



Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

### **Communication with Those Charged with Governance**

March 23, 2026

Honorable Mayor and Members of the City Council  
Kirby, Texas

We have audited the financial statements of the City of Kirby, Texas as of and for the year ended September 30, 2025, and have issued our report thereon dated March 23, 2026. Professional standards require that we advise you of the following matters relating to our audit.

#### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated September 11, 2025, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City of Kirby, Texas solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

#### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you. We did additional review of information as a result of information from City Council.

## **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, our firm, and our network firms has complied with all relevant ethical requirements regarding independence.

## **Qualitative Aspects of the Entity's Significant Accounting Practices**

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City of Kirby, Texas are described in Note A to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their applications during 2025 except for the following:

As of October 1, 2024, the City implemented GASB Statement 101 related to compensated absences. Previously, only leave that would be paid on termination was recorded as a liability on the financial statements. Now, any leave that accumulates and is more likely than not to be taken as time off or paid out, is included in the liability. The impact of the new standard increased the liability for compensated absences and required a prior period adjustment.

No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive estimates affecting the financial statements were:

- Useful lives of depreciable assets
- Allowance for uncollectible property taxes and other receivables
- Pension and other post employment benefit related factors such as investment return and mortality rates
- Accumulated leave more likely than not to be taken as time off or paid out

We evaluated the key factors and assumptions used to develop these estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the City of Kirby, Texas's financial statements relate to the employees' retirement systems.

## **Significant Difficulties Encountered during the Audit**

We encountered no difficulties in dealing with management relating to the performance of the audit.

### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all identified misstatements. A prior period adjustment was performed to comply with GASB 101.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. We assisted management with routine accruals and capitalization of property and equipment entries.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City of Kirby, Texas' financial statements or the auditor's report. No such disagreements arose during our audit.

### **Representations Requested from Management**

We have requested certain representations from management that are included in the management representation letter dated March 23, 2026.

### **Management Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the City of Kirby, Texas, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risk of material misstatement. During the audit procedure, we became aware of an opportunity to strengthen the City's operations with the following suggestion:

#### Garbage Collections/Contractor Payments

The current waste management contractor is billing the city \$78,899 more than the revenue generated from garbage collection from the customers. Consequently, there is a sustained financial loss that fails to factor in the processing of customer payments, or the wear and tear of the streets caused by the garbage trucks.

We recommend a rate study for the utility system.

#### Lack of Judicial Authorization for Dismissed Citations and Associated Fee Adjustments

During our review of dismissed citations, we identified that 12 of the 25 cases tested (48%) lacked a judge's signature authorizing the dismissal. Additionally, 3 of these unsigned dismissals reflected a reduction of associated fees to zero. The effect is potential understatement of revenues.

We recommend that management strengthen internal controls by implementing system controls to prevent dismissal or fee modification without proper authorization and performing periodic supervisory reviews to ensure compliance with established procedures

#### Inconsistent Application of Permit Fee Schedule

During our testing of permits exceeding \$1,000, we identified 25 instances where the fee charged did not align with the approved fee schedule. The discrepancies included both undercharges and overcharges relative to the established schedule. As a result, there may be loss of revenue and a weakness in internal controls over fee calculations and collection.

We recommend the city establish clear procedures and guidance for determining permit fees and provide additional training to staff on accurately interpreting and applying the fee schedule. City Council should consider implementing a review process to verify that the fees assessed and collected agree with the approved schedule.

#### Untimely Budget Amendments

We noted that a budget amendment was approved in December 2025, more than two months after the fiscal year-end. Additionally, the amendment to the water sewer fund was presented in a manner that reflect fund balance as a revenue which reduced the transparency regarding the true source of the funding.

We recommend that the budget amendments are prepared and approved prior to the year-end when necessary. Remember that it is important to consider the department as a whole when budgeting. The budget amendments should properly classify fund balance as it should not appear as a revenue type item. The budget should have correctly shown the revenues less the expenses resulting in a use of fund balance on the reports.

#### Lack of Review and Verification of Excessive Water Bills

The City has improved its process to review and verify unusually high water bills, there was an instance in the prior year that had to be adjusted in the current year for approximately \$68,144. This indicates a weakness in the timely identification and correction of billing discrepancies.

We recommend that management run the report that flags and identifies unusually large discrepancies in the meter readings and billing. The differences should be corrected immediately.

#### **Other Information in Documents Containing Audited Financial Statements**

Pursuant to professional standards, our responsibility as auditors for other information in documents containing City of Kirby, Texas' audited financial statements does not extend beyond the financial information identified in the report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards we have, with respect to the supplementary information accompanying the financial statements, made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This information is intended solely for the information and use of the City Council and management. This restriction is not intended to limit distribution of this report, which is a matter of public record.

It has been our pleasure to provide these services to the City of Kirby, Texas. We urge you to contact us if we can be of further assistance.

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.

March 23, 2026

**CITY OF KIRBY, TEXAS**

**ANNUAL  
FINANCIAL REPORT**

**FISCAL YEAR ENDED  
SEPTEMBER 30, 2025**





CITY OF KIRBY, TEXAS  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2025

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CITY OF KIRBY, TEXAS

PRINCIPAL OFFICERS

CITY OFFICIALS

MAYOR

JANESHIA A. GRIDER

CITY COUNCIL

MIKE GRANT

MARIA LOZANO

SUSAN STREET

SYLVIA APODACA

ENGLAN SANCHEZ

JOE MOLINA

CITY MANAGER

DR. BRIAN ROWLAND

ATTORNEY

DENTON NAVARRO RODRIGUEZ BERNAL SANTEE & ZECH, P.C.



Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To 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 accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Kirby, Texas, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise City of Kirby, Texas's basic financial statements as listed in the table of contents.

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 of City of Kirby, Texas, as of September 30, 2025, 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.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 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 audit opinions.

***Emphasis of Matters - Change in Accounting Principle and Additional Fund***

As discussed in Note N to the financial statements, the City implemented GASB Statement 101 related to compensated absences as of October 1, 2024. Our opinion has not been modified with respect to this matter. Additionally, the City absorbed the Senior Citizen Center and it is included in the report as a non-major fund.

***Responsibilities of Management for the Financial Statements***

City of Kirby'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 basic financial statements

The comparative financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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, the supplementary information is 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.

Respectfully,

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

Armstrong, Vaughan & Associates, P.C.  
March 23, 2026

## 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, 2025. Please read it in conjunction with the City’s financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

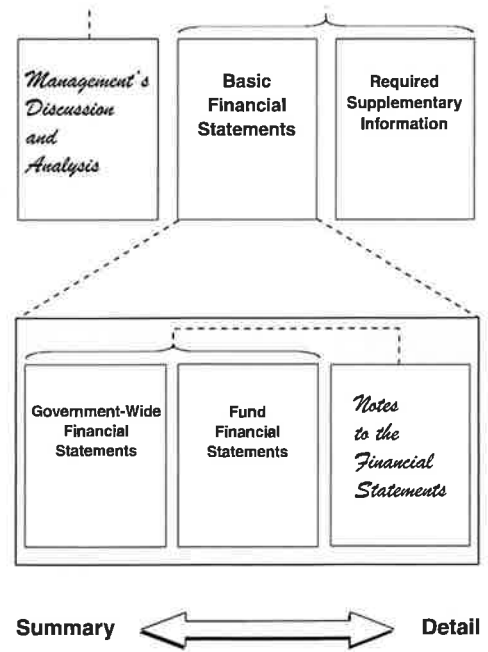
- The City’s total combined net position was approximately \$21.2 million at September 30, 2025.
- During the year, the City’s governmental activities expenses were \$684 thousand less than the \$7.5 million generated in taxes, other revenues for governmental activities, grants, and transfers.
- The General Fund reported a fund balance of \$2.4 million at the end of the fiscal year which represents a \$359 thousand decrease from the previous fiscal year.
- The City’s Waterworks/Sewer Fund reported a \$198 thousand decrease in net position over the previous fiscal year. Net position at September 30, 2025 was \$5.5 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.

<b>Figure A-2. Major Features of the District's Government-wide and Fund Financial Statements</b>			
<b>Fund Statements</b>			
<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 \$9.5 million. Of these costs, 78% were for primary government activities, while the Water/Sewer utility accounted for the remaining balance.

Net Position: The City’s combined net position was \$21.2 million at September 30, 2025. (See Table A-1).

**Table A-1**  
City's Net Position

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2025	2024	2025	2024	2025	2024	2025-2024
<i>Assets:</i>							
Current Assets	\$ 4,540,709	\$ 7,413,657	\$ 1,267,889	\$ 2,863,404	\$ 5,808,598	\$ 10,277,061	-43.5%
Non-Current Assets	18,958,674	16,655,253	4,843,890	3,405,114	23,802,564	20,060,367	18.7%
<i>Total Assets</i>	<u>\$ 23,499,383</u>	<u>\$ 24,068,910</u>	<u>\$ 6,111,779</u>	<u>\$ 6,268,518</u>	<u>\$ 29,611,162</u>	<u>\$ 30,337,428</u>	-2.4%
<i>Deferred Outflows:</i>							
Deferred Pension/OPEB Related Outflows	231,608	420,686	62,172	106,341	293,780	527,027	-44.3%
<i>Liabilities:</i>							
Current Liabilities	2,234,866	2,750,683	477,264	452,734	2,712,130	3,203,417	-15.3%
Long-Term Liabilities	5,526,181	6,335,054	143,999	166,738	5,670,180	6,501,792	-12.8%
<i>Total Liabilities</i>	<u>7,761,047</u>	<u>9,085,737</u>	<u>621,263</u>	<u>619,472</u>	<u>8,382,310</u>	<u>9,705,209</u>	-13.6%
<i>Deferred Inflows:</i>							
Deferred Pension/OPEB Related Inflows	124,032	168,288	34,848	39,232	158,880	207,520	-23.4%
<i>Net Position:</i>							
Invested in Capital Assets	13,630,634	12,638,566	4,843,890	3,405,114	18,474,524	16,043,680	15.2%
Restricted	590,811	590,366	-	-	590,811	590,366	0.1%
Unrestricted	1,624,467	2,006,639	673,950	2,311,041	2,298,417	4,317,680	-46.8%
<i>Total Net Position</i>	<u>\$ 15,845,912</u>	<u>\$ 15,235,571</u>	<u>\$ 5,517,840</u>	<u>\$ 5,716,155</u>	<u>\$ 21,363,752</u>	<u>\$ 20,951,726</u>	2.0%

**Changes in net position.** The City's total revenues were \$10.0 million. A significant portion 32.2%, of the City's revenue comes from property taxes, 38.9% comes from charges for services (Water, Court, EMS, etc.), 14.0% comes from grant and contribution, 12.4% relates to Franchise and Sales taxes, while only 2.5% comes from investment earnings and miscellaneous.

### Governmental Activities

- Property tax rates decreased from \$0.591244 to \$0.579799.
- Property tax revenue decreased by \$70 thousand. Although there was a decrease property tax rate and the valuation of taxable property increased, the collection rates decreased from the prior year.
- The cost of all governmental activities this year was approximately \$7.4 million. The amount that taxpayers paid for these activities through property taxes was \$3.2 million. Some of the cost was paid by those who directly benefited from the programs in the amount of \$1.7 thousand and an additional \$1.3 million by grants and contributions. The remaining revenue came from sales tax, franchise tax and miscellaneous income.

## Business-Type Activities

- Operating revenues not including transfers from other funds of the City's Water & Sewer business-type activities decreased to \$2.4 million in the current year, with a decrease of \$100 thousand or 4.0%. Operating expenses not including transfers to other funds increased to \$2.0 million in the current year, with a decrease of \$84 thousand or 4.3%.

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

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2025	2024	2025	2024	2025	2024	2025-2024
<b>Primary Government:</b>							
City Council	\$ 29	\$ 19	\$ -	\$ -	\$ 29	\$ 19	52.6%
City Administration	483	419	-	-	483	419	15.3%
Police Protection	1,782	1,663	-	-	1,782	1,663	7.2%
Municipal Court	119	90	-	-	119	90	32.2%
Fire/EMS Protection	1,462	1,588	-	-	1,462	1,588	-7.9%
Animal Services	162	136	-	-	162	136	19.1%
Parks and Pool	265	235	-	-	265	235	12.8%
Streets and Shops	312	224	-	-	312	224	39.3%
Crime Control	124	127	-	-	124	127	-2.4%
Crime Control	197	-	-	-	197	-	100.0%
General City Operations	2,251	1,222	-	-	2,251	1,222	84.2%
Water/Sewer Utility	-	-	1,968	1,957	1,968	1,957	0.6%
Interest on Long-Term Debt	183	194	-	-	183	194	-5.7%
<b>Total Government Activities</b>	<b>7,369</b>	<b>5,917</b>	<b>1,968</b>	<b>1,957</b>	<b>9,337</b>	<b>7,874</b>	<b>347.3%</b>
<b>Program Revenues:</b>							
Charges for Services	1,665	625	2,213	2,301	3,878	2,926	32.5%
Operating Grants & Contributions	1,015	65	-	-	1,015	65	1461.5%
Capital Grants & Contributions	263	502	123	123	386	625	-38.2%
<b>General Revenues:</b>							
General Property Tax	3,218	3,288	-	-	3,218	3,288	-2.1%
Sales Taxes	861	824	-	-	861	824	4.5%
Franchise Taxes	376	377	-	-	376	377	-0.3%
Investment Earning	99	177	104	118	203	295	-31.2%
Miscellaneous	41	45	2	-	43	45	-4.4%
<b>Total Revenues and Transfers</b>	<b>7,538</b>	<b>5,903</b>	<b>2,442</b>	<b>2,542</b>	<b>9,980</b>	<b>8,445</b>	<b>1422.4%</b>
<b>INCREASE IN NET POSITION BEFORE TRANSFERS</b>	<b>169</b>	<b>(14)</b>	<b>474</b>	<b>585</b>	<b>643</b>	<b>571</b>	<b>12.7%</b>
Transfers In (Out)	673	600	(673)	(600)	-	-	0.0%
<b>CHANGE IN NET POSITION</b>	<b>842</b>	<b>586</b>	<b>(198)</b>	<b>(15)</b>	<b>643</b>	<b>571</b>	<b>12.7%</b>
<b>BEGINNING NET POSITION</b>	<b>15,235</b>	<b>14,649</b>	<b>5,716</b>	<b>5,731</b>	<b>20,951</b>	<b>20,380</b>	<b>2.8%</b>
<b>Prior Period Adjustment</b>	<b>(231)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(231)</b>	<b>-</b>	<b>100.0%</b>
<b>ENDING NET POSITION</b>	<b>\$ 15,846</b>	<b>\$ 15,235</b>	<b>\$ 5,518</b>	<b>\$ 5,716</b>	<b>\$ 21,364</b>	<b>\$ 20,951</b>	<b>2.0%</b>

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			Net Cost of		
	Services		% Change	Services		% Change
	2025	2024	2025-2024	2025	2024	2025-2024
General Government	\$ 512	\$ 438	16.9%	\$ (1,249)	\$ 442	-382.6%
Police Protection & Court	1,901	1,753	8.4%	1,697	1,561	8.7%
Fire/EMS Protection	1,462	1,588	-7.9%	1,136	1,189	-4.5%
Animal Services	162	136	19.1%	149	128	16.4%
Parks and Recreation	265	235	12.8%	184	184	0.0%
Highways and Streets	312	224	39.3%	(49)	173	-128.3%
Crime Control	125	127	-1.6%	125	127	-1.6%
General City Operations	2,251	1,222	84.2%	2,251	726	210.1%
Water and Sewer	1,968	1,957	0.6%	369	467	-21.0%
Debt Service - Interest & Fiscal Charges	183	194	-5.7%	183	194	-5.7%

## FINANCIAL ANALYSIS OF THE CITY’S FUNDS

Revenues from governmental fund types totaled \$7.5 million for the current year vs. \$5.9 million in the prior year, an increase of \$1.6 million. Expenditures from governmental fund types totaled \$7.6 million for the current year vs \$5.9 million for the prior year. The increase is due to capital projects funded in the current year. The general fund balance decreased by \$381 thousand from \$2.6 million in the prior year to \$2.2 million in the current year. Of this amount \$1.6 million is unassigned and represents 3 months of average operating in reserve. Long term debt and notes payable paid during the year totaled \$341 thousand in principal and \$190 thousand in interest.

