935
 <i>Current Liabilities Payable from Restricted Assets:</i>	
Customer Deposits	200,830
<i>Total Current Liabilities Payable from Restricted Assets</i>	200,830
 <i>Noncurrent Liabilities:</i>	
Net Other Post Employment Benefits Liability	19,120
Net Pension Liability	27,577
<i>Total Noncurrent Liabilities</i>	46,697
TOTAL LIABILITIES	818,462
 DEFERRED INFLOWS	
Deferred Other Post Employment Benefit Inflows	-
Deferred Pension Related Inflows	71,211
TOTAL DEFERRED INFLOWS	71,211
 NET POSITION	
Net Investment in Capital Assets	3,407,035
Unrestricted	2,437,995
TOTAL NET POSITION	\$ 5,845,030

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, 2022

	Business-Type Activities
	Waterworks\Sewer Fund
OPERATING REVENUES	
Charges for Utility Service	\$ 2,113,863
TOTAL OPERATING REVENUES	2,113,863
 OPERATING EXPENSES	
Salaries and Benefits	287,644
Supplies	88,171
Maintenance and Repairs	445,349
Contractual Services	832,336
Miscellaneous	44,580
Depreciation	313,251
TOTAL OPERATING EXPENSES	2,011,331
 OPERATING INCOME (LOSS)	102,532
 NONOPERATING REVENUES (EXPENSES)	
Interest Income	17,790
Capital Improvement Fee	125,500
TOTAL NONOPERATING REVENUES (EXPENSES)	143,290
 Net Income (Loss) Before Contributions and Transfers	245,822
 Transfers In (Out)	(416,925)
 CHANGE IN NET POSITION	(171,103)
 NET POSITION AT BEGINNING OF YEAR	6,016,133
 NET POSITION AT END OF YEAR	\$ 5,845,030

See accompanying notes to basic financial statements.

CITY OF KIRBY, TEXAS
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Business-Type Activities
	Waterworks\Sewer Fund
Cash Flows From Operating Activities:	
Cash Received From Customers	\$ 2,270,812
Cash Paid for Employee Wages & Benefits	(312,535)
Cash Paid to Suppliers for Goods & Services	(1,554,556)
Net Cash Provided (Used) by Operating Activities	403,721
Cash Flows From Noncapital Financing Activities:	
Customer Deposits Received (Returned)	5,740
Interfund Payables (Receivables)	247,516
Transfers From (To) Other Funds	(416,925)
Net Cash Provided (Used) by Noncapital Financing Activities	(163,669)
Cash Flows From Capital and Related Financing Activities:	
Purchase/Construction of Capital Assets	(107,644)
Reduction of Construction in Progress	17,200
Capital Improvement Fee	125,500
Net Cash Provided (Used) by Capital and Related Financing Activities	35,056
Cash Flows From Investing Activities:	
Investment Interest Received	17,790
Net Cash Provided (Used) by Investing Activities	17,790
Net Increase (Decrease) in Cash and Investments	292,898
Cash and Investments at Beginning of Year:	
Cash and Investments	2,631,393
Restricted Cash and Investments	228,230
	2,859,623
Cash and Investments at End of Year:	
Cash and Investments	2,909,488
Restricted Cash and Investments	243,033
	\$ 3,152,521

See accompanying notes to basic financial statements.

CITY OF KIRBY, TEXAS
STATEMENT OF CASH FLOWS - PROPRIETARY FUND (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Business-Type Activities
	Waterworks\Sewer Fund
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating Income	\$ 102,532
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation	313,251
(Increase) Decrease in Operating Assets:	
Accounts Receivable	156,949
Inventory	(2,647)
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	(141,473)
Net Other Post Employment Benefits Liability	2,847
Net Pension Liability	(27,046)
Total Adjustments to Reconcile Operating Activities	301,881
 Net Cash Provided (Used) by Operating Activities	 \$ 404,413

See accompanying notes to basic financial statements.

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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 some maintenance to help maintain the facility. 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, 2022 can be obtained from the Kirby Senior Center.

The Kirby Crime Control and Prevention District, an entity legally separate from the City, was created pursuant to Section 363.051, et. Seq, of the Crime Control District Act. The District was created in November 2014, to act on behalf of Kirby for promotion, development and enhancement of crime control and prevention within the City of Kirby. The District was reauthorized by voters in May 2019. 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, 2022

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, 2022

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, 2022

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. 72, *Fair Value Measurement and Application*.

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, 2022

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, 2022

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:

ASSETS	YEARS
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, 2022

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, 2022

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, 2022

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.

22. CHANGES IN ACCOUNTING POLICIES

As of October 1, 2021 the City implemented Governmental Accounting Standard Board Statement No. 87 regarding leases (contracts that confer the right to use an asset). The City performed an evaluation of its significant contracts and found no leases at this time that would require changes in their treatment or disclosure.

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022

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, 2022, 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 \$6,000,000 as collateral for the City's deposits.

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. 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.

CITY OF KIRBY, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2022

NOTE B -- DEPOSITS AND INVESTMENTS (Continued)

3. Fair Value Measurement (Continued)

As of September 30, 2022, 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, 2022:

	Fair Value	Maturity in Days
TexPool	\$ 8,995,479	24
Total Investments	\$ 8,995,479	

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, 2022, 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.

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022

NOTE B -- DEPOSITS AND INVESTMENTS (Continued)

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

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.

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. Audit procedures in this area conducted as 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 in all material respects. Additionally, investment practices of the City were in accordance with local policies.

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022

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>Total</u>
	<u>General Fund</u>	<u>Debt Service</u>	<u>Waterworks\ Sewer Fund</u>	
<i>Receivables:</i>				
Property Taxes	\$ 166,563	\$ 34,270	\$ -	\$ 200,833
Less Allowance for Uncollectibles	(14,142)	(2,910)	-	(17,052)
Franchise Taxes	89,915	-	-	89,915
EMS Services	1,287,142	-	-	1,287,142
Less Allowance for Uncollectibles	(1,233,700)	-	-	(1,233,700)
Customer Accounts	-	-	133,363	133,363
Less Allowance for Uncollectibles	-	-	(44,778)	(44,778)
Other	50,601	-	-	50,601
Net Total Receivables	<u>\$ 346,379</u>	<u>\$ 31,360</u>	<u>\$ 88,585</u>	<u>\$ 466,324</u>

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, 2022, restricted cash consists of \$182,840 of public, educational, and governmental fees held for return to franchise entity, \$243,033 of customer meter deposits, and \$6,419,388 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, 2021, upon which the fiscal 2022 levy was based, was \$421,465,072 (i.e., market value less exemptions). The estimated market value was \$464,204,796, making the taxable value 90.8% of the estimated market value.

CITY OF KIRBY, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2022

NOTE E -- PROPERTY TAX CALENDAR (Continued)

The City is permitted by the Constitution of the State of Texas to levy taxes up to \$2.50 per \$100 of taxable assessed valuation for all governmental purposes. Pursuant to a decision of the Attorney General of the State of Texas, up to \$1.50 per \$100 of assessed valuation may be used for the payment of long-term debt. The combined tax rate to finance general governmental services, including the payment of principal and interest on long-term debt, for the year ended September 30, 2022, was \$.698942 per \$100 of assessed value, which means that the City has a tax margin of \$1.801058 for each \$100 value and could increase its annual tax levy by approximately \$7,630,962 based upon the present assessed valuation of \$421,465,072 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, 2022, balances of interfund amounts receivable or payable have been recorded as follows:

	<u>Due From</u>	<u>Due To</u>	<u>Purpose</u>
Primary Government:			
General Fund/Water Sewer Fund	\$ 551,283	\$ 551,283	Reimbursement
General Fund/Crime Control Fund	1,418	1,418	Reimbursement
Debt Service Fund/General Fund	113,205	113,205	Reimbursement
Crime Control/Water Sewer Fund	2,105	2,105	Reimbursement
Water Sewer Fund/General Fund	183,075	183,075	Reimbursement
	<u>\$ 851,086</u>	<u>\$ 851,086</u>	

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022

NOTE G -- CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2022, was as follows:

<u>Governmental Activities</u>	Balance 10/1/2021	Additions/ Transfer In	Disposals/ Transfer Out	Balance 9/30/2022
Land	\$ 836,120	\$ -	\$ -	\$ 836,120
Buildings and Improvements	5,178,649	60,310	(10,945)	5,228,014
Transportation & Equipment	3,248,869	396,842	(31,171)	3,614,540
Infrastructure	16,348,734	15,345	-	16,364,079
Software	132,426	-	-	132,426
Construction in Progress	463,825	117,780	-	581,605
	<u>26,208,623</u>	<u>590,277</u>	<u>(42,116)</u>	<u>26,756,784</u>
Less Accumulated Depreciation				
Buildings and Improvements	(2,324,832)	(156,274)	5,290	(2,475,816)
Transportation & Equipment	(2,330,916)	(220,902)	31,171	(2,520,647)
Infrastructure	(11,975,984)	(245,327)	-	(12,221,311)
Software	(101,136)	(16,565)	-	(117,701)
	<u>(16,732,868)</u>	<u>(639,068)</u>	<u>36,461</u>	<u>(17,335,475)</u>
Governmental Capital Assets, Net	<u>\$ 9,475,755</u>	<u>\$ (48,791)</u>	<u>\$ (5,655)</u>	<u>\$ 9,421,309</u>
 <u>Business-Type Activities</u>				
Land	\$ 7,005	\$ -	\$ -	\$ 7,005
Utility Plant	7,861,047	100,959	-	7,962,006
Transportation & Equipment	802,640	6,685	-	809,325
Software	42,000	-	-	42,000
Construction in Progress	17,200	-	(17,200)	-
Totals at Historical Cost	<u>8,729,892</u>	<u>107,644</u>	<u>(17,200)</u>	<u>8,820,336</u>
Less Accumulated Depreciation				
Buildings and Improvements	(118,126)	(14,606)	-	(132,732)
Utility Plant	(4,426,865)	(196,243)	-	(4,623,108)
Transportation & Equipment	(513,059)	(102,402)	-	(615,461)
Software	(42,000)	-	-	(42,000)
	<u>(5,100,050)</u>	<u>(313,251)</u>	<u>-</u>	<u>(5,413,301)</u>
Business-Type Capital Assets, Net	<u>\$ 3,629,842</u>	<u>\$ (205,607)</u>	<u>\$ (17,200)</u>	<u>\$ 3,407,035</u>

Land and Construction in Progress are not depreciated.

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022

NOTE G -- CAPITAL ASSETS (Continued)

Depreciation expense was charged to the governmental functions as follows:

City Administration	\$ 10,937
Fire Protection\EMS	150,831
Police Protection	112,018
Public Works	355,229
Animal Services	<u>10,053</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 639,068</u>

NOTE H -- LONG-TERM DEBT

Primary Government

Long-term debt and obligations payable at September 30, 2022, comprise the following individual issues:

\$483,767 Note Payable 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 \$154,805. \$ 108,294

\$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. 5,935,000

Total Governmental Long-Term Obligations \$ 6,043,294

The annual requirements to amortize all long-term bonded debt and obligations outstanding as of September 30, 2022, including interest payments, are as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2023	\$ 280,000	\$ 204,925	\$ 484,925
2024	290,000	193,525	483,525
2025	300,000	181,725	481,725
2026	315,000	169,425	484,425
2027	325,000	156,625	481,625
2028-2032	1,815,000	605,700	2,420,700
2033-2037	2,135,000	285,031	2,420,031
2038	<u>475,000</u>	<u>8,906</u>	<u>483,906</u>
	<u>\$ 5,935,000</u>	<u>\$ 1,805,862</u>	<u>\$ 7,740,862</u>

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022

NOTE H -- LONG-TERM DEBT (Continued)

Future payments under the notes payable are as follows:

Year Ending September 30,	Principal	Interest	Total
2023	\$ 53,328	\$ 3,326	\$ 56,654
2024	54,966	1,688	56,654
Total	\$ 108,294	\$ 5,014	\$ 113,308

Changes in Long-Term Liabilities

	Balance 10/1/2021	Additions	Reductions	Balance 9/30/2022	Due Within One Year
<i>Governmental Activities</i>					
General Obligation Bonds, 2018	\$ 6,205,000	\$ -	\$ (270,000)	\$ 5,935,000	\$ 280,000
Premium	229,515	-	(13,501)	216,014	13,501
Note Payable	160,033	-	(51,739)	108,294	53,328
Compensated Absences	103,009	103,708	(103,009)	103,708	103,708
Total Governmental Activities	\$ 6,697,557	\$ 103,708	\$ (438,249)	\$ 6,363,016	\$ 450,537
<i>Business-Type Activities</i>					
Compensated Absences	\$ 13,524	\$ 13,524	\$ (13,524)	\$ 13,524	\$ 13,524
Total Business-Type Activities	13,524	13,524	(13,524)	13,524	13,524
Total Primary Government	\$ 6,711,081	\$ 117,232	\$ (451,773)	\$ 6,376,540	\$ 464,061

CITY OF KIRBY, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2022

NOTE I -- EMPLOYEES' RETIREMENT SYSTEMS

Texas Municipal Retirement System

1. Plan Description

The City participates as one of 892 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 annual comprehensive financial report (Annual Report) 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:

	2021	2020
Inactive employees or beneficiaries currently receiving benefits	41	38
Inactive employees entitled to but not yet receiving benefits	124	104
Active employees	44	59
	209	201

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022

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, 2022, 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 14.49% and 13.86% in calendar years 2021 and 2022, respectively. The City's contributions to TMRS for the year ended September 30, 2022 were \$289,947, 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, 2021, 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, 2021 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Salary Increases	2.75%, 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, 2022

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 estimated of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). 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	35.00%	7.55%
Core Fixed Income	6.00%	2.00%
Non-Core Fixed Income	20.00%	5.68%
Other Public and Private Markets	12.00%	7.22%
Real Estate	12.00%	6.85%
Hedge Funds	5.00%	5.35%
Private Equity	10.00%	10.00%
	<u>100.00%</u>	

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022

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, 2021:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2020	\$ 10,382,143	\$ 9,454,565	\$ 927,578
Changes for the year:			
Service Cost	406,703	-	406,703
Interest	696,147	-	696,147
Change of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	(64,706)	-	(64,706)
Changes of Assumptions	-	-	-
Contributions - Employer	-	331,633	(331,633)
Contributions - Employee	-	160,209	(160,209)
Net Investment Income	-	1,232,598	(1,232,598)
Benefit Payments, Including Refunds of Employee Contributions	(544,410)	(544,410)	-
Administrative Expense	-	(5,703)	5,703
Other Changes	-	40	(40)
Net Changes	493,734	1,174,367	(680,633)
Balance at December 31, 2021	\$ 10,875,877	\$ 10,628,932	\$ 246,945

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)	\$ 1,893,941	\$ 246,945	\$ (1,076,709)

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022

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.tmr.com.

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

For the year ended September 30, 2022, the City recognized pension expense of \$35,106. Also as of September 30, 2022, 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	\$ -	\$ 89,833
Changes in Actuarial Assumptions	3,040	-
Differences Between Projected and Actual Investment Earnings	-	628,450
Contributions Subsequent to the Measurement Date	199,967	-
	\$ 203,007	\$ 718,283

Deferred outflows of resources in the amount of \$199,967 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 plan year ending December 31, 2022. 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,	
2022	\$ (181,894)
2023	(281,064)
2024	(133,402)
2025	(118,883)
	\$ (715,243)

CITY OF KIRBY, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2022

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:

	2021	2020
Inactive Employees or Beneficiaries Currently Receiving Benefits	24	21
Inactive Employees Entitled to but Not Yet Receiving Benefits	11	8
Active Employees	44	59
Total	79	88

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,		
2020	0.12%	0.02%
2021	0.15%	0.07%

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, 2022

NOTE J -- OTHER POST EMPLOYMENT BENEFIT (Continued)

Inflation	2.50%
Salary Increases	3.50% to 11.50% Including Inflation
Discount Rate	1.84% (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, 2021 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, 2021, the measurement and actuarial valuation date, was calculated as follows:

	Total OPEB Liability
Balance at December 31, 2020	\$ 164,543
Changes for the year:	
Service Cost	9,841
Interest on Total OPEB Liability	3,373
Change of Benefit Terms	-
Difference Between Expected and Actual Experience	2,835
Changes of Assumptions or Other Inputs	6,726
Benefit Payments	(1,602)
Net Changes	21,173
Balance at December 31, 2021	\$ 185,716

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, 2022

NOTE J -- OTHER POST EMPLOYMENT BENEFIT (Continued)

The following presents the TOL of the City, calculated using the discount rate of 1.84% as well as what the City's TOL would be if it were calculated using a discount rate that is 1-percentage point lower (0.84%) and 1-percentage point higher (2.84%) than the current rate:

	Discount Rate 0.84%	Discount Rate 1.84%	Discount Rate 2.84%
Total OPEB Liability	\$ 235,952	\$ 185,716	\$ 148,677

For the year ended September 30, 2022, the City recognized OPEB expense of \$21,750 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	\$ 202	\$ -
Changes in Assumptions and Other Inputs	36,801	-
Contributions Subsequent to the Measurement Date	1,010	-
	\$ 38,013	\$ -

Deferred outflows of resources in the amount of \$1,010 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, 2021. 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,	
2022	\$ 8,536
2023	8,534
2024	7,306
2025	8,687
2026	3,361
Thereafter	579
	\$ 37,003

CITY OF KIRBY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022

NOTE K -- TRANSFERS

Transfers during the year ended September 30, 2022, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Purpose</u>
Primary Government:			
General Fund/Debt Service	\$ 12,309	\$ 12,309	Funding for Debt Payments
General Fund/Water Sewer Fund	600,000	600,000	Transfer in Lieu of Taxes
Water Sewer Fund/General Fund	183,075	183,075	Water Rebate Reimbursement
	<u>\$ 795,384</u>	<u>\$ 795,384</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 use of the land and building where the Center conducts business. The terms of the contract will terminate on April 30, 2025.