### General Fund Budgetary Highlights

The city revised its original budget with no net increase in the budget. Expenditures for the year were \$149.5 thousand more than the final budgeted amount.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of fiscal year 2025, the City had invested \$49.2 million in a broad range of capital assets, including land, equipment, buildings, vehicles, infrastructure, software and construction in progress (See Table A-4). This amount represents a net increase of \$4.6 million or 10.4% over last year.

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

	Governmental		Business-Type		Total		Total
	Activities		Activities				Percentage
	2025	2024	2025	2024	2025	2024	Change
							2025-2024
Land	\$ 836	\$ 836	\$ 7	\$ 7	\$ 843	\$ 843	0.0%
Buildings and Improvements	6,280	5,233	-	-	6,280	5,233	20.0%
Vehicles and Equipment	4,344	4,211	879	879	5,223	5,090	2.6%
Infrastructure	18,071	17,376	-	-	18,071	17,376	4.0%
Construction in Progress	8,748	7,648	2,169	553	10,917	8,201	33.1%
Utility Plant	-	-	8,022	7,962	8,022	7,962	0.8%
Totals at Historical Cost	38,279	35,304	11,077	9,401	49,356	44,705	10.4%
Total Accumulated Depreciation	(19,321)	(18,649)	(6,233)	(5,995)	(25,554)	(24,644)	3.7%
Net Capital Assets	\$ 18,958	\$ 16,655	\$ 4,844	\$ 3,406	\$ 23,802	\$ 20,061	18.6%

The city purchased various pieces of equipment regarding 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 \$5.68 million in bonds and Notes Payable outstanding 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
	2025	2024	2025	2024	2025	2024	Change
							2025-2024
Bonds Payable and Notes Payable	\$ 5,329	\$ 5,683	\$ -	\$ -	\$ 5,329	\$ 5,683	-6.2%
Total Bonds & Notes Payable	\$ 5,329	\$ 5,683	\$ -	\$ -	\$ 5,329	\$ 5,683	-6.2%

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

The 2025/2026 property tax rate increased from 0.579799/100 to 0.600903/100 as a result of the approved budget. This will result in approximately \$3,185,000 of projected property tax revenues for the General Fund. General Fund Revenues (includes transfer from other funds and use of fund balance for 2025/2026 total \$7,777,452). General Fund Expenditures budgeted for 2025/2026 total \$7,777,452.

## **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, 2025

ASSETS	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<i>Current Assets:</i>			
Cash and Investments	\$ 2,982,661	\$ 1,160,501	\$ 4,143,162
Receivables (net of allowances for uncollectibles)			
Taxes	326,078	-	326,078
Accounts	196,586	287,365	483,951
EMS Charges	78,590	-	78,590
Due from Other Governments	157,367	-	157,367
Internal Balances	518,649	(518,649)	-
Inventories	66,861	22,299	89,160
Prepaid Items	44,437	25,270	69,707
<i>Restricted Assets:</i>			
Cash and Investments	169,480	291,103	460,583
<i>Total Current Assets</i>	<u>4,540,709</u>	<u>1,267,889</u>	<u>5,808,598</u>
<i>Capital Assets:</i>			
Land	836,120	7,005	843,125
Buildings & Improvements	6,279,724	-	6,279,724
Utility Plant and Easements	-	8,021,781	8,021,781
Transportation & Equipment	4,344,246	878,564	5,222,810
Infrastructure	18,071,072	-	18,071,072
Construction in Progress	8,748,197	2,169,485	10,917,682
Accumulated Depreciation and Amortization	<u>(19,320,685)</u>	<u>(6,232,945)</u>	<u>(25,553,630)</u>
<i>Total Capital Assets</i>	<u>18,958,674</u>	<u>4,843,890</u>	<u>23,802,564</u>
<b>TOTAL ASSETS</b>	<u>23,499,383</u>	<u>6,111,779</u>	<u>29,611,162</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
<i>Deferred Other Post Employment</i>			
Benefit Outflows	2,431	608	3,039
Deferred Pension Related Outflows	<u>229,177</u>	<u>61,564</u>	<u>290,741</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 231,608</u>	<u>\$ 62,172</u>	<u>\$ 293,780</u>

See accompanying notes to basic financial statements.

CITY OF KIRBY, TEXAS  
STATEMENT OF NET POSITION (CONTINUED)  
SEPTEMBER 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>LIABILITIES</b>			
<i>Current Liabilities:</i>			
Accounts Payable and Other Current Liabilities	\$ 1,239,721	\$ 263,344	\$ 1,503,065
Accrued Vacation Leave Payable	363,435	6,540	369,975
Accrued Interest Payable	14,644	-	14,644
Unearned Revenue	245,605	-	245,605
Payable from Restricted Assets:			
Customer Deposits	-	207,380	207,380
Due within One Year	371,461	-	371,461
<i>Total Current Liabilities</i>	<u>2,234,866</u>	<u>477,264</u>	<u>2,712,130</u>
<i>Long-Term Liabilities:</i>			
Due in more than One Year	4,956,579	-	4,956,579
Net Other Post Employment Benefits Liability	105,480	26,370	131,850
Net Pension Liability	464,122	117,629	581,751
<i>Total Long-Term Liabilities:</i>	<u>5,526,181</u>	<u>143,999</u>	<u>5,670,180</u>
<b>TOTAL LIABILITIES</b>	<u>7,761,047</u>	<u>621,263</u>	<u>8,382,310</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Other Post Employment Benefit Inflows			
	19,426	4,856	24,282
Deferred Pension Related Inflows	104,606	29,992	134,598
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>124,032</u>	<u>34,848</u>	<u>158,880</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	13,630,634	4,843,890	18,474,524
Restricted for:			
Debt Service Fund	231,944	-	231,944
PEG Capital Fees	208,680	-	208,680
Public Safety	150,187	-	150,187
Unrestricted	1,624,467	673,950	2,298,417
<b>TOTAL NET POSITION</b>	<u>\$ 15,845,912</u>	<u>\$ 5,517,840</u>	<u>\$ 21,363,752</u>

See accompanying notes to basic financial statements.

CITY OF KIRBY, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2025

<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>
<b>Primary Government:</b>				
Governmental Activities:				
City Council	\$ 28,828	\$ -	\$ -	\$ -
City Administration	482,819	954,419	806,682	-
Police Protection	1,782,492	175,366	17,665	-
Municipal Court	118,853	11,487	-	-
Fire/EMS Protection	1,462,155	320,798	-	5,161
Animal Services	162,099	13,240	-	-
Parks and Pool	265,253	81,750	-	-
Streets and Shops	312,324	103,533	-	258,031
Crime Control	124,549	-	-	-
Senior Center	196,697	4,763	190,901	-
General City Operations	2,251,229	-	-	-
Interest on Long-Term Debt	182,675	-	-	-
<i>Total Governmental Activities</i>	<u>7,369,973</u>	<u>1,665,356</u>	<u>1,015,248</u>	<u>263,192</u>
<b>Business-Type Activities</b>				
Water\Sewer Utility	1,967,889	2,213,226	-	123,440
<i>Total Business-Type Activities</i>	<u>1,967,889</u>	<u>2,213,226</u>	<u>-</u>	<u>123,440</u>
<b>Total Primary Government</b>	<u>\$ 9,337,862</u>	<u>\$ 3,878,582</u>	<u>\$ 1,015,248</u>	<u>\$ 386,632</u>
<b>General Revenues:</b>				
Taxes				
General Property Taxes				
Franchise Taxes				
Sales Taxes				
Interest and Investment Earnings				
Miscellaneous				
<b>Total General Revenues</b>				
Transfers				
Change in Net Position				
Net Position at Beginning of Year				
Prior Period Adjustments				
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
\$ (28,828)	\$ -	\$ (28,828)
1,278,282	-	1,278,282
(1,589,461)	-	(1,589,461)
(107,366)	-	(107,366)
(1,136,196)	-	(1,136,196)
(148,859)	-	(148,859)
(183,503)	-	(183,503)
49,240	-	49,240
(124,549)	-	(124,549)
(1,033)	-	(1,033)
(2,251,229)	-	(2,251,229)
(182,675)	-	(182,675)
<u>(4,426,177)</u>	<u>-</u>	<u>(4,426,177)</u>
-	368,777	368,777
-	368,777	368,777
(4,426,177)	368,777	(4,057,400)
3,217,750	-	3,217,750
375,828	-	375,828
861,451	-	861,451
99,405	103,916	203,321
40,482	2,155	42,637
<u>4,594,916</u>	<u>106,071</u>	<u>4,700,987</u>
673,163	(673,163)	-
841,902	(198,315)	643,587
15,235,571	5,716,155	20,951,726
(231,561)	-	-
<u>\$ 15,845,912</u>	<u>\$ 5,517,840</u>	<u>\$ 21,595,313</u>

CITY OF KIRBY, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2025

	Major Fund General Fund	Major Fund Debt Service	Major Fund Capital Projects Fund
<b>ASSETS</b>			
Cash and Investments	\$ 2,686,575	\$ 205,963	\$ -
Receivables (net of allowances for uncollectibles):			
Property Taxes	286,246	39,832	-
EMS Charges	78,590	-	-
Accounts	119,746	-	-
Restricted Cash	169,376	-	104
Due from Other Governments	135,505	-	-
Due from Other Funds	108,251	793	581,982
Prepaid Items	36,680	-	-
Inventory of Supplies, At Cost	66,861	-	-
	<u>\$ 3,687,830</u>	<u>\$ 246,588</u>	<u>\$ 582,086</u>
<b>TOTAL ASSETS</b>			
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>			
<i>Liabilities:</i>			
Accounts Payable	\$ 274,808	\$ -	\$ 545,286
Accrued Expenditures	387,127	-	-
Unavailable Revenues	245,605	-	-
Due to Other Funds	64,125	-	36,800
<i>Total Liabilities</i>	<u>971,665</u>	<u>-</u>	<u>582,086</u>
<i>Deferred Inflow of Resources:</i>			
Unavailable EMS Revenues	78,590	-	-
Unavailable Tax Revenues	286,246	39,832	-
<i>Total Deferred Inflow of Resources</i>	<u>364,836</u>	<u>39,832</u>	<u>-</u>
<i>Fund Balances:</i>			
Nonspendable:			
Prepaid Items	36,680	-	-
Inventory	66,861	-	-
Restricted for:			
PEG Capital Fees	208,680	-	-
Court Security	57,557	-	-
Debt Service	-	206,756	-
Crime Control	-	-	-
Unassigned	1,981,551	-	-
	<u>2,351,329</u>	<u>206,756</u>	<u>-</u>
	<u>2,351,329</u>	<u>206,756</u>	<u>-</u>
	<u>2,351,329</u>	<u>206,756</u>	<u>-</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
	<u>\$ 3,687,830</u>	<u>\$ 246,588</u>	<u>\$ 582,086</u>

See accompanying notes to basic financial statements.

<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
\$ 90,123	\$ 2,982,661
-	326,078
-	78,590
76,840	196,586
-	169,480
21,862	157,367
-	691,026
7,757	44,437
-	66,861
<u>\$ 196,582</u>	<u>\$ 4,713,086</u>
\$ 27,112	\$ 847,206
5,388	392,515
-	245,605
71,452	172,377
<u>103,952</u>	<u>1,657,703</u>
-	78,590
-	326,078
-	404,668
7,757	44,437
-	66,861
-	208,680
-	57,557
-	206,756
84,873	84,873
-	1,981,551
<u>92,630</u>	<u>2,650,715</u>
<u>\$ 196,582</u>	<u>\$ 4,713,086</u>

CITY OF KIRBY, TEXAS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2025

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS		\$ 2,650,715
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.		18,958,674
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unearned in the funds.		404,668
Compensated absences are not due and payable in the current period and, therefore, not reported in the funds.		(363,435)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, not reported in the funds.		(5,328,040)
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	(464,122)	
Pension Related Deferred Outflows	229,177	
Pension Related Deferred Inflows	<u>(104,606)</u>	(339,551)
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	(105,480)	
OPEB Related Deferred Outflows	2,431	
OPEB Related Deferred Inflows	<u>(19,426)</u>	(122,475)
Accrued interest payable on long-term-bonds is not due and payable in the current period and, therefore, not reported in the funds.		<u>(14,644)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		<u>\$ 15,845,912</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, 2025

	<u>Major Fund</u>	<u>Major Fund</u>	<u>Major Fund</u>
	General	Debt	Capital Projects
	Fund	Service	Fund
<b>REVENUES</b>			
Taxes	\$ 3,477,992	\$ 471,626	\$ -
Franchise Fees	375,828	-	-
Licenses and Permits	212,676	-	-
Intergovernmental	10,818	-	-
Fines and Penalties	185,083	-	-
Charges for Services	304,638	-	-
Donations and Grants	1,072,905	-	-
Miscellaneous	129,337	286	9,145
<b>TOTAL REVENUES</b>	<u>5,769,277</u>	<u>471,912</u>	<u>9,145</u>
<b>EXPENDITURES</b>			
<i>Current:</i>			
City Council	28,829	-	-
City Administration	482,316	-	-
Police Protection	1,741,827	-	-
Municipal Court	126,288	-	-
Fire\EMS Protection	1,415,515	-	-
Animal Services	169,631	-	-
Parks and Pool	270,863	-	-
Streets and Shops	404,935	-	-
Crime Control	-	-	-
Senior Citizen Center			
General City Operations	814,048	-	-
Capital Projects/Outlay	1,179,199	-	1,795,997
<i>Debt Service:</i>			
Principal	40,936	300,000	-
Interest and Fiscal Charges	6,354	183,675	-
<b>TOTAL EXPENDITURES</b>	<u>6,680,741</u>	<u>483,675</u>	<u>1,795,997</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (911,464)</u>	<u>\$ (11,763)</u>	<u>\$ (1,786,852)</u>

See accompanying notes to basic financial statements.

<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
\$ 129,583	\$ 4,079,201
-	375,828
-	212,676
-	10,818
-	185,083
4,763	309,401
194,717	1,267,622
1,113	139,881
<u>330,176</u>	<u>6,580,510</u>
-	28,829
-	482,316
-	1,741,827
-	126,288
-	1,415,515
-	169,631
-	270,863
-	404,935
124,549	124,549
196,697	196,697
-	814,048
-	2,975,196
-	340,936
-	190,029
<u>321,246</u>	<u>9,281,659</u>
<u>\$ 8,930</u>	<u>\$ (2,701,149)</u>

CITY OF KIRBY, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	<u>Major Fund</u> General Fund	<u>Major Fund</u> Debt Service	<u>Major Fund</u> Capital Projects Fund
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In (Out)	\$ 552,097	\$ -	\$ 121,066
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>552,097</u>	<u>-</u>	<u>121,066</u>
Net Change in Fund Balance	(359,367)	(11,763)	(1,665,786)
<b>Fund Balances at Beginning of Year</b>	<u>2,710,696</u>	<u>218,519</u>	<u>1,665,786</u>
<b>Fund Balances at End of Year</b>	<u>\$ 2,351,329</u>	<u>\$ 206,756</u>	<u>\$ -</u>

See accompanying notes to basic financial statements.

<u>Nonmajor Fund</u>	<u>Total Governmental Funds</u>
<u>\$ -</u>	<u>\$ 673,163</u>
<u>-</u>	<u>673,163</u>
8,930	(2,027,986)
<u>83,700</u>	<u>4,678,701</u>
<u><u>\$ 92,630</u></u>	<u><u>\$ 2,650,715</u></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, 2025

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ (2,027,986)

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	2,279,676	
Depreciation Expense	<u>(671,775)</u>	2,303,421

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. (21,326)

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	300,000	
Amortization of Bond Premium	13,502	
Repayment of Note Payable Principal	<u>40,936</u>	354,438

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. 288,286

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. 4,307

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	(60,238)	
Accrued Interest	<u>1,000</u>	<u>(59,238)</u>

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES \$ 841,902



CITY OF KIRBY, TEXAS  
STATEMENT OF NET POSITION – PROPRIETARY FUND  
SEPTEMBER 30, 2025

	Business-Type Activities
	Waterworks\Sewer Fund
<b>ASSETS</b>	
<i>Current Assets:</i>	
Cash and Investments	\$ 1,160,501
Receivables (net of allowances for uncollectibles):	
Accounts	287,365
Inventories	22,299
Prepaid Items	25,270
Due From Other Funds	63,333
<i>Total Current Assets</i>	1,558,768
 <i>Restricted Assets:</i>	
Cash and Investments	291,103
<i>Total Restricted Assets</i>	291,103
 <i>Capital Assets:</i>	
Land	7,005
Utility Plant and Easements	8,021,781
Transportation & Equipment	878,564
Accumulated Depreciation	(6,232,945)
<i>Capital Assets, net of accumulated depreciation</i>	4,843,890
<b>TOTAL ASSETS</b>	<b>6,693,761</b>
 <b>DEFERRED OUTFLOWS</b>	
Deferred Other Post Employment Benefit Outflows	608
Deferred Pension Related Outflows	61,564
<b>TOTAL DEFERRED OUTFLOWS</b>	<b>\$ 62,172</b>

CITY OF KIRBY, TEXAS  
STATEMENT OF NET POSITION – PROPRIETARY FUND (CONTINUED)  
SEPTEMBER 30, 2025

	Business-Type Activities
	Waterworks\Sewer Fund
<b>LIABILITIES</b>	
<i>Current Liabilities:</i>	
Accounts Payable	\$ 263,344
Accrued Compensated Absences	6,540
Due to Other Funds	581,982
<i>Total Current Liabilities</i>	851,866
 <i>Current Liabilities Payable from Restricted Assets:</i>	
Customer Deposits	207,380
<i>Total Current Liabilities Payable from Restricted Assets</i>	207,380
 <i>Noncurrent Liabilities:</i>	
Net Other Post Employment Benefits Liability	26,370
Net Pension Liability	117,629
<i>Total Noncurrent Liabilities</i>	143,999
 <b>TOTAL LIABILITIES</b>	 1,203,245
 <b>DEFERRED INFLOWS</b>	
Deferred Other Post Employment Benefit Inflows	4,856
Deferred Pension Related Inflows	29,992
 <b>TOTAL DEFERRED INFLOWS</b>	 34,848
 <b>NET POSITION</b>	
Net Investment in Capital Assets	4,843,890
Unrestricted	673,950
 <b>TOTAL NET POSITION</b>	 \$ 5,517,840

CITY OF KIRBY, TEXAS  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
PROPRIETARY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Business-Type Activities
	Waterworks\Sewer Fund
<b>OPERATING REVENUES</b>	
Charges for Utility Service	\$ 2,213,226
<b>TOTAL OPERATING REVENUES</b>	2,213,226
 <b>OPERATING EXPENSES</b>	
Salaries and Benefits	512,976
Supplies	82,310
Maintenance and Repairs	256,073
Contractual Services	861,503
Miscellaneous	17,245
Depreciation	237,782
<b>TOTAL OPERATING EXPENSES</b>	1,967,889
 <b>OPERATING INCOME (LOSS)</b>	 245,337
 <b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest Income	103,916
Capital Improvement Fee	123,440
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	229,511
 <b>Net Income (Loss) Before Contributions and Transfers</b>	 474,848
Transfers In (Out)	(673,163)
 <b>CHANGE IN NET POSITION</b>	 (198,315)
 <b>NET POSITION AT BEGINNING OF YEAR</b>	 5,716,155
 <b>NET POSITION AT END OF YEAR</b>	 \$ 5,517,840

CITY OF KIRBY, TEXAS  
STATEMENT OF CASH FLOWS - PROPRIETARY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Business-Type Activities
	Waterworks\Sewer Fund
<b>Cash Flows From Operating Activities:</b>	
Cash Received From Customers	\$ 2,453,005
Cash Paid for Employee Wages & Benefits	(493,585)
Cash Paid to Suppliers for Goods & Services	(1,207,387)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>752,033</b>
<b>Cash Flows From Noncapital Financing Activities:</b>	
Customer Deposits Received (Returned)	4,830
Interfund Payables (Receivables)	(1,330,361)
Transfers From (To) Other Funds	(673,163)
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>(1,998,694)</b>
<b>Cash Flows From Capital and Related Financing Activities:</b>	
Purchase/Construction of Capital Assets	(1,676,558)
Capital Improvement Fee	123,440
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(1,550,963)</b>
<b>Cash Flows From Investing Activities:</b>	
Investment Interest Received	103,916
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>103,916</b>
<b>Net Increase (Decrease) in Cash and Investments</b>	<b>(2,693,708)</b>
<b>Cash and Investments at Beginning of Year:</b>	
Cash and Investments	3,865,956
Restricted Cash and Investments	279,356
	4,145,312
<b>Cash and Investments at End of Year:</b>	
Cash and Investments	1,160,501
Restricted Cash and Investments	291,103
	<b>\$ 1,451,604</b>

CITY OF KIRBY, TEXAS  
STATEMENT OF CASH FLOWS - PROPRIETARY FUND (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Business-Type Activities
	Waterworks\Sewer Fund
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>	
Operating Income	\$ 245,337
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation	237,782
(Increase) Decrease in Operating Assets:	
Accounts Receivable, Net	239,779
Inventory	(271)
Prepaid Items	(7,340)
Deferred Pension Related Outflows	44,511
Deferred Other Post Employment Benefit Outflows	(342)
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	17,355
Accrued Wages & Benefits	2,345
Deferred Other Post Employment Benefit Inflows	2,564
Deferred Pension Related Inflows	(4,896)
Net Other Post Employment Benefits Liability	512
Net Pension Liability	(25,303)
<b>Total Adjustments to Reconcile     Operating Activities</b>	<b>506,696</b>
 <b>Net Cash Provided (Used) by Operating Activities</b>	 <b>\$ 752,033</b>

CITY OF KIRBY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025

**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 Center was in the process of dissolving and moving into the City as of September 30, 2025. The Center was shown as a fund in these financial statements. The Center was completely dissolved after September 30, 2025.

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, 2025

**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, 2025

**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 funds: Crime Control District and the Senior Citizen Center.

**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, 2025

**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*.

The City's investments in pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool maintains a consistent net asset value per share that approximates the fair value of the underlying securities. These investments are reported at net asset value.

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, 2025

**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, 2025

**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 represent 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, 2025

**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, 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 a liability is reported for unpaid sick leave if it is more likely than not to be taken.

Liabilities for compensated absences are recognized in the fund statements to the extent the liabilities are more likely than not to be taken. 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, 2025

**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, 2025

**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.

CITY OF KIRBY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2025

**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, 2025, all of the City's deposits were fully collateralized. Of the bank balance, \$250,000 was covered by federal deposit insurance and the City's depository had a pledged letter of credit having a value of \$4,200,000 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, 2025

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

3. Fair Value Measurement (Continued)

As of September 30, 2025, the City’s recurring net asset 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 net asset values are determined on a recurring basis as of September 30, 2025:

	<u>Net Asset Value</u>	<u>Maturity in Days</u>
TexPool	\$ 2,238,809	20
Total Investments	\$ 2,238,809	

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, 2025, 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, 2025

**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, 2025

**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:

	Governmental Funds			Proprietary Fund	Total
	General Fund	Debt Service	Non-Major Fund	Waterworks\ Sewer Fund	
<i>Receivables:</i>					
Property Taxes	\$ 300,339	\$ 41,793	\$ -	\$ -	\$ 342,132
Less Allowance for Uncollectibles	(14,093)	(1,961)	-	-	(16,054)
Franchise Taxes	81,767	-	-	-	81,767
EMS Services	855,354	-	-	-	855,354
Less Allowance for Uncollectibles	(776,764)	-	-	-	(776,764)
Customer Accounts	-	-	-	417,837	417,837
Less Allowance for Uncollectibles	-	-	-	(130,472)	(130,472)
Other	37,979	-	76,840	-	114,819
Net Total Receivables	<u>\$ 484,582</u>	<u>\$ 39,832</u>	<u>\$ 76,840</u>	<u>\$ 287,365</u>	<u>\$ 888,619</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, 2025, restricted cash consists of \$169,376 of public, educational, and governmental fees held for return to franchise entity, \$291,103 of customer meter deposits, and \$104 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, 2024, upon which the fiscal 2025 levy was based, was \$586 million (i.e., market value less exemptions). The estimated market value was \$646 million, making the taxable value 87.6% of the estimated market value.

CITY OF KIRBY, TEXAS  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2025

**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, 2025, was \$0.579799 per \$100 of assessed value, which means that the City has a tax margin of \$1.920201 for each \$100 value and could increase its annual tax levy by approximately \$10.8 million based upon the present assessed valuation of \$564 million 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 no new tax rate to a referendum election, if petitioned by registered voters, when the no new revenue rate increases is more than three and a half percent (3.5%) of the previous year's effective 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 AND TRANSFERS**

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, 2025, balances of interfund amounts receivable or payable have been recorded as follows:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Water Sewer Fund	\$ 63,333	Reimbursement
Non Major Fund	General Fund	71,452	Reimbursement
General Fund	Debt Service Fund	793	Reimbursement
Water Sewer Fund	Capital Project Fund	581,982	Reimbursement
Capital Project Fund	General Fund	36,800	Reimbursement
		<u>\$ 754,360</u>	

CITY OF KIRBY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2025

**NOTE G -- CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2025, was as follows:

<u>Governmental Activities</u>	Balance 10/1/2024	Additions	Disposals/ Transfers	Balance 9/30/2025
Land	\$ 836,120	\$ -	\$ -	\$ 836,120
Buildings and Improvements	5,233,379	1,046,345	-	6,279,724
Transportation & Equipment	4,211,392	132,854	-	4,344,246
Infrastructure	17,375,552	-	695,520	18,071,072
Construction in Progress	7,647,720	1,795,997	(695,520)	8,748,197
	<u>35,304,163</u>	<u>2,975,196</u>	<u>-</u>	<u>38,279,359</u>
Less Accumulated Depreciation				
Buildings and Improvements	(2,786,763)	(186,219)	-	(2,972,982)
Transportation & Equipment	(3,123,036)	(257,637)	-	(3,380,673)
Infrastructure	(12,739,111)	(227,919)	-	(12,967,030)
	<u>(18,648,910)</u>	<u>(671,775)</u>	<u>-</u>	<u>(19,320,685)</u>
Governmental Capital Assets, Net	<u>\$ 16,655,253</u>	<u>\$ 2,303,421</u>	<u>\$ -</u>	<u>\$ 18,958,674</u>
 <u>Business-Type Activities</u>				
Land	\$ 7,005	\$ -	\$ -	\$ 7,005
Utility Plant	7,962,006	59,775	-	8,021,781
Transportation & Equipment	878,564	-	-	878,564
Construction in Progress	552,702	1,616,783	-	2,169,485
Totals at Historical Cost	<u>9,400,277</u>	<u>1,676,558</u>	<u>-</u>	<u>11,076,835</u>
Less Accumulated Depreciation				
Buildings and Improvements	(160,590)	(13,252)	-	(173,842)
Utility Plant	(5,021,035)	(194,389)	-	(5,215,424)
Transportation & Equipment	(813,538)	(30,141)	-	(843,679)
	<u>(5,995,163)</u>	<u>(237,782)</u>	<u>-</u>	<u>(6,232,945)</u>
Business-Type Capital Assets, Net	<u>\$ 3,405,114</u>	<u>\$ 1,438,776</u>	<u>\$ -</u>	<u>\$ 4,843,890</u>

Land and Construction in Progress are not depreciated.