As of September 30, 2022, the City of Kirby had an outstanding contract with Bain Medina Bain Engineers and Surveyors for the Alan Sheppard Road project for an engineering cost of \$82,000, of which \$47,440 was incurred to date by the end of the fiscal year. The City expects the remaining cost to be incurred during fiscal year 2023.

As of September 30, 2022, the City of Kirby had an outstanding contract with Bain Medina Bain Engineers and Surveyors for the Ackerman Road project for an engineering cost of \$207,200, of which \$14,345 was incurred to date by the end of the fiscal year. The City expects the remaining cost to be incurred during fiscal year 2023.

As of September 30, 2022, the City of Kirby had an outstanding contract with Bain Medina Bain Engineers and Surveyors for the Alan Sheppard Sewer project for an engineering cost of \$50,000, of which \$32,400 was incurred to date by the end of the fiscal year. The City expects the remaining cost to be incurred during fiscal year 2023.

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, 2022

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, 2022 were \$138,300 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, 2022

	Budget Amounts		2022	Variance	2021
	Original	Final	Actual Amounts	Favorable (Unfavorable)	Actual Amounts
REVENUES					
Taxes	\$ 2,698,832	\$ 2,916,470	\$ 3,044,360	\$ 127,890	\$ 2,704,654
Franchise Fees	355,500	422,156	431,611	9,455	375,998
Licenses and Fees	148,825	149,442	266,115	116,673	427,648
Intergovernmental Revenues	9,800	9,800	10,649	849	10,478
Charges for Services	263,250	263,250	265,405	2,155	964,828
Grants	599,019	509,915	335,695	(174,220)	701,652
Fines and Penalties	220,050	226,006	194,016	(31,990)	211,534
Miscellaneous	17,902	17,902	32,890	14,988	19,611
TOTAL REVENUES	4,313,178	4,514,941	4,580,741	65,800	5,416,403
EXPENDITURES:					
<i>City Council:</i>					
Salaries/Expenses	8,500	7,000	4,129	2,871	5,225
Supplies	2,500	3,000	2,839	161	2,591
Meeting and Travel	2,000	8,900	8,892	8	2,158
<i>Total City Council</i>	<u>13,000</u>	<u>18,900</u>	<u>15,860</u>	<u>3,040</u>	<u>9,974</u>
<i>City Administration:</i>					
Salaries & Benefits	314,210	320,510	307,368	13,142	314,642
Maintenance	20,845	20,845	20,642	203	17,688
Contract Services	32,000	29,000	23,376	5,624	22,132
Miscellaneous	9,000	11,000	10,705	295	4,857
<i>Total City Administration</i>	<u>376,055</u>	<u>381,355</u>	<u>362,091</u>	<u>19,264</u>	<u>359,319</u>
<i>Police Protection:</i>					
Salaries & Benefits	1,283,470	1,283,490	1,078,081	205,409	1,183,278
Supplies	55,100	60,100	66,020	(5,920)	49,667
Maintenance	75,475	77,325	64,004	13,321	76,827
Contract Services	19,500	23,700	18,500	5,200	17,714
Miscellaneous	6,800	17,130	15,655	1,475	7,438
<i>Total Police Protection</i>	<u>\$ 1,440,345</u>	<u>\$ 1,461,745</u>	<u>\$ 1,242,260</u>	<u>\$ 219,485</u>	<u>\$ 1,334,924</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, 2022

	Budget Amounts		2022	Variance	2021
	Original	Final	Actual Amounts	Favorable (Unfavorable)	Actual Amounts
EXPENDITURES (CONTINUED)					
<i>Municipal Court:</i>					
Salaries & Benefits	\$ 45,100	\$ 46,770	\$ 31,500	\$ 15,270	\$ 35,935
Supplies	2,000	2,000	440	1,560	1,233
Maintenance	8,950	8,950	8,502	448	8,062
Contract Services	38,200	38,200	27,099	11,101	30,583
<i>Total Municipal Court</i>	<u>94,250</u>	<u>95,920</u>	<u>67,541</u>	<u>28,379</u>	<u>75,813</u>
<i>Fire/EMS Protection:</i>					
Salaries & Benefits	954,950	961,150	879,688	81,462	1,279,803
Supplies	73,000	80,040	82,515	(2,475)	66,473
Maintenance	80,600	97,583	89,750	7,833	75,949
Contract Services	9,150	85,508	132,269	(46,761)	64,975
Miscellaneous	13,300	13,300	12,361	939	9,032
<i>Total Fire/EMS Protection</i>	<u>1,131,000</u>	<u>1,237,581</u>	<u>1,196,583</u>	<u>40,998</u>	<u>1,496,232</u>
<i>Animal Services:</i>					
Salaries & Benefits	109,707	107,232	68,267	38,965	87,666
Supplies	18,200	19,025	16,558	2,467	16,129
Maintenance	11,650	11,650	5,007	6,643	9,406
Contract Services	15,000	15,000	10,467	4,533	14,525
Miscellaneous	2,000	2,000	1,049	951	850
<i>Total Animal Services</i>	<u>156,557</u>	<u>154,907</u>	<u>101,348</u>	<u>53,559</u>	<u>128,576</u>
<i>Parks and Pools:</i>					
Salaries & Benefits	85,550	85,636	67,905	17,731	58,045
Supplies	18,800	18,800	10,772	8,028	7,958
Maintenance	38,000	74,000	56,158	17,842	26,848
Contract Services	47,770	47,770	46,217	1,553	47,325
Miscellaneous	1,000	1,000	-	1,000	-
<i>Total Parks and Pools</i>	<u>\$ 191,120</u>	<u>\$ 227,206</u>	<u>\$ 181,052</u>	<u>\$ 46,154</u>	<u>\$ 140,176</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, 2022

	Budget Amounts		2022	Variance	2021
	Original	Final	Actual Amounts	Favorable (Unfavorable)	Actual Amounts
EXPENDITURES (CONTINUED)					
<i>Streets and Shops:</i>					
Salaries & Benefits	\$ 100,435	\$ 163,165	\$ 156,805	\$ 6,360	\$ 84,832
Supplies	51,285	63,150	49,687	13,463	35,563
Maintenance	56,000	56,000	46,729	9,271	150,865
Contract Services	28,000	25,635	25,405	230	42,506
Miscellaneous	1,000	1,000	97	903	-
<i>Total Streets and Shops</i>	<u>236,720</u>	<u>308,950</u>	<u>278,723</u>	<u>30,227</u>	<u>313,766</u>
<i>General City Operations:</i>					
Supplies	44,500	47,000	38,277	8,723	26,885
Maintenance	11,000	11,000	9,188	1,812	17,003
Contract Services	439,611	456,150	425,903	30,247	381,460
Miscellaneous	210,570	4,200	3,759	441	3,602
<i>Total General City Operations</i>	<u>705,681</u>	<u>518,350</u>	<u>477,127</u>	<u>41,223</u>	<u>428,950</u>
<i>Capital Outlay</i>	<u>910,125</u>	<u>1,093,978</u>	<u>679,126</u>	<u>414,852</u>	<u>914,390</u>
<i>Debt Service:</i>					
Principal	51,740	51,740	51,739	1	86,198
Interest	4,915	4,915	4,914	1	7,451
<i>Total Debt Service</i>	<u>56,655</u>	<u>56,655</u>	<u>56,653</u>	<u>2</u>	<u>93,649</u>
TOTAL EXPENDITURES	<u>5,311,508</u>	<u>5,555,547</u>	<u>4,658,364</u>	<u>897,183</u>	<u>5,295,769</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(998,330)</u>	<u>(1,040,606)</u>	<u>(77,623)</u>	<u>962,983</u>	<u>120,634</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	600,000	600,000	612,309	12,309	600,000
Transfers Out	-	-	(183,075)	(183,075)	(159,224)
Proceeds from Sale of Assets	10,000	10,000	-	(10,000)	23,503
TOTAL OTHER FINANCING SOURCES (USES)	<u>610,000</u>	<u>610,000</u>	<u>429,234</u>	<u>(180,766)</u>	<u>464,279</u>
Net Change in Fund Balance	<u>(388,330)</u>	<u>(430,606)</u>	<u>351,611</u>	<u>782,217</u>	<u>584,913</u>
Fund Balance - Beginning of Year	<u>2,740,063</u>	<u>2,740,063</u>	<u>2,740,063</u>	<u>-</u>	<u>2,155,150</u>
Fund Balance - End of Year	<u>\$ 2,351,733</u>	<u>\$ 2,309,457</u>	<u>\$ 3,091,674</u>	<u>\$ 782,217</u>	<u>\$ 2,740,063</u>

CITY OF KIRBY, TEXAS
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
SEPTEMBER 30, 2022

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, 2022 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 EIGHT PLAN YEARS

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

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

Total Pension Liability				
2017	2018	2019	2020	2021
\$ 350,481	\$ 383,357	\$ 450,986	\$ 468,310	\$ 406,703
537,217	575,534	615,384	662,885	696,147
-	-	-	-	-
2,495	(43,290)	(43,979)	(132,218)	(64,706)
-	-	44,497	-	-
<u>(297,135)</u>	<u>(380,836)</u>	<u>(337,240)</u>	<u>(406,409)</u>	<u>(544,410)</u>
593,058	534,765	729,648	592,568	493,734
7,932,104	8,525,162	9,059,927	9,789,575	10,382,143
<u>\$ 8,525,162</u>	<u>\$ 9,059,927</u>	<u>\$ 9,789,575</u>	<u>\$ 10,382,143</u>	<u>\$ 10,875,877</u>

Plan Fiduciary Net Position				
2017	2018	2019	2020	2021
\$ 287,066	\$ 310,406	\$ 366,423	\$ 382,574	\$ 331,633
140,032	150,589	175,092	181,315	160,209
893,686	(223,682)	1,131,048	656,155	1,232,598
(297,135)	(380,836)	(337,240)	(406,409)	(544,410)
(4,630)	(4,321)	(6,391)	(4,246)	(5,703)
(235)	(226)	(193)	(166)	40
<u>1,018,784</u>	<u>(148,070)</u>	<u>1,328,739</u>	<u>809,223</u>	<u>1,174,367</u>
6,445,889	7,464,673	7,316,603	8,645,342	9,454,565
<u>\$ 7,464,673</u>	<u>\$ 7,316,603</u>	<u>\$ 8,645,342</u>	<u>\$ 9,454,565</u>	<u>\$ 10,628,932</u>

\$ 1,060,489	\$ 1,743,324	\$ 1,144,233	\$ 927,578	\$ 246,945
87.56%	80.76%	88.31%	91.07%	97.73%
\$ 2,000,460	\$ 2,151,275	\$ 2,501,311	\$ 2,590,212	\$ 2,288,706
53.01%	81.04%	45.75%	35.81%	10.79%

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 304,695	\$ 356,629	\$ 367,832	\$ 346,726	\$ 289,947
<u>304,695</u>	<u>356,629</u>	<u>367,832</u>	<u>346,726</u>	<u>289,947</u>
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 2,114,425	\$ 2,442,701	\$ 2,495,407	\$ 2,379,120	\$ 2,063,745
14.41%	14.60%	14.74%	14.57%	14.05%

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

	Total OPEB Liability				
	2017	2018	2019	2020	2021
Service Cost	\$ 5,401	\$ 6,669	\$ 7,004	\$ 9,584	\$ 9,841
Interest on Total OPEB Liability	2,983	3,186	3,566	3,698	3,373
Changes of Benefit Terms	-	-	-	-	-
Difference between Expected and Actual Experience	-	(1,811)	1,693	(3,445)	2,835
Change in Assumptions or Other Inputs	8,622	(7,868)	25,293	25,296	6,726
Benefit Payments	(200)	(430)	(500)	(518)	(1,602)
Net Change in Total OPEB Liability	16,806	(254)	37,056	34,615	21,173
Total OPEB Liability - Beginning	76,320	93,126	92,872	129,928	164,543
Total OPEB Liability - Ending	<u>\$ 93,126</u>	<u>\$ 92,872</u>	<u>\$ 129,928</u>	<u>\$ 164,543</u>	<u>\$ 185,716</u>
Covered Employee Payroll	\$ 2,000,460	\$ 2,151,275	\$ 2,501,311	\$ 2,590,212	\$ 2,288,706
Total OPEB Liability as a Percentage of Covered Employee Payroll	4.66%	4.32%	5.19%	6.35%	8.11%

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	1.84% (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 disables 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, 2021 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 Balance Sheets – 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, 2022 AND 2021

ASSETS	<u>2022</u>	<u>2021</u>
Cash and Investments	\$ 4,289,612	\$ 3,104,725
Receivables, Net of Allowances for Uncollectibles:		
Property Taxes	152,421	151,451
EMS Charges	53,442	195,236
Accounts	140,516	127,688
Restricted Cash	182,840	165,706
Due from Other Governments	295,386	886,229
Due from Other Funds	256,421	121,642
Inventory of Supplies, At Cost	<u>42,800</u>	<u>43,882</u>
 TOTAL ASSETS	 <u>\$ 5,413,438</u>	 <u>\$ 4,796,559</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
 <i>Liabilities:</i>		
Accounts Payable	\$ 54,501	\$ 485,064
Accrued Expenditures	<u>135,958</u>	<u>144,027</u>
<i>Total Liabilities</i>	<u>190,459</u>	<u>629,091</u>
 <i>Deferred Inflows of Resources:</i>		
Unavailable Revenue	1,925,442	1,080,718
Unavailable EMS Revenue	53,442	195,236
Unavailable Tax Revenue	<u>152,421</u>	<u>151,451</u>
<i>Total Deferred Inflows of Resources</i>	<u>2,131,305</u>	<u>1,427,405</u>
 <i>Fund Balance:</i>		
Nonspendable:		
Inventory of Supplies	42,800	43,882
Restricted for:		
Court Security	46,369	43,933
PEG Capital Fees	182,840	169,870
Unassigned	<u>2,819,665</u>	<u>2,482,378</u>
<i>Total Fund Balance</i>	<u>3,091,674</u>	<u>2,740,063</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	 <u>\$ 5,413,438</u>	 <u>\$ 4,796,559</u>

CITY OF KIRBY, TEXAS
 COMPARATIVE BALANCE SHEETS
 DEBT SERVICE FUND
 SEPTEMBER 30, 2022 AND 2021

ASSETS	2022	2021
Cash and Investments	\$ 98,723	\$ 188,583
Taxes Receivable	31,360	31,708
Due From Other Funds	<u>113,205</u>	<u>985</u>
TOTAL ASSETS	<u>\$ 243,288</u>	<u>\$ 221,276</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
<i>Deferred Inflows of Resources:</i>		
Unavailable Tax Revenue	\$ 31,360	\$ 31,708
<i>Total Deferred Inflows of Resources</i>	<u>31,360</u>	<u>31,708</u>
 <i>Fund Balance:</i>		
Restricted Fund Balance	<u>211,928</u>	<u>189,568</u>
<i>Total Fund Balance</i>	<u>211,928</u>	<u>189,568</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	 <u>\$ 243,288</u>	 <u>\$ 221,276</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, 2022 AND 2021

REVENUES	<u>2022</u>	<u>2021</u>
Taxes	\$ 522,280	\$ 486,848
Interest	<u>214</u>	<u>176</u>
TOTAL REVENUES	<u>522,494</u>	<u>487,024</u>
 EXPENDITURES		
Principal Payments on General Obligation Bonds	270,000	260,000
Interest Payments on General Obligation Bonds	215,925	226,525
Fiscal Agent Fees	<u>1,900</u>	<u>2,750</u>
TOTAL EXPENDITURES	<u>487,825</u>	<u>489,275</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>34,669</u>	 <u>(2,251)</u>
 OTHER FINANCING SOURCES (USES)		
Transfers In (Out)	<u>(12,309)</u>	<u>159,224</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(12,309)</u>	<u>159,224</u>
 Net Change in Fund Balance	 22,360	 156,973
 Fund Balances at Beginning of Year	 <u>189,568</u>	 <u>32,595</u>
 Fund Balances at End of Year	 <u>\$ 211,928</u>	 <u>\$ 189,568</u>

CITY OF KIRBY, TEXAS
 COMPARATIVE BALANCE SHEETS
 CAPITAL PROJECTS FUND
 SEPTEMBER 30, 2022 AND 2021

ASSETS	<u>2022</u>	<u>2021</u>
Restricted Cash and Investments	<u>\$ 6,419,388</u>	<u>\$ 6,413,180</u>
TOTAL ASSETS	<u><u>\$ 6,419,388</u></u>	<u><u>\$ 6,413,180</u></u>
LIABILITIES AND FUND BALANCE		
Accounts Payable	<u>\$ -</u>	<u>\$ 13,050</u>
<i>Total Liabilities</i>	<u>-</u>	<u>13,050</u>
Restricted Fund Balance	<u>6,419,388</u>	<u>6,400,130</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 6,419,388</u></u>	<u><u>\$ 6,413,180</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, 2022 AND 2021

REVENUES	<u>2022</u>	<u>2021</u>
Interest	\$ 44,894	\$ 3,194
TOTAL REVENUES	<u>44,894</u>	<u>3,194</u>
 EXPENDITURES		
Supplies	4,916	-
Capital Outlay	20,720	33,600
TOTAL EXPENDITURES	<u>25,636</u>	<u>33,600</u>
 Net Change in Fund Balance	 19,258	 (30,406)
 Fund Balance at Beginning of Year	 <u>6,400,130</u>	 <u>6,430,536</u>
Fund Balance at End of Year	<u>\$ 6,419,388</u>	<u>\$ 6,400,130</u>