CITY OF KIRBY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2025

**NOTE G -- CAPITAL ASSETS (Continued)**

Depreciation expense was charged to the governmental functions as follows:

City Administration	\$ 26,370
Fire Protection\EMS	137,829
Police Protection	130,495
Public Works	376,710
Animal Services	<u>371</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 671,775</u>

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

**Primary Government**

Long-term debt and obligations payable at September 30, 2025, comprise the following individual issues:

\$204,623 Note Payable for a 2022 Zipper equipment note payable in annual installments of \$47,292 through 2027; interest rate of 4.95%. The Zipper is included in the Capital Assets for a cost of \$204,623 with accumulated depreciation of \$29,232.	\$ 87,528
\$6,715,000 General Obligation Bonds, Series 2018 payable in annual installments of \$250,000 to \$475,000 through 2038; interest at 3.00% to 4.00%. This general obligation is not a direct placement.	<u>5,065,000</u>
<b><i>Total Governmental Long-Term Obligations</i></b>	<u><u>\$ 5,152,528</u></u>

The annual requirements to amortize all long-term bonded debt and obligations outstanding as of September 30, 2025, including interest payments, are as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2026	\$ 315,000	\$ 169,425	\$ 484,425
2027	325,000	156,625	481,625
2028	340,000	145,025	485,025
2029	350,000	132,925	482,925
2030	365,000	120,450	485,450
2031-2035	1,995,000	423,131	2,418,131
2036-2038	<u>1,375,000</u>	<u>78,107</u>	<u>1,453,107</u>
	<u>\$ 5,065,000</u>	<u>\$ 1,225,688</u>	<u>\$ 6,290,688</u>

CITY OF KIRBY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2025

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

Future payments under the notes payable are as follows:

Year Ending September 30,	Principal	Interest	Total
2026	\$ 42,960	\$ 4,332	\$ 47,292
2027	44,568	2,206	46,774
Total	<u>\$ 87,528</u>	<u>\$ 6,538</u>	<u>\$ 94,066</u>

**Changes in Long-Term Liabilities**

<u>Governmental Activities</u>	*Balance 10/1/2024	Additions	Reductions	Balance 9/30/2025	Due Within One Year
General Obligation Bonds, 2018	\$ 5,365,000	\$ -	\$ (300,000)	\$ 5,065,000	\$ 315,000
Premium	189,011	-	(13,499)	175,512	13,501
Note Payable	128,462	-	(40,934)	87,528	42,960
Compensated Absences	71,643	291,792	-	363,435	363,435
Net Pension Liability	897,636	-	(433,514)	464,122	-
Net OPEB Liability	109,379	8,704	(12,603)	105,480	-
Total Governmental Activities	<u>\$ 7,824,493</u>	<u>\$ 300,496</u>	<u>\$ (800,550)</u>	<u>\$ 6,261,077</u>	<u>\$ 734,896</u>
 <u>Business-Type Activities</u>					
Compensated Absences	\$ 6,540	\$ 6,540	\$ (6,540)	\$ 6,540	\$ 6,540
Net Pension Liability	142,932	51,255	(76,558)	117,629	-
Net OPEB Liability	23,806	12,673	(10,109)	26,370	-
Total Business-Type Activities	<u>234,818</u>	<u>70,468</u>	<u>(93,207)</u>	<u>150,539</u>	<u>6,540</u>
Total Primary Government	<u>\$ 8,059,311</u>	<u>\$ 370,964</u>	<u>\$ (893,757)</u>	<u>\$ 6,411,616</u>	<u>\$ 741,436</u>

\*Beginning Balances for Compensated Absences have been restated for a prior period adjustment

CITY OF KIRBY, TEXAS  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2025

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

Texas Municipal Retirement System

**1. Plan Description**

The City participates as one of over 938 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](http://www.tmr.com).

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

**2. Benefits Provided**

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

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

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

At the December 31, valuations and measurement dates, the following employees were covered by the benefit terms:

	2024	2023
Inactive employees or beneficiaries currently receiving benefits	44	44
Inactive employees entitled to but not yet receiving benefits	134	129
Active employees	54	41
	232	214

CITY OF KIRBY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2025

**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, 2025, 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 15.6% and 14.35% in calendar years 2024 and 2025, respectively. The City's contributions to TMRS for the year ended September 30, 2025 were \$398,903, 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, 2024, 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, 2024 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, 2025

**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%	7.10%
Core Fixed Income	6.00%	5.00%
Non-Core Fixed Income	6.00%	6.80%
Private Debt	13.00%	8.20%
Real Estate	12.00%	6.70%
Hedge Funds	5.00%	6.40%
Private Equity	13.00%	8.50%
Infrastructure	6.00%	6.00%
Other Private Markets	4.00%	7.30%
	<u>100.00%</u>	

CITY OF KIRBY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2025

**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, 2024:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2023	\$ 11,877,924	\$ 10,837,357	\$ 1,040,567
Changes for the year:			
Service Cost	455,603	-	455,603
Interest	797,964	-	797,964
Change of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	(6,811)	-	(6,811)
Changes of Assumptions	-	-	-
Contributions - Employer	-	408,906	(408,906)
Contributions - Employee	-	182,647	(182,647)
Net Investment Income	-	1,121,411	(1,121,411)
Benefit Payments, Including Refunds of Employee Contributions	(568,064)	(568,064)	-
Administrative Expense	-	(7,222)	7,222
Other Changes	-	(170)	170
Net Changes	678,692	1,137,508	(458,816)
Balance at December 31, 2024	\$ 12,556,616	\$ 11,974,865	\$ 581,751

**8. Discount Rate Sensitivity Analysis**

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current rate:

	Discount Rate 5.75%	Discount Rate 6.75%	Discount Rate 7.75%
Net Pension Liability (Asset)	\$ 2,377,862	\$ 581,751	\$ (874,381)

CITY OF KIRBY, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2025

**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](http://www.tmr.com).

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

For the year ended September 30, 2025, the City recognized pension expense of \$169,246. Also, as of September 30, 2025, 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	\$ -	\$ 16,038
Changes in Actuarial Assumptions	-	3,480
Differences Between Projected and Actual Investment Earnings	-	115,080
Contributions Subsequent to the Measurement Date	290,741	-
	\$ 290,741	\$ 134,598

Deferred outflows of resources in the amount of \$290,741 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, 2025. 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,	
2025	\$ (11,628)
2026	126,773
2027	(171,765)
2028	(77,978)
	\$ (134,598)

CITY OF KIRBY, TEXAS  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2025

**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:

	2024	2023
Inactive Employees or Beneficiaries Currently Receiving Benefits	25	25
Inactive Employees Entitled to but Not Yet Receiving Benefits	11	11
Active Employees	54	41
Total	90	77

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,		
2025	0.26%	0.15%
2024	0.28%	0.12%

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, 2017 to December 31, 2021. They were adopted in 2022 and first used in the December 31, 2022 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, 2025

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

Inflation	2.50%
Salary Increases	3.60% to 11.85% Including Inflation
Discount Rate	4.08%
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.
<b>Other Information:</b>	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, 2022 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, 2024, the measurement and actuarial valuation date, was calculated as follows:

	Total OPEB Liability
Balance at December 31, 2023	\$ 133,185
Changes for the year:	
Service Cost	5,590
Interest on Total OPEB Liability	5,069
Change of Benefit Terms	-
Difference Between Expected and Actual Experience	(1,487)
Changes of Assumptions or Other Inputs	(7,458)
Benefit Payments	(3,049)
Net Changes	(1,335)
Balance at December 31, 2024	\$ 131,850

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, 2025

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

The following presents the TOL of the City, calculated using the discount rate of 4.08% as well as what the City's TOL would be if it were calculated using a discount rate that is 1-percentage point lower (3.08%) and 1-percentage point higher (5.08%) than the current rate:

	Discount Rate 3.08%	Discount Rate 4.08%	Discount Rate 5.08%
Total OPEB Liability	\$ 158,190	\$ 131,850	\$ 111,440

For the year ended September 30, 2025, the City recognized OPEB expense of \$2,097 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	\$ -	\$ 5,845
Changes in Assumptions and Other Inputs	-	18,437
Contributions Subsequent to the Measurement Date	3,039	-
	\$ 3,039	\$ 24,282

Deferred outflows of resources in the amount of \$3,039 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, 2025. 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,	
2025	\$ (7,181)
2026	(12,507)
2027	(3,455)
2028	(1,139)
2029	-
Thereafter	-
	\$ (24,282)

CITY OF KIRBY, TEXAS  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2025

**NOTE K -- TRANSFERS**

Transfers during the year ended September 30, 2025, were as follows:

	Transfers	Purpose
<b>Primary Government:</b>		
General Fund/Water Sewer Fund	\$ 600,000	Transfer in Lieu of Taxes
Capital Project Fund/General Fund	47,903	Supplement Capital Projects
Capital Project Fund/Water Sewer Fund	73,163	Supplement Capital Projects
	\$ 721,066	

**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.

Grants

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

**NOTE 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.

CITY OF KIRBY, TEXAS  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2025

**NOTE N -- CHANGE IN ACCOUNTING PRINCIPLE/PRIOR PERIOD ADJUSTMENT**

As of October 1, 2024, the City implemented GASB Statement 101 related to compensated absences. Previously, only accumulated leave that was paid out on termination was included in the liability for compensated absences. Now, all leave that accumulates and is more likely than not to be taken as time off or paid out is included in the liability. This primarily added a portion of accumulated sick leave. The change required a prior period adjustment in the governmental activities and business-type activities as follows:

	Governmental Activities
Beginning Net Position, as Previously Reported	\$ 15,235,571
Change in Accounting Principle	
Increase in Accrued Compensated Absences	(231,561)
Beginning Net Position, Restated	\$ 15,004,010

## 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, 2025

	Budget Amounts		2025	Variance	2024
	Original	Final	Actual	Favorable	Actual
			Amounts	(Unfavorable)	Amounts
<b>REVENUES</b>					
Taxes	\$ 3,634,751	\$ 3,634,751	\$ 3,477,992	\$ (156,759)	\$ 3,403,646
Franchise Fees	388,500	388,500	375,828	(12,672)	377,446
Licenses and Fees	245,550	245,550	212,676	(32,874)	123,468
Intergovernmental Revenues	11,000	11,000	10,818	(182)	10,065
Charges for Services	350,800	350,800	304,638	(46,162)	285,174
Grants and Donations	560,500	560,500	1,072,905	512,405	59,110
Fines and Penalties	148,050	148,050	185,083	37,033	152,019
Miscellaneous	85,150	85,150	129,337	44,187	143,822
<b>TOTAL REVENUES</b>	<u>5,424,301</u>	<u>5,424,301</u>	<u>5,769,277</u>	<u>344,976</u>	<u>4,554,750</u>
<b>EXPENDITURES:</b>					
<i>City Council:</i>					
Salaries/Expenses	16,500	16,500	11,391	5,109	9,282
Supplies	7,100	7,100	2,218	4,882	6,919
Meeting and Travel	17,000	17,000	15,220	1,780	2,360
<i>Total City Council</i>	<u>40,600</u>	<u>40,600</u>	<u>28,829</u>	<u>11,771</u>	<u>18,561</u>
<i>City Administration:</i>					
Salaries & Benefits	493,612	493,612	439,851	53,761	375,095
Maintenance	15,000	15,000	17,133	(2,133)	13,922
Contract Services	21,500	21,500	13,830	7,670	17,292
Miscellaneous	13,000	13,000	11,502	1,498	5,691
<i>Total City Administration</i>	<u>543,112</u>	<u>543,112</u>	<u>482,316</u>	<u>60,796</u>	<u>412,000</u>
<i>Police Protection:</i>					
Salaries & Benefits	1,619,664	1,609,664	1,492,659	117,005	1,348,603
Supplies	73,500	73,500	81,812	(8,312)	61,956
Maintenance	105,351	105,351	149,227	(43,876)	145,717
Contract Services	9,000	9,000	2,142	6,858	6,599
Miscellaneous	13,000	13,000	15,987	(2,987)	8,795
<i>Total Police Protection</i>	<u>\$ 1,820,515</u>	<u>\$ 1,810,515</u>	<u>\$ 1,741,827</u>	<u>\$ 68,688</u>	<u>\$ 1,571,670</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, 2025

	Budget Amounts		2025	Variance	2024
	Original	Final	Actual Amounts	Favorable (Unfavorable)	Actual Amounts
<b>EXPENDITURES (CONTINUED)</b>					
<i>Municipal Court:</i>					
Salaries & Benefits	\$ 59,165	\$ 79,165	\$ 76,338	\$ 2,827	\$ 43,497
Supplies	1,000	1,000	2,113	(1,113)	452
Maintenance	13,000	13,000	12,863	137	12,864
Contract Services	31,000	31,000	34,974	(3,974)	33,196
<i>Total Municipal Court</i>	<u>104,165</u>	<u>124,165</u>	<u>126,288</u>	<u>(2,123)</u>	<u>90,009</u>
<i>Fire/EMS Protection:</i>					
Salaries & Benefits	1,234,389	1,224,389	1,140,686	83,703	1,196,101
Supplies	107,000	107,000	103,394	3,606	99,623
Maintenance	93,000	93,000	93,666	(666)	76,798
Contract Services	161,000	161,000	63,602	97,398	98,610
Miscellaneous	15,275	15,275	14,167	1,108	13,967
<i>Total Fire/EMS Protection</i>	<u>1,610,664</u>	<u>1,600,664</u>	<u>1,415,515</u>	<u>185,149</u>	<u>1,485,099</u>
<i>Animal Services:</i>					
Salaries & Benefits	123,425	123,425	131,186	(7,761)	84,952
Supplies	22,900	22,900	22,530	370	22,437
Maintenance	18,150	18,150	5,796	12,354	12,451
Contract Services	16,500	16,500	8,485	8,015	10,933
Miscellaneous	4,000	4,000	1,634	2,366	1,730
<i>Total Animal Services</i>	<u>184,975</u>	<u>184,975</u>	<u>169,631</u>	<u>15,344</u>	<u>132,503</u>
<i>Parks and Pools:</i>					
Salaries & Benefits	114,380	114,380	115,254	(874)	108,540
Supplies	26,200	26,200	21,753	4,447	24,442
Maintenance	55,500	55,500	72,160	(16,660)	53,672
Contract Services	67,000	67,000	61,696	5,304	53,495
Miscellaneous	1,000	1,000	-	1,000	-
<i>Total Parks and Pools</i>	<u>\$ 264,080</u>	<u>\$ 264,080</u>	<u>\$ 270,863</u>	<u>\$ (6,783)</u>	<u>\$ 240,149</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, 2025