CITY OF KIRBY, TEXAS
 COMPARATIVE BALANCE SHEETS
 CRIME CONTROL FUND
 SEPTEMBER 30, 2022 AND 2021

ASSETS	<u>2022</u>	<u>2021</u>
Cash and Investments	\$ 77,864	\$ 94,917
Due From Other Governments	26,700	13,943
Due From Other Funds	687	171
Prepaid Expenses	<u>25,662</u>	<u>-</u>
 TOTAL ASSETS	 <u>\$ 130,913</u>	 <u>\$ 109,031</u>
 LIABILITIES AND FUND BALANCE		
 <i>Liabilities:</i>		
Accounts Payable	<u>\$ 1,222</u>	<u>\$ -</u>
<i>Total Liabilities</i>	<u>1,222</u>	<u>-</u>
 <i>Fund Balance:</i>		
Nonspendable:		
Prepaid Expenses	25,662	-
Restricted Fund Balance	<u>104,029</u>	<u>109,031</u>
<i>Total Fund Balance</i>	<u>129,691</u>	<u>109,031</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 130,913</u>	 <u>\$ 109,031</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, 2022 AND 2021

REVENUES	<u>2022</u>	<u>2021</u>
Taxes	\$ 115,710	\$ 98,917
Interest	108	86
Miscellaneous	-	494
	<hr/>	<hr/>
TOTAL REVENUES	115,818	99,497
	<hr/>	<hr/>
EXPENDITURES		
Salaries	2,154	1,712
Supplies	437	200
Contract Services	10,711	9,725
Miscellaneous	6,246	7,014
Capital Outlay	75,610	64,164
	<hr/>	<hr/>
TOTAL EXPENDITURES	95,158	82,815
	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over (Under) Expenditures	20,660	16,682
	<hr/>	<hr/>
Fund Balances at Beginning of Year	109,031	92,349
	<hr/>	<hr/>
Fund Balances at End of Year	\$ 129,691	\$ 109,031
	<hr/> <hr/>	<hr/> <hr/>

CITY OF KIRBY, TEXAS
 COMPARATIVE STATEMENT OF NET POSITION
 PROPRIETARY FUND
 WATERWORKS AND SEWER SYSTEM
 SEPTEMBER 30, 2022 AND 2021

ASSETS	2022	2021
<i>Current Assets:</i>		
Cash and Investments	\$ 2,909,488	\$ 2,631,393
Receivables - Customers	133,363	290,312
Allowance for Uncollectibles	(44,778)	(44,778)
Inventory of Supplies, at cost	28,732	26,085
Prepaid Items	31,353	31,353
<i>Total Current Assets</i>	3,058,158	2,934,365
<i>Restricted Assets:</i>		
Cash and Investments	243,033	228,230
<i>Total Restricted Assets</i>	243,033	228,230
<i>Capital Assets:</i>		
Utility Plant and Infrastructure	7,962,006	7,861,047
Transportation, Furniture and Equipment	809,325	802,640
Software	42,000	42,000
Total Depreciable and Amortizable Fixed Assets	8,813,331	8,705,687
Less Accumulated Depreciation and Amortization	(5,413,301)	(5,100,050)
Total Depreciable Fixed Assets, Net of Accumulated Depreciation and Amortization	3,400,030	3,605,637
Land	7,005	7,005
Construction in Progress	-	17,200
<i>Total Capital Assets</i>	3,407,035	3,629,842
TOTAL ASSETS	6,708,226	6,792,437
 DEFERRED OUTFLOWS OF RESOURCES		
Deferred Other Post Employment Benefit Outflows	3,479	4,282
Deferred Pension Related Outflows	22,998	60,766
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 26,477	\$ 65,048

CITY OF KIRBY, TEXAS
 COMPARATIVE STATEMENT OF NET POSITION
 PROPRIETARY FUND
 WATERWORKS AND SEWER SYSTEM (CONTINUED)
 SEPTEMBER 30, 2022 AND 2021

LIABILITIES	<u>2022</u>	<u>2021</u>
<i>Current Liabilities (Payable from Current Assets):</i>		
Accounts Payable	\$ 187,098	\$ 328,571
Accrued Vacation Leave Payable	13,524	13,524
Due to Other Funds	<u>370,313</u>	<u>122,797</u>
<i>Total Current Liabilities (Payable from Current Assets)</i>	<u>570,935</u>	<u>464,892</u>
<i>Current Liabilities (Payable from Restricted Assets):</i>		
Customer Deposits	<u>200,830</u>	<u>195,090</u>
<i>Total Current Liabilities (Payable from Restricted Assets)</i>	<u>200,830</u>	<u>195,090</u>
<i>Noncurrent Liabilities:</i>		
Net Other Post Employment Benefits Liability	19,120	16,873
Net Pension Liability	<u>27,577</u>	<u>99,811</u>
<i>Total Noncurrent Liabilities</i>	<u>46,697</u>	<u>116,684</u>
 TOTAL LIABILITIES	 <u>818,462</u>	 <u>776,666</u>
 DEFERRED INFLOWS OF RESOURCES		
Deferred Other Post Employment Benefit Inflows	-	895
Deferred Pension Related Inflows	<u>71,211</u>	<u>63,791</u>
 TOTAL DEFERRED INFLOWS OF RESOURCES	 <u>71,211</u>	 <u>64,686</u>
 NET POSITION		
Net Investment in Capital Assets	3,407,035	3,629,842
Unrestricted	<u>2,437,995</u>	<u>2,386,291</u>
 TOTAL NET POSITION	 <u>\$ 5,845,030</u>	 <u>\$ 6,016,133</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, 2022 AND 2021

	2022	2021
Operating Revenues		
Charges for Utility Service	\$ 2,113,863	\$ 2,258,042
Total Operating Revenues	2,113,863	2,258,042
Operating Expenses Before Depreciation		
Salaries and Benefits	287,644	294,500
Supplies	88,171	86,878
Maintenance	445,349	265,336
Contractual Services	832,336	842,887
Miscellaneous	44,580	35,490
Total Operating Expenses Before Depreciation	1,698,080	1,525,091
Operating Income Before Depreciation	415,783	732,951
Depreciation	313,251	307,651
Operating Income (Loss)	102,532	425,300
Other Income (Expense):		
Miscellaneous Income	17,790	7,331
Gain on Sale of Property and Equipment	-	7,650
Capital Improvement Fee	125,500	125,480
Total Other Income (Expense)	143,290	140,461
Net Income (Loss) Before Contributions and Transfers	245,822	565,761
Transfer In	183,075	-
Transfer Out	(600,000)	(600,000)
NET CHANGE IN NET ASSETS	(171,103)	(34,239)
Net Assets at Beginning of Year	6,016,133	6,050,372
Net Assets at End of Year	\$ 5,845,030	\$ 6,016,133

CITY OF KIRBY, TEXAS
 COMPARATIVE STATEMENTS OF CASH FLOWS
 PROPRIETARY FUND – WATERWORKS AND SEWER SYSTEM
 FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	2022	2021
Cash Flows From Operating Activities:		
Cash Received From Customers	\$ 2,270,812	\$ 2,257,304
Cash Paid for Employee Wages & Benefits	(312,535)	(303,918)
Cash Paid to Suppliers for Goods & Services	<u>(1,554,556)</u>	<u>(1,145,090)</u>
Net Cash Provided (Used) by Operating Activities	<u>403,721</u>	<u>808,296</u>
Cash Flows From Noncapital Financing Activities:		
Customer Deposits Received (Returned)	5,740	8,145
Interfund Payables (Receivables)	247,516	180,738
Transfers From (To) Other Funds	<u>(416,925)</u>	<u>(600,000)</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(163,669)</u>	<u>(411,117)</u>
Cash Flows From Capital and Related Financing Activities:		
Purchase/Construction of Capital Assets	(107,644)	(302,275)
Reduction of Construction in Progress	17,200	
Proceeds from Sale of Property and Equipment	-	7,650
Capital Improvement Fee	<u>125,500</u>	<u>125,480</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>35,056</u>	<u>(169,145)</u>
Cash Flows From Investing Activities:		
Investment Interest Received	<u>17,790</u>	<u>7,331</u>
Net Cash Provided (Used) by Investing Activities	<u>17,790</u>	<u>7,331</u>
Net Increase (Decrease) in Cash and Investments	<u>292,898</u>	<u>235,365</u>
Cash and Investments at Beginning of Year:		
Cash and Investments	2,631,393	2,407,503
Restricted Cash and Investments	<u>228,230</u>	<u>216,755</u>
	<u>2,859,623</u>	<u>2,624,258</u>
Cash and Investments at End of Year:		
Cash and Investments	2,909,488	2,631,393
Restricted Cash and Investments	<u>243,033</u>	<u>228,230</u>
	<u>\$ 3,152,521</u>	<u>\$ 2,859,623</u>

CITY OF KIRBY, TEXAS
 COMPARATIVE STATEMENTS OF CASH FLOWS (CONTINUED)
 PROPRIETARY FUND – WATERWORKS AND SEWER SYSTEM
 FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	2022	2021
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:		
Operating Income	\$ 102,532	\$ 425,300
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation	313,251	307,651
(Increase) Decrease in Operating Assets:		
Accounts Receivable, Net	156,949	(738)
Inventory	(2,647)	(2,711)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(141,473)	88,212
Net Other Post Employment Benefits Liability	2,847	1,747
Net Pension Liability	(27,046)	(11,165)
Total Adjustments to Reconcile Operating Activities	301,881	382,996
Net Cash Provided (Used) by Operating Activities	\$ 404,413	\$ 808,296