	Budget Amounts		2025	Variance	2024
	Original	Final	Actual Amounts	Favorable (Unfavorable)	Actual Amounts
<b>EXPENDITURES (CONTINUED)</b>					
<i>Streets and Shop:</i>					
Salaries & Benefits	\$ 184,523	\$ 184,523	\$ 192,676	\$ (8,153)	\$ 163,711
Supplies	57,000	57,000	35,202	21,798	23,706
Maintenance	194,000	194,000	111,585	82,415	67,764
Contract Services	25,000	25,000	65,389	(40,389)	29,641
Miscellaneous	5,000	5,000	83	4,917	-
<i>Total Streets and Shop</i>	<u>465,523</u>	<u>465,523</u>	<u>404,935</u>	<u>60,588</u>	<u>284,822</u>
<i>General City Operations:</i>					
Supplies	62,500	62,500	110,306	(47,806)	62,874
Maintenance	32,000	32,000	23,960	8,040	24,438
Contract Services	634,500	634,500	621,787	12,713	581,569
Miscellaneous	47,222	47,222	57,995	(10,773)	86,717
<i>Total General City Operations</i>	<u>776,222</u>	<u>776,222</u>	<u>814,048</u>	<u>(37,826)</u>	<u>755,598</u>
<i>Capital Outlay</i>	<u>674,000</u>	<u>674,000</u>	<u>1,179,199</u>	<u>(505,199)</u>	<u>221,887</u>
<i>Debt Service:</i>					
Principal	40,936	40,936	40,936	-	93,963
Interest	6,356	6,356	6,354	2	9,983
<i>Total Debt Service</i>	<u>47,292</u>	<u>47,292</u>	<u>47,290</u>	<u>2</u>	<u>103,946</u>
<b>TOTAL EXPENDITURES</b>	<u>6,531,148</u>	<u>6,531,148</u>	<u>6,680,741</u>	<u>(149,593)</u>	<u>5,316,244</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(1,106,847)</u>	<u>(1,106,847)</u>	<u>(911,464)</u>	<u>195,383</u>	<u>(761,494)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In (Out)	700,000	700,000	552,097	(147,903)	600,000
Proceeds from Sale of Assets	-	-	-	-	1,585
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>700,000</u>	<u>700,000</u>	<u>552,097</u>	<u>(147,903)</u>	<u>601,585</u>
<b>Net Change in Fund Balance</b>	<u>(406,847)</u>	<u>(406,847)</u>	<u>(359,367)</u>	<u>47,480</u>	<u>(159,909)</u>
<b>Fund Balance - Beginning of Year</b>	<u>2,710,696</u>	<u>2,710,696</u>	<u>2,710,696</u>	<u>-</u>	<u>2,870,605</u>
<b>Fund Balance - End of Year</b>	<u>\$ 2,303,849</u>	<u>\$ 2,303,849</u>	<u>\$ 2,351,329</u>	<u>\$ 47,480</u>	<u>\$ 2,710,696</u>

CITY OF KIRBY, TEXAS  
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
GENERAL FUND  
SEPTEMBER 30, 2025

**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, 2025 the City expenditures exceeded appropriations in total in the departments of Municipal Court, Parks and Recreation and Non Departmental. .

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 TEN PLAN YEARS

	Total Pension Liability			
	2015	2016	2017	2018
Service Cost	\$ 307,109	\$ 330,096	\$ 350,481	\$ 383,357
Interest (on the Total Pension Liability)	469,554	500,963	537,217	575,534
Changes of Benefit Terms	-	-	-	-
Difference between Expected and Actual Experience	107,091	(47,866)	2,495	(43,290)
Change of Assumptions	41,761	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(231,052)	(215,438)	(297,135)	(380,836)
Net Change in Total Pension Liability	694,463	567,755	593,058	534,765
Total Pension Liability - Beginning	6,669,886	7,364,349	7,932,104	8,525,162
Total Pension Liability - Ending	<u>\$ 7,364,349</u>	<u>\$ 7,932,104</u>	<u>\$ 8,525,162</u>	<u>\$ 9,059,927</u>
	Plan Fiduciary Net Position			
	2015	2016	2017	2018
Contributions - Employer	\$ 245,466	\$ 249,282	\$ 287,066	\$ 310,406
Contributions - Employee	128,421	133,103	140,032	150,589
Net Investment Income	8,470	397,848	893,686	(223,682)
Benefit Payments, Including Refunds of Employee Contributions	(231,052)	(215,438)	(297,135)	(380,836)
Administrative Expense	(5,159)	(4,492)	(4,630)	(4,321)
Other	(255)	(242)	(235)	(226)
Net Change in Plan Fiduciary Net Position	145,891	560,061	1,018,784	(148,070)
Plan Fiduciary Net Position - Beginning	5,739,937	5,885,828	6,445,889	7,464,673
Plan Fiduciary Net Position - Ending	<u>\$ 5,885,828</u>	<u>\$ 6,445,889</u>	<u>\$ 7,464,673</u>	<u>\$ 7,316,603</u>
Net Pension Liability (Asset) - Ending	\$ 1,478,521	\$ 1,486,215	\$ 1,060,489	\$ 1,743,324
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	79.92%	81.26%	87.56%	80.76%
Covered Employee Payroll	\$ 1,834,580	\$ 1,901,472	\$ 2,000,460	\$ 2,151,275
Net Pension Liability as a Percentage of Covered Employee Payroll	80.59%	78.16%	53.01%	81.04%

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

Total Pension Liability					
2019	2020	2021	2022	2023	2024
\$ 450,986	\$ 468,310	\$ 406,703	\$ 380,415	\$ 399,788	\$ 455,603
615,384	662,885	696,147	729,897	777,622	797,964
-	-	-	-	-	-
(43,979)	(132,218)	(64,706)	109,195	(277,467)	(6,811)
44,497	-	-	-	(73,084)	-
(337,240)	(406,409)	(544,410)	(505,597)	(538,722)	(568,064)
729,648	592,568	493,734	713,910	288,137	678,692
9,059,927	9,789,575	10,382,143	10,875,877	11,589,787	11,877,924
<u>\$ 9,789,575</u>	<u>\$ 10,382,143</u>	<u>\$ 10,875,877</u>	<u>\$ 11,589,787</u>	<u>\$ 11,877,924</u>	<u>\$ 12,556,616</u>

Plan Fiduciary Net Position					
2019	2020	2021	2022	2023	2024
\$ 366,423	\$ 382,574	\$ 331,633	\$ 289,064	\$ 315,564	\$ 408,906
175,092	181,315	160,209	145,992	153,934	182,647
1,131,048	656,155	1,232,598	(775,248)	1,129,393	1,121,411
(337,240)	(406,409)	(544,410)	(505,597)	(538,722)	(568,064)
(6,391)	(4,246)	(5,703)	(6,714)	(7,204)	(7,222)
(193)	(166)	40	8,012	(50)	(169)
1,328,739	809,223	1,174,367	(844,491)	1,052,915	1,137,509
7,316,603	8,645,342	9,454,565	10,628,932	9,784,441	10,837,356
<u>\$ 8,645,342</u>	<u>\$ 9,454,565</u>	<u>\$ 10,628,932</u>	<u>\$ 9,784,441</u>	<u>\$ 10,837,356</u>	<u>\$ 11,974,865</u>

\$ 1,144,233	\$ 927,578	\$ 246,945	\$ 1,805,346	\$ 1,040,568	\$ 581,751
88.31%	91.07%	97.73%	84.42%	91.24%	95.37%
\$ 2,501,311	\$ 2,590,212	\$ 2,288,706	\$ 2,085,606	\$ 2,199,056	\$ 2,541,010
45.75%	35.81%	10.79%	86.56%	47.32%	22.89%

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

**Schedule of Contributions:**

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

**Valuation Date:**

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

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

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	21 Years (longest amortization ladder)
Asset Valuation Method	10 Year Smoothed Market; 12% Soft Corridor
Inflation	2.50%
Salary Increases	3.60% to 11.85% including Inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

**Other Information:**

Notes There were no benefit changes during the year.

2020	2021	2022	2023	2024	2025
\$ 367,832	\$ 346,726	\$ 289,947	\$ 320,864	\$ 346,864	\$ 398,903
<u>367,832</u>	<u>346,726</u>	<u>289,947</u>	<u>320,864</u>	<u>346,864</u>	<u>398,903</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 2,495,407	\$ 2,379,120	\$ 2,063,745	\$ 2,257,939	\$ 2,439,445	\$ 2,779,813
14.74%	14.57%	14.05%	14.21%	14.22%	14.35%

CITY OF KIRBY, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES –TOTAL OTHER POST EMPLOYMENT BENEFIT LIABILITY AND  
RELATED RATIOS  
LAST EIGHT 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	\$ 2,590,212	\$ 2,590,212	\$ 2,288,706
Total OPEB Liability as a Percentage of Covered Employee Payroll	4.66%	4.32%	5.02%	6.35%	8.11%

	Total OPEB Liability		
	2022	2023	2024
Service Cost	\$ 10,011	\$ 5,718	\$ 5,590
Interest on Total OPEB Liability	3,496	4,957	5,069
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	(7,633)	(3,111)	(1,487)
Change in Assumptions or Other Inputs	(69,273)	7,403	(7,458)
Benefit Payments	(1,460)	(2,639)	(3,049)
Net Change in Total OPEB Liability	(64,859)	12,328	(1,335)
Total OPEB Liability - Beginning	185,716	120,857	133,185
Total OPEB Liability - Ending	<u>\$ 120,857</u>	<u>\$ 133,185</u>	<u>\$ 131,850</u>
Covered Employee Payroll	\$ 2,085,606	\$ 2,199,056	\$ 2,541,010
Total OPEB Liability as a Percentage of Covered Employee Payroll	5.79%	6.06%	5.19%

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

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

Notes to Schedule of Contributions

**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	3.60% to 11.85% Including Inflation
Discount Rate	4.08%
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, 2022 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, 2025 AND 2024

ASSETS	2025	2024
Cash and Investments	\$ 2,686,575	\$ 2,990,444
Receivables, Net of Allowances for Uncollectibles:		
Property Taxes	286,246	277,992
EMS Charges	78,590	99,916
Accounts	119,746	134,950
Restricted Cash	169,376	169,207
Due from Other Governments	135,505	153,442
Due from Other Funds	108,251	1,904,452
Prepaid Items	36,680	46,059
Inventory of Supplies, At Cost	66,861	67,408
<b>TOTAL ASSETS</b>	<b>\$ 3,687,830</b>	<b>\$ 5,843,870</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>		
<i>Liabilities:</i>		
Accounts Payable	\$ 274,808	\$ 160,600
Accrued Expenditures	387,127	338,992
Due to Other Funds	64,125	1,205,994
Unavailable Revenue	245,605	1,049,680
<i>Total Liabilities</i>	971,665	2,755,266
<i>Deferred Inflow of Resources:</i>		
Unavailable EMS Revenue	78,590	99,916
Unavailable Tax Revenue	286,246	277,992
<i>Total Deferred Inflow of Resources</i>	364,836	377,908
<i>Fund Balance:</i>		
<i>Nonspendable:</i>		
Prepaid Items	36,680	46,059
Inventory of Supplies	66,861	67,408
<i>Restricted for:</i>		
Court Security	57,557	51,344
PEG Capital Fees	208,680	204,361
Unassigned	1,981,551	2,341,524
<i>Total Fund Balance</i>	2,351,329	2,710,696
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<b>\$ 3,687,830</b>	<b>\$ 5,843,870</b>

CITY OF KIRBY, TEXAS  
 COMPARATIVE BALANCE SHEETS  
 DEBT SERVICE FUND  
 SEPTEMBER 30, 2025 AND 2024

<b>ASSETS</b>	<b>2025</b>	<b>2024</b>
Cash and Investments	\$ 205,963	\$ 270,999
Taxes Receivable	39,832	48,086
Due From Other Funds	793	-
<b>TOTAL ASSETS</b>	<b>\$ 246,588</b>	<b>\$ 319,085</b>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>		
<i>Liabilities:</i>		
Due to Other Funds	\$ -	\$ 52,480
<i>Total Liabilities</i>	-	52,480
 <i>Deferred Inflow of Resources:</i>		
Unavailable Tax Revenue	39,832	48,086
<i>Total Deferred Inflow of Resources</i>	39,832	48,086
 <i>Fund Balance:</i>		
Restricted Fund Balance	206,756	218,519
<i>Total Fund Balance</i>	206,756	218,519
 <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	 <b>\$ 246,588</b>	 <b>\$ 319,085</b>

CITY OF KIRBY, TEXAS  
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 DEBT SERVICE FUND  
 FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2025 AND 2024

	Final Budget Amounts	2025 Actual Amounts	Variance Favorable (Unfavorable)	2024 Actual Amounts
<b>REVENUES</b>				
Taxes	471,626	\$ 471,626	\$ -	\$ 495,358
Interest	286	286	-	292
<b>TOTAL REVENUES</b>	<u>471,912</u>	<u>471,912</u>	<u>-</u>	<u>495,650</u>
<b>EXPENDITURES</b>				
Principal Payments on General Obligation Bonds	300,000	300,000	-	290,000
Interest Payments on General Obligation Bonds	181,725	181,725	-	193,525
Fiscal Agent Fees	1,950	1,950	-	1,900
<b>TOTAL EXPENDITURES</b>	<u>483,675</u>	<u>483,675</u>	<u>-</u>	<u>485,425</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(11,763)</u>	<u>(11,763)</u>	<u>-</u>	<u>10,225</u>
<b>Fund Balances at Beginning of Year</b>	<u>218,519</u>	<u>218,519</u>	<u>-</u>	<u>208,294</u>
<b>Fund Balances at End of Year</b>	<u>\$ 206,756</u>	<u>\$ 206,756</u>	<u>\$ -</u>	<u>\$ 218,519</u>

CITY OF KIRBY, TEXAS  
 COMPARATIVE BALANCE SHEETS  
 CAPITAL PROJECTS FUND  
 SEPTEMBER 30, 2025 AND 2024

<b>ASSETS</b>	<u>2025</u>	<u>2024</u>
Restricted Cash and Investments	\$ 104	\$ 1,218,870
Due from Other Funds	<u>581,982</u>	<u>1,205,994</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 582,086</u></b>	<b><u>\$ 2,424,864</u></b>
 <b>LIABILITIES AND FUND BALANCE</b>		
Due to Other Funds	\$ 36,800	\$ -
Accounts Payable	<u>545,286</u>	<u>759,078</u>
<i>Total Liabilities</i>	<u>582,086</u>	<u>759,078</u>
Restricted Fund Balance	<u>-</u>	<u>1,665,786</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$ 582,086</u></b>	<b><u>\$ 2,424,864</u></b>

CITY OF KIRBY, TEXAS  
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE  
 CAPITAL PROJECTS FUND  
 FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2025 AND 2024

<b>REVENUES</b>	<u><b>2025</b></u>	<u>2024</u>
Interest	<u>\$ 9,145</u>	<u>\$ 76,722</u>
<b>TOTAL REVENUES</b>	<u><b>9,145</b></u>	<u>76,722</u>
<b>EXPENDITURES</b>		
Capital Outlay	<u>1,795,997</u>	<u>3,560,115</u>
<b>TOTAL EXPENDITURES</b>	<u><b>1,795,997</b></u>	<u>3,560,115</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers In (Out)	<u>121,066</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u><b>121,066</b></u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<b>(1,665,786)</b>	<b>(3,483,393)</b>
<b>Fund Balance at Beginning of Year</b>	<u><b>1,665,786</b></u>	<u>5,149,179</u>
<b>Fund Balance at End of Year</b>	<u><u><b>\$ -</b></u></u>	<u><u><b>\$ 1,665,786</b></u></u>

CITY OF KIRBY, TEXAS  
 COMBINING BALANCE SHEETS  
 NON-MAJOR FUNDS  
 SEPTEMBER 30, 2025 AND 2024

	Crime Control District	Senior Citizen Center	Total 2025	Total 2024
<b>ASSETS</b>				
Cash and Investments	\$ 90,123	\$ -	\$ 90,123	\$ 65,819
Due From Other Governments	21,862	-	21,862	21,456
Accounts Receivable	-	76,840	76,840	-
Due From Other Funds	-	-	-	498
Prepaid Expenses	7,757	-	7,757	-
<b>TOTAL ASSETS</b>	<b>\$ 119,742</b>	<b>\$ 76,840</b>	<b>\$ 196,582</b>	<b>\$ 87,773</b>
<b>LIABILITIES AND FUND BALANCE</b>				
<i>Liabilities:</i>				
Accounts Payable	\$ 27,112	\$ -	\$ 27,112	\$ 612
Accrued Expenses	-	5,388	5,388	-
Due to Other Funds	-	71,452	71,452	3,461
<i>Total Liabilities</i>	<u>27,112</u>	<u>76,840</u>	<u>103,952</u>	<u>4,073</u>
<i>Fund Balance:</i>				
Nonspendable:				
Prepaid Expenses	7,757	-	7,757	-
Unassigned	-	-	-	-
Restricted Fund Balance	84,873	-	84,873	83,700
<i>Total Fund Balance</i>	<u>92,630</u>	<u>-</u>	<u>92,630</u>	<u>83,700</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 119,742</b>	<b>\$ 76,840</b>	<b>\$ 196,582</b>	<b>\$ 87,773</b>

CITY OF KIRBY, TEXAS  
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE  
 NON-MAJOR FUNDS  
 FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2025 AND 2024

<b>REVENUES</b>	Crime Control District	Senior Citizen Center	<b>Total 2025</b>	Total 2024
Taxes	\$ 129,583	\$ -	\$ 129,583	\$ 123,031
Donations and Grants	3,816	190,901	194,717	-
Charges for Services	-	4,763	4,763	-
Interest	80	-	80	155
Miscellaneous	-	1,033	1,033	1,742
<b>TOTAL REVENUES</b>	<b>133,479</b>	<b>196,697</b>	<b>330,176</b>	<b>124,928</b>
<b>EXPENDITURES</b>				
Salaries	3,600	129,198	132,798	3,800
Supplies	15,175	34,131	49,306	10,007
Contract Services	3,403	7,417	10,820	34,509
Miscellaneous	70,360	25,951	96,311	24,945
Capital Outlay	32,011	-	32,011	142,073
<b>TOTAL EXPENDITURES</b>	<b>124,549</b>	<b>196,697</b>	<b>321,246</b>	<b>215,334</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>8,930</b>	<b>-</b>	<b>8,930</b>	<b>(90,406)</b>
<b>Fund Balances at Beginning of Year</b>	<b>83,700</b>	<b>-</b>	<b>83,700</b>	<b>174,106</b>
<b>Fund Balances at End of Year</b>	<b>\$ 92,630</b>	<b>\$ -</b>	<b>\$ 92,630</b>	<b>\$ 83,700</b>

CITY OF KIRBY, TEXAS  
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE  
 CRIME CONTROL FUND  
 BUDGET AND ACTUAL  
 FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2025 AND 2024

	Final Budget Amounts	2025 Actual Amounts	Variance Favorable (Unfavorable)	2024 Actual Amounts
<b>REVENUES</b>				
Taxes	130,000	129,583	(417)	123,031
Donations and Grants	-	3,816	3,816	1,742
Interest	125	80	(45)	155
<b>TOTAL REVENUES</b>	<b>130,125</b>	<b>133,479</b>	<b>3,354</b>	<b>124,928</b>
<b>EXPENDITURES</b>				
Salaries	3,830	3,600	230	3,800
Supplies	20,800	15,175	5,625	10,007
Contract Services	6,100	3,403	2,697	34,509
Miscellaneous	49,450	70,360	(20,910)	24,945
Capital Outlay	45,627	32,011	13,616	142,073
<b>TOTAL EXPENDITURES</b>	<b>125,807</b>	<b>124,549</b>	<b>1,258</b>	<b>215,334</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>4,318</b>	<b>8,930</b>	<b>4,612</b>	<b>(90,406)</b>
<b>Fund Balances at Beginning of Year</b>	<b>83,700</b>	<b>83,700</b>	<b>-</b>	<b>174,106</b>
<b>Fund Balances at End of Year</b>	<b>\$ 88,018</b>	<b>\$ 92,630</b>	<b>\$ 4,612</b>	<b>\$ 83,700</b>

CITY OF KIRBY, TEXAS  
 COMPARATIVE STATEMENT OF NET POSITION  
 PROPRIETARY FUND  
 WATERWORKS AND SEWER SYSTEM  
 SEPTEMBER 30, 2025 AND 2024

<b>ASSETS</b>	<u>2025</u>	<u>2024</u>
<i>Current Assets:</i>		
Cash and Investments	\$ 1,160,501	\$ 3,865,956
Receivables - Customers	417,837	657,616
Allowance for Uncollectibles	(130,472)	(130,472)
Inventory of Supplies, at cost	22,299	22,028
Prepaid Items	25,270	17,930
Due From Other Funds	63,333	-
<i>Total Current Assets</i>	<u>1,558,768</u>	<u>4,433,058</u>
 <i>Restricted Assets:</i>		
Cash and Investments	<u>291,103</u>	<u>279,356</u>
<i>Total Restricted Assets</i>	<u>291,103</u>	<u>279,356</u>
 <i>Capital Assets:</i>		
Utility Plant and Infrastructure	8,021,781	7,962,006
Transportation, Furniture and Equipment	<u>878,564</u>	<u>878,564</u>
Total Depreciable and Amortizable Fixed Assets	<u>8,900,345</u>	<u>8,840,570</u>
Less Accumulated Depreciation and Amortization	<u>(6,232,945)</u>	<u>(5,995,163)</u>
Total Depreciable Fixed Assets, Net of Accumulated Depreciation and Amortization	2,667,400	2,845,407
Land	7,005	7,005
Construction in Progress	<u>2,169,485</u>	<u>552,702</u>
<i>Total Capital Assets</i>	<u>4,843,890</u>	<u>3,405,114</u>
 <b>TOTAL ASSETS</b>	 <u>6,693,761</u>	 <u>8,117,528</u>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Other Post Employment Benefit Outflows	608	266
Deferred Pension Related Outflows	<u>61,564</u>	<u>106,075</u>
 <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	 <u>\$ 62,172</u>	 <u>\$ 106,341</u>

CITY OF KIRBY, TEXAS  
 COMPARATIVE STATEMENT OF NET POSITION  
 PROPRIETARY FUND  
 WATERWORKS AND SEWER SYSTEM (CONTINUED)  
 SEPTEMBER 30, 2025 AND 2024

<b>LIABILITIES</b>	<u>2025</u>	<u>2024</u>
<i>Current Liabilities (Payable from Current Assets):</i>		
Accounts Payable	\$ 263,344	\$ 245,989
Accrued Vacation Leave Payable	6,540	4,195
Due to Other Funds	<u>581,982</u>	<u>1,849,010</u>
<i>Total Current Liabilities</i> <i>(Payable from Current Assets)</i>	<u>851,866</u>	<u>2,099,194</u>
<i>Current Liabilities (Payable from Restricted Assets):</i>		
Customer Deposits	<u>207,380</u>	<u>202,550</u>
<i>Total Current Liabilities</i> <i>(Payable from Restricted Assets)</i>	<u>207,380</u>	<u>202,550</u>
<i>Noncurrent Liabilities:</i>		
Net Other Post Employment Benefits Liability	26,370	23,806
Net Pension Liability	<u>117,629</u>	<u>142,932</u>
<i>Total Noncurrent Liabilities</i>	<u>143,999</u>	<u>166,738</u>
<b>TOTAL LIABILITIES</b>	<u>1,203,245</u>	<u>2,468,482</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Other Post Employment Benefit Inflows	4,856	4,344
Deferred Pension Related Inflows	<u>29,992</u>	<u>34,888</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>34,848</u>	<u>39,232</u>
 <b>NET POSITION</b>		
Net Investment in Capital Assets	4,843,890	3,405,114
Unrestricted	<u>673,950</u>	<u>2,311,041</u>
<b>TOTAL NET POSITION</b>	<u>\$ 5,517,840</u>	<u>\$ 5,716,155</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, 2025 AND 2024

	2025	2024
<b>Operating Revenues</b>		
Charges for Utility Service	\$ 2,213,226	\$ 2,300,681
<b>Total Operating Revenues</b>	<b>2,213,226</b>	<b>2,300,681</b>
<b>Operating Expenses Before Depreciation</b>		
Salaries and Benefits	512,976	386,390
Supplies	82,310	136,105
Maintenance	256,073	262,434
Contractual Services	861,503	795,258
Miscellaneous	17,245	99,895
<b>Total Operating Expenses Before Depreciation</b>	<b>1,730,107</b>	<b>1,680,082</b>
Operating Income Before Depreciation	483,119	620,599
Depreciation	237,782	276,506
Operating Income (Loss)	<b>245,337</b>	<b>344,093</b>
<b>Other Income (Expense):</b>		
Interest Income	103,916	118,465
Gain on Sale of Property and Equipment	2,155	-
Capital Improvement Fee	123,440	123,021
<b>Total Other Income (Expense)</b>	<b>229,511</b>	<b>241,486</b>
<b>Net Income (Loss) Before Contributions and Transfers</b>	<b>474,848</b>	<b>585,579</b>
Transfer In	-	-
Transfer Out	(673,163)	(600,000)
<b>NET CHANGE IN NET ASSETS</b>	<b>(198,315)</b>	<b>(14,421)</b>
<b>Net Assets at Beginning of Year</b>	<b>5,716,155</b>	<b>5,730,576</b>
<b>Net Assets at End of Year</b>	<b>\$ 5,517,840</b>	<b>\$ 5,716,155</b>

CITY OF KIRBY, TEXAS  
 COMPARATIVE STATEMENTS OF CASH FLOWS  
 PROPRIETARY FUND – WATERWORKS AND SEWER SYSTEM  
 FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2025 AND 2024

	2025	2024
<b>Cash Flows From Operating Activities:</b>		
Cash Received From Customers	\$ 2,453,005	\$ 2,158,921
Cash Paid for Employee Wages & Benefits	(493,585)	(389,580)
Cash Paid to Suppliers for Goods & Services	(1,207,387)	(1,278,441)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>752,033</b>	<b>490,900</b>
<b>Cash Flows From Noncapital Financing Activities:</b>		
Customer Deposits Received (Returned)	4,830	3,828
Interfund Payables (Receivables)	(1,330,361)	1,238,604
Transfers From (To) Other Funds	(673,163)	(600,000)
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>(1,998,694)</b>	<b>642,432</b>
<b>Cash Flows From Capital and Related Financing Activities:</b>		
Purchase/Construction of Capital Assets	(1,676,558)	(567,440)
Proceeds from Sale of Property and Equipment	2,155	-
Capital Improvement Fee	123,440	123,021
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(1,550,963)</b>	<b>(444,419)</b>
<b>Cash Flows From Investing Activities:</b>		
Investment Interest Received	103,916	118,465
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>103,916</b>	<b>118,465</b>
<b>Net Increase (Decrease) in Cash and Investments</b>	<b>(2,693,708)</b>	<b>807,378</b>
<b>Cash and Investments at Beginning of Year:</b>		
Cash and Investments	3,865,956	3,084,969
Restricted Cash and Investments	279,356	252,965
	<b>4,145,312</b>	<b>3,337,934</b>
<b>Cash and Investments at End of Year:</b>		
Cash and Investments	1,160,501	3,865,956
Restricted Cash and Investments	291,103	279,356
	<b>\$ 1,451,604</b>	<b>\$ 4,145,312</b>

CITY OF KIRBY, TEXAS  
 COMPARATIVE STATEMENTS OF CASH FLOWS (CONTINUED)  
 PROPRIETARY FUND – WATERWORKS AND SEWER SYSTEM  
 FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2025 AND 2024

	2025	2024
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>		
Operating Income	\$ 245,337	\$ 344,093
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation	237,782	276,506
(Increase) Decrease in Operating Assets:		
Accounts Receivable, Net	239,779	(141,760)
Inventory	(271)	6,704
Prepaid Items	(7,340)	18,265
Deferred Pension Related Outflows	44,511	-
Deferred Other Post Employment Benefit Outflows	(342)	-
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	17,355	(9,718)
Accrued Wages & Benefits	2,345	1,100
Deferred Other Post Employment Benefit Inflows	2,564	-
Deferred Pension Related Inflows	(4,896)	-
Net Other Post Employment Benefits Liability	512	11,673
Net Pension Liability	(25,303)	(15,963)
<b>Total Adjustments to Reconcile Operating Activities</b>	<b>506,696</b>	<b>146,807</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 752,033</b>	<b>\$ 490,900</b>