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			
	2013	2014	2015	2016
<i>Governmental Activities:</i>				
Net Investment in Capital Assets	\$ 3,724,502	\$ 4,008,917	\$ 4,100,365	\$ 4,392,841
Restricted	111,846	113,823	128,677	143,161
Unrestricted	2,651,840	2,594,666	1,998,429	2,004,817
<i>Total Governmental Activities Net Position</i>	<u>\$ 6,488,188</u>	<u>\$ 6,717,406</u>	<u>\$ 6,227,471</u>	<u>\$ 6,540,819</u>
<i>Business-Type Activities</i>				
Net Investment in Capital Assets	\$ 1,567,593	\$ 1,638,382	\$ 1,647,546	\$ 2,194,389
Unrestricted	2,551,847	2,951,101	3,160,295	2,846,714
<i>Total Business-Type Activities Net Position</i>	<u>\$ 4,119,440</u>	<u>\$ 4,589,483</u>	<u>\$ 4,807,841</u>	<u>\$ 5,041,103</u>
<i>Primary Government:</i>				
Net Investment in Capital Assets	\$ 5,292,095	\$ 5,647,299	\$ 5,747,911	\$ 6,587,230
Restricted	111,846	113,823	128,677	143,161
Unrestricted	5,203,687	5,545,767	5,158,724	4,851,531
<i>Total Primary Government Net Position</i>	<u>\$ 10,607,628</u>	<u>\$ 11,306,889</u>	<u>\$ 11,035,312</u>	<u>\$ 11,581,922</u>

Note: Years 2013-2014 and 2013-2017 have not been restated for adoption of GASB No. 68 and 75, respectively.

TABLE 1

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 5,035,893	\$ 6,405,061	\$ 7,022,580	\$ 8,551,440	\$ 9,273,019	\$ 9,536,496
244,175	266,062	324,865	329,110	525,665	558,982
1,842,191	1,697,957	1,097,313	1,154,205	1,750,118	2,216,681
<u>\$ 7,122,259</u>	<u>\$ 8,369,080</u>	<u>\$ 8,444,758</u>	<u>\$ 10,034,755</u>	<u>\$ 11,548,802</u>	<u>\$ 12,312,159</u>
\$ 2,848,484	\$ 3,307,990	\$ 3,468,243	\$ 3,635,218	\$ 3,629,842	\$ 3,407,035
2,434,054	2,209,687	2,323,205	2,415,154	2,386,291	2,437,995
<u>\$ 5,282,538</u>	<u>\$ 5,517,677</u>	<u>\$ 5,791,448</u>	<u>\$ 6,050,372</u>	<u>\$ 6,016,133</u>	<u>\$ 5,845,030</u>
\$ 7,884,377	\$ 9,713,051	\$ 10,490,823	\$ 12,186,658	\$ 12,902,861	\$ 12,943,531
244,175	266,062	324,865	329,110	525,665	558,982
4,276,245	3,907,644	3,420,518	3,569,359	4,136,409	4,654,676
<u>\$ 12,404,797</u>	<u>\$ 13,886,757</u>	<u>\$ 14,236,206</u>	<u>\$ 16,085,127</u>	<u>\$ 17,564,935</u>	<u>\$ 18,157,189</u>

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

	Fiscal Year			
	2013	2014	2015	2016
Expenses				
<i>Governmental Activities:</i>				
City Council	\$ 15,371	\$ 14,998	\$ 16,584	\$ 14,640
City Administration	274,783	364,335	307,722	350,302
Police Protection	986,230	1,130,297	1,168,328	1,187,043
Municipal Court	68,588	85,913	77,507	78,609
Fire/EMS Protection	869,188	1,021,875	1,024,146	1,119,147
Animal Services	119,469	187,405	185,112	162,342
Parks and Pools	181,654	175,536	156,870	120,971
Streets and Shops	466,804	238,368	198,816	243,800
Crime Control	-	-	12,800	3,932
Capital Outlay	-	-	-	-
General City Operations	641,586	590,052	580,041	592,236
Interest on Long-Term Debt	154,771	66,215	54,755	43,593
<i>Total Governmental Activities Expenses</i>	<u>3,778,444</u>	<u>3,874,994</u>	<u>3,782,681</u>	<u>3,916,615</u>
<i>Business-Type Activities:</i>				
Waterworks and Sewer	1,214,855	1,280,736	1,435,095	1,491,352
<i>Total Business-Type Activities</i>	<u>1,214,855</u>	<u>1,280,736</u>	<u>1,435,095</u>	<u>1,491,352</u>
Total Primary Government Expenses	<u>\$ 4,993,299</u>	<u>\$ 5,155,730</u>	<u>\$ 5,217,776</u>	<u>\$ 5,407,967</u>
Program Revenues				
<i>Governmental Activities:</i>				
Charges for service:				
City Administration	\$ 139,635	\$ 173,287	\$ 139,334	\$ 129,184
Police Protection	207,637	226,322	207,467	194,596
Municipal Court	11,935	13,115	11,372	9,335
Fire/EMS Protection	725,217	649,039	724,899	757,284
Animal Services	28,774	24,668	32,685	21,612
Parks and Pools	47,143	48,406	14,714	22,009
Streets and Shops	149,818	58,639	54,769	100,983
Operating Grants and Contributions	118,184	58,914	98,901	12,982
Capital Grants and Contributions	171,325	221,168	123,413	5,225
<i>Total Governmental Activities Program Revenues</i>	<u>1,599,668</u>	<u>1,473,558</u>	<u>1,407,554</u>	<u>1,253,210</u>
<i>Business-Type Activities:</i>				
Charges for Service:				
Waterworks and Sewer	2,006,266	2,148,590	2,128,367	2,102,299
Operating Grants and Contributions	-	14,600	14,600	14,600
<i>Total Business-Type Activities Program Revenues</i>	<u>2,006,266</u>	<u>2,163,190</u>	<u>2,142,967</u>	<u>2,116,899</u>
Total Primary Government Program Revenues	<u>\$ 3,605,934</u>	<u>\$ 3,636,748</u>	<u>\$ 3,550,521</u>	<u>\$ 3,370,109</u>

Note: Years 2013-2014 and 2013-2017 have not been restated for adoption of GASB No. 68 and 75, respectively.

TABLE 2

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 9,102	\$ 9,725	\$ 11,247	\$ 9,356	\$ 9,973	\$ 15,860
375,472	411,408	415,317	433,537	355,901	334,277
1,199,691	1,360,462	1,477,042	1,508,866	1,394,533	1,287,190
66,948	80,364	116,761	92,398	75,801	87,051
1,174,209	1,164,356	1,525,672	1,572,144	1,622,088	1,330,004
174,050	181,596	200,954	206,809	139,857	118,457
180,450	170,789	177,890	166,932	138,442	178,142
289,198	342,784	264,477	153,803	316,060	212,199
17,923	7,085	38,281	51,462	27,651	95,157
-	-	90	-	-	-
594,593	689,511	818,170	749,957	803,949	904,008
29,867	182,314	246,010	225,141	214,907	203,424
<u>4,111,503</u>	<u>4,600,394</u>	<u>5,291,911</u>	<u>5,170,405</u>	<u>5,099,162</u>	<u>4,765,769</u>
<u>1,497,686</u>	<u>1,573,653</u>	<u>1,665,912</u>	<u>1,642,852</u>	<u>1,832,742</u>	<u>2,011,331</u>
<u>1,497,686</u>	<u>1,573,653</u>	<u>1,665,912</u>	<u>1,642,852</u>	<u>1,832,742</u>	<u>2,011,331</u>
<u>\$ 5,609,189</u>	<u>\$ 6,174,047</u>	<u>\$ 6,957,823</u>	<u>\$ 6,813,257</u>	<u>\$ 6,931,904</u>	<u>\$ 6,777,100</u>
\$ 133,921	\$ 137,426	\$ 144,806	\$ 102,362	\$ 93,987	\$ 27,358
213,476	206,402	251,136	172,974	203,257	187,821
11,018	10,020	13,302	7,934	10,587	8,610
678,215	716,628	712,078	889,087	851,520	109,595
17,164	23,584	11,344	10,385	11,630	9,029
191,036	170,474	67,894	97,651	312,941	171,570
110,441	205,074	64,169	59,609	87,319	69,758
13,108	19,064	12,132	47,143	13,544	337,135
178,457	1,009,589	287,710	1,241,901	699,081	9,210
<u>1,546,836</u>	<u>2,498,261</u>	<u>1,564,571</u>	<u>2,629,046</u>	<u>2,283,866</u>	<u>930,086</u>
<u>2,124,664</u>	<u>2,143,638</u>	<u>2,236,901</u>	<u>2,232,641</u>	<u>2,258,042</u>	<u>2,113,863</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>2,124,664</u>	<u>2,143,638</u>	<u>2,236,901</u>	<u>2,232,641</u>	<u>2,258,042</u>	<u>2,113,863</u>
<u>\$ 3,671,500</u>	<u>\$ 4,641,899</u>	<u>\$ 3,801,472</u>	<u>\$ 4,861,687</u>	<u>\$ 4,541,908</u>	<u>\$ 3,043,949</u>