## 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			
	2016	2017	2018	2019
<i>Governmental Activities:</i>				
Net Investment in Capital Assets	\$ 4,392,841	\$ 5,035,893	\$ 6,405,061	\$ 7,022,580
Restricted	143,161	244,175	266,062	324,865
Unrestricted	2,004,817	1,842,191	1,697,957	1,097,313
<i>Total Governmental Activities Net Position</i>	<u>\$ 6,540,819</u>	<u>\$ 7,122,259</u>	<u>\$ 8,369,080</u>	<u>\$ 8,444,758</u>
<i>Business-Type Activities</i>				
Net Investment in Capital Assets	\$ 2,194,389	\$ 2,848,484	\$ 3,307,990	\$ 3,468,243
Unrestricted	2,846,714	2,434,054	2,209,687	2,323,205
<i>Total Business-Type Activities Net Position</i>	<u>\$ 5,041,103</u>	<u>\$ 5,282,538</u>	<u>\$ 5,517,677</u>	<u>\$ 5,791,448</u>
<i>Primary Government:</i>				
Net Investment in Capital Assets	\$ 6,587,230	\$ 7,884,377	\$ 9,713,051	\$ 10,490,823
Restricted	143,161	244,175	266,062	324,865
Unrestricted	4,851,531	4,276,245	3,907,644	3,420,518
<i>Total Primary Government Net Position</i>	<u>\$ 11,581,922</u>	<u>\$ 12,404,797</u>	<u>\$ 13,886,757</u>	<u>\$ 14,236,206</u>

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

TABLE 1

<b>Fiscal Year</b>					
<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
\$ 8,551,440	\$ 9,273,019	\$ 9,536,496	\$ 12,097,529	\$ 12,638,566	\$ 13,630,634
329,110	525,665	558,982	645,002	590,366	590,811
1,154,205	1,750,118	2,216,681	1,906,557	2,006,639	1,624,467
<u>\$ 10,034,755</u>	<u>\$ 11,548,802</u>	<u>\$ 12,312,159</u>	<u>\$ 14,649,088</u>	<u>\$ 15,235,571</u>	<u>\$ 15,845,912</u>
\$ 3,635,218	\$ 3,629,842	\$ 3,407,035	\$ 3,114,180	\$ 3,405,114	\$ 4,843,890
2,415,154	2,386,291	2,437,995	2,616,396	2,311,041	673,950
<u>\$ 6,050,372</u>	<u>\$ 6,016,133</u>	<u>\$ 5,845,030</u>	<u>\$ 5,730,576</u>	<u>\$ 5,716,155</u>	<u>\$ 5,517,840</u>
\$ 12,186,658	\$ 12,902,861	\$ 12,943,531	\$ 15,211,709	\$ 16,043,680	\$ 18,474,524
329,110	525,665	558,982	645,002	590,366	590,811
3,569,359	4,136,409	4,654,676	4,522,953	4,317,680	2,298,417
<u>\$ 16,085,127</u>	<u>\$ 17,564,935</u>	<u>\$ 18,157,189</u>	<u>\$ 20,379,664</u>	<u>\$ 20,951,726</u>	<u>\$ 21,363,752</u>

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

	Fiscal Year			
	2016	2017	2018	2019
<b>Expenses</b>				
<i>Governmental Activities:</i>				
City Council	\$ 14,640	\$ 9,102	\$ 9,725	\$ 11,247
City Administration	350,302	375,472	411,408	415,317
Police Protection	1,187,043	1,199,691	1,360,462	1,477,042
Municipal Court	78,609	66,948	80,364	116,761
Fire/EMS Protection	1,119,147	1,174,209	1,164,356	1,525,672
Animal Services	162,342	174,050	181,596	200,954
Parks and Pools	120,971	180,450	170,789	177,890
Streets and Shops	243,800	289,198	342,784	264,477
Crime Control	3,932	17,923	7,085	38,281
Senior Center	-	-	-	-
Capital Outlay	-	-	-	90
General City Operations	592,236	594,593	689,511	818,170
Interest on Long-Term Debt	43,593	29,867	182,314	246,010
<i>Total Governmental Activities Expenses</i>	<u>3,916,615</u>	<u>4,111,503</u>	<u>4,600,394</u>	<u>5,291,911</u>
<i>Business-Type Activities:</i>				
Waterworks and Sewer	1,491,352	1,497,686	1,573,653	1,665,912
<i>Total Business-Type Activities</i>	<u>1,491,352</u>	<u>1,497,686</u>	<u>1,573,653</u>	<u>1,665,912</u>
<b>Total Primary Government Expenses</b>	<u>\$ 5,407,967</u>	<u>\$ 5,609,189</u>	<u>\$ 6,174,047</u>	<u>\$ 6,957,823</u>
<b>Program Revenues</b>				
<i>Governmental Activities:</i>				
Charges for service:				
City Administration	\$ 129,184	\$ 133,921	\$ 137,426	\$ 144,806
Police Protection	194,596	213,476	206,402	251,136
Municipal Court	9,335	11,018	10,020	13,302
Fire/EMS Protection	757,284	678,215	716,628	712,078
Animal Services	21,612	17,164	23,584	11,344
Parks and Pools	22,009	191,036	170,474	67,894
Streets and Shops	100,983	110,441	205,074	64,169
Operating Grants and Contributions	12,982	13,108	19,064	12,132
Capital Grants and Contributions	5,225	178,457	1,009,589	287,710
<i>Total Governmental Activities Program Revenues</i>	<u>1,253,210</u>	<u>1,546,836</u>	<u>2,498,261</u>	<u>1,564,571</u>
<i>Business-Type Activities:</i>				
Charges for Service:				
Waterworks and Sewer	2,102,299	2,124,664	2,143,638	2,236,901
Operating Grants and Contributions	14,600	-	-	-
<i>Total Business-Type Activities Program Revenues</i>	<u>2,116,899</u>	<u>2,124,664</u>	<u>2,143,638</u>	<u>2,236,901</u>
<b>Total Primary Government Program Revenues</b>	<u>\$ 3,370,109</u>	<u>\$ 3,671,500</u>	<u>\$ 4,641,899</u>	<u>\$ 3,801,472</u>

TABLE 2

Fiscal Year					
2020	2021	2022	2023	2024	2025
\$ 9,356	\$ 9,973	\$ 15,860	\$ 22,776	\$ 18,561	\$ 28,828
433,537	355,901	334,277	370,724	419,483	482,819
1,508,866	1,394,533	1,287,190	1,543,778	1,662,593	1,782,492
92,398	75,801	87,051	81,851	89,928	118,853
1,572,144	1,622,088	1,330,004	1,569,965	1,588,210	1,462,155
206,809	139,857	118,457	125,450	135,905	162,099
166,932	138,442	178,142	192,220	235,295	265,253
153,803	316,060	212,199	311,531	223,689	312,324
51,462	27,651	95,157	48,944	127,224	124,549
-	-	-	-	-	196,697
-	-	-	-	-	-
749,957	803,949	904,008	1,026,331	1,222,317	2,251,229
225,141	214,907	203,424	192,391	194,459	182,675
<u>5,170,405</u>	<u>5,099,162</u>	<u>4,765,769</u>	<u>5,485,961</u>	<u>5,917,664</u>	<u>7,369,973</u>
1,642,852	1,832,742	2,011,331	2,917,591	1,956,588	1,967,889
<u>1,642,852</u>	<u>1,832,742</u>	<u>2,011,331</u>	<u>2,917,591</u>	<u>1,956,588</u>	<u>1,967,889</u>
<u>\$ 6,813,257</u>	<u>\$ 6,931,904</u>	<u>\$ 6,777,100</u>	<u>\$ 8,403,552</u>	<u>\$ 7,874,252</u>	<u>\$ 9,337,862</u>
\$ 102,362	\$ 93,987	\$ 27,358	\$ 29,008	\$ (31,475)	\$ 954,419
172,974	203,257	187,821	150,063	146,695	175,366
7,934	10,587	8,610	7,347	7,054	11,487
889,087	851,520	109,595	271,885	393,330	320,798
10,385	11,630	9,029	5,668	8,024	13,240
97,651	312,941	171,570	110,159	51,501	81,750
59,609	87,319	69,758	59,913	50,238	103,533
47,143	13,544	337,135	879,020	65,152	1,015,248
1,241,901	699,081	9,210	1,182,994	502,446	263,192
<u>2,629,046</u>	<u>2,283,866</u>	<u>930,086</u>	<u>2,696,057</u>	<u>1,192,965</u>	<u>2,939,033</u>
2,232,641	2,258,042	2,113,863	3,138,489	2,300,681	2,213,226
-	-	-	-	-	-
<u>2,232,641</u>	<u>2,258,042</u>	<u>2,113,863</u>	<u>3,138,489</u>	<u>2,300,681</u>	<u>2,213,226</u>
<u>\$ 4,861,687</u>	<u>\$ 4,541,908</u>	<u>\$ 3,043,949</u>	<u>\$ 5,834,546</u>	<u>\$ 3,493,646</u>	<u>\$ 5,152,259</u>

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

	Fiscal Year			
	2015	2016	2017	2018
<b>Net (Expenses) Revenue</b>				
Governmental Activities	\$ (2,375,127)	\$ (2,663,405)	\$ (2,564,667)	\$ (2,102,133)
Business-Type Activities	707,872	625,547	626,978	569,985
<b>Total Primary Government Net Expenses</b>	<b>\$ (1,667,255)</b>	<b>\$ (2,037,858)</b>	<b>\$ (1,937,689)</b>	<b>\$ (1,532,148)</b>
<b>Governmental Revenues and Other Changes in Net Position</b>				
Governmental Activities:				
Taxes:				
Property Taxes	\$ 1,395,907	\$ 1,599,652	\$ 1,676,596	\$ 1,987,771
Franchise Taxes	392,387	374,303	410,832	424,334
Sales Taxes	377,765	467,895	447,958	460,789
Interest and Investment Earnings	6,212	8,488	12,698	47,660
Gain on Sale of Property and Equipment	3,685	-	-	-
Miscellaneous	3,447	150	73,625	16,208
Transfers	528,612	526,265	524,398	480,000
<b>Total Governmental Activities</b>	<b>2,708,015</b>	<b>2,976,753</b>	<b>3,146,107</b>	<b>3,416,762</b>
Business-Type Activities:				
Interest and Investment Earnings	5,683	8,912	13,803	28,778
Capital Improvement Fee	124,840	125,068	125,052	124,888
Gain on Sale of Property and Equipment	-	-	-	-
Transfers	(528,612)	(526,265)	(524,398)	(480,000)
<b>Total Business-Type Activities</b>	<b>(398,089)</b>	<b>(392,285)</b>	<b>(385,543)</b>	<b>(326,334)</b>
<b>Total Primary Government</b>	<b>\$ 2,309,926</b>	<b>\$ 2,584,468</b>	<b>\$ 2,760,564</b>	<b>\$ 3,090,428</b>
<b>Changes In Net Position</b>				
Government Activities	\$ 332,888	\$ 313,348	\$ 581,440	\$ 1,314,629
Business-Type Activities	309,783	233,262	241,435	243,651
<b>Total Primary Government</b>	<b>\$ 642,671</b>	<b>\$ 546,610</b>	<b>\$ 822,875</b>	<b>\$ 1,558,280</b>

Note: Years 2015-2017 have not been restated for adoption of GASB No. 75.

TABLE 2 (Continued)

Fiscal Year					
2019	2020	2021	2022	2023	2025
\$ (3,727,340)	\$ (2,541,359)	\$ (2,815,296)	\$ (3,835,683)	\$ (2,789,904)	\$ (4,426,177)
570,989	589,789	425,300	102,532	345,526	368,777
<u>\$ (3,156,351)</u>	<u>\$ (1,951,570)</u>	<u>\$ (2,389,996)</u>	<u>\$ (3,733,151)</u>	<u>\$ (2,444,378)</u>	<u>\$ (4,057,400)</u>
\$ 2,235,886	\$ 2,613,336	\$ 2,630,610	\$ 2,891,161	\$ 2,898,646	\$ 3,217,750
400,883	375,514	375,998	431,611	398,003	375,828
467,948	572,346	676,169	791,811	918,016	861,451
206,040	84,771	15,832	63,447	350,730	99,405
-	-	-	-	-	-
12,261	5,389	30,734	4,085	11,438	40,482
480,000	480,000	600,000	416,925	550,000	673,163
<u>3,803,018</u>	<u>4,131,356</u>	<u>4,329,343</u>	<u>4,599,040</u>	<u>5,126,833</u>	<u>5,268,079</u>
46,732	24,253	7,331	17,790	90,020	103,916
124,912	124,882	125,480	125,500	-	-
11,138	-	7,650	-	-	2,155
(480,000)	(480,000)	(600,000)	(416,925)	(550,000)	(673,163)
<u>(297,218)</u>	<u>(330,865)</u>	<u>(459,539)</u>	<u>(273,635)</u>	<u>(459,980)</u>	<u>(567,092)</u>
<u>\$ 3,505,800</u>	<u>\$ 3,800,491</u>	<u>\$ 3,869,804</u>	<u>\$ 4,325,405</u>	<u>\$ 4,666,853</u>	<u>\$ 4,700,987</u>
\$ 75,678	\$ 1,589,997	\$ 1,514,047	\$ 763,357	\$ 2,336,929	\$ 841,902
273,771	258,924	(34,239)	(171,103)	(171,103)	(198,315)
<u>\$ 349,449</u>	<u>\$ 1,848,921</u>	<u>\$ 1,479,808</u>	<u>\$ 592,254</u>	<u>\$ 2,165,826</u>	<u>\$ 643,587</u>

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

	Fiscal Year			
	2016	2017	2018	2019
Nonspendable Fund Balance:				
Inventory	\$ 28,031	\$ 41,094	\$ 57,047	\$ 32,092
Prepaid Items	24,056	-	-	-
Total Nonspendable Fund Balance	<u>52,087</u>	<u>41,094</u>	<u>57,047</u>	<u>32,092</u>
Restricted Fund Balance:				
PEG Capital Fee	90,531	106,971	122,556	138,328
Public Safety	41,560	33,625	34,307	39,155
Debt Service	5,352	24,590	46,158	52,199
Capital Projects	-	-	6,854,747	6,801,202
Crime Control	70,038	78,730	78,025	94,783
Total Restricted Fund Balance	<u>207,481</u>	<u>243,916</u>	<u>7,135,793</u>	<u>7,125,667</u>
Unassigned Fund Balance	<u>2,562,130</u>	<u>2,557,474</u>	<u>2,478,739</u>	<u>1,940,979</u>
Total Governmental Funds	<u>\$ 2,821,698</u>	<u>\$ 2,842,484</u>	<u>\$ 9,671,579</u>	<u>\$ 9,098,738</u>

TABLE 3

Fiscal Year					
2020	2021	2022	2023	2024	2025
\$ 30,604	\$ 43,882	\$ 42,800	\$ 47,140	\$ 67,408	\$ 66,861
-	-	25,662	10,780	46,059	44,437
<u>30,604</u>	<u>43,882</u>	<u>68,462</u>	<u>57,920</u>	<u>113,467</u>	<u>111,298</u>
154,099	169,870	182,840	194,309	204,361	208,680
39,617	43,933	46,369	47,575	51,344	57,557
32,595	189,568	211,928	208,294	218,519	206,756
6,430,536	6,400,130	6,419,388	5,149,179	1,665,786	-
92,349	109,031	104,029	165,111	83,700	84,873
<u>6,749,196</u>	<u>6,912,532</u>	<u>6,964,554</u>	<u>5,764,468</u>	<u>2,223,710</u>	<u>557,866</u>
<u>1,930,830</u>	<u>2,482,378</u>	<u>2,819,665</u>	<u>2,579,787</u>	<u>2,341,524</u>	<u>1,981,551</u>
<u>\$ 8,710,630</u>	<u>\$ 9,438,792</u>	<u>\$ 9,852,681</u>	<u>\$ 8,402,175</u>	<u>\$ 4,678,701</u>	<u>\$ 2,650,715</u>

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

	<b>Fiscal Year</b>			
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>REVENUES</b>				
Taxes	\$ 2,032,449	\$ 2,116,885	\$ 2,436,124	\$ 2,704,999
Franchise Fees	374,303	410,832	424,334	400,883
Licenses and Permits	163,113	336,376	413,684	161,377
Intergovernmental	9,524	10,821	10,245	10,592
Charges for Services	836,697	798,743	827,423	846,066
Grants	8,284	180,745	1,018,408	289,249
Fines and Penalties	201,310	222,141	214,227	262,518
Miscellaneous	9,040	66,316	58,658	214,206
<b>TOTAL REVENUES</b>	<b>3,634,720</b>	<b>4,142,859</b>	<b>5,403,103</b>	<b>4,889,890</b>
<b>EXPENDITURES</b>				
<b>Current:</b>				
City Council	14,640	9,102	9,726	11,248
City Administration	320,787	330,228	394,542	391,415
Police Protection	997,070	1,051,141	1,214,035	1,331,899
Municipal Court	75,378	64,122	79,173	89,348
Fire\EMS Protection	897,342	985,773	984,990	1,277,522
Animal Services	159,783	198,509	187,723	178,208
Parks and Pool	116,663	145,416	146,470	170,294
Streets and Shops	239,064	256,891	311,711	259,556
Crime Control	3,933	49,513	62,083	48,171
Senior Center	-	-	-	-
General City Operations	348,991	353,217	389,952	519,201
Capital Projects/Outlay	697,727	675,192	1,645,831	974,223
<b>Debt Service:</b>				
Principal	485,386	507,640	440,800	421,997
Interest and Fiscal Charges	69,153	53,605	37,184	273,744
Bond Issue Costs	-	-	140,017	-
<b>TOTAL EXPENDITURES</b>	<b>4,425,917</b>	<b>4,680,349</b>	<b>6,044,237</b>	<b>5,946,826</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(791,197)	(537,490)	(641,134)	(1,056,936)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	808,265	916,152	732,000	725,894
Transfers Out	(282,000)	(391,754)	(252,000)	(245,894)
Proceeds from Sale of Asset	2,750	33,878	5,212	4,095
Proceeds from Debt Financing	-	-	6,985,017	-
Proceeds from Capital Lease	271,837	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>800,852</b>	<b>558,276</b>	<b>7,470,229</b>	<b>484,095</b>
Net Change in Fund Balance	\$ 9,655	\$ 20,786	\$ 6,829,095	\$ (572,841)
<b>Debt Service as a percentage of noncapital expenditures</b>	14.87%	14.01%	14.05%	13.99%

TABLE 4

Fiscal Year					
2020	2021	2022	2023	2024	2025
\$ 3,151,489	\$ 3,290,419	\$ 3,682,350	\$ 3,764,110	\$ 4,022,035	\$ 4,079,201
375,514	375,998	431,611	398,003	377,446	375,828
182,549	427,648	266,115	190,987	123,468	212,676
9,150	10,478	10,649	12,584	10,065	10,818
883,678	964,828	265,405	305,728	285,174	309,401
1,279,894	701,652	335,695	1,172,885	59,110	1,267,622
179,093	211,534	194,016	155,560	152,019	185,083
96,727	23,561	78,106	362,167	222,733	139,881
<u>6,158,094</u>	<u>6,006,118</u>	<u>5,263,947</u>	<u>6,362,024</u>	<u>5,252,050</u>	<u>6,580,510</u>
9,356	9,974	15,860	22,777	18,561	28,829
397,582	359,319	362,091	360,637	412,000	482,316
1,375,310	1,334,924	1,242,260	1,408,499	1,571,670	1,741,827
93,459	75,813	67,541	81,271	90,009	126,288
1,400,409	1,496,232	1,196,583	1,374,567	1,485,099	1,415,515
188,761	128,576	101,348	119,854	132,503	169,631
168,317	140,176	181,052	184,101	240,149	270,863
156,518	313,766	278,723	378,282	284,822	404,935
81,572	82,815	95,158	93,041	215,334	124,549
-	-	-	-	-	196,697
427,421	428,950	477,127	566,444	755,597	814,048
2,153,505	947,990	704,762	3,386,900	3,782,002	2,975,196
329,265	346,198	321,739	370,492	383,963	340,936
249,263	236,726	222,739	220,279	205,408	190,029
-	-	-	-	-	-
<u>7,030,738</u>	<u>5,901,459</u>	<u>5,266,983</u>	<u>8,567,144</u>	<u>9,577,117</u>	<u>9,281,659</u>
<u>(872,644)</u>	<u>104,659</u>	<u>(3,036)</u>	<u>(2,205,120)</u>	<u>(4,325,067)</u>	<u>(2,701,149)</u>
474,589	759,224	600,000	550,000	600,000	673,163
5,411	(159,224)	(183,075)	-	-	-
4,536	23,503	-	-	1,585	-
-	-	-	204,623	-	-
-	-	-	-	-	-
<u>484,536</u>	<u>623,503</u>	<u>416,925</u>	<u>754,623</u>	<u>601,585</u>	<u>673,163</u>
<u>\$ (388,108)</u>	<u>\$ 728,162</u>	<u>\$ 413,889</u>	<u>\$ (1,450,497)</u>	<u>\$ (3,723,482)</u>	<u>\$ (2,027,986)</u>
11.86%	11.77%	11.93%	11.40%	9.47%	8.95%

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

TABLE 5

Fiscal Year	Property	Sales & Use	Franchise	Total
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
2023	2,846,094	918,016	398,003	4,162,113
2024	3,198,679	823,356	377,446	4,399,481
2025	3,217,750	861,451	375,828	4,455,029

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
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	0.698942
2022	337,618,387	126,586,409	42,739,724	421,465,072	0.685667
2023	369,233,819	168,983,106	45,626,026	492,590,899	0.614126
2024	413,989,316	197,623,146	47,553,348	564,059,114	0.591244
2025	488,404,394	198,353,027	82,395,221	604,362,200	0.591244

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	OVERLAPPING DEBT		
		Judson School District	Bexar County	Bexar County Flood
2016	0.729376	1.420	0.297500	0.01700
2017	0.729376	1.470	0.293250	0.01570
2018	0.729376	1.425	0.291229	0.01287
2019	0.729376	1.440	0.277429	0.02367
2020	0.728626	1.358	0.277429	0.02367
2021	0.698942	1.275	0.277429	0.02367
2022	0.685667	1.270	0.276331	0.02367
2023	0.614126	1.220	0.299999	0.02367
2024	0.591244	1.035	0.276331	0.02367
2025	0.579799	1.035	0.276331	0.02367

Fiscal Period	Alamo College District	Judson School District	OVERLAPPING DEBT	
			San Antonio River Authority	University Health System
2016	0.14915	1.420	0.017290	0.27624
2017	0.14915	1.470	0.017290	0.29325
2018	0.14915	1.425	0.017290	0.27624
2019	0.14915	1.440	0.018580	0.27624
2020	0.14915	1.358	0.018580	0.27624
2021	0.14915	1.275	0.018580	0.27624
2022	0.14915	1.270	0.018580	0.27624
2023	0.14915	1.220	0.018360	0.27624
2024	0.14915	1.035	0.018000	0.27624
2025	0.14915	1.035	0.017870	0.27624

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 TEN YEARS AGO

TABLE 8

<u>Taxpayer</u>	<u>2025</u>			<u>2016</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>
HEB Grocery Company, LP	\$ 44,041,980	1	7.29%			
Americold San Antonio Propco, LLC	23,979,220	2	3.97%			
Yes Springfield Meadows, LLC	12,010,640	3	1.99%			
Kirby Country Oaks, LLC	9,300,000	4	1.54%			
True Vision Baptist Church of SA	8,303,830	5	1.37%			
Siddons Holdings LLC	4,455,150	6	0.74%			
AJC Rental Corporation	4,443,500	8	0.74%	969,138	6	0.46%
Fortline Inc	3,573,380	7	0.59%			
Churchill Family Trust				3,550,000	1	1.69%
Yes Companies LLC				2,555,930	2	1.22%
Yes Homesales LLC	-			1,461,420	3	0.70%
Mr. Patrick F. Siddons				1,396,170	4	0.66%
Schertz Bank and Trust				1,066,790	5	0.51%
Time Warner Cable				942,588	7	0.45%
Main Street Properties				758,740	8	0.36%
Ms. Marie Ann Kalinowski				753,680	9	0.36%
Mr. Richard Owen				732,740	10	0.35%
Total	<u>\$ 110,107,700</u>		<u>18.23%</u>	<u>\$ 14,187,196</u>		<u>6.76%</u>
Taxable Assessed Value	<u>\$ 604,362,200</u>			<u>\$ 210,159,825</u>		

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

TABLE 9

Fiscal Year Ended September 30,	Original Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2016	\$ 1,533,321	\$ 1,500,645	97.87%	6,326	\$ 1,506,971	98.28%
2017	1,662,953	1,651,564	99.32%	8,312	1,659,876	99.81%
2018	2,092,969	2,073,293	99.06%	6,657	2,079,950	99.38%
2019	2,356,087	2,347,747	99.65%	5,492	2,353,239	99.88%
2020	2,686,999	2,643,132	98.37%	8,111	2,651,243	98.67%
2021	2,794,931	2,751,352	98.44%	7,168	2,758,520	98.70%
2022	3,033,726	3,030,443	99.89%	9,926	3,040,369	100.22%
2023	3,172,085	3,073,249	96.88%	35,789	3,109,038	98.01%
2024	3,346,095	3,316,352	99.11%	-	3,316,352	99.11%
2025	3,654,690	3,384,345	92.60%	-	3,384,345	92.60%

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		
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
2023	4,665,000	-	108,294	-	4,773,294	691
2024	5,365,000	-	128,462	-	5,493,462	683
2025	5,065,000	-	87,528	-	5,152,528	636

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*
2016	\$ 85,000	\$ 1,000,000	\$ 1,085,000	\$ 227,925,770	0.48%	127
2017	-	680,000	680,000	286,838,073	0.24%	79
2018	6,985,017	345,000	7,330,017	322,853,160	2.27%	842
2019	6,971,517	-	6,971,517	368,634,403	1.89%	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%	681
2023	5,655,000	-	5,655,000	492,590,899	1.15%	699
2024	5,365,000	-	5,365,000	564,059,114	0.95%	699
2025	5,065,000	-	5,065,000	604,362,200	0.84%	625

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, 2025

TABLE 12

Taxable Value		<u>\$ 600,648,046</u>
Debt Limit - 10% of taxable value [1]		60,064,805
Amount of Debt Applicable to Debt Limit:		
Total Bonded Debt	\$ 5,065,000	
Less Net Position in Debt Service Fund	<u>246,588</u>	
Total Amount of Debt Applicable to Debt Limit		<u>4,818,412</u>
Legal Debt Margin		<u>\$ 55,246,393</u>

	Fiscal Year		
	2016	2017	2018
Debt Limit	\$ 21,015,983	\$ 22,792,577	\$ 28,683,807
Total Net Debt Applicable to Limit	<u>(1,079,648)</u>	<u>(655,410)</u>	<u>(7,283,859)</u>
Legal Debt Margin	<u>\$ 19,936,335</u>	<u>\$ 22,137,167</u>	<u>\$ 21,399,948</u>
	2019	2020	2021
Debt Limit	\$ 32,285,316	\$ 36,863,440	\$ 38,322,342
Total Net Debt Applicable to Limit	<u>(6,919,318)</u>	<u>(6,432,405)</u>	<u>(6,015,432)</u>
Legal Debt Margin	<u>\$ 25,365,998</u>	<u>\$ 30,431,035</u>	<u>\$ 32,306,910</u>
	2022	2023	2024
Debt Limit	\$ 42,146,507	\$ 49,259,090	\$ 56,405,911
Total Net Debt Applicable to Limit	<u>(5,723,072)</u>	<u>(5,409,378)</u>	<u>(5,098,395)</u>
Legal Debt Margin	<u>\$ 36,423,435</u>	<u>\$ 43,849,712</u>	<u>\$ 51,307,516</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
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%
2023	8087	58,880	38.60	1,354	3.7%
2024	8039	58,700	39.10	1,293	3.7%
2025	8104	58,700	38.10	1,322	4.2%

Sources: Population, Per Capita Income and median age information provided by the United States Census Bureau. School enrollment information was provided by the Judson Independent School District. Unemployment rate was provided by the U.S Department of Labor for the City of San Antonio, Texas.

CITY OF KIRBY, TEXAS  
 PRINCIPAL EMPLOYERS  
 CURRENT YEAR AND NINE YEARS AGO

TABLE 14

Employer	2025			2016		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Joint Base San Antonio	86,097	1	7.38%			
H-E-B Food Stores	20,000	2	1.72%	20,000	1	1.98%
USAA	17,000	3	1.46%	17,000	2	1.68%
City of San Antonio	15,501	4	1.33%	9,145	5	0.90%
Northside ISD	13,191	5	1.13%	12,751	3	1.26%
Methodist Healthcare System	12,000	6	1.03%	8,118	6	0.80%
University of Texas Health Scienc	8,500	7	0.73%			
North East ISD	8,069	8	0.69%	10,052	4	0.99%
SA ISD	7,136	9	0.61%	7,000	7	0.69%
Baptist Health Systems	7,024	10	0.60%	6,498	8	0.64%
JP Morgan Chase Bank				5,200	9	0.51%
Wells Fargo				5,153	10	0.51%
	<u>194,518</u>		<u>16.68%</u>	<u>192,150</u>		<u>9.96%</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