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

	Fiscal Year			
	2013	2014	2015	2016
Net (Expenses) Revenue				
Governmental Activities	\$ (2,178,776)	\$ (2,401,436)	\$ (2,375,127)	\$ (2,663,405)
Business-Type Activities	791,411	882,454	707,872	625,547
Total Primary Government Net Expenses	<u>\$ (1,387,365)</u>	<u>\$ (1,518,982)</u>	<u>\$ (1,667,255)</u>	<u>\$ (2,037,858)</u>
Governmental Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes:				
Property Taxes	\$ 1,377,806	\$ 1,392,306	\$ 1,395,907	\$ 1,599,652
Franchise Taxes	611,447	368,225	392,387	374,303
Sales Taxes	288,525	308,925	377,765	467,895
Interest and Investment Earnings	5,237	4,491	6,212	8,488
Gain on Sale of Property and Equipment	5,665	7,540	3,685	-
Miscellaneous	32,228	18,180	3,447	150
Transfers	533,294	530,987	528,612	526,265
Total Governmental Activities	<u>2,854,202</u>	<u>2,630,654</u>	<u>2,708,015</u>	<u>2,976,753</u>
Business-Type Activities:				
Interest and Investment Earnings	4,728	4,128	5,683	8,912
Capital Improvement Fee	93,069	114,449	124,840	125,068
Gain on Sale of Property and Equipment	-	-	-	-
Transfers	(533,294)	(530,987)	(528,612)	(526,265)
Total Business-Type Activities	<u>(435,497)</u>	<u>(412,410)</u>	<u>(398,089)</u>	<u>(392,285)</u>
Total Primary Government	<u>\$ 2,418,705</u>	<u>\$ 2,218,244</u>	<u>\$ 2,309,926</u>	<u>\$ 2,584,468</u>
Changes In Net Position				
Government Activities	\$ 675,426	\$ 229,218	\$ 332,888	\$ 313,348
Business-Type Activities	355,914	470,044	309,783	233,262
Total Primary Government	<u>\$ 1,031,340</u>	<u>\$ 699,262</u>	<u>\$ 642,671</u>	<u>\$ 546,610</u>

Note: Years 2013-2014 and 2013-2017 have not been restated for adoption of GASB No. 68 and 75, respectively.

TABLE 2 (Continued)

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ (2,564,667)	\$ (2,102,133)	\$ (3,727,340)	\$ (2,541,359)	\$ (2,815,296)	\$ (3,835,683)
626,978	569,985	570,989	589,789	425,300	102,532
<u>\$ (1,937,689)</u>	<u>\$ (1,532,148)</u>	<u>\$ (3,156,351)</u>	<u>\$ (1,951,570)</u>	<u>\$ (2,389,996)</u>	<u>\$ (3,733,151)</u>
\$ 1,676,596	\$ 1,987,771	\$ 2,235,886	\$ 2,613,336	\$ 2,630,610	\$ 2,891,161
410,832	424,334	400,883	375,514	375,998	431,611
447,958	460,789	467,948	572,346	676,169	791,811
12,698	47,660	206,040	84,771	15,832	63,447
-	-	-	-	-	-
73,625	16,208	12,261	5,389	30,734	4,085
524,398	480,000	480,000	480,000	600,000	416,925
<u>3,146,107</u>	<u>3,416,762</u>	<u>3,803,018</u>	<u>4,131,356</u>	<u>4,329,343</u>	<u>4,599,040</u>
13,803	28,778	46,732	24,253	7,331	17,790
125,052	124,888	124,912	124,882	125,480	125,500
-	-	11,138	-	7,650	-
<u>(524,398)</u>	<u>(480,000)</u>	<u>(480,000)</u>	<u>(480,000)</u>	<u>(600,000)</u>	<u>(416,925)</u>
<u>(385,543)</u>	<u>(326,334)</u>	<u>(297,218)</u>	<u>(330,865)</u>	<u>(459,539)</u>	<u>(273,635)</u>
<u>\$ 2,760,564</u>	<u>\$ 3,090,428</u>	<u>\$ 3,505,800</u>	<u>\$ 3,800,491</u>	<u>\$ 3,869,804</u>	<u>\$ 4,325,405</u>
\$ 581,440	\$ 1,314,629	\$ 75,678	\$ 1,589,997	\$ 1,514,047	\$ 763,357
241,435	243,651	273,771	258,924	(34,239)	(171,103)
<u>\$ 822,875</u>	<u>\$ 1,558,280</u>	<u>\$ 349,449</u>	<u>\$ 1,848,921</u>	<u>\$ 1,479,808</u>	<u>\$ 592,254</u>

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

	Fiscal Year			
	2013	2014	2015	2016
Nonspendable Fund Balance:				
Inventory	\$ 38,751	\$ 37,213	\$ 25,341	\$ 28,031
Prepaid Items	1,800	20,476	-	24,056
Total Nonspendable Fund Balance	<u>40,551</u>	<u>57,689</u>	<u>25,341</u>	<u>52,087</u>
Restricted Fund Balance:				
PEG Capital Fee	36,989	52,377	72,470	90,531
Public Safety	49,564	48,806	47,774	41,560
Debt Service	21,630	7,799	5,181	5,352
Capital Projects	-	-	-	-
Crime Control	-	-	11,342	70,038
Total Restricted Fund Balance	<u>108,183</u>	<u>108,982</u>	<u>136,767</u>	<u>207,481</u>
Unassigned Fund Balance	<u>2,481,307</u>	<u>2,413,631</u>	<u>2,649,935</u>	<u>2,562,130</u>
Total Governmental Funds	<u><u>\$ 2,630,041</u></u>	<u><u>\$ 2,580,302</u></u>	<u><u>\$ 2,812,043</u></u>	<u><u>\$ 2,821,698</u></u>

TABLE 3

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 41,094	\$ 57,047	\$ 32,092	\$ 30,604	\$ 43,882	\$ 42,800
-	-	-	-	-	25,662
<u>41,094</u>	<u>57,047</u>	<u>32,092</u>	<u>30,604</u>	<u>43,882</u>	<u>68,462</u>
106,971	122,556	138,328	154,099	169,870	182,840
33,625	34,307	39,155	39,617	43,933	46,369
24,590	46,158	52,199	32,595	189,568	211,928
-	6,854,747	6,801,202	6,430,536	6,400,130	6,419,388
78,730	78,025	94,783	92,349	109,031	104,029
<u>243,916</u>	<u>7,135,793</u>	<u>7,125,667</u>	<u>6,749,196</u>	<u>6,912,532</u>	<u>6,964,554</u>
<u>2,557,474</u>	<u>2,478,739</u>	<u>1,940,979</u>	<u>1,930,830</u>	<u>2,482,378</u>	<u>2,819,665</u>
<u>\$ 2,842,484</u>	<u>\$ 9,671,579</u>	<u>\$ 9,098,738</u>	<u>\$ 8,710,630</u>	<u>\$ 9,438,792</u>	<u>\$ 9,852,681</u>

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

	Fiscal Year			
	2013	2014	2015	2016
REVENUES				
Taxes	\$ 1,660,467	\$ 1,692,482	\$ 1,805,335	\$ 2,032,449
Franchise Fees	611,447	368,334	392,387	374,303
Licenses and Permits	245,197	151,691	120,472	163,113
Intergovernmental	-	9,506	9,927	9,524
Charges for Services	792,848	832,152	848,030	836,697
Grants	289,509	270,576	212,387	8,284
Fines and Penalties	216,749	236,897	215,934	201,310
Miscellaneous	37,462	22,671	15,928	9,040
TOTAL REVENUES	3,853,679	3,584,309	3,620,400	3,634,720
EXPENDITURES				
Current:				
City Council	15,371	14,999	16,584	14,640
City Administration	237,634	354,310	293,582	320,787
Police Protection	806,440	959,275	940,556	997,070
Municipal Court	86,282	83,052	76,474	75,378
Fire\EMS Protection	727,368	859,513	864,149	897,342
Animal Services	112,343	182,249	179,575	159,783
Parks and Pool	181,713	173,049	157,439	116,663
Streets and Shops	213,560	240,973	203,779	239,064
Crime Control	-	-	12,799	3,933
General City Operations	641,586	365,572	349,549	348,991
Capital Projects/Outlay	455,075	503,271	818,371	697,727
Debt Service:				
Principal	350,000	365,000	419,110	485,386
Interest and Fiscal Charges	81,875	71,313	72,757	69,153
Bond Issue Costs	-	-	-	-
TOTAL EXPENDITURES	3,909,247	4,172,576	4,404,724	4,425,917
Excess (Deficiency) of Revenues Over (Under) Expenditures	(55,568)	(588,267)	(784,324)	(791,197)
OTHER FINANCING SOURCES (USES)				
Transfers In	658,294	800,987	810,112	808,265
Transfers Out	(125,000)	(270,000)	(281,500)	(282,000)
Capital Contributions	-	-	-	-
Proceeds from Sale of Asset	5,665	7,540	3,685	2,750
Proceeds from Debt Financing	-	-	-	-
Proceeds from Capital Lease	-	-	483,768	271,837
TOTAL OTHER FINANCING SOURCES (USES)	538,959	538,527	1,016,065	800,852
Net Change in Fund Balance	\$ 483,391	\$ (49,740)	\$ 231,741	\$ 9,655
Debt Service as a percentage of noncapital expenditures	12.50%	11.89%	13.71%	14.87%

TABLE 4

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 2,116,885	\$ 2,436,124	\$ 2,704,999	\$ 3,151,489	\$ 3,290,419	\$ 3,682,350
410,832	424,334	400,883	375,514	375,998	431,611
336,376	413,684	161,377	182,549	427,648	266,115
10,821	10,245	10,592	9,150	10,478	10,649
798,743	827,423	846,066	883,678	964,828	265,405
180,745	1,018,408	289,249	1,279,894	701,652	335,695
222,141	214,227	262,518	179,093	211,534	194,016
66,316	58,658	214,206	96,727	23,561	78,106
<u>4,142,859</u>	<u>5,403,103</u>	<u>4,889,890</u>	<u>6,158,094</u>	<u>6,006,118</u>	<u>5,263,947</u>
9,102	9,726	11,248	9,356	9,974	15,860
330,228	394,542	391,415	397,582	359,319	362,091
1,051,141	1,214,035	1,331,899	1,375,310	1,334,924	1,242,260
64,122	79,173	89,348	93,459	75,813	67,541
985,773	984,990	1,277,522	1,400,409	1,496,232	1,196,583
198,509	187,723	178,208	188,761	128,576	101,348
145,416	146,470	170,294	168,317	140,176	181,052
256,891	311,711	259,556	156,518	313,766	278,723
49,513	62,083	48,171	81,572	82,815	95,158
353,217	389,952	519,201	427,421	428,950	477,127
675,192	1,645,831	974,223	2,153,505	947,990	704,762
507,640	440,800	421,997	329,265	346,198	321,739
53,605	37,184	273,744	249,263	236,726	222,739
-	140,017	-	-	-	-
<u>4,680,349</u>	<u>6,044,237</u>	<u>5,946,826</u>	<u>7,030,738</u>	<u>5,901,459</u>	<u>5,266,983</u>
<u>(537,490)</u>	<u>(641,134)</u>	<u>(1,056,936)</u>	<u>(872,644)</u>	<u>104,659</u>	<u>(3,036)</u>
916,152	732,000	725,894	474,589	759,224	612,309
(391,754)	(252,000)	(245,894)	5,411	(159,224)	(195,384)
-	-	-	-	-	-
33,878	5,212	4,095	4,536	23,503	-
-	6,985,017	-	-	-	-
-	-	-	-	-	-
<u>558,276</u>	<u>7,470,229</u>	<u>484,095</u>	<u>484,536</u>	<u>623,503</u>	<u>416,925</u>
<u>\$ 20,786</u>	<u>\$ 6,829,095</u>	<u>\$ (572,841)</u>	<u>\$ (388,108)</u>	<u>\$ 728,162</u>	<u>\$ 413,889</u>
14.01%	14.05%	13.99%	11.86%	11.77%	11.93%

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

TABLE 5

Fiscal Year	Property	Sales & Use	Franchise	Total
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	467,948	400,883	3,447,974
2021	2,614,250	676,169	375,998	3,666,417
2022	2,890,539	791,811	431,611	4,113,961

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
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
2021	296,825,383	127,517,006	41,118,972	383,223,417	0.728626
2022	337,618,387	126,586,409	42,739,724	421,465,072	0.698942

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

Fiscal Period	City	Judson School District	Bexar County	Alamo College District	San Antonio RA	Total
2013	0.710978	1.425	0.296187	0.1492	0.017370	2.59869
2014	0.729376	1.425	0.296187	0.1492	0.017798	2.61751
2015	0.729376	1.420	0.283821	0.1492	0.017500	2.59985
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
2021	0.698942	1.275	0.277429	0.1492	0.018580	2.41900
2022	0.685667	1.270	0.276331	0.1492	0.018580	2.39973

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

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

TABLE 8

<u>Taxpayer</u>	<u>2022</u>			<u>2013</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Americold San Antonio Propco, LLC	\$ 21,409,940	1	5.08%			
HEB Grocery Company, LP	14,473,610	2	3.43%			
HEB LP	10,214,450	3	2.42%			
Yes Springfield Meadows, LLC	6,676,110	4	1.58%			
Kirby Country Oaks, LLC	6,052,260	5	1.44%			
Siddons Holdings, LLC	2,465,940	6	0.59%	\$ 1,396,170	4	0.64%
AJC Rental Corporation	2,438,500	7	0.58%	3,020,143	1	1.39%
Yes Homesales, LLC	2,256,440	8	0.54%	2,777,080	3	1.28%
Thompson QT of Texas LLC	2,000,000	9	0.47%			
Clark Construction of TX Inc	1,715,000	10	0.41%			
Churchill Family Trust				2,825,000	2	1.30%
Time Warner Cable				1,134,709	5	0.52%
Schertz Bank and Trust				1,083,460	6	0.50%
Mr. Richard Owen				803,580	7	0.37%
Main Street Properties				718,310	8	0.33%
Ms. Marie Ann Kalinowski				685,260	9	0.32%
Southwestern Bell Telephone				645,523	10	0.30%
Total	\$ 69,702,250		16.54%	\$ 15,089,235		6.95%

Total taxable assessed value of \$421,465,072

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
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%	24,477	1,405,655	98.55%
2016	1,533,321	1,500,645	97.87%	4,781	1,505,426	98.18%
2017	1,662,953	1,651,564	99.32%	6,605	1,658,169	99.71%
2018	2,092,969	2,073,293	99.06%	4,369	2,077,662	99.27%
2019	2,356,087	2,347,747	99.65%	3,494	2,351,241	99.79%
2020	2,686,999	2,643,132	98.37%	5,510	2,648,642	98.57%
2021	2,794,931	2,751,352	98.44%	2,142	2,753,494	98.52%
2022	3,033,726	3,030,443	99.89%	-	3,030,443	99.89%

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	Note Payable	Certificates of Obligation		
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
2021	6,205,000	-	160,033	-	6,365,033	728
2022	5,935,000	-	108,294	-	6,043,294	691

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*
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
2021	6,205,000	-	6,205,000	383,223,417	1.62%	716
2022	5,935,000	-	5,935,000	421,465,072	1.41%	680

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, 2022

TABLE 12

Taxable Value		\$	<u>421,465,072</u>
Debt Limit - 10% of taxable value [1]			42,146,507
Amount of Debt Applicable to Debt Limit:			
Total Bonded Debt	\$		5,935,000
Less Net Position in Debt Service Fund			<u>211,928</u>
Total Amount of Debt Applicable to Debt Limit			<u>5,723,072</u>
Legal Debt Margin		\$	<u>36,423,435</u>

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

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Debt Limit	\$ 22,792,577	\$ 28,683,807	\$ 32,285,316	\$ 36,863,440
Total Net Debt Applicable to Limit	<u>(655,410)</u>	<u>(7,283,859)</u>	<u>(6,919,318)</u>	<u>(6,432,405)</u>
Legal Debt Margin	<u>\$ 22,137,167</u>	<u>\$ 21,399,948</u>	<u>\$ 25,365,998</u>	<u>\$ 30,431,035</u>

	<u>2021</u>	<u>2022</u>
Debt Limit	\$ 38,322,342	\$ 42,146,507
Total Net Debt Applicable to Limit	<u>(6,015,432)</u>	<u>(5,723,072)</u>
Legal Debt Margin	<u>\$ 32,306,910</u>	<u>\$ 36,423,435</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
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	1,366	3.2%
2018	8705	44,063	38.20	1,475	3.3%
2019	8747	37,781	35.70	1,563	3.0%
2020	8723	42,412	37.90	1,526	7.7%
2021	8664	45,918	35.40	1,526	4.5%
2022	8709	43,565	37.50	1,489	3.5%

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	2022			2013		
	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	2.03%	20,000	3	2.09%
USAA	18,300	3	1.68%	17,000	4	1.38%
Northside ISD	13,498	4	1.20%	12,751	5	1.33%
City of San Antonio	11,185	5	1.03%	11,731	6	1.33%
Methodist Healthcare System	9,620	6	0.89%	8,000	9	0.84%
North East ISD	8,386	7	0.77%	10,522	8	1.10%
San Antonio ISD	7,338	8	0.68%	7,374	10	0.77%
Baptist Healthcare System	6,383	9	0.59%			
JPMorgan Chase & Co.	5,152	10	0.47%			
Lackland Air Force Base				37,097	1	3.87%
Fort Sam Houston				32,000	2	3.34%
Randolph Air Force Base				11,068	7	1.16%
Total	<u>181,862</u>		<u>16.70%</u>	<u>167,543</u>		<u>17.21%</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, 2022, 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 June 29, 2023.

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.



Armstrong, Vaughan & Associates, P.C.

June 29, 2023